



*Photo by Doug Rathburn, IT/GIS Manager*

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

## **Annual Comprehensive Financial Report**

**For the Fiscal Year Ending**

**June 30, 2022**



**TOWN OF DERRY, NEW HAMPSHIRE**  
**Annual Comprehensive Financial Report**  
**For the Year Ended June 30, 2022**

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, 2022

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## **INTRODUCTORY SECTION**

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



December 8, 2022

To the Citizens and Members of the Town Council:

The Annual Comprehensive Financial Report (ACFR) of the Town of Derry for the fiscal year ended June 30, 2022, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests 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, 2022, 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 Annual Comprehensive Financial Report 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 auditor's 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 Wastewater 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 Melanson. 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 34,749 (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 recommendation 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***

Despite the continuance of the COVID-19 pandemic, local economic conditions are favorable when compared to other regions. The Town's unemployment rate as of June 2022 is 2.0%, down from the June 2021 unemployment rate of 3.4%. By comparison, the U.S. unemployment rate as of June 2022 is 3.60%. 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 due to the COVID-19 pandemic, aggressive tracking of revenue performance levels which will assist in the development of operational policies as the pandemic continues and beyond.

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 will be received in fiscal year 2023.

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

Fiscal Year 2022 activity in the Planning Department continued at a steady pace for most of the year, post COVID, with both new development proposals as well as projects that had begun prior to COVID and obtained town approvals this past year. We have seen an uptick in activity reflecting the post COVID pandemic.

Highlights of development activity in fiscal year 2022 included a new planned restaurant/pub/brewery/beer manufacturing facility (Grindhouse), a new wine bar/barn in an event facility, a redevelopment of a historic home into an inn, event venue and outdoor pavilion, a second wine bar, vineyard expansion and an 8-unit commercial bays building, Starbucks, Aspen Dental, conceptual discussions for several mixed-use developments of housing/commercial and office space which will be going to the Planning Board for approvals in fiscal year 2023, and approval of several small single-family housing subdivisions (approximately 35-40 house lots).

Zoning amendments included amending our sign ordinance relating to the Downtown/Central Business District and message boards throughout town, increasing the housing density in the Downtown/Central Business District, revising and adding additional permitted uses in both the General Commercial District and Industrial IV District, and expanding the boundary of the Traditional Business Overlay District in the Downtown/Central Business District. The zoning ordinance was further amended to allow for solar energy systems for both residential and business uses. In addition to those amendments which carried over to fiscal year 2022, there were also zoning amendments, to re-zone several parcels in the vicinity of the proposed exit 4A from residential to commercial/industrial and further expansion of the Traditional Business Overlay District in the Central Business District with the hopes of encouraging Downtown redevelopment opportunities and reviewing the permitted uses in the General Commercial District.

The most significant work for the department in both 2020, 2021, and continuing in 2022 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 Town was pleased to announce that the 2020 Master Plan was chosen as the Plan of the Year by the New Hampshire Planners Association.

The department submitted an application to the New Hampshire Department of Transportation (NHDOT) to seek funding under the NHDOT Transportation Alternatives Program (TAP) to complete the existing Derry Rail Trail to the Londonderry town line. We are pleased to announce that the NHDOT reviewed our application and recommend funding and have the project included in the state's Ten-Year Highway Plan. The project was also included in the Federal Transportation infrastructure plan/bill by Congressman Chris Pappas for full funding with potential approval (subject to Congress) by the end of 2021. Many thanks to all town departments, staff, individuals, and organizations that assisted in developing the application and providing letters of support for the project. Additionally, we would also like to acknowledge and thank the Southern New Hampshire Planning Commission for their assistance with our application. We are pleased to confirm that the Derry Rail Trail was included and approved to be funded this past June in the NHDOT Ten-Year Highway Plan! We are hoping that construction will begin on the project in fiscal year 2023!

### ***Economic Development***

Strategically located, Derry is less than 45 minutes from Boston with quick access to Interstate 93, airports, and New Hampshire's largest cities. Within a 30-minute drive time, there are over 250,000 workers supporting a wide range of industries. Derry's business profile consists of a few large employers, a solid mix of mid-size employers and a strong, well-connected small business community. Derry is also home to an abundance of entrepreneurs. Derry is highly rated for its concierge service and business friendliness at every stage of the business cycle. Superb dining, unique entertainment and cultural experience combined with an abundance of recreational options make Derry the perfect place to live, work, and play.

Emerging from the COVID-19 pandemic, Derry Economic Development's focus shifted to an enhanced one-on-one approach to keeping existing businesses thriving and new projects moving forward. Placemaking and marketing have become more important as we strive to show Derry as the choice to live, work & play. In addition, Economic Development continues to work closely with Planning to update zoning ordinances to meet current and future goals, as directed by the Master Plan.

Highlights of the past year include:

- **Retain and Grow Existing Business** – Strong partnerships with our system of resource partners ensure that we can meet the needs of our existing base of businesses. Partners include the SBA, NH Small Business Development Center, SCORE, Center for Women & Enterprise, Regional Economic Development Corp., The Derry/Londonderry Chamber of Commerce, NH Department of Business & Economic Affairs, NH Commercial Investment Board of Realtors, several banks, and a network of professional service providers. We committed to programming (such as Restaurant Month) and social media outreach to ensure that Derry remains top-of-mind as the premiere place to locate or grow a business.
- **Attract New Business** – Despite lingering pandemic issues and the current economic climate (here and abroad) Derry is exploding with new projects and businesses. Several businesses have changed ownership and multiple conceptual and site plans for new and redevelopment

properties are working their way through the process. Recent zoning changes have allowed a larger swath of business uses and relaxed requirements for the inclusion of housing. Continued participation in NH CIBOR meetings offer opportunities for sharing the Derry story. There has been much collaboration of staff, boards and committees, and the future looks bright for our local economy.

- **Plan for Smart Sustainable Growth** – Derry has become more flexible and open in their thinking and ability to take action when warranted. Derry is now well-positioned to ensure new and redeveloped commercial properties are developed for maximum sustainability, and for meeting updated goals of the Master Plan. With the networks that have been developed and enhanced over the past few years, communication with local businesses has greatly improved and most businesses know that the Town has resources to help them succeed.
- **Implement Marketing & Communication Plan** – Marketing and communication is a constant focus, especially coming out of the pandemic. Social media has proven to be the most successful way to spread information. Although we do use local newspapers for some purposes, we have scaled back on print media. The exception was the Derry Visitor Guide, which is a marketing tool to give the public a “snapshot” of Derry life. The public has embraced becoming a virtual partner, engaged with helping to promote local business in Derry.
- **Placemaking** – This year brought much attention to the newly painted Derry Aviation/Alan Shepard Mural, as well as the Robert Frost poetry on the Rail Trail, including attracting the NH Chronicle television show to do a piece on the projects. This garnered much publicity and served to highlight Derry’s downtown – a huge win! In addition, Millennium Running held their “Cheap Marathon”, a Boston Marathon qualifying event, drawing hundreds to downtown Derry. The annual Very Derry Holiday parade, Christmas tree lighting, and Small Business Saturday events drew the largest crowds in memory, and several outdoor events and festivals were back and well-attended.

The Exit 4-A project is officially underway, with tree-clearing and building demolition taking place in its future path. This project will potentially provide new areas for redevelopment, and steps have been taken to enhance opportunities in the area through zoning reform. Most of the affected businesses have found a new home in Derry.

### ***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 financing arrangements for the replacement, upgrading or addition of vehicles, trucks and major equipment.

The government currently has an Aa1 rating from Moody’s Investors Service for bonds issued by the Town prior to fiscal year 2013. 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%.

### ***Implementation of GASB 87***

The Town implemented for year end June 30, 2022, GASB 87 reporting for leases. This statement redefines a lease as a the right to use another entity's asset over a definitive period of time.

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

This report continues to refine the financial reporting of the Town. It is the twenty-third 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 2021. 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 Officer's 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,



David Caron  
Town Administrator



Mark A. Fleischer  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

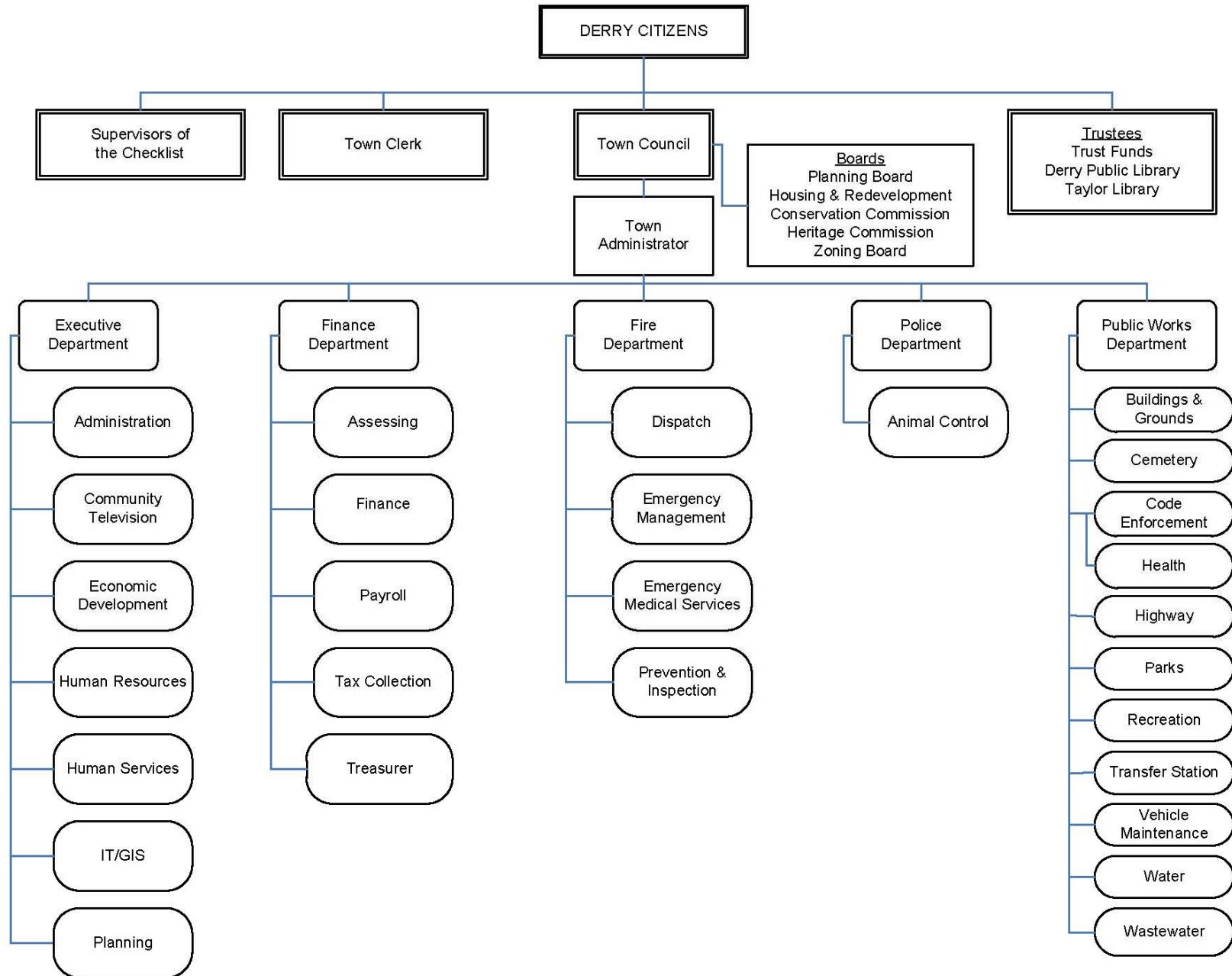
**Town of Derry  
New Hampshire**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO



**TOWN OF DERRY, NEW HAMPSHIRE  
PRINCIPAL OFFICIALS  
AS OF JUNE 30, 2022**

**Town Council**

Joshua R. Bourdon	Chair, Councilor-at-Large
Phyllis M. Katsakiores	Councilor-at-Large
Doug Flood	Councilor-at-Large
Erin Spenser	Councilor-District #1
Charles Foote	Councilor-District #2
Neil F. Wetherbee	Councilor-District #3
Brian K. Chirichiello	Councilor-District #4

**Administration**

Kaitlyn Fitzgerald	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
Edward B. Garone	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
David R. Caron	Town Administrator
Daniel Healey	Town Clerk
Allan Virr	Town Treasurer
Cristina Guilford	Town Moderator
Dina Bourassa	Chair, Supervisor of the Checklist
Judith Strakalaitis	Supervisor of the Checklist
Patricia Dowling	Supervisor of the Checklist

**FINANCIAL  
SECTION**

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## INDEPENDENT AUDITOR'S 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, 2022, 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 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, 2022, 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. Our responsibilities under those standards are further described in the Auditor's 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***

The Town's 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 statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's 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 auditor's 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.

The accompanying supplementary 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. Such 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 financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 8, 2022 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 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.



Merrimack, New Hampshire  
December 8, 2022

## **BASIC FINANCIAL STATEMENTS**

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## 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, 2022.

### A Brief Discussion of the Basic Financial Statements

#### Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements follow. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The Business-Type Activities provide financial information about the 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 in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net position* and its changes during the past year. 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 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 at the bottom of the fund financial statements.

Proprietary funds – When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way 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 the trust beneficiaries because of the 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 in separate Statements of Fiduciary Net Position and Changes in

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

## **Condensed Financial Statements**

### **Financial Highlights**

- As of the close of the current fiscal year, net position in governmental activities was \$88,597,310, a change of \$5,055,231, and net position in business-type activities was \$42,185,472, a change of 1,341,120.
- As of the close of the current fiscal year, governmental funds reported combined ending balances of \$43,277,249, a change of \$298,096 in comparison to the prior year.
- At the end of the current fiscal year, the total fund balance of the General Fund was \$28,839,283, a change of \$1,064,973 in comparison to the prior year. The unassigned fund balance of the General Fund was \$10,151,226, a change of \$(1,961,706).

### **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.

#### **NET POSITION (in thousands)**

	2022			2021		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
<b>Assets</b>						
Current and other assets	\$ 95,184	\$ 8,469	\$ 103,653	\$ 91,667	\$ 8,434	\$ 100,101
Capital assets	118,675	40,009	158,684	119,359	40,037	159,396
Total Assets	213,859	48,478	262,337	211,026	48,471	259,497
<b>Deferred Outflows of Resources</b>	12,644	661	13,305	17,511	859	18,370
<b>Liabilities</b>						
Other liabilities	4,343	193	4,536	2,468	342	2,810
Long-term debt	68,469	5,628	74,097	89,965	7,462	97,427
Total Liabilities	72,812	5,821	78,633	92,433	7,804	100,237
<b>Deferred Inflows of Resources</b>	65,094	1,133	66,227	52,562	682	53,244
<b>Net Position</b>						
Net Investment in capital assets	108,236	36,658	144,894	108,269	36,438	144,707
Restricted net position	11,049	-	11,049	11,960	-	11,960
Unrestricted net position	(30,688)	5,527	(25,161)	(36,687)	4,406	(32,281)
Total Net Position	<u>\$ 88,597</u>	<u>\$ 42,185</u>	<u>\$ 130,782</u>	<u>\$ 83,542</u>	<u>\$ 40,844</u>	<u>\$ 124,386</u>

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

	2022			2021		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
<b>Revenue</b>						
<u>Program revenue:</u>						
Charges for services	\$ 3,325	\$ 5,704	\$ 9,029	\$ 2,885	\$ 5,559	\$ 8,444
<u>Grants:</u>						
Operating grants	1,085	127	1,212	2,056	65	2,121
Capital grants	995	100	1,095	707	1,706	2,413
<u>General revenue:</u>						
Property taxes	27,124	-	27,124	27,537	-	27,537
Other general revenue	10,660	47	10,707	12,156	145	12,301
Total Revenue	43,189	5,978	49,167	45,341	7,475	52,816
<u>Program expenses:</u>						
Town:						
General government	7,967	-	7,967	10,298	-	10,298
Public safety	18,466	-	18,466	21,597	-	21,597
Highway and streets	4,599	-	4,599	4,165	-	4,165
Health and welfare	395	-	395	389	-	389
Sanitation	2,451	-	2,451	2,720	-	2,720
Culture and recreation	3,192	-	3,192	3,048	-	3,048
Conservation	3	-	3	6	-	6
Economic development	803	-	803	673	-	673
Interest on long-term debt	432	-	432	440	-	440
Water services	-	2,464	2,464	-	3,215	3,215
Sewer services	-	1,999	1,999	-	2,357	2,357
Total Program Expenses	38,308	4,463	42,771	43,336	5,572	48,908
Excess, Before Transfers	4,881	1,515	6,396	2,005	1,903	3,908
Transfers In (Out)	174	(174)	-	63	(63)	-
Change in Net Position	5,055	1,341	6,396	2,068	1,840	3,908
Net Position - Beginning of Year	83,542	40,844	124,386	81,474	39,004	120,478
Net Position - End of Year	\$ 88,597	\$ 42,185	\$ 130,782	\$ 83,542	\$ 40,844	\$ 124,386

## Governmental Activities

The net position of \$88,597,310 for governmental activities includes \$108,236,145 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 \$11,049,638 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 \$(30,688,473) primarily resulting from unfunded pension and OPEB liabilities.

