



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

**Comprehensive Annual Financial Report**

**For the Fiscal Year ending**

**June 30, 2015**

**Photo on the Cover:**

**Adams Pond**

***Photographed by  
Doug Rathburn***

**TOWN OF DERRY, NEW HAMPSHIRE**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2015**

Prepared by:  
The Finance Department

Janice Mobsby  
Controller

Susan Hickey  
Chief Financial Officer

Mark Fleischer  
Senior Accountant



Town of Derry, New Hampshire  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2015

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

## **Office of the Finance Department**

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December 11, 2015

**To the Honorable members of the Derry Town Council, the Derry Town Administrator and the Citizens of the TOWN OF DERRY, NEW HAMPSHIRE:**

The Comprehensive Annual Financial Report of the Town of Derry, New Hampshire for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for the accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town of Derry, New Hampshire. All disclosures which are necessary to enable the reader to gain an understanding of the Town of Derry, New Hampshire's financial activities have been included. No other organizations or component units are included in the Town's financial reporting entity.

The government provides a full range of services. These services include police and fire emergency medical service and protection, sanitation services, the maintenance and construction of highways, streets, and related infrastructure, recreational activities, libraries, community access Cable TV, general welfare assistance, maintenance of land use records, raising and collection of taxes, community 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.

### ***Governmental Structure, Local Economic Condition and Outlook***

The Town of Derry, New Hampshire, is a municipal corporation governed by an elected seven-member Town Council. The government has operated under a Town Charter form of government, in compliance with New Hampshire statute RSA 49-D, since 1993. Policy-making and legislative authority are vested in the governing council and the chief administrative officer is the Town Administrator. The governing Town Council is responsible, among other things, for adopting the budget, passing ordinances, appointing committees and hiring the Town Administrator. The Town Administrator is responsible for

carrying out the policies of the government, appointing the heads of the Town's departments and for general supervision of all Town operations. Town Council members are elected to three-year staggered terms with two members elected every year, with the exception of three members being elected every third year. Four of the members are elected from within their respective districts; the remaining three are elected at large.

Incorporated in 1827, the Town of Derry is located in the southeastern part of the state and ranks as the fourth largest municipality in New Hampshire despite a population decrease of 4.0% over the past decade. The Town has a land area of 36.30 square miles and an estimated 2014 population of 33,211, a 0.7% increase over the prior year. The peak estimated population over the last ten years was 34,710 in 2004. The decline in school population for grades 1-12 was 1%, following a 2.6% decline the previous year. School enrollment has been declining for eight straight years, with a reduction of 9.3% over that period. Overall, the school population remained fairly flat in 2009 due to the initial year of kindergarten being provided. This general decline in school population data is similar to statewide statistics that portray a declining enrollment in New Hampshire. The Town of Derry, New Hampshire and its two public libraries employed 235 full-time permanent employees and 25 part-time employees as of June 30, 2014-5.

The Town performs cycled assessing inspections of one-fifth of all residential properties each year so that in a five-year period all these properties have been reviewed to ensure that each property record card contains correct assessing data. Following completion of the last full revaluation in 2006, the Town Council, acting as the Board of Assessors, reinstated the cycled inspection process as well as authorized assessment updates (indexing) beginning in 2008. This indexing by the Town in conjunction with the cycled inspection process is designed to keep assessed values tracking more closely with existing market values and providing equitable assessments among property owners. In 2009 a full valuation update was completed that reflected a real estate market that continued to be depressed. This full valuation resulted in a net reduction of 6.6% in assessed valuation compared with 2008.

In 2010, the Town continued its cycled inspection program and review of completed building permits as well as a review of all residential and commercial condominium complexes, including all condex properties. Appropriate valuation adjustments were made resulting in a slight decline in 2010 of 