Overall, the total net position of governmental activities increased by \$5,055,231. Key elements of this change are as follows:

General Fund operations	\$ 1,064,973
Decrease in OPEB liability expense	2,170,746
Decrease in net pension liability expense	2,235,842
Other	<u>(416,330)</u>
Total Changes	<u>\$ 5,055,231</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 48.2% of the net cost of the Town's local government.

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

	2022			2021		
	Total Cost of Services	Total Revenue	Net Cost of Services	Total Cost of Services	Total Revenue	Net Cost of Services
Town Programs:						
General government	\$ 7,967	\$ 185	\$ 7,782	\$ 10,298	\$ 688	\$ 9,610
Public safety	18,466	3,077	15,389	21,597	3,326	18,271
Highway and streets	4,599	680	3,919	4,165	716	3,449
Health and welfare	395	39	356	389	54	335
Sanitation	2,451	1,015	1,436	2,720	770	1,950
Culture and recreation	3,192	73	3,119	3,048	57	2,991
Economic development	803	336	467	673	37	636
All others	435	-	435	446	-	446
Total	<u>\$ 38,308</u>	<u>\$ 5,405</u>	<u>\$ 32,903</u>	<u>\$ 43,336</u>	<u>\$ 5,648</u>	<u>\$ 37,688</u>

The net cost of services for governmental activities decreased by \$(4,785) thousand. The decrease primarily results from a (11.6)% decrease 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 \$42,185,472. The capital assets of \$40,009,706 in water and sewer pipes, pump stations, and lagoon infrastructure capital assets, offset by related debt of \$3,297,252, comprise most of the value in the net position of the business-type activities. The net investment in capital assets of \$36,658,326 is not available to pay for future activities and reflects an increase from the previous fiscal year of \$220,012.

The unrestricted net position totaling \$5,527,146 is available for future spending. This represents an increase of \$1,121,108.

### **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 \$43,277,249 total fund balance for governmental funds, \$13,550,220 is nonspendable or restricted and \$29,727,029 is unrestricted (committed, assigned, and unassigned).

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$43,277,249, a change of \$298,096 in comparison to the prior year. Key elements of this change are as follows:

General Fund change in fund balance	\$ 1,064,973
Nonmajor governmental funds change in fund balance	<u>(766,877)</u>
Total Changes	<u>\$ 298,096</u>

The governmental funds financial statements can be found on pages 38 to 41.

#### **General Fund**

The General Fund is the only major governmental fund of the Town and is the chief operating fund. The total fund balance of the General Fund increased by \$1,064,973 during fiscal year 2022, primarily from favorable budgetary results. Property tax revenues were consistent with the previous year as taxable values and the tax rate changed minimally. Increased public safety and highway and street costs continue to increase.

Key elements of this change are as follows:

Revenue in excess of budget	\$ 1,568,211
Expenditures less than budget	1,238,563
Other financing sources less than budget	(517,866)
Use of unassigned fund balance	(1,732,800)
Other	<u>508,865</u>
Total Changes	\$ <u>1,064,973</u>

Of the total \$28,839,283 fund balance of the General Fund, \$10,151,226 was unassigned as of June 30, 2022.

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 2022, the unassigned fund balance of the General Fund was over the 9.5% of the above appropriations. As a result, \$1,217,380 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, 2021	\$ 13,622,812
Revenues in excess of budget	1,568,211
Revenues in excess of budget, net of transfers to TIF fund	(105,515)
Revenues in excess of budget, net of transfers to capital reserve fund	253,751
Unspent appropriations	1,238,563
Other financing sources less than budget	(517,866)
Change in prepaid	5,568
Brady loan repayment	103,241
Change in deeded properties	30,654
Change in restricted	29,322
Change in appropriation carryforwards	417,232
Change in CBA expendable trust	(936,568)
Bank of America lease adjustment FY21 schedule 5 to assigned	383,624
Bank of America lease adjustment FY22 schedule 7 and 8 to assigned	(154,934)
Use of fund balance for fiscal year 2023 per resolution 2022-039	(1,000,000)
Fiscal year 2022 transfer of 2021 surplus	(1,232,800)
Fiscal year 2023 transfer of 2022 surplus	(1,217,380)
Reclass FY22 unspent ARPA receipt to unearned revenue	(1,690,954)
Assigned DCC TIF Fund Balance for Hood Park Improvements	(500,000)
Other	<u>(39,396)</u>
Unassigned fund balance per Town's policy	10,257,565
Required retention per policy	<u>10,664,265</u>
Excess above policy	(406,700)
Subsequent events:	
Fiscal year 2023 reclass of TIF fund balance due to assessed value errors	<u>1,820,296</u>
Final available fund balance retained per above policy	<u><u>\$ 1,413,596</u></u>

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

	Reconciliation of Unassigned Fund Balance with <u>Town's Policy</u>
GAAP reporting, including MTBE reimbursement to date and planned FY22 use of fund balance to stabilize tax rate	\$ 10,151,226
Other amounts available per policy:	
Brady Ave sewer extension loan	106,339
Fiscal year 2023 reclass of TIF fund balance due to assessed value errors	<u>1,820,296</u>
Total available per policy	12,077,861
Required retention per policy	<u>10,664,265</u>
Final available fund balance retained above policy	\$ <u><u>1,413,596</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 Policy:

2021 Total Net Levy	\$ 112,255,423
Retention percentage	<u>9.50%</u>
Required Retention per Policy	\$ <u><u>10,664,265</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>2022</u>	<u>2021</u>	<u>Change</u>
Compensated Absences	\$ 2,176,953	\$ 2,661,127	\$ (484,174)
COVID-19 Mitigation	569,314	1,415,521	(846,207)
DCC Redevelopment	520,472	362,881	157,591
Derry Economic Redevelopment	95,921	-	95,921
Derry Public Library	169,195	163,492	5,703
Derry Recovery	1,304,519	-	1,304,519
Emergency Management	11	11	-
Fire	1,903,728	1,515,215	388,513
Fire Facilities and Equipment	27,137	27,793	(656)
Gateway TIF District	500,352	153,923	346,429
Hazardous & Dilapidated Building	96,585	63,917	32,668
Highway Winter Maintenance	190,696	194,464	(3,768)
Information Technology	107,243	57,590	49,653
Opioid Mitigation & Response	26,087	6,835	19,252
Parks Facilities Fund	29,293	30,324	(1,031)
Police	921,173	884,984	36,189
Public Works	1,063,039	968,349	94,690
Taylor Library	339,266	353,327	(14,061)
EMT	341,617	265,724	75,893
Other	-	128	(128)
Total	<u>10,382,601</u>	<u>9,125,605</u>	<u>1,256,996</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.

#### *Nonmajor Governmental Funds*

The fund balance of nonmajor governmental funds change by \$(766,877), primarily due to investment loss in fiscal year 2022.

#### **Enterprise Fund Activities**

Charges for service revenue reported a 0.5% increase in the Water Fund and a 5.4% increase in the Sewer Fund, compared with the prior year.

The Water Fund operating income of \$820,852 increased by 2,014.2% primarily from a decrease in personnel services and repairs and maintenance costs. The decrease in personnel services resulted primarily from the other post-employment benefits accrual.

The Sewer Fund operating income of \$576,312 increased by 194.7% primarily from a decrease in personnel services costs. The decrease in personnel services resulted primarily from 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 other post-employment benefits accrual.

Water and sewer rates change on July 1, 2021. This is the second of three consecutive increases that started in fiscal year 2021. The water rate decreased 2.2% for Town of Derry residents and 2.3% for nonresidents. The sewer rate increased 3.8% for both Town of Derry residents and for nonresidents.

### **Budgetary Highlights**

The fiscal year 2022 budget was voted by the Town Council in May 2021 at a total of \$45,839,748 (\$45,207,883 for General Fund and \$631,865 for Cable Special Revenue Fund). The General Fund original budget was reduced by \$(42,719) by a supplemental resolution approved in August of 2021 decreasing the General Fund original budget to \$45,165,164 as presented on page 89.

The Town Council approved multiple supplemental resolutions during the year which increased the General Fund budget by \$4,019,155 to \$49,184,319. Of the supplemental resolutions, the Town approved the following significant items:

- \$1,752,766 for the Derry Recovery Expendable Trust Fund.
- \$362,596 for the CPA Implementation Expendable Trust Fund.
- \$61,813 for the Health Inspector part time position to full time position.
- \$500,000 for Hood Park improvements.
- \$404,286 for the CBA Implementation Expendable Trust Fund.
- \$418,952 for the Compensated Absences Capital Reserve Fund.

The Town also approved prior year carryforwards of \$749,664, the fiscal year 2020 surplus transfer of \$1,232,800, the fiscal year 2021 surplus transfer of \$942,294, and \$44,371 library appropriations increasing the General Fund budget to \$52,153,448.

The fiscal year closed with a General Fund surplus of \$2,806,774, before considering other financing sources. The surplus is largely related to the following items:

- \$535,911 of excess revenues in taxes, which is primarily due to approximately \$299,000 budgeted overlay that was not needed for abatements.
- \$379,491 of excess revenues received in licenses and permits.
- \$546,891 of excess revenues received in charges for services.
- \$746,360 of expenditures under budget for the police and animal control department.

Other financing sources primarily include transfers in from other funds less than budget of \$(451,086).

## **Capital Assets and Debt Administration**

### **Capital Asset Activity**

	<b>CAPITAL ASSETS</b> (Net of depreciation, in thousands)					
	<b>2022</b>			<b>2021</b>		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 9,162	\$ 195	\$ 9,357	\$ 9,162	\$ 195	\$ 9,357
Infrastructure and other assets	84,661	37,490	122,151	84,798	37,862	122,660
Monument	192	-	192	192	-	192
Tax deeded property - retained	216	-	216	189	-	189
Construction in progress	420	349	769	1,238	278	1,516
Intangibles	3,150	967	4,117	3,159	967	4,126
Land improvements	1,765	4	1,769	1,942	4	1,946
Buildings	8,686	279	8,965	8,999	283	9,282
Buildings improvements	1,799	20	1,819	1,922	27	1,949
Machinery and equipment	4,364	396	4,760	3,861	235	4,096
Vehicles	4,260	309	4,569	3,898	186	4,084
Totals	<u>\$ 118,675</u>	<u>\$ 40,009</u>	<u>\$ 158,684</u>	<u>\$ 119,360</u>	<u>\$ 40,037</u>	<u>\$ 159,397</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 \$118,675,038 (net of accumulated depreciation), a change of \$(684,324) 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 2022 are noted below:

- \$557,782 – self-contained breathing apparatus (SCBA) with fill station - fire
- \$111,050 – Alexander Carr Park Skate Park rebuild
- \$95,000 – JCB 3TS-8W series III skid steer loader - transfer station
- \$89,980 – trailer mounted high pressure sewer cleaner – highway
- \$71,474 – rider filed parking lot paving
- \$65,717 – digital audio console – cable
- \$65,662 – Kubota KX0404R3TP excavator - highway
- \$52,862 – 2022 Chevrolet Silverado with plow - buildings and grounds
- \$49,972 – Derry Public Library changeable sign
- \$48,545 – Sunset Ave culvert #1 replacement
- \$48,312 – 2022 Chevrolet Silverado with plow - highway

### **Business-Type Activities**

The total investment in capital assets for business-type activities at year-end amounted to \$40,009,706 (net of accumulated depreciation), a change of \$(27,382) 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 2022 are reported below:

- \$489,029 – Water Main Improvements
- \$184,573 – 2022 Western Star 47100SF 10-Wheel Dump w/Plow - Water
- \$93,000 – Jesco Hydro-Vac Excavator - Water
- \$79,717 – Wastewater Treatment Plant Generator

## Long-Term Liabilities

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

Town of Derry, New Hampshire Outstanding Bonds and Loans As of June 30 (in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Bonds and loans	\$ 11,058	\$ 11,944	\$ 3,297	\$ 3,540	\$ 14,355	\$ 15,484
Tax increment financing bonds	2,110	2,325	-	-	2,110	2,325
	<u>\$ 13,168</u>	<u>\$ 14,269</u>	<u>\$ 3,297</u>	<u>\$ 3,540</u>	<u>\$ 16,465</u>	<u>\$ 17,809</u>
Annual change (decrease)	\$ (1,101)		\$ (243)		\$ (1,344)	
Percent change	-7.7%		-6.9%		-7.5%	

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.

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 91-92. 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 93-94.

## Next Year's Budgets

The fiscal year 2023 budget was voted by the Town Council in May 2022 at a total of \$53,107,736 for all funds. Post budget approval, the Town Council approved a fiscal year 2023 supplemental appropriation in the amount of \$18.54M for a new fire station, to replace the aging Central Station, and a fiscal year 2023 supplemental appropriation in the amount of \$1.6M to upgrade (3) three drainage culverts. Funding was via a fiscal year 2023 bond offering through the New Hampshire Bond Bank in the amount of \$20M. The actual borrowing for the 25-year loan was reduced to \$17,934,600 and yielded a bond premium of \$2,065,400. The true interest cost (TIC) was approximately 3.61%.

To manage the projects more efficiently, the bond related funds were placed in capital project funds. Additionally, the Town Council approved a fiscal year 2023 supplemental appropriation and authorized the transfer of \$1.750M to the Fire Facility Capital Reserve Fund using a combination of \$1M in unassigned fund balance and \$750,000 via taxation. The last approved authorization was the transfer of \$1M of ARPA funds from the Derry Recovery Fund to the Fire Facility Capital Reserve Fund. The finalized fiscal year 2023 Town budget was \$75,857,736.

### **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 be reached at [markfleischer@derrynh.org](mailto:markfleischer@derrynh.org).

**TOWN OF DERRY, NEW HAMPSHIRE**

Statement of Net Position  
June 30, 2022

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current:			
Cash and cash equivalents	\$ 63,256,311	\$ 137,142	\$ 63,393,453
Investments	28,634,193	693,953	29,328,146
Taxes receivable	7,774,734	-	7,774,734
Accounts receivable, net	472,845	949,900	1,422,745
Due from other governments	29,407	52,260	81,667
Internal balances	(6,130,528)	6,130,528	-
Prepaid items	10,528	-	10,528
Property held for resale	49,051	-	49,051
Lease receivable	<u>107,104</u>	<u>-</u>	<u>107,104</u>
Total Current Assets	94,203,645	7,963,783	102,167,428
Noncurrent:			
Accounts receivable, net of allowance for uncollectible	-	108,131	108,131
Advances	106,339	(106,339)	-
Loans receivable	419,349	-	419,349
Due from other governments	-	502,176	502,176
Lease receivable	454,826	-	454,826
Capital assets:			
Non-depreciable capital assets	92,028,072	1,511,247	93,539,319
Depreciable capital assets, net of accumulated depreciation	<u>26,646,966</u>	<u>38,498,459</u>	<u>65,145,425</u>
Total Noncurrent Assets	<u>119,655,552</u>	<u>40,513,674</u>	<u>160,169,226</u>
Total Assets	213,859,197	48,477,457	262,336,654
<b>Deferred Outflows of Resources</b>			
Related to pension	9,850,252	407,397	10,257,649
Related to OPEB	<u>2,793,789</u>	<u>253,613</u>	<u>3,047,402</u>
Total Deferred Outflows of Resources	12,644,041	661,010	13,305,051

(continued)

**TOWN OF DERRY, NEW HAMPSHIRE**

Statement of Net Position  
June 30, 2022

(continued)

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	Government- Wide <u>Total</u>
<b>Liabilities</b>			
Current:			
Accounts payable	\$ 1,299,198	\$ 150,346	\$ 1,449,544
Accrued liabilities	658,634	13,104	671,738
Unearned revenue	1,690,954	-	1,690,954
Retainage payable	15,106	29,058	44,164
Tax refunds payable	400,000	-	400,000
Due to other governments	4,530	-	4,530
Other liabilities	274,319	-	274,319
Current portion of long-term liabilities:			
Bonds and loans payable	1,670,148	455,088	2,125,236
Tax increment financing bonds payable	215,000	-	215,000
Compensated absences	<u>959,217</u>	<u>60,868</u>	<u>1,020,085</u>
Total Current Liabilities	7,187,106	708,464	7,895,570
Noncurrent:			
Bonds and loans payable, net of current portion	9,387,604	2,842,164	12,229,768
Tax increment financing bonds payable, net of current portion	1,895,000	-	1,895,000
Net pension liability	35,538,629	1,426,166	36,964,795
Net OPEB liability	15,569,048	638,428	16,207,476
Compensated absences, net of current portion	<u>3,234,483</u>	<u>205,254</u>	<u>3,439,737</u>
Total Noncurrent Liabilities	<u>65,624,764</u>	<u>5,112,012</u>	<u>70,736,776</u>
Total Liabilities	72,811,870	5,820,476	78,632,346
<b>Deferred Inflows of Resources</b>			
Related to pension	11,290,979	453,108	11,744,087
Related to OPEB	7,514,277	625,283	8,139,560
Related to leases	561,930	-	561,930
Taxes collected in advance	45,656,985	-	45,656,985
Related to refunding	<u>69,887</u>	<u>54,128</u>	<u>124,015</u>
Total Deferred Inflows of Resources	65,094,058	1,132,519	66,226,577
<b>Net Position</b>			
Net investment in capital assets	108,236,145	36,658,326	144,894,471
Restricted for:			
Permanent funds:			
Nonexpendable	8,855,131	-	8,855,131
Expendable	233,680	-	233,680
Other	1,960,827	-	1,960,827
Unrestricted	<u>(30,688,473)</u>	<u>5,527,146</u>	<u>(25,161,327)</u>
Total Net Position	\$ <u>88,597,310</u>	\$ <u>42,185,472</u>	\$ <u>130,782,782</u>

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

**TOWN OF DERRY, NEW HAMPSHIRE**

Statement of Activities  
For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	<u>Expenses</u>				
<b>Governmental Activities</b>					
General government	\$ 7,966,592	\$ 152,410	\$ 32,629	\$ -	\$ (7,781,553)
Public safety	18,464,874	2,038,383	1,038,218	-	(15,388,273)
Highways and streets	4,599,075	20,698	-	659,020	(3,919,357)
Health and welfare	395,221	34,810	3,883	-	(356,528)
Sanitation	2,450,624	1,006,056	9,270	-	(1,435,298)
Culture and recreation	3,191,819	72,150	844	-	(3,118,825)
Conservation	3,323	-	-	-	(3,323)
Economic development	803,170	-	-	335,888	(467,282)
Interest on long-term debt	<u>432,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(432,093)</u>
Total Governmental Activities	38,306,791	3,324,507	1,084,844	994,908	(32,902,532)
<b>Business-Type Activities</b>					
Water services	2,463,991	3,210,037	20,700	39,732	806,478
Sewer services	<u>1,998,516</u>	<u>2,494,270</u>	<u>105,992</u>	<u>60,357</u>	<u>662,103</u>
Total Business-Type Activities	<u>4,462,507</u>	<u>5,704,307</u>	<u>126,692</u>	<u>100,089</u>	<u>1,468,581</u>
Total	\$ <u>42,769,298</u>	\$ <u>9,028,814</u>	\$ <u>1,211,536</u>	\$ <u>1,094,997</u>	\$ <u>(31,433,951)</u>

(continued)

**TOWN OF DERRY, NEW HAMPSHIRE**

Statement of Activities  
For the Year Ended June 30, 2022

(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in net (expenses) revenues from previous page	\$ (32,902,532)	\$ 1,468,581	\$ (31,433,951)
<b>General Revenues and Transfers:</b>			
Property taxes	27,124,324	-	27,124,324
Motor vehicle registration	6,853,091	-	6,853,091
Grants and contributions not restricted to specific programs	2,449,571	-	2,449,571
Investment income (loss)	(721,430)	(5,986)	(727,416)
Other	2,078,439	52,293	2,130,732
Transfers	<u>173,768</u>	<u>(173,768)</u>	<u>-</u>
Total General Revenues and Transfers	<u>37,957,763</u>	<u>(127,461)</u>	<u>37,830,302</u>
Change in Net Position	5,055,231	1,341,120	6,396,351
<b>Net Position</b>			
Beginning of Year	<u>83,542,079</u>	<u>40,844,352</u>	<u>124,386,431</u>
End of Year	<u>\$ 88,597,310</u>	<u>\$ 42,185,472</u>	<u>\$ 130,782,782</u>

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

**TOWN OF DERRY, NEW HAMPSHIRE**

Governmental Funds  
Balance Sheet  
June 30, 2022

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 61,552,301	\$ 1,704,010	\$ 63,256,311
Investments	20,016,053	8,618,140	28,634,193
Taxes receivable	7,748,736	25,998	7,774,734
Accounts receivable, net	306,584	166,261	472,845
Due from other governments	19,109	10,298	29,407
Due from other funds	1,000,911	4,490,798	5,491,709
Prepaid items	9,472	1,056	10,528
Property held for resale	49,051	-	49,051
Advances to other funds	106,339	-	106,339
Loans receivable	-	419,349	419,349
Lease receivable	<u>561,930</u>	<u>-</u>	<u>561,930</u>
Total Assets	\$ <u>91,370,486</u>	\$ <u>15,435,910</u>	\$ <u>106,806,396</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,120,758	\$ 178,440	\$ 1,299,198
Accrued liabilities	480,312	2,127	482,439
Unearned revenue	1,690,954	-	1,690,954
Retainage payable	-	15,106	15,106
Tax refunds payable	400,000	-	400,000
Due to other governments	4,530	-	4,530
Due to other funds	11,115,204	507,033	11,622,237
Other liabilities	<u>274,319</u>	<u>-</u>	<u>274,319</u>
Total Liabilities	15,086,077	702,706	15,788,783
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	1,226,211	295,238	1,521,449
Taxes collected in advance	45,656,985	-	45,656,985
Related to leases	<u>561,930</u>	<u>-</u>	<u>561,930</u>
Total Deferred Inflows of Resources	47,445,126	295,238	47,740,364
<b>Fund Balances</b>			
Nonspendable	164,860	8,856,187	9,021,047
Restricted	59,483	4,469,690	4,529,173
Committed	15,875,998	1,112,089	16,988,087
Assigned	2,587,716	-	2,587,716
Unassigned	<u>10,151,226</u>	<u>-</u>	<u>10,151,226</u>
Total Fund Balances	<u>28,839,283</u>	<u>14,437,966</u>	<u>43,277,249</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>91,370,486</u>	\$ <u>15,435,910</u>	\$ <u>106,806,396</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, 2022

<b>Total Governmental Fund Balances</b>	\$ 43,277,249
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	118,675,038
Deferred outflows of resources related to pension to be recognized in pension expense in future periods.	9,850,252
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	2,793,789
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,521,448
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(176,194)
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	(11,057,752)
Tax increment financing bonds payable	(2,110,000)
Net pension liability	(35,538,629)
Net OPEB liability	(15,569,048)
Compensated absences payable	(4,193,700)
Deferred inflows of resources related to pension to be recognized in pension expense in future periods.	(11,290,979)
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	(7,514,277)
Deferred amount on refunding to be amortized in future periods	<u>(69,887)</u>
<b>Net Position of Governmental Activities</b>	<b>\$ <u>88,597,310</u></b>

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, 2022

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Taxes	\$ 27,293,752	\$ 825	\$ 27,294,577
Licenses and permits	7,289,021	587,372	7,876,393
Intergovernmental	4,149,768	379,556	4,529,324
Charges for services	2,735,349	150,579	2,885,928
Interest and investment income (loss)	(193,239)	(528,191)	(721,430)
Miscellaneous	<u>1,313,206</u>	<u>247,042</u>	<u>1,560,248</u>
Total Revenues	42,587,857	837,183	43,425,040
<b>Expenditures</b>			
Current:			
General government	6,907,135	427,306	7,334,441
Public safety	21,069,675	115,025	21,184,700
Highways and streets	4,749,383	302	4,749,685
Health and welfare	432,809	465	433,274
Sanitation	2,372,727	-	2,372,727
Culture and recreation	3,014,844	79,626	3,094,470
Conservation	3,323	-	3,323
Economic development	422,784	400,174	822,958
Capital outlay	1,297,363	590,564	1,887,927
Debt service:			
Principal	1,999,885	-	1,999,885
Interest	<u>402,347</u>	<u>-</u>	<u>402,347</u>
Total Expenditures	<u>42,672,275</u>	<u>1,613,462</u>	<u>44,285,737</u>
(Deficiency) of Revenues Over Expenditures	(84,418)	(776,279)	(860,697)
<b>Other Financing Sources (Uses)</b>			
Issuance of refinancing bonds	2,110,000	-	2,110,000
Payment to escrow agent	(2,110,000)	-	(2,110,000)
Issuance of loans	898,000	-	898,000
Proceeds from sale of capital assets	87,025	-	87,025
Transfers in	463,519	584,109	1,047,628
Transfers out	<u>(299,153)</u>	<u>(574,707)</u>	<u>(873,860)</u>
Total Other Financing Sources (Uses)	<u>1,149,391</u>	<u>9,402</u>	<u>1,158,793</u>
Change in Fund Balance	1,064,973	(766,877)	298,096
Fund Balance, at Beginning of Year	<u>27,774,310</u>	<u>15,204,843</u>	<u>42,979,153</u>
Fund Balance, at End of Year	\$ <u><u>28,839,283</u></u>	\$ <u><u>14,437,966</u></u>	\$ <u><u>43,277,249</u></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, 2022

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	\$ 298,096
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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	1,847,725
Net effect from disposal of asset	(21,107)
Depreciation	(2,510,942)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	(270,734)
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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 loans	(898,000)
Issuance of refinancing	(2,110,000)
Repayments of bonds	737,500
Repayments of loans	1,262,385
Repayment of refinanced bond	2,110,000
Change in accrued interest.	(29,744)
Other	6,856

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 net pension liability and related deferred outflows and inflows	2,235,842
Change in net OPEB liability and related deferred outflows and inflows	2,170,746
Change in accrued employee benefits	226,608

<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>5,055,231</u></b>
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The accompanying notes are an integral part of these financial statements.

**TOWN OF DERRY, NEW HAMPSHIRE**

Proprietary Funds  
Statement of Net Position  
June 30, 2022

	Business-Type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Assets</b>			
Current:			
Cash and short-term investments	\$ 9,915	\$ 127,227	\$ 137,142
Investments	50,172	643,781	693,953
Accounts receivable, net	626,538	323,362	949,900
Due from other governments	-	52,260	52,260
Due from other funds	<u>3,582,135</u>	<u>2,548,393</u>	<u>6,130,528</u>
Total Current Assets	4,268,760	3,695,023	7,963,783
Noncurrent:			
Accounts receivable, net of allowance for uncollectible	101,329	6,802	108,131
Due from other governments	-	502,176	502,176
Non-depreciable capital assets	606,747	904,500	1,511,247
Depreciable capital assets, net of accumulated depreciation	<u>21,624,148</u>	<u>16,874,311</u>	<u>38,498,459</u>
Total Noncurrent Assets	<u>22,332,224</u>	<u>18,287,789</u>	<u>40,620,013</u>
Total Assets	26,600,984	21,982,812	48,583,796
<b>Deferred Outflows of Resources</b>			
Related to pension	194,261	213,136	407,397
Related to OPEB	<u>149,722</u>	<u>103,891</u>	<u>253,613</u>
Total Deferred Outflows of Resources	343,983	317,027	661,010
<b>Liabilities</b>			
Current:			
Accounts payable	95,473	54,873	150,346
Accrued liabilities	6,049	7,055	13,104
Retainage payable	29,058	-	29,058
Advances from other funds	-	106,339	106,339
Current portion of long-term liabilities:			
Bonds and loans payable	115,711	339,377	455,088
Compensated absences	<u>30,434</u>	<u>30,434</u>	<u>60,868</u>
Total Current Liabilities	276,725	538,078	814,803
Noncurrent:			
Bonds and loans payable, net of current portion	1,419,367	1,422,797	2,842,164
Net pension liability	686,834	739,332	1,426,166
Net OPEB liability	337,180	301,248	638,428
Compensated absences, net of current portion	<u>102,627</u>	<u>102,627</u>	<u>205,254</u>
Total Noncurrent Liabilities	<u>2,546,008</u>	<u>2,566,004</u>	<u>5,112,012</u>
Total Liabilities	2,822,733	3,104,082	5,926,815
<b>Deferred Inflows of Resources</b>			
Related to pension	218,215	234,893	453,108
Related to OPEB	344,974	280,309	625,283
Related to refunding	<u>28,288</u>	<u>25,840</u>	<u>54,128</u>
Total Deferred Inflows of Resources	591,477	541,042	1,132,519
<b>Net Position</b>			
Net investment in capital assets	20,667,529	15,990,797	36,658,326
Unrestricted	<u>2,863,228</u>	<u>2,663,918</u>	<u>5,527,146</u>
Total Net Position	\$ <u>23,530,757</u>	\$ <u>18,654,715</u>	\$ <u>42,185,472</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, 2022

	Business-Type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Operating Revenues</b>			
Charges for services	\$ 3,210,037	\$ 2,494,270	\$ 5,704,307
Miscellaneous	<u>31,465</u>	<u>14,781</u>	<u>46,246</u>
Total Operating Revenues	3,241,502	2,509,051	5,750,553
<b>Operating Expenses</b>			
Personnel services	506,833	629,432	1,136,265
Repairs and maintenance	93,799	331,042	424,841
Materials and supplies	108,656	54,129	162,785
Utilities	1,040,980	314,411	1,355,391
Depreciation	441,053	541,882	982,935
Miscellaneous	<u>229,329</u>	<u>61,843</u>	<u>291,172</u>
Total Operating Expenses	<u>2,420,650</u>	<u>1,932,739</u>	<u>4,353,389</u>
Operating Income	820,852	576,312	1,397,164
<b>Nonoperating Revenues (Expenses)</b>			
Investment income (loss)	7,386	(13,372)	(5,986)
Intergovernmental revenue	20,700	105,992	126,692
Gain on sale of asset	-	6,047	6,047
Interest expense	<u>(43,341)</u>	<u>(65,777)</u>	<u>(109,118)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(15,255)</u>	<u>32,890</u>	<u>17,635</u>
Income Before Capital Contributions and Transfers	805,597	609,202	1,414,799
Capital contributions	39,732	60,357	100,089
Transfers out	<u>(129,128)</u>	<u>(44,640)</u>	<u>(173,768)</u>
Change in Net Position	716,201	624,919	1,341,120
Net Position at Beginning of Year	<u>22,814,556</u>	<u>18,029,796</u>	<u>40,844,352</u>
Net Position at End of Year	\$ <u>23,530,757</u>	\$ <u>18,654,715</u>	\$ <u>42,185,472</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, 2022

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 3,017,705	\$ 2,391,119	\$ 5,408,824
Receipts from other operations	31,465	14,783	46,248
Payments for interfund services	292,196	(199,463)	92,733
Payments to vendors	(1,542,626)	(754,959)	(2,297,585)
Payments to employees	<u>(979,644)</u>	<u>(1,098,476)</u>	<u>(2,078,120)</u>
Net Cash Provided by Operating Activities	819,096	353,004	1,172,100
<b>Cash Flows From Noncapital Financing Activities</b>			
Intergovernmental receipt	<u>20,700</u>	<u>121,784</u>	<u>142,484</u>
Net Cash Provided by Noncapital Financing Activities	20,700	121,784	142,484
<b>Cash Flows From Capital and Related Financing Activities</b>			
Capital contributions	54,654	60,357	115,011
Proceeds on sale of capital assets	-	6,047	6,047
Acquisition and construction of capital assets	(846,626)	(195,245)	(1,041,871)
Proceeds of bonds and loans	92,377	92,377	184,754
Principal payments on bonds and loans	(100,672)	(326,828)	(427,500)
Interest expense	<u>(43,341)</u>	<u>(65,776)</u>	<u>(109,117)</u>
Net Cash (Used For) Capital and Related Financing Activities	(843,608)	(429,068)	(1,272,676)
<b>Cash Flows From Investing Activities</b>			
Investment purchases (sales) proceeds	(916)	24	(892)
Investment income	<u>7,386</u>	<u>(13,370)</u>	<u>(5,984)</u>
Net Cash Provided By Investing Activities	6,470	(13,346)	(6,876)
Cash and Short-Term Investments, Beginning of Year	<u>7,257</u>	<u>94,853</u>	<u>102,110</u>
Cash and Short-Term Investments, End of Year	\$ <u><u>9,915</u></u>	\$ <u><u>127,227</u></u>	\$ <u><u>137,142</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 820,852	\$ 576,312	\$ 1,397,164
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	441,053	541,882	982,935
Changes in assets, liabilities, and deferred outflows/inflows:			
Accounts receivable	(192,332)	(103,151)	(295,483)
Due from other funds	196,276	(96,222)	100,054
Due to other funds	95,920	-	95,920
Deferred outflows - related to pension	70,385	82,982	153,367
Deferred outflows - related to OPEB	23,984	21,130	45,114
Accounts payable	(70,766)	5,565	(65,201)
Accrued liabilities	904	903	1,807
Advances from other funds	-	(103,241)	(103,241)
Compensated absences	16,082	16,082	32,164
Net pension liability	(290,713)	(354,465)	(645,178)
Net OPEB liability	(514,551)	(463,357)	(977,908)
Deferred inflows - related to pensions	177,290	189,101	366,391
Deferred inflows - related to OPEB	47,148	41,693	88,841
Deferred inflows - related to refunding	<u>(2,436)</u>	<u>(2,210)</u>	<u>(4,646)</u>
Net Cash Provided by Operating Activities	\$ <u><u>819,096</u></u>	\$ <u><u>353,004</u></u>	\$ <u><u>1,172,100</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, 2022

	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 132,711	\$ -
Investments:		
Corporate bonds	10,668	4,307
Corporate equities	87,682	35,410
Fixed income mutual funds	5,403	2,182
Market-linked certificates of deposit	56,319	22,744
U.S. Treasury notes	173,625	70,118
Federal agency securities	141,763	57,250
Other	<u>2,892</u>	<u>1,168</u>
Total Investments	<u>478,352</u>	<u>193,179</u>
Total Assets	611,063	193,179
<b>Net Position</b>		
Restricted for individuals, organizations, and other governments	<u>611,063</u>	<u>193,179</u>
Total Net Position	<u>\$ 611,063</u>	<u>\$ 193,179</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, 2022

	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
<b>Additions</b>		
Taxes collected for school district	\$ -	\$ 60,269,515
Taxes collected for County of Rockingham	-	3,114,992
Fees collected for State of New Hampshire	-	2,177,082
Investment income (loss)	<u>(34,383)</u>	<u>(4,440)</u>
Total Additions	(34,383)	65,557,149
<b>Deductions</b>		
Payment of taxes to school district	-	60,269,515
Payment of taxes to County of Rockingham	-	3,114,992
Payment of fees to State of New Hampshire	-	2,177,082
Benefits	11,688	-
Other	<u>-</u>	<u>231</u>
Total Deductions	<u>11,688</u>	<u>65,561,820</u>
Change in Net Position	(46,071)	(4,671)
<b>Restricted Net Position</b>		
Beginning of year	<u>657,134</u>	<u>197,850</u>
End of year	\$ <u><u>611,063</u></u>	\$ <u><u>193,179</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, 2022, 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. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

### *Fund Financial Statements*

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 fund:

- 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 proprietary fund financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

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 fiduciary fund financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

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 in a trust by the Trustees of Trust Funds.

### ***Cash, Cash Equivalents, and 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, 2022 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 composed 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. 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>
Buildings and improvements	10 - 50
Equipment and vehicles	5 - 10
Infrastructure and other assets	20 - 50
Temporary easements	1 - 5
Software	5 - 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, proprietary, and

fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### ***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 sewer fund, and nonmajor governmental fund reserves for the principal portion of permanent trust funds.
- *Restricted* represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes General Fund 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 2022 surplus to be transferred to capital reserve funds in fiscal year 2023, 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 accounting principles generally accepted in the United States of America in that the focus is on the governmental unit as a whole rather than on the basis of fund types. Formal budgetary integration is employed as a management control device during the year for the General Fund. Special revenue fund budgets for the Cable Television Fund and enterprise fund budgets for the Water and Sewer Funds 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 town 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, 2022, \$58,064,084 of the Town's bank balance of \$61,843,814 was insured and/or collateralized. As of June 30, 2022, cash equivalents held by the Trustees of Trust Funds totaling \$3,779,730 were exposed to custodial credit risk as uninsured and/or uncollateralized, held by counterparty's agent.

### ***Investments***

The following is a summary of the Town's investments as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 668,993
Corporate equities	5,498,909
Federal agency securities	8,890,626
Fixed income mutual funds	338,840
Market-linked certificates of deposit	3,532,050
Other	181,394
U.S. Treasury notes	<u>10,888,865</u>
Total	<u>\$ 29,999,677</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, 2022, \$29,999,677 was subject to custodial credit risk exposure because the related securities are uninsured, or unregistered and/or held by the Town's brokerage firm, which is also counterparty to these securities. The risk is managed by securities being held in separately identifiable trust accounts.

#### *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	\$ 668,993	\$ -	\$ 668,993
Federal agency securities	8,890,626	8,890,626	-
Fixed income mutual funds	338,840	-	338,840
Market linked certificates of deposit	3,532,050	-	3,532,050
U.S. Treasury notes	<u>10,888,865</u>	<u>10,888,865</u>	<u>-</u>
Subtotal	\$ <u>24,319,374</u>	\$ <u>19,779,491</u>	\$ <u>4,539,883</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, 2022, 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, 2022:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less</u>	<u>1-5</u>	<u>6-10</u>	<u>Thereafter</u>
		<u>Than 1</u>			
Corporate bonds	\$ 668,993	\$ -	\$ 668,993	\$ -	-
Federal agency securities	8,890,626	1,140,530	7,096,371	653,725	-
Fixed income mutual funds	338,840	-	203,868	63,153	71,819
Market-linked certificates of deposit	3,532,050	1,490,258	2,041,792	-	-
U.S. Treasury notes	<u>10,888,865</u>	<u>10,410,005</u>	<u>384,929</u>	<u>93,931</u>	<u>-</u>
Subtotal	\$ <u>24,319,374</u>	\$ <u>13,040,793</u>	\$ <u>10,395,953</u>	\$ <u>810,809</u>	\$ <u>71,819</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, 2022, 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 has the following fair value measurements as of June 30, 2022:

<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	\$ 668,993	\$ -	\$ 668,993	\$ -
Corporate equities	5,498,909	5,498,909	-	-
Federal agency securities	8,890,626	-	8,890,626	-
Fixed income mutual funds	338,840	-	338,840	-
Market-linked certificates of deposit	3,532,050	-	3,532,050	-
Other	181,394	181,394	-	-
U.S. Treasury notes	10,888,865	10,888,865	-	-
Total	\$ 29,999,677	\$ 16,569,168	\$ 13,430,509	\$ -

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 securities 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 lienied 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, 2022 consisted of the following:

Real estate taxes	\$ 6,377,106
Tax liens	1,341,256
Elderly and disabled deferred	27,889
Land use change	<u>26,000</u>
Total property taxes	<u>\$ 7,774,734</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. Governmental activities reflect an allowance of \$1,262,017 for ambulance, welfare liens, and other accounts receivable while business-type activities reflect an allowance for \$799 for user fees.

**6. Due From Other Governments**

This balance represents reimbursements requested from federal and state agencies for expenditures incurred in fiscal year 2022.

**7. Lease Receivable**

The Town adopted GASB Statement No. 87, *Leases*. This statement requires the recording of a lease receivable asset and a 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, 2022, the Town's receivable, and deferred inflow of resources for lease payments was \$561,930. The Town recognized lease revenue of \$107,104 in fiscal year 2022. These leases are summarized as follows:

	<u>Lease Receivable</u>	<u>Lease Revenue</u>
American Tower	\$ 53,941	\$ 53,918
T-Mobile	323,579	21,116
Greater Derry Chamber of Commerce	39,600	13,200
Derry Housing and Redevelopment Authority	18,810	6,270
Greater Derry Arts Council	<u>126,000</u>	<u>12,600</u>
	<u>\$ 561,930</u>	<u>\$ 107,104</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 is receiving monthly payments through 2023.

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 three year renewal term, that 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, 2022 is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
Major Fund:		
General Fund	\$ 1,000,911	\$ 11,115,204
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Derry Public Library	170,639	-
Taylor Public Library	21,461	-
Cable Television	508,237	-
Conservation Commission	763,250	-
Public Safety Grants	71,772	9,116
Miscellaneous Grants	91,843	-
Waste Tire Reclamation	75,296	173,576
Police Detail	176,703	-
Police Gift	2,000	-
Rockingham Economic Development	235,997	7,748
Capital Project Funds:		
Rail Trail	10,233	-
Bridge Improvements	184,061	-
Recreational Facility	1,849,734	-
Exit 4A	289,064	-
Hood Pond Dam	37,633	-
Permanent Funds:		
Parks and Playgrounds	2,875	316,593
Subtotal Nonmajor Governmental Funds	<u>4,490,798</u>	<u>507,033</u>
Total Governmental Funds	5,491,709	11,622,237
Business-Type Activities:		
Water Fund	3,582,135	-
Sewer Fund	<u>2,548,393</u>	<u>-</u>
Total Business-Type Activities	<u>6,130,528</u>	<u>-</u>
Total	<u>\$ 11,622,237</u>	<u>\$ 11,622,237</u>



### ***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 2022.

Governmental Funds:	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 463,519	\$ 299,153
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Derry Public Library	379	-
Taylor Library	1,577	1,577
Cable Television	-	7,276
Public Safety Grants	133	-
Miscellaneous Grants	3,000	-
Waste Tire Reclamation	280,320	194,549
Capital Project Funds:		
Recreational Facility Fund	283,000	-
Permanent Funds:		
General Cemetery Care	15,700	50,000
Parks and Playgrounds	-	317,849
Libraries	-	1,956
Human Services	-	1,500
Subtotal Nonmajor Governmental Funds	<u>584,109</u>	<u>574,707</u>
Total Governmental Funds	1,047,628	873,860
Business-Type Activities:		
Water Fund	-	129,128
Sewer Fund	-	44,640
Total Business-Type Activities	<u>-</u>	<u>173,768</u>
Total	\$ <u>1,047,628</u>	\$ <u>1,047,628</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 transfers into the Waste Tire Reclamation Fund for tax revenue collected for hazardous waste removal.

### **Advances**

In fiscal year 2017 the Town Council approved a resolution in which the General Fund loaned \$487,000 to the Sewer Fund, for the Brady Ave sewer extension project. The loan is to be paid back over five years, beginning in fiscal year 2019, with an annual interest rate of 3%.

## **9. Capital Assets**

Capital asset activity for the year ended June 30, 2022 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 9,162	\$ -	\$ -	\$ 9,162
Infrastructure and other assets	78,927	-	-	78,927
Monuments	192	-	-	192
Retained tax deeded properties	189	27	-	216
Construction in progress	1,238	485	(1,303)	420
Intangibles	<u>3,111</u>	<u>-</u>	<u>-</u>	<u>3,111</u>
Total Capital Assets, Not Being Depreciated:	92,819	512	(1,303)	92,028
Capital Assets, Being Depreciated:				
Land improvements	6,688	89	-	6,777
Buildings	15,844	-	-	15,844
Building improvements	5,346	67	-	5,413
Machinery and equipment	10,697	1,279	(31)	11,945
Vehicles	9,869	1,180	(214)	10,835
Infrastructure and other assets	8,023	23	-	8,046
Intangibles	<u>790</u>	<u>-</u>	<u>-</u>	<u>790</u>
Total Capital Assets, Being Depreciated:	57,257	2,638	(245)	59,650
Less Accumulated Depreciation For:				
Land improvements	(4,746)	(266)	-	(5,012)
Buildings	(6,845)	(313)	-	(7,158)
Building improvements	(3,424)	(190)	-	(3,614)
Machinery and equipment	(6,836)	(776)	31	(7,581)
Vehicles	(5,971)	(797)	193	(6,575)
Infrastructure and other assets	(2,152)	(160)	-	(2,312)
Intangibles	<u>(742)</u>	<u>(9)</u>	<u>-</u>	<u>(751)</u>
Total Accumulated Depreciation	<u>(30,716)</u>	<u>(2,511)</u>	<u>224</u>	<u>(33,003)</u>
Capital Assets, Being Depreciated, Net	<u>26,541</u>	<u>127</u>	<u>(21)</u>	<u>26,647</u>
Governmental Activities Capital Assets, Net	<u>\$ 119,360</u>	<u>\$ 639</u>	<u>\$ (1,324)</u>	<u>\$ 118,675</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 195	\$ -	\$ -	\$ 195
Construction in progress	278	562	(491)	349
Intangibles	<u>967</u>	<u>-</u>	<u>-</u>	<u>967</u>
Total Capital Assets, Not Being Depreciated:	1,440	562	(491)	1,511
Capital Assets, Being Depreciated:				
Land improvements	4	-	-	4
Buildings	336	-	-	336
Building improvements	56	-	-	56
Machinery and equipment	501	205	-	706
Vehicles	1,051	185	(66)	1,170
Infrastructure and other assets	57,856	494	-	58,350
Intangibles	<u>48</u>	<u>-</u>	<u>-</u>	<u>48</u>
Total Capital Assets, Being Depreciated:	59,852	884	(66)	60,670
Less Accumulated Depreciation For:				
Buildings	(53)	(4)	-	(57)
Building improvements	(29)	(7)	-	(36)
Machinery and equipment	(266)	(44)	-	(310)
Vehicles	(865)	(62)	66	(861)
Infrastructure and other assets	(19,994)	(866)	-	(20,860)
Intangibles	<u>(48)</u>	<u>-</u>	<u>-</u>	<u>(48)</u>
Total Accumulated Depreciation	<u>(21,255)</u>	<u>(983)</u>	<u>66</u>	<u>(22,172)</u>
Capital Assets, Being Depreciated, Net	<u>38,597</u>	<u>(99)</u>	<u>-</u>	<u>38,498</u>
Business-Type Activities Capital Assets, Net	<u>\$ 40,037</u>	<u>\$ 463</u>	<u>\$ (491)</u>	<u>\$ 40,009</u>

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

Governmental Activities	
General government	\$ 394
Public safety	1,004
Highway	525
Health and welfare	4
Sanitation	257
Culture and recreation	<u>327</u>
Total Governmental Activities	<u>\$ 2,511</u>
Business-Type Activities	
Water	\$ 441
Sewer	<u>542</u>
Total Business-Type Activities	<u>\$ 983</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 2022 expenditures paid after June 30, 2022.

**12. Accrued Liabilities**

Accrued liabilities represent fiscal year 2022 expenditures paid in fiscal year 2023.

**13. 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.

**14. 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.

**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 are as follows:

	Original	Serial	Interest	Amount
	Issued	Maturities	Rate(s) %	Outstanding
<u>Governmental Activities</u>		<u>Through</u>		as of
				<u>6/30/22</u>
General Obligation Bonds:				
Municipal Services Infrastructure	\$ 1,500,000	03/15/24	3.45 - 4.00%	\$ 150,000
Transfer Station & Rockingham Rd	4,000,000	05/01/33	2.00 - 2.80%	2,200,000
Police Station Addition - Refunding	525,000	06/15/26	1.99%	192,500
General Obligation Bonds	4,019,000	06/30/40	2.51%	<u>3,665,000</u>
Total General Obligation Bonds				6,207,500
Loan Payable (Direct Borrowing):				
FY18 Police/Fire Radio Equipment	2,137,032	03/28/25	3.11%	842,243
FY19 Master Equipment	1,509,934	11/30/25	3.45%	758,970
FY19 Police Equipment	87,600	02/22/24	0.00%	17,460
FY20 Police Equipment	1,891,660	10/18/29	2.06%	1,355,183
FY21 Master Equipment	1,079,055	09/23/30	1.54%	978,396
FY22 Master Equipment #1	728,000	11/30/28	1.69%	728,000
FY22 Master Equipment #2	170,000	11/30/26	1.48%	<u>170,000</u>
Total Loan Payable (Direct Borrowing)				<u>4,850,252</u>
Total Governmental Activities (Excluding TIF)				<u>\$ 11,057,752</u>
	Original	Serial	Interest	Amount
	Issued	Maturities	Rate(s) %	Outstanding
<u>Governmental Activities TIF</u>		<u>Through</u>		as of
				<u>6/30/22</u>
Derry Commerce Corridor	\$ 2,110,000	05/15/31	1.60%	\$ <u>2,110,000</u>
Total Governmental Activities TIF				<u>\$ 2,110,000</u>

	Amount	Serial	Interest	Amount
	Issued	Maturities	Rate(s) %	Outstanding
<u>Business-Type Activities</u>		<u>Through</u>		<u>as of</u>
				<u>6/30/22</u>
Water Fund General Obligation Bonds:				
Woodlands and Route 28	\$ 500,000	05/01/33	2.00 - 2.80%	\$ 310,010
Water Expansions Route 28	1,718,500	06/30/34	2.00 - 3.50%	<u>1,132,692</u>
Subtotal Water Fund General Obligation Bonds				1,442,702
Water Fund Loan Payable (Direct Borrowing):				
FY22 Master Equipment #1				\$ <u>92,376</u>
Subtotal Water Fund Loan Payable (Direct Borrowing)				92,376
Total Water Fund				<u>1,535,078</u>
Sewer Fund General Obligation Bonds:				
Wastewater Force Main	\$ 3,700,000	05/15/23	3.50 - 4.00%	\$ 185,000
Wastewater Extension Route 28	250,000	05/01/33	2.00 - 2.80%	154,990
Wastewater Expansions Route 28	1,725,500	06/30/34	2.00 - 3.50%	1,137,308
Wastewater Effluent Upgrade - Refunding	525,000	06/15/26	1.99%	<u>192,500</u>
Subtotal Sewer Fund General Obligation Bonds				1,669,798
Sewer Fund Loan Payable (Direct Borrowing):				
FY22 Master Equipment #1				\$ <u>92,376</u>
Subtotal Sewer Fund Loan Payable (Direct Borrowing)				92,376
Total Sewer Fund				<u>1,762,174</u>
Total Business-Type Activities				<u>\$ 3,297,252</u>

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

The annual payments to retire all bonds and loans outstanding as of June 30, 2022 are as follows:

#### **Governmental (non-TIF)**

	Bonds		Loan Payable (Direct Borrowing)		
	Principal	Interest	Principal	Interest	Total
2023	\$ 525,000	\$ 202,431	\$ 1,145,148	\$ 110,132	\$ 1,982,711
2024	535,000	184,186	1,039,796	80,602	1,839,584
2025	462,500	165,566	885,210	53,893	1,567,169
2026	465,000	149,746	451,866	32,690	1,099,302
2027	430,000	133,600	348,878	23,020	935,498
2028	435,000	117,725	319,376	17,001	889,102
2029	445,000	101,125	324,977	11,401	882,503
2030	450,000	83,750	219,550	5,701	759,001
2031	430,000	68,850	115,451	1,772	616,073
2032-2036	1,520,000	170,300	-	-	1,690,300
2037-2040	<u>510,000</u>	<u>31,350</u>	<u>-</u>	<u>-</u>	<u>541,350</u>
Total	<u>\$ 6,207,500</u>	<u>\$ 1,408,629</u>	<u>\$ 4,850,252</u>	<u>\$ 336,212</u>	<u>\$ 12,802,593</u>

Debt service requirements to retire tax increment financing bonds for governmental activities at June 30, 2022 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 215,000	\$ 33,041	\$ 248,041
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	<u>210,000</u>	<u>1,733</u>	<u>211,733</u>
Total	\$ <u>2,110,000</u>	\$ <u>173,419</u>	\$ <u>2,283,419</u>

Debt service requirements to retire business-type activities bonds and loans payable at June 30, 2022 are as follows:

	<u>Bonds</u>		<u>Loan Payable (Direct Borrowing)</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 430,000	\$ 93,036	\$ 25,088	\$ 3,114	\$ 551,238
2024	255,000	80,341	25,512	2,690	363,543
2025	257,503	74,421	25,942	2,260	360,126
2026	260,000	67,576	26,378	1,824	355,778
2027	220,000	60,630	26,824	1,378	308,832
2028	225,000	54,380	27,276	926	307,582
2029	235,000	47,910	27,732	468	311,110
2030	757,467	40,610	-	-	798,077
2031	115,203	33,103	-	-	148,306
2032-2034	<u>357,327</u>	<u>50,063</u>	<u>-</u>	<u>-</u>	<u>407,390</u>
Total	\$ <u>3,112,500</u>	\$ <u>602,070</u>	\$ <u>184,752</u>	\$ <u>12,660</u>	\$ <u>3,911,982</u>

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

During the year ended June 30, 2022, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
<b>Governmental Activities</b>						
General obligation bonds payable	\$ 6,730	\$ -	\$ (523)	\$ 6,207	\$ (525)	\$ 5,682
Loans payable (direct borrowings)	<u>5,214</u>	<u>898</u>	<u>(1,261)</u>	<u>4,851</u>	<u>(1,145)</u>	<u>3,706</u>
Subtotal	11,944	898	(1,784)	11,058	(1,670)	9,388
Tax increment financing bonds payable	2,325	2,110	(2,325)	2,110	(215)	1,895
Net pension liability	50,769	-	(15,230)	35,539	-	35,539
Net OPEB liability	20,506	-	(4,937)	15,569	-	15,569
Compensated absences	<u>4,421</u>	<u>17</u>	<u>(245)</u>	<u>4,193</u>	<u>(959)</u>	<u>3,234</u>
Total	<u>\$ 89,965</u>	<u>\$ 3,025</u>	<u>\$ (24,521)</u>	<u>\$ 68,469</u>	<u>\$ (2,844)</u>	<u>\$ 65,625</u>
<b>Business-Type Activities</b>						
General obligation bonds payable	\$ 3,540	\$ -	\$ (428)	\$ 3,112	\$ (430)	\$ 2,682
Loans payable (direct borrowings)	<u>-</u>	<u>185</u>	<u>-</u>	<u>185</u>	<u>(25)</u>	<u>160</u>
Subtotal	3,540	185	(428)	3,297	(455)	2,842
Net pension liability	2,071	-	(645)	1,426	-	1,426
Net OPEB liability	1,616	-	(978)	638	-	638
Compensated absences	<u>234</u>	<u>32</u>	<u>-</u>	<u>266</u>	<u>(61)</u>	<u>205</u>
Total	<u>\$ 7,461</u>	<u>\$ 217</u>	<u>\$ (2,051)</u>	<u>\$ 5,627</u>	<u>\$ (516)</u>	<u>\$ 5,111</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 2022 that are budgeted as fiscal year 2023 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, 2022:

	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	\$ 45,656,985	\$ -	\$ 45,656,985	\$ -	\$ -	\$ -
Unavailable revenues, property taxes	-	-	1,226,211	26,000	-	-
Unavailable revenues, loans	-	-	-	269,238	-	-
Leases	561,930	-	561,930	-	-	-
Deferred amount on refunding	<u>69,887</u>	<u>54,128</u>	<u>-</u>	<u>-</u>	<u>28,288</u>	<u>25,840</u>
Total Deferred Inflows	\$ <u>46,288,802</u>	\$ <u>54,128</u>	\$ <u>47,445,126</u>	\$ <u>295,238</u>	\$ <u>28,288</u>	\$ <u>25,840</u>

## 17. Governmental Funds – Fund Balances

The Town's fund balances at June 30, 2022 are comprised of the following:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable			
Prepaid expenditures	\$ 9,472	\$ 1,056	\$ 10,528
Property held for resale	49,049	-	49,049
Advance to sewer fund	106,339	-	106,339
Permanent funds:			
General cemetery care	-	3,708,664	3,708,664
Parks and playgrounds	-	4,899,119	4,899,119
All remaining	<u>-</u>	<u>247,348</u>	<u>247,348</u>
Total Nonspendable	164,860	8,856,187	9,021,047
Restricted			
Library donations	59,483	-	59,483
Special revenue funds:			
Derry public library	-	171,059	171,059
Taylor library	-	21,810	21,810
Waste tire reclamation	-	820,494	820,494
Conservation commission	-	763,248	763,248
All remaining	-	361,246	361,246
Bonded capital projects	-	2,098,153	2,098,153
Permanent funds:			
General cemetery care	-	73,877	73,877
Parks and playgrounds	-	150,142	150,142
All remaining	<u>-</u>	<u>9,661</u>	<u>9,661</u>
Total Restricted	59,483	4,469,690	4,529,173
Committed			
Gateway TIF	428,835	-	428,835
Derry Commerce Corridor TIF	2,372,109	-	2,372,109
Capital	9,136,335	-	9,136,335
Compensated absences	2,176,953	-	2,176,953
COVID-19 Mitigation	569,314	-	569,314
Collective bargaining units	1,192,452	-	1,192,452
Special revenue funds:			
Cable television	-	549,605	549,605
Economic development loan - REDC	-	376,492	376,492
Capital project funds:			
Rail trail	-	1,931	1,931
Bridge improvements	<u>-</u>	<u>184,061</u>	<u>184,061</u>
Total Committed	15,875,998	1,112,089	16,988,087
Assigned			
Next year's expenditures	162,855	-	162,855
FY22 surplus to be transferred	1,217,380	-	1,217,380
Forest management	40,585	-	40,585
Adams Building stage reconstruction	138,940	-	138,940
Attic catwalk	127,000	-	127,000
Aluminum trash trailer	91,365	-	91,365
Ambulance	316,375	-	316,375
Plow truck	178,785	-	178,785
Audit	49,500	-	49,500
Roadway resurfacing	41,828	-	41,828
Other	<u>223,103</u>	<u>-</u>	<u>223,103</u>
Total Assigned	2,587,716	-	2,587,716
Unassigned	<u>10,151,226</u>	<u>-</u>	<u>10,151,226</u>
Total Fund Balances	\$ <u>28,839,283</u>	\$ <u>14,437,966</u>	\$ <u>43,277,249</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 10.88% to 26.43% of covered compensation. The Town's contributions to NHRS for the year ended June 30, 2022 was \$4,778,226 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, 2022, the Town reported a liability of \$36,964,795 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021, 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, 2022, the Town's proportion was 0.834%.

For the year ended June 30, 2022, the Town recognized pension expense of \$2,427,973. 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	\$ 4,778,226	\$ -
Differences between expected and actual experience	1,035,068	386,996
Differences between projected and actual earnings on pension plan investments	-	10,338,206
Changes in assumptions	3,860,764	-
Changes in proportion	<u>583,591</u>	<u>1,018,885</u>
Total	\$ <u>10,257,649</u>	\$ <u>11,744,087</u>

Deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension expense in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as a decrease in pension expense as follows:

<u>Year Ended June 30:</u>	
2023	\$ (1,173,292)
2024	(754,884)
2025	(1,048,930)
2026	<u>(3,287,558)</u>
Total	\$ <u>(6,264,664)</u>

### ***Actuarial Assumptions***

The total pension liability in the June 30, 2020 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	5.60% 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, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – 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>
Large Cap Equities	22.50 %	6.46%
Small/Mid Cap Equities	<u>7.50</u>	1.14%
Total domestic equities	30.00	
Int'l Equities (unhedged)	14.00	5.53%
Emerging Int'l Equities	<u>6.00</u>	2.37%
Total international equities	20.00	
Core Bonds	<u>25.00</u>	3.60%
Total fixed income	25.00	
Private Equity	10.00	8.85%
Private Debt	<u>5.00</u>	7.25%
Total alternative investments	15.00	
Real Estate	<u>10.00</u>	6.60%
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%)
\$ 52,863,887	\$ 36,964,795	\$ 23,702,358

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, 2022.

#### ***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 Medicomp III for retirees when they reach age 65, if the retiree has a minimum 10 years of service with the Town and is qualified to receive retirement benefits from the New Hampshire Retirement System.

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

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

- The Town also provides for up to 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	170
Active employees	<u>183</u>
Total	<u><u>353</u></u>

#### Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.25%
Salary increases	Group I: 14.75% decreasing over 12 years to ultimate level of 3.25% Group II: 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 3.75%
Discount rate	3.54%
Healthcare cost trend rates	Health Trust: -2.80%, then 6.75% decreasing by 0.25% per year to an ultimate level of 4.50%. Allegiant (non-Medicare): 3.60%, then 2.90%, then 6.50% decreasing by 0.25% per year to an ultimate level of 4.50%. Allegiant (Medicare): -28.67%, then -38.25%, then 6.50% decreasing by 0.25% per year to an ultimate level of 4.50%
Participation rate	80% of active employees and 100% of retirees over the age of 65

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 (2.16% as of June 30, 2021 and 3.54% as of June 30, 2022).

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 (2.16% as of June 30, 2021 and 3.54% as of June 30, 2022).

#### Total OPEB Liability

The Town's total OPEB liability of \$12,506,607 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2020.

#### Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balance, Beginning of Year	\$ 18,142,059
Changes for the Year:	
Service cost	645,341
Interest or other inputs	402,521
Changes of benefit terms	(2,317,419)
Changes in assumptions	(4,059,931)
Benefit payments	<u>(305,964)</u>
Net Changes	<u>(5,635,452)</u>
Balance, End of Year	\$ <u>12,506,607</u>

Changes of assumptions or other inputs reflect updates of the capital health costs and a decrease in the discount rate from 2.16% in 2021 to 3.54% in 2022.

Changes of benefits terms reflect the Medex 2 plan no longer being offered through Allegiant Care and was replaced by Medex 2 Blue RX. Unlike other impacts to the total OPEB liability, such as changes in assumptions, changes in benefit terms are reflected in OPEB expense in the year in which they are incurred. The accounting treatment of the changes in benefit terms is consistent with Governmental Accounting Standards Board Statement No. 75.

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>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
\$ 14,815,762	\$ 12,506,607	\$ 10,681,432

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% <u>Decrease</u>	Current Healthcare Cost Trend Rates <u>Trend Rates</u>	1% <u>Increase</u>
\$ 10,356,965	\$ 12,506,607	\$ 15,306,426

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

For the year ended June 30, 2022, the Town recognized an OPEB expense of \$(2,557,095). At June 30, 2022, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources <u>Resources</u>	Deferred Inflows of Resources <u>Resources</u>
Change in assumptions	\$ 2,329,839	\$ 7,405,342
Differences between expected and actual experience	<u>313,170</u>	<u>687,216</u>
Total	\$ <u>2,643,009</u>	\$ <u>8,092,558</u>

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as decreases in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2023	\$ (1,287,533)
2024	(1,130,220)
2025	(789,264)
2026	(1,565,877)
2027	<u>(676,655)</u>
Total	\$ <u>(5,449,549)</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, 2021 was \$3,700,869.

For the year ended June 30, 2022, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$182,489. At June 30, 2022, 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	\$ 403,847	\$ -
Change in proportion	546	-
Differences between expected and actual experience	-	772
Net difference between projected and actual earnings on OPEB investments	<u>-</u>	<u>46,230</u>
Total	<u>\$ 404,393</u>	<u>\$ 47,002</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, 2023.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as decreases in OPEB expense as follows:

Year Ended June 30:

2023	\$ (10,801)
2024	(9,713)
2025	(10,888)
2026	<u>(15,054)</u>
Total	\$ <u>(46,456)</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 <u>(5.75%)</u>	Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
\$ 4,023,136	\$ 3,700,869	\$ 3,420,476

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, 2022:

	Total/Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources	Total Pension Expense
Town OPEB Plan	\$ 12,506,607	\$ 2,643,009	\$ 8,092,558	\$ (2,557,095)
Proportionate share of NHRS Medical Subsidy Plan	<u>3,700,869</u>	<u>404,393</u>	<u>47,002</u>	<u>182,489</u>
Total	\$ <u>16,207,476</u>	\$ <u>3,047,402</u>	\$ <u>8,139,560</u>	\$ <u>(2,374,606)</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 \$269,225 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 \$1,166,896 in encumbrances that will be honored in the next fiscal year.

### ***COVID-19***

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the Town, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations remains uncertain.

## **21. Change in Accounting Principle**

During fiscal year 2022, the Town adopted Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement redefines a lease as a right to use another entity's asset over a definitive period of time.

## 22. Subsequent Events

Management has evaluated subsequent events through December 8, 2022, which is the date the financial statements were made available.

### ***Debt***

Subsequent to June 30, 2022, the Town incurred the following additional debt:

	<u>Amount</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Bond issuance	\$ 17,934,600	3.61%	7/13/2022	8/15/2047
Loan issuance	489,590	4.10%	11/30/2022	11/30/2025
Loan issuance	241,405	4.03%	11/30/2022	11/30/2027
Loan issuance	1,338,549	3.94%	11/30/2022	11/30/2029



## **REQUIRED SUPPLEMENTARY INFORMATION**

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**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, 2022

(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>				
Taxes	\$ 26,757,499	\$ 26,757,841	\$ 27,293,752	\$ 535,911
Licenses and permits	6,909,530	6,909,530	7,289,021	379,491
Intergovernmental	4,241,546	6,025,505	5,910,714	(114,791)
Charges for services	2,188,458	2,188,458	2,735,349	546,891
Miscellaneous	<u>716,936</u>	<u>1,139,670</u>	<u>1,360,379</u>	<u>220,709</u>
Total Revenues	40,813,969	43,021,004	44,589,215	1,568,211
<b>Expenditures</b>				
Prevention and emergency services	11,456,068	11,585,682	11,537,761	47,921
Emergency management	44,245	44,245	32,033	12,212
Police and animal control	9,924,859	10,043,270	9,296,909	746,361
Executive	4,251,538	4,549,906	4,342,704	207,202
Finance	6,582,110	11,920,020	11,838,480	81,540
Town clerk and elections	221,385	237,445	237,099	346
Libraries	1,600,954	1,653,826	1,653,826	-
Planning	300,115	303,450	293,310	10,140
Tax increment financing district	1,164,077	1,664,077	1,581,503	82,574
Public works	<u>9,619,813</u>	<u>10,151,527</u>	<u>10,101,260</u>	<u>50,267</u>
Total Expenditures	<u>45,165,164</u>	<u>52,153,448</u>	<u>50,914,885</u>	<u>1,238,563</u>
Excess (deficiency) of revenues over expenditures	(4,351,195)	(9,132,444)	(6,325,670)	2,806,774
<b>Other Financing Sources (Uses)</b>				
Use of unassigned fund balance	-	1,732,800	1,732,800	-
Use of assigned fund balance	-	942,294	942,294	-
Use of prior year fund balance (carryforwards)	-	749,664	749,664	-
Transfers in from other funds	3,299,885	4,655,881	4,204,795	(451,086)
Issuance of loans	848,000	848,000	898,000	50,000
Other financing sources	<u>203,310</u>	<u>203,805</u>	<u>87,025</u>	<u>(116,780)</u>
Total Other Financing Sources	<u>4,351,195</u>	<u>9,132,444</u>	<u>8,614,578</u>	<u>(517,866)</u>
Overall Budgetary Excess	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,288,908</u>	\$ <u>2,288,908</u>

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

## Notes to 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>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>	<u>Total</u>
GAAP Basis	\$ 42,587,857	\$ 42,672,275	\$ 3,558,544	\$ 2,409,153	\$ 1,064,973
To reverse net down adjustment	-	-	8,351,050	8,351,050	-
To record current year encumbrances	-	1,166,896	-	-	(1,166,896)
To record current year article carryforwards	-	500,000	-	-	(500,000)
To record budgeted use of unassigned fund balance	-	-	1,732,800	-	1,732,800
To record budgeted use of assigned fund balance	-	-	942,294	-	942,294
To record budgeted use of prior year fund balance (carryforwards)	-	-	749,664	-	749,664
To reverse effects of combining general fund and capital reserve funds (GASB 54)	240,458	(13,293)	(4,979,648)	(3,468,900)	(1,256,997)
To record unearned revenue for ARPA grant	1,690,953	-	-	-	1,690,953
To record refinancing gross up	-	-	(2,110,000)	(2,110,000)	-
To gross up CBA Trust Fund transfers for budgetary presentation	-	1,407,800	439,865	-	(967,935)
To reclassify transfers for budgetary presentation	-	5,181,303	-	(5,181,303)	-
Other differences	<u>69,947</u>	<u>(96)</u>	<u>(69,991)</u>	<u>-</u>	<u>52</u>
Budgetary Basis	\$ <u>44,589,215</u>	\$ <u>50,914,885</u>	\$ <u>8,614,578</u>	\$ <u>-</u>	\$ <u>2,288,908</u>

**TOWN OF DERRY, NEW HAMPSHIRE**

Required Supplementary Information  
Schedule of Proportionate Share of the Net Pension Liability

(Unaudited)

New Hampshire Retirement System

Fiscal Year	Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position Percentage of the Total Pension Liability
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 Auditor's Report.

# **TOWN OF DERRY, NEW HAMPSHIRE**

## Required Supplementary Information Schedule of Pension Contributions

(Unaudited)

### New Hampshire Retirement System

Fiscal <u>Year</u>	Measurement <u>Date</u>	Contributions in Relation to the		Contribution Deficiency <u>(Excess)</u>	Covered <u>Payroll</u>	Contributions as a Percentage of <u>Covered Payroll</u>
		Actuarially Determined <u>Contribution</u>	Actuarially Determined <u>Contribution</u>			
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 Auditor's 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, 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, 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 Auditor's Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Service cost	\$ 645,341	\$ 880,103	\$ 579,262	\$ 672,019	\$ 767,608
Interest	402,521	511,093	605,031	710,488	654,556
Changes of benefit terms	(2,317,419)	-	-	-	-
Differences between expected and actual experience	-	(1,030,823)	-	939,510	-
Changes of assumptions	(4,059,931)	(4,304,505)	4,659,678	(2,985,248)	(943,898)
Benefit payments, including refunds of member contributions	<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	(5,635,452)	(4,262,556)	5,550,565	(1,002,367)	204,802
Total OPEB Liability - Beginning	<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>\$ 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	\$ 21,360,119	\$ 20,583,990	\$ 20,156,888	\$ 19,172,219	\$ 18,454,822
Total OPEB Liability as a percentage of covered employee payroll	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 Auditor's Report.



**TOWN OF DERRY, NEW HAMPSHIRE**

Required Supplementary Information  
Modified Approach for Infrastructure Capital Assets  
For the Year Ended June 30, 2022  
(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>
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
2013	\$ 1,407,266	\$ 1,315,482

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

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## **Notes to 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

See Independent Auditor's Report.

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

The last three assessments effective in 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 \$1,401,688 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**

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## **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 this public library located at 49 East Derry Road.
- Cable Television Fund: This fund is used to account for cable television franchise fees and other related miscellaneous income and expenses associated with cable television.
- Conservation Commission Fund: This fund is used to account for revenue and expenses associated with acquiring and preserving conservation land. This fund receives 100% of Land Use Change Tax (current use) revenue and public donations designated for conservation purposes.
- Public 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 a gift 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 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, 2022

	<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 cash equivalents	\$ 498	\$ 349	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Taxes receivable	-	-	-	25,998	-
Accounts receivable, net	-	-	145,877	-	-
Due from other governments	-	-	-	-	9,116
Due from other funds	170,639	21,461	508,237	763,250	71,772
Prepaid items	1,056	-	-	-	-
Loans receivable	-	-	-	-	-
Total Assets	\$ <u>172,193</u>	\$ <u>21,810</u>	\$ <u>654,114</u>	\$ <u>789,248</u>	\$ <u>80,888</u>
<b>Liabilities</b>					
Accounts payable	\$ 78	\$ -	\$ 104,509	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	9,116
Total Liabilities	78	-	104,509	-	9,116
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	-	-	-	26,000	-
<b>Fund Balances</b>					
Nonspendable	1,056	-	-	-	-
Restricted	171,059	21,810	-	763,248	71,772
Committed	-	-	549,605	-	-
Total Fund Balances	<u>172,115</u>	<u>21,810</u>	<u>549,605</u>	<u>763,248</u>	<u>71,772</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>172,193</u>	\$ <u>21,810</u>	\$ <u>654,114</u>	\$ <u>789,248</u>	\$ <u>80,888</u>

(continued)

See Independent Auditor's Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022

(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 cash equivalents	\$ -	\$ 151,610	\$ -	\$ -	\$ -
Investments	-	767,164	-	-	-
Taxes receivable	-	-	-	-	-
Accounts receivable, net	-	-	20,384	-	-
Due from other governments	-	-	741	-	441
Due from other funds	91,843	75,296	176,703	2,000	235,997
Prepaid items	-	-	-	-	-
Loans receivable	-	-	-	-	419,349
Total Assets	\$ <u>91,843</u>	\$ <u>994,070</u>	\$ <u>197,828</u>	\$ <u>2,000</u>	\$ <u>655,787</u>
<b>Liabilities</b>					
Accounts payable	\$ 2,197	\$ -	\$ -	\$ -	\$ 182
Accrued expenditures	-	-	-	-	2,127
Retainage payable	-	-	-	-	-
Due to other funds	-	173,576	-	-	7,748
Total Liabilities	2,197	173,576	-	-	10,057
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	-	-	-	-	269,238
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	89,646	820,494	197,828	2,000	-
Committed	-	-	-	-	376,492
Total Fund Balances	89,646	820,494	197,828	2,000	376,492
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>91,843</u>	\$ <u>994,070</u>	\$ <u>197,828</u>	\$ <u>2,000</u>	\$ <u>655,787</u>

(continued)

See Independent Auditor's Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022

(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 cash equivalents	\$ 152,457	\$ -	\$ -	\$ -	\$ -
Investments	767,164	-	-	-	-
Taxes receivable	25,998	-	-	-	-
Accounts receivable, net	166,261	-	-	-	-
Due from other governments	10,298	-	-	-	-
Due from other funds	2,117,198	10,233	184,061	1,849,734	289,064
Prepaid items	1,056	-	-	-	-
Loans receivable	<u>419,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>3,659,781</u>	\$ <u>10,233</u>	\$ <u>184,061</u>	\$ <u>1,849,734</u>	\$ <u>289,064</u>
<b>Liabilities</b>					
Accounts payable	\$ 106,966	\$ -	\$ -	\$ 71,474	\$ -
Accrued liabilities	2,127	-	-	-	-
Retainage payable	-	8,302	-	5,552	-
Due to other funds	<u>190,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	299,533	8,302	-	77,026	-
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	295,238	-	-	-	-
<b>Fund Balances</b>					
Nonspendable	1,056	-	-	-	-
Restricted	2,137,857	-	-	1,772,708	289,064
Committed	<u>926,097</u>	<u>1,931</u>	<u>184,061</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>3,065,010</u>	<u>1,931</u>	<u>184,061</u>	<u>1,772,708</u>	<u>289,064</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>3,659,781</u>	\$ <u>10,233</u>	\$ <u>184,061</u>	\$ <u>1,849,734</u>	\$ <u>289,064</u>

(continued)

See Independent Auditor's Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022

(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 cash equivalents	\$ -	\$ -	\$ 649,815	\$ 858,399	\$ 23,556
Investments	-	-	3,132,726	4,504,580	111,387
Taxes receivable	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	37,633	2,370,725	-	2,875	-
Prepaid items	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total Assets	\$ <u>37,633</u>	\$ <u>2,370,725</u>	\$ <u>3,782,541</u>	\$ <u>5,365,854</u>	\$ <u>134,943</u>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 71,474	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Retainage payable	1,252	15,106	-	-	-
Due to other funds	-	-	-	316,593	-
Total Liabilities	1,252	86,580	-	316,593	-
<b>Deferred Inflows of Resources</b>					
Unavailable revenues	-	-	-	-	-
<b>Fund Balances</b>					
Nonspendable	-	-	3,708,664	4,899,119	134,443
Restricted	36,381	2,098,153	73,877	150,142	500
Committed	-	185,992	-	-	-
Total Fund Balances	36,381	2,284,145	3,782,541	5,049,261	134,943
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>37,633</u>	\$ <u>2,370,725</u>	\$ <u>3,782,541</u>	\$ <u>5,365,854</u>	\$ <u>134,943</u>

(continued)

See Independent Auditor's Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022

(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>Assets</b>				
Cash and cash equivalents	\$ 7,790	\$ 11,993	\$ 1,551,553	\$ 1,704,010
Investments	39,717	62,566	7,850,976	8,618,140
Taxes receivable	-	-	-	25,998
Accounts receivable, net	-	-	-	166,261
Due from other governments	-	-	-	10,298
Due from other funds	-	-	2,875	4,490,798
Prepaid items	-	-	-	1,056
Loans receivable	-	-	-	419,349
Total Assets	\$ <u>47,507</u>	\$ <u>74,559</u>	\$ <u>9,405,404</u>	\$ <u>15,435,910</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 178,440
Accrued liabilities	-	-	-	2,127
Retainage payable	-	-	-	15,106
Due to other funds	-	-	316,593	507,033
Total Liabilities	-	-	316,593	702,706
<b>Deferred Inflows of Resources</b>				
Unavailable revenues	-	-	-	295,238
<b>Fund Balances</b>				
Nonspendable	44,464	68,441	8,855,131	8,856,187
Restricted	3,043	6,118	233,680	4,469,690
Committed	-	-	-	1,112,089
Total Fund Balances	47,507	74,559	9,088,811	14,437,966
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>47,507</u>	\$ <u>74,559</u>	\$ <u>9,405,404</u>	\$ <u>15,435,910</u>

See Independent Auditor's 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, 2022

	<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>					
Taxes	\$ -	\$ -	\$ -	\$ 825	\$ -
Licenses and permits	2,650	-	584,722	-	-
Intergovernmental	-	-	61	-	33,827
Charges for services	1,039	47	-	-	-
Investment income (loss)	291	33	-	1,207	58
Miscellaneous	<u>18,283</u>	<u>539</u>	<u>55,866</u>	<u>299</u>	<u>25</u>
Total Revenues	22,263	619	640,649	2,331	33,910
<b>Expenditures</b>					
General government	-	-	401,151	-	-
Public safety	-	-	-	-	19,495
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	21,834	-	4,460	-	-
Economic development	-	-	-	-	-
Capital outlay	<u>49,972</u>	<u>-</u>	<u>159,509</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>71,806</u>	<u>-</u>	<u>565,120</u>	<u>-</u>	<u>19,495</u>
Excess (deficiency) of revenues over expenditures	(49,543)	619	75,529	2,331	14,415
<b>Other Financing Sources (Uses)</b>					
Transfers in	379	1,577	-	-	133
Transfers out	<u>-</u>	<u>(1,577)</u>	<u>(7,276)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>379</u>	<u>-</u>	<u>(7,276)</u>	<u>-</u>	<u>133</u>
Change in Fund Balance	(49,164)	619	68,253	2,331	14,548
Fund Balance, at Beginning of Year	<u>221,279</u>	<u>21,191</u>	<u>481,352</u>	<u>760,917</u>	<u>57,224</u>
Fund Balance, at End of Year	\$ <u><u>172,115</u></u>	\$ <u><u>21,810</u></u>	\$ <u><u>549,605</u></u>	\$ <u><u>763,248</u></u>	\$ <u><u>71,772</u></u>

(continued)

See Independent Auditor's 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, 2022

(continued)

	Special Revenue Funds				
	Miscellaneous Grants Fund	Waste Tire and Transportation Fund	Police Revolving Fund	Police Gift Fund	Rockingham Economic Development Corporation
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	9,780	-	-	-	335,888
Charges for services	-	-	149,493	-	-
Investment income (loss)	147	(21,369)	-	-	45
Miscellaneous	<u>6,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,864</u>
Total Revenues	16,093	(21,369)	149,493	-	501,797
<b>Expenditures</b>					
General government	-	1,005	-	-	-
Public safety	600	-	94,930	-	-
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	19,117	-	-	-	-
Economic development	-	-	-	-	400,174
Capital outlay	<u>9,835</u>	<u>-</u>	<u>66,427</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>29,552</u>	<u>1,005</u>	<u>161,357</u>	<u>-</u>	<u>400,174</u>
Excess (deficiency) of revenues over expenditures	(13,459)	(22,374)	(11,864)	-	101,623
<b>Other Financing Sources (Uses)</b>					
Transfers in	3,000	280,320	-	-	-
Transfers out	<u>-</u>	<u>(194,549)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>3,000</u>	<u>85,771</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	(10,459)	63,397	(11,864)	-	101,623
Fund Balances, at beginning of year	<u>100,105</u>	<u>757,097</u>	<u>209,692</u>	<u>2,000</u>	<u>274,869</u>
Fund Balances, at end of year	<u>\$ 89,646</u>	<u>\$ 820,494</u>	<u>\$ 197,828</u>	<u>\$ 2,000</u>	<u>\$ 376,492</u>

(continued)

See Independent Auditor's 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, 2022

(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>					
Taxes	\$ 825	\$ -	\$ -	\$ -	\$ -
Licenses and permits	587,372	-	-	-	-
Intergovernmental	379,556	-	-	-	-
Charges for services	150,579	-	-	-	-
Investment income (loss)	(19,588)	-	-	2,605	425
Miscellaneous	<u>247,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	1,345,786	-	-	2,605	425
<b>Expenditures</b>					
General government	402,156	-	-	-	-
Public safety	115,025	-	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	45,411	-	-	-	-
Economic development	400,174	-	-	-	-
Capital outlay	<u>285,743</u>	<u>3,392</u>	<u>56,717</u>	<u>239,389</u>	<u>-</u>
Total Expenditures	<u>1,248,509</u>	<u>3,392</u>	<u>56,717</u>	<u>239,389</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	97,277	(3,392)	(56,717)	(236,784)	425
<b>Other Financing Sources (Uses)</b>					
Transfers in	285,409	-	-	283,000	-
Transfers out	<u>(203,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>82,007</u>	<u>-</u>	<u>-</u>	<u>283,000</u>	<u>-</u>
Change in Fund Balance	179,284	(3,392)	(56,717)	46,216	425
Fund Balances, at beginning of year	<u>2,885,726</u>	<u>5,323</u>	<u>240,778</u>	<u>1,726,492</u>	<u>288,639</u>
Fund Balances, at end of year	\$ <u><u>3,065,010</u></u>	\$ <u><u>1,931</u></u>	\$ <u><u>184,061</u></u>	\$ <u><u>1,772,708</u></u>	\$ <u><u>289,064</u></u>

(continued)

See Independent Auditor's 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, 2022

(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>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income (loss)	-	3,030	(195,878)	(301,327)	(7,842)
Miscellaneous	-	-	-	-	-
Total Revenues	-	3,030	(195,878)	(301,327)	(7,842)
<b>Expenditures</b>					
General government	-	-	25,150	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	33,301	914
Economic development	-	-	-	-	-
Capital outlay	5,323	304,821	-	-	-
Total Expenditures	5,323	304,821	25,150	33,301	914
Excess (deficiency) of revenues over expenditures	(5,323)	(301,791)	(221,028)	(334,628)	(8,756)
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	283,000	15,700	-	-
Transfers out	-	-	(50,000)	(317,849)	(1,956)
Total Other Financing Sources (Uses)	-	283,000	(34,300)	(317,849)	(1,956)
Change in Fund Balance	(5,323)	(18,791)	(255,328)	(652,477)	(10,712)
Fund Balances, at beginning of year	41,704	2,302,936	4,037,869	5,701,738	145,655
Fund Balances, at end of year	\$ 36,381	\$ 2,284,145	\$ 3,782,541	\$ 5,049,261	\$ 134,943

(continued)

See Independent Auditor's 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, 2022

(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>				
Taxes	\$ -	\$ -	\$ -	\$ 825
Licenses and permits	-	-	-	587,372
Intergovernmental	-	-	-	379,556
Charges for services	-	-	-	150,579
Investment income (loss)	(2,594)	(3,992)	(511,633)	(528,191)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>247,042</u>
Total Revenues	(2,594)	(3,992)	(511,633)	837,183
<b>Expenditures</b>				
General government	-	-	25,150	427,306
Public safety	-	-	-	115,025
Highways and streets	302	-	302	302
Health and welfare	-	465	465	465
Culture and recreation	-	-	34,215	79,626
Economic development	-	-	-	400,174
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>590,564</u>
Total Expenditures	<u>302</u>	<u>465</u>	<u>60,132</u>	<u>1,613,462</u>
Excess (deficiency) of revenues over expenditures	(2,896)	(4,457)	(571,765)	(776,279)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	15,700	584,109
Transfers out	<u>-</u>	<u>(1,500)</u>	<u>(371,305)</u>	<u>(574,707)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,500)</u>	<u>(355,605)</u>	<u>9,402</u>
Change in Fund Balance	(2,896)	(5,957)	(927,370)	(766,877)
Fund Balances, at beginning of year	<u>50,403</u>	<u>80,516</u>	<u>10,016,181</u>	<u>15,204,843</u>
Fund Balances, at end of year	\$ <u><u>47,507</u></u>	\$ <u><u>74,559</u></u>	\$ <u><u>9,088,811</u></u>	\$ <u><u>14,437,966</u></u>

See Independent Auditor's Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Cable Television Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2022

	<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	\$ 508,000	\$ 508,000	\$ 584,722	\$ 76,722
Intergovernmental	-	-	61	61
Miscellaneous	25,000	25,000	55,866	30,866
Transfers in	-	1,364	-	(1,364)
Use of fund balance	98,865	98,865	98,865	-
Use of prior year fund balance (carryforwards)	<u>-</u>	<u>31,161</u>	<u>31,161</u>	<u>-</u>
Total Revenues	631,865	664,390	770,675	106,285
<b>Expenditures and Other Uses</b>				
Current operations:				
General government	349,637	351,295	351,865	(570)
Capital outlay	221,000	251,867	201,563	50,304
Transfers out	<u>61,228</u>	<u>61,228</u>	<u>63,913</u>	<u>(2,685)</u>
Total Expenditures	<u>631,865</u>	<u>664,390</u>	<u>617,341</u>	<u>47,049</u>
Overall Budgetary Excess	\$ <u>-</u>	\$ <u>-</u>	\$ <u>153,334</u>	\$ <u>153,334</u>

See Independent Auditor's Report.

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## **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, Inc., 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, Inc.	To care and treat elderly women and men who are 55 or more and reside in the Towns of Derry, Windham, or Londonderry
East Derry Improvements Society	East Derry Improvements
Memorial Day Flowers	To place flowers each Memorial Day upon Helen Noyes' lot in Forest Hills

### **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's Trustees of Trust Funds on behalf of the Derry Cooperative School District, an independent governmental unit. New Hampshire state law requires that these funds be held by the Trustees of Trust Funds in the town that the school district operates

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2022

	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	\$ 19,615	\$ 107,616	\$ 4,830	\$ 650	\$ 132,711
Investments:					
Corporate bonds	1,576	8,651	388	53	10,668
Corporate equities	12,960	71,101	3,192	429	87,682
Fixed income mutual funds	799	4,381	197	26	5,403
Market-linked certificates of deposit	8,324	45,669	2,050	276	56,319
U.S. Treasury notes	25,663	140,793	6,320	849	173,625
Federal agency securities	20,954	114,956	5,160	693	141,763
Other	<u>428</u>	<u>2,345</u>	<u>105</u>	<u>14</u>	<u>2,892</u>
Total Investments	<u>70,704</u>	<u>387,896</u>	<u>17,412</u>	<u>2,340</u>	<u>478,352</u>
Total Assets	<u>\$ 90,319</u>	<u>\$ 495,512</u>	<u>\$ 22,242</u>	<u>\$ 2,990</u>	<u>\$ 611,063</u>
<b>Net Position</b>					
Restricted for individuals, organizations, and other governments	<u>\$ 90,319</u>	<u>\$ 495,512</u>	<u>\$ 22,242</u>	<u>\$ 2,990</u>	<u>\$ 611,063</u>
Total Net Position	<u>\$ 90,319</u>	<u>\$ 495,512</u>	<u>\$ 22,242</u>	<u>\$ 2,990</u>	<u>\$ 611,063</u>

(continued)

See Independent Auditor's Report.



**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2022

(continued)

	<u>Custodial Funds</u>		
	Taxes and <u>Fees</u>	Derry Cooperative School <u>Capital Reserve</u>	Total Custodial <u>Funds</u>
<b>Assets</b>			
Cash	\$ -	\$ -	\$ -
Investments:			
Corporate bonds	-	4,307	4,307
Corporate equities	-	35,410	35,410
Fixed income mutual funds	-	2,182	2,182
Market-linked certificates of deposit	-	22,744	22,744
U.S. Treasury notes	-	70,118	70,118
Federal agency securities	-	57,250	57,250
Other	<u>-</u>	<u>1,168</u>	<u>1,168</u>
Total Investments	<u>-</u>	<u>193,179</u>	<u>193,179</u>
Total Assets	\$ <u>-</u>	\$ <u>193,179</u>	\$ <u>193,179</u>
<b>Net Position</b>			
Restricted for individuals, organizations, and other governments	\$ <u>-</u>	\$ <u>193,179</u>	\$ <u>193,179</u>
Total Net Position	\$ <u>-</u>	\$ <u>193,179</u>	\$ <u>193,179</u>

See Independent Auditor's Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2022

	<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 (loss)	<u>(4,397)</u>	<u>(28,796)</u>	<u>(1,070)</u>	<u>(120)</u>	<u>(34,383)</u>
Total Additions	(4,397)	(28,796)	(1,070)	(120)	(34,383)
<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	1,012	10,537	125	14	11,688
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>1,012</u>	<u>10,537</u>	<u>125</u>	<u>14</u>	<u>11,688</u>
Change in Net Position	(5,409)	(39,333)	(1,195)	(134)	(46,071)
<b>Restricted Net Position</b>					
Beginning of year	<u>95,728</u>	<u>534,845</u>	<u>23,437</u>	<u>3,124</u>	<u>657,134</u>
End of year	\$ <u><u>90,319</u></u>	\$ <u><u>495,512</u></u>	\$ <u><u>22,242</u></u>	\$ <u><u>2,990</u></u>	\$ <u><u>611,063</u></u>

(continued)

See Independent Auditor's Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

Combining Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2021

(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	\$ 60,269,515	\$ -	\$ 60,269,515
Taxes collected for County of Rockingham	3,114,992	-	3,114,992
Taxes collected for State of New Hampshire	2,177,082	-	2,177,082
Investment income (loss)	<u>-</u>	<u>(4,440)</u>	<u>(4,440)</u>
Total Additions	65,561,589	(4,440)	65,557,149
<b>Deductions</b>			
Payment of taxes to school district	60,269,515	-	60,269,515
Payment of taxes to County of Rockingham	3,114,992	-	3,114,992
Payment of fees to State of New Hampshire	2,177,082	-	2,177,082
Benefits	-	-	-
Other	<u>-</u>	<u>231</u>	<u>231</u>
Total Deductions	<u>65,561,589</u>	<u>231</u>	<u>65,561,820</u>
Change in Net Position	-	(4,671)	(4,671)
<b>Restricted Net Position</b>			
Beginning of year	<u>-</u>	<u>197,850</u>	<u>197,850</u>
End of year	\$ <u><u>-</u></u>	\$ <u><u>193,179</u></u>	\$ <u><u>193,179</u></u>

See Independent Auditor's Report.

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**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.

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<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
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<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>2013</u>	<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>
Government Activities										
Net investment in capital assets	\$105,780,715	\$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
Restricted	7,124,996	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
Unrestricted	<u>13,515,612</u>	<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>
Total Governmental Activities Net Position	<u>\$126,421,323</u>	<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>
Business-type Activities										
Net investment in capital assets	\$26,070,283	\$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
Unrestricted	<u>4,742,682</u>	<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>
Total Business-type Activities Net Position	<u>\$30,812,965</u>	<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>
Primary Government										
Net investment in capital assets	\$131,850,998	\$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
Restricted	7,124,996	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
Unrestricted	<u>18,258,294</u>	<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>
Total Primary Government Net Position	<u>\$157,234,288</u>	<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>

<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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
<b><u>Governmental Activities</u></b>										
General government	\$ 5,770,858	\$ 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
Public safety	19,705,078	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
Highway & streets	4,550,329	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
Health & welfare	712,326	812,632	777,789	687,021	601,102	631,724	365,616	418,129	389,364	395,221
Sanitation	1,632,599	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
Culture & recreation	3,062,131	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
Conservation	24,136	12,149	22,172	9,760	17,982	765,435	7,140	14,089	6,093	3,323
Economic development	1,440,817	179,717	656,802	615,423	708,402	667,401	1,478,417	501,836	672,733	803,170
Interest on long-term debt	375,763	411,395	373,170	330,799	267,901	263,458	330,207	477,246	440,061	432,093
Total Governmental Activities Expenses	37,274,037	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
<b><u>Business-type Activities</u></b>										
Water	2,345,410	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
Sewer	1,978,125	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
Total Business-type Activities Expenses	4,323,535	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
Total Primary Government Expenses	<u>\$ 41,597,572</u>	<u>\$ 41,608,772</u>	<u>\$ 42,005,689</u>	<u>\$ 40,012,127</u>	<u>\$ 43,808,537</u>	<u>\$ 44,237,950</u>	<u>\$ 46,357,580</u>	<u>\$ 48,305,814</u>	<u>\$ 48,907,521</u>	<u>\$ 42,769,298</u>
<b>Program Revenues</b>										
<b><u>Governmental Activities</u></b>										
Charges for services:										
General government	\$ 128,466	\$ 127,748	\$ 159,877	\$ 132,818	\$ 118,916	\$ 141,615	\$ 162,632	\$ 132,370	\$ 132,663	\$ 152,410
Public safety	1,307,973	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
Highway & streets	41,149	27,958	36,364	57,285	41,611	32,655	77,400	47,710	46,101	20,698
Health & welfare	30,275	33,290	29,250	29,875	30,495	31,135	31,255	29,265	32,680	34,810
Sanitation	382,358	416,529	409,554	397,767	492,994	615,433	589,776	580,402	770,423	1,006,056
Culture & recreation	159,898	151,294	148,705	160,423	137,095	123,061	125,620	97,799	56,629	72,150
Operating grants & contributions	1,297,582	1,581,906	1,129,626	1,126,608	424,284	478,484	491,124	1,386,137	2,056,252	1,084,844
Capital grants & contributions	402,110	303,000	961,473	610,892	1,067,132	1,518,553	1,416,608	955,718	706,935	994,908
Total Governmental Activities Program Revenues	3,749,811	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
<b><u>Business-type Activities</u></b>										
Charges for services:										
Water	2,546,316	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
Sewer	2,093,096	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
Operating grants & contributions	91,288	19,112	24,953	37,155	19,111	21,578	23,012	19,111	65,218	126,692
Capital grants & contributions	65,771	97,309	64,537	62,915	1,845,548	1,107,010	57,768	5,163,254	1,705,953	100,089
Total Business-type Activities Program Revenues	4,796,471	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
Total Primary Government Revenues	<u>\$ 8,546,282</u>	<u>\$ 9,156,703</u>	<u>\$ 9,124,893</u>	<u>\$ 8,845,921</u>	<u>\$ 10,807,062</u>	<u>\$ 10,687,581</u>	<u>\$ 9,626,249</u>	<u>\$ 15,380,362</u>	<u>\$ 12,978,749</u>	<u>\$ 11,335,347</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (33,524,226)	\$ (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)
Business-type activities	472,936	224,122	258,683	132,753	1,858,078	1,208,514	89,137	5,434,534	1,759,234	1,468,581
Total Primary Government Net Expense	<u>\$ (33,051,290)</u>	<u>\$ (32,452,069)</u>	<u>\$ (32,880,796)</u>	<u>\$ (31,166,206)</u>	<u>\$ (33,001,475)</u>	<u>\$ (33,550,369)</u>	<u>\$ (36,731,331)</u>	<u>\$ (32,925,452)</u>	<u>\$ (35,928,772)</u>	<u>\$ (31,433,951)</u>
<b>General Revenues &amp; Other Changes in Net Position</b>										
<b><u>Governmental Activities</u></b>										
Property & other taxes	\$ 24,818,369	\$ 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
Motor vehicle registration & franchise fees	5,072,002	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
Grants & contributions not restricted to specific programs	1,594,268	1,572,865	1,687,973	1,687,543	1,703,756	1,697,627	1,692,822	1,692,563	1,689,598	2,449,572
Interest & investment earnings	615,937	1,022,648	552,777	618,887	755,430	987,115	1,927,208	1,062,583	1,673,181	(721,431)
Miscellaneous	1,033,023	762,126	2,225,678	932,040	816,845	778,233	1,364,706	1,193,448	1,727,566	2,078,439
Transfers	15,330	-	(4,020)	(2,495,113)	1,784,298	745,035	(20,061)	55,434	62,689	173,768
Total Governmental Activities	33,148,929	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
<b><u>Business-type Activities</u></b>										
Income & investment earnings	18,886	30,679	40,409	35,196	47,498	76,409	133,957	92,846	17,752	(5,986)
Miscellaneous	55,118	93,193	67,187	83,925	93,684	102,751	267,394	157,897	126,216	52,293
Transfers	(15,330)	-	4,020	2,495,113	(1,784,298)	(745,035)	20,061	(55,434)	(62,689)	(173,768)
Total Business-type Activities	58,674	123,872	111,616	2,614,234	(1,643,116)	(565,875)	421,412	195,309	81,279	(127,461)
Total Primary Government Activities	<u>\$ 33,207,603</u>	<u>\$ 33,844,721</u>	<u>\$ 35,471,841</u>	<u>\$ 32,974,637</u>	<u>\$ 33,552,841</u>	<u>\$ 35,135,949</u>	<u>\$ 37,788,239</u>	<u>\$ 36,342,893</u>	<u>\$ 39,836,937</u>	<u>\$ 37,830,302</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ (375,297)	\$ 1,044,658	\$ 2,220,746	\$ (938,556)	\$ 336,404	\$ 942,941	\$ 546,359	\$ (2,212,402)	\$ 2,067,652	\$ 5,055,231
Business-type Activities	531,610	347,994	370,299	2,746,987	214,962	642,639	510,549	5,629,843	1,840,513	1,341,120
Total Primary Government	<u>\$ 156,313</u>	<u>\$ 1,392,652</u>	<u>\$ 2,591,045</u>	<u>\$ 1,808,431</u>	<u>\$ 551,366</u>	<u>\$ 1,585,580</u>	<u>\$ 1,056,908</u>	<u>\$ 3,417,441</u>	<u>\$ 3,908,165</u>	<u>\$ 6,396,351</u>

Source: Statement of Activities



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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Taxes	\$ 24,848,384	\$ 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
Licenses & permits	5,392,415	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
Intergovernmental	3,297,746	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
Charges for services	1,729,707	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
Interest and investment income	615,937	1,022,647	552,777	618,886	755,429	987,119	1,927,209	1,062,586	1,673,181	(721,430)
Miscellaneous	975,022	652,176	963,616	508,585	432,764	602,033	608,258	680,444	1,116,631	1,560,248
Total Revenues	36,859,211	37,740,772	38,996,083	35,665,993	37,158,334	39,159,132	41,370,858	40,995,396	45,250,292	43,425,040
<b>Expenditures</b>										
<b>Current operations-</b>										
General government	4,993,375	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
Public safety	18,491,033	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
Highways & streets	3,875,348	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
Health & welfare	663,639	763,935	727,628	637,269	547,627	589,604	367,300	379,554	374,048	433,274
Sanitation	1,558,825	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
Culture & recreation	2,647,311	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
Conservation	24,136	12,149	22,172	9,760	17,983	7,050	7,140	14,089	6,093	3,323
Economic Development	42,628	13,153	656,803	229,424	708,402	666,349	1,483,376	501,752	661,159	822,958
Capital outlay <sup>(1)</sup>	3,975,511	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
<b>Debt service-</b>										
Principal	930,539	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
Interest	401,483	408,797	387,214	376,303	259,714	254,110	293,102	425,667	451,859	402,347
Intergovernmental	10,074	12,485	51,074	50,980	10,747	-	-	-	-	-
Total Expenditures	37,613,902	36,737,987	38,680,301	38,018,309	39,356,769	40,486,147	43,115,700	43,211,792	43,881,680	44,285,737
Excess revenues over (under) expenditures	(754,691)	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)
<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	4,000,000	-	-	-	-	-	4,019,000	-	-	-
Bond premium	3,787	-	-	-	-	-	494,946	-	-	-
Issuance of refunding debt	1,250,000	-	-	1,475,000	-	-	-	-	-	-
Issuance of loans	203,068	439,023	104,403	-	1,745,365	2,394,159	1,597,534	1,891,660	1,079,055	898,000
Proceeds from sale of capital assets	70,654	112,979	1,163,820	350,177	401,934	165,022	230,690	194,995	95,141	87,025
Payments to refunding escrow	(1,228,676)	-	-	(1,428,151)	-	-	-	-	-	-
Transfers in	598,621	1,307,611	560,218	288,769	2,626,382	1,985,527	676,201	977,956	972,661	1,047,628
Transfers out	(583,291)	(1,307,611)	(567,237)	(2,783,882)	(842,084)	(1,240,492)	(696,262)	(922,522)	(909,972)	(873,860)
Total other financing sources (uses)	4,314,163	552,002	1,261,204	(2,098,087)	3,931,597	3,304,216	6,322,109	2,142,089	1,236,885	1,158,793
<b>Net change in fund balances</b>	<u>\$ 3,559,472</u>	<u>\$ 1,554,787</u>	<u>\$ 1,576,986</u>	<u>\$ (4,450,403)</u>	<u>\$ 1,733,162</u>	<u>\$ 1,977,201</u>	<u>\$ 4,577,267</u>	<u>\$ (74,307)</u>	<u>\$ 2,605,497</u>	<u>\$ 298,096</u>
<b>Debt service as a percentage of non-capital expenditures <sup>(2)</sup></b>										
	3.8%	4.6%	4.4%	5.7%	4.1%	4.9%	5.4%	6.1%	6.1%	5.7%

<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 ratio

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				
2013	\$ 1,891,691,991	\$ 446,126,677	\$ 78,549,100	\$ 29,122,507	\$ 2,387,245,261	\$ 10.39	\$ 2,428,530,276	98.30%
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%

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>
2013	\$ 10.39		\$ 16.35	\$ 2.59	\$ 18.94	\$ 1.15	\$ 30.48
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

**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 2022			FY 2013		
		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	3.41%	\$54,030,180	1	2.26%
Campbell, Gilbert G., Trustee (Aladdin Village & Derry County Club Estates)	Real Estate - Apartments	62,439,500	2	1.70%	32,081,500	2	1.34%
Public Service Company of NH (PSNH)	Utility - Electric	43,469,708	3	1.18%	21,981,200	4	0.92%
HCA Health Services of NH, Inc. (Parkland Medical Center)	Healthcare - Hospital	40,617,900	4	1.11%	20,293,600	3	0.85%
Hood Commons BSD LLC (Hood Plaza)	Commercial - Retail	23,327,100	5	0.64%			
SUSO 4 Derry LP	Commercial - Retail	20,441,500	6	0.56%	15,004,100	6	0.63%
Wal-Mart Real Estate Business Trust (Wal-Mart Superstore, Ashleigh Dr.)	Commercial - Retail	17,846,000	7	0.49%			
EKMK Associates Ltd. Partnership	Real Estate - Apartments	16,266,400	8	0.44%			
Aladdin Village LLC	Real Estate - Apartments	14,813,800	9	0.40%	9,577,700	7	0.40%
Ventas Birch Heights, LLC	Commercial - Elderly Assisted Living	13,447,300	10	0.37%	9,340,300	9	0.39%
Mariner Derry Meadows LLC	Commercial - Retail				18,716,000	5	0.78%
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	0.58%
<b>Totals</b>		<b>\$377,852,804</b>		<b>10.29%</b>	<b>\$204,647,880</b>		<b>8.57%</b>
<b>Total Taxable Assessed Valuation is:</b>		<b>\$3,672,952,476</b>			<b>\$2,387,245,261</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
2013	\$ 24,408,192	\$ 24,022,106	98.42%	\$ 331,515	\$ 45,533	\$ 24,399,154	99.96%
2014	24,623,357	24,190,174	98.24%	382,893	41,367	24,614,434	99.96%
2015	24,385,259	24,025,628	98.53%	286,625	67,443	24,379,696	99.98%
2016	22,926,812	22,601,643	98.58%	277,320	43,848	22,922,811	99.98%
2017	23,159,016	22,891,876	98.85%	231,455	30,000	23,153,331	99.98%
2018	23,909,072	23,634,966	98.85%	230,815	33,976	23,899,757	99.96%
2019	24,359,106	24,115,815	99.00%	167,909	30,697	24,314,421	99.82%
2020	24,927,688	24,677,513	99.00%	111,052	25,160	24,813,725	99.54%
2021	25,958,148	25,717,773	99.07%	108,266	19,042	25,736,815	99.15%
2022	26,475,577	26,254,589	99.17%	-	29,500	26,284,089	99.28%

**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
2013	\$ 8,688,815	\$ -	\$ 5,000,000	\$ 800,000	\$ 2,865,000	\$ 17,353,815	0.18%	\$ 522
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

**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		
2013	\$ 8,688,815	\$ 5,000,000	\$ 13,688,815	0.57%	\$ 412
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

**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, 2022

<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	\$11,057,752	100.00%	\$11,057,752
Town of Derry - Tax Increment Financing Bonds	\$2,110,000	100.00%	<u>2,110,000</u>
Sub Total - Direct Debt			13,167,752
<b>Overlapping:</b>			
Rockingham County	\$28,661,379	6.256%	1,793,056
Derry Cooperative School District	\$10,653,343	100.00%	<u>10,653,343</u>
Sub Total - Overlapping Debt			<u>12,446,399</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$25,614,151</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 2022 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 2022**

Estimated full value	\$4,719,004,641
General Fund debit limit (3% of equalized Valuation)	141,570,139
Water Fund debit limit (10% of equalized Valuation)	471,900,464

	<u>2013</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>
<b>General Fund</b>										
Debt Limit	\$73,292,846	\$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
Total debt applicable to limit <sup>(1)</sup>	<u>8,688,815</u>	<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>
Legal debt margin	<u>\$64,604,031</u>	<u>\$72,402,933</u>	<u>\$77,102,953</u>	<u>\$76,796,166</u>	<u>\$87,683,519</u>	<u>\$87,683,519</u>	<u>\$91,468,422</u>	<u>\$102,857,866</u>	<u>\$111,574,941</u>	<u>\$135,362,639</u>
Total debt applicable to limit as a percentage of debt limit	11.85%	10.13%	8.48%	7.40%	5.68%	5.68%	11.94%	6.69%	5.69%	4.38%
<b>Water Fund</b>										
Debt Limit	\$244,309,487	\$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
Total debt applicable to limit	<u>2,518,500</u>	<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>
Legal debt margin	<u>\$241,790,987</u>	<u>\$266,034,486</u>	<u>\$278,473,558</u>	<u>\$274,189,514</u>	<u>\$307,803,131</u>	<u>\$307,803,131</u>	<u>\$351,327,631</u>	<u>\$365,787,174</u>	<u>\$392,806,428</u>	<u>\$470,457,762</u>
Total debt applicable to limit as a percentage of debt limit	1.03%	0.93%	0.84%	0.81%	0.67%	0.67%	0.49%	0.45%	0.39%	0.31%

**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>
2013	33,220	\$ 1,038,257,880	\$ 31,254	5,717	5.6%
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%

**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

<b>Employer</b>	<b>Type of Business</b>	<b>Fiscal Year 2022</b>			<b>Fiscal Year 2013</b>		
		<b>Employees</b>	<b>Rank</b>	<b>% of Total Town Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>% of Total Town Employment</b>
Derry Cooperative School District	Education	620	1	3.14%	620	1	3.50%
HCA Health Services of NH	Healthcare/Hospital	532	2	2.68%	531	2	3.08%
Pinkerton Academy	Education	462	3	2.34%	477	3	2.48%
Town of Derry	Municipal services	364	4	1.84%	364	4	1.69%
Wal-Mart Store	Retail chain	265	5	1.34%	200	5	1.04%
Hannaford Supermarket	Supermarket	142	6	0.72%	142	6	0.77%
Shaw's Supermarket	Supermarket	105	7	0.53%	116	8	0.78%
Fireye	Fire Equipment	100	8	0.51%	125	7	0.65%
Benson's Hardware	Home improvement center	50	9	0.25%			
Total Air Supply	Light Manufacturer	40	10	0.20%			
Biosan Laboratories	Vitamin, supplements & minerals				115	9	0.73%
Sanmina/Hadco	Electronics				100	10	0.52%

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

**Note:**

Fiscal Year 2022 and 2013 information is from the 2021 and 2012 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>2013</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>Governmental Activities</u>										
General Government	24	25	26	23	22	21	21	21	21	21
Public Safety	150	149	149	148	146	146	148	149	149	150
Highway & Streets	27	27	27	27	30	30	30	31	31	31
Health & Welfare	3	4	4	2	2	2	0			
Sanitation	5	5	5	5	5	5	6	6	6	6
Culture & Recreation	8	8	8	8	8	8	8	8	8	8
Economic Development	2	2	2	2	2	3	3	3	3	3
<u>Business-Type Activities</u>										
Water	6	7	7	7	7	7	7	7	7	8
Sewer	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Totals	<u><u>232</u></u>	<u><u>234</u></u>	<u><u>235</u></u>	<u><u>229</u></u>	<u><u>229</u></u>	<u><u>229</u></u>	<u><u>230</u></u>	<u><u>232</u></u>	<u><u>232</u></u>	<u><u>234</u></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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Number of police calls answered	26,607	26,034	22,960	23,785	26,298	30,126	29,132	23,194	22,499	22,907
Physical arrests	1,330	1,433	1,186	1,231	1,196	1,164	1,238	1,186	1,162	1,211
Traffic violations	1,008	991	627	701	919	756	706	542	555	418
Parking violations	966	866	529	382	1,070	652	697	477	434	689
Total offenses reported (prior calendar year basis)										
Group A	2,880	2,520	2,758	2,396	2,307	2,157	2,087	2,087	1,847	1,977
Group B	1,051	919	971	827	937	1,182	1,092	1,224	1,131	1,332
Fire & rescue calls dispatched (5 towns)	7,930	7,294	7,290	7,513	7,704	8,226	7,755	7,716	7,642	8,782
Total fire & rescue responses	4,193	4,281	4,586	4,722	4,836	5,091	5,021	4,805	4,735	5,573
Fire emergency services	1,445	1,447	1,607	1,683	1,730	1,868	1,747	1,183	1,314	1,232
False alarms	387	412	452	403	412	421	423	344	330	388
EMS/Rescue	2,886	3,081	3,302	3,321	3,298	3,516	3,553	3,622	3,091	4,341
Patients treated & transported	2,299	2,398	2,477	2,467	2,477	2,589	2,714	2,496	2,417	3,021
Patients treated only	29	21	18	19	21	57	47	33	52	79
Inspections conducted										
Fire code	744	862	858	969	1,213	1,114	1,867	1,731	1,524	2,051
Permits	773	721	689	723	770	749	897	1,022	842	1,020
Fire permits	2,114	1,412	1,952	2,016	1,787	1,928	2,009	1,634	1,277	940
Public safety education programs	72	32	51	51	35	47	135	104	30	36
Program attendees	815	819	1,267	1,780	2,823	3,090	3,067	4,205	770	6,995
Water										
Daily average water consumption	1.42 MGD	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
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	1.54 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
Maximum daily capacity	3.00 MGD	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

**Source:** Various Town departments

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	30	28
Highways & streets										
Miles of streets	163.2	163.2	163.74	164.57	165.39	165.39	165.39	165.39	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	2
Water										
Miles of water mains	70.31	70.31	71.62	71.62	71.94	70.31	85.96	88.13	90	90
Service connections	4,050	4,071	4,075	4,094	4,115	4,050	4,250	4,220	4,307	4,358
Fire hydrants	614	614	629	629	638	614	659	678	693	693
Sewer										
Miles of sanitary sewers	48.9	48.9	50.44	50.44	50.44	48.9	53.12	54.68	66.30	66.30
Miles of storm sewers	19	19	19.25	19.25	19.35	19.00	19.14	19.10	19.10	19.10
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	3,087	3,096	3,100	3,116	3,130	3,087	3,209	3,252	3,303	3,319

**Source:** Various Town departments



**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**

**INDEPENDENT AUDITOR'S REPORT**

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, 2022, 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 8, 2022.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Merrimack, New Hampshire  
December 8, 2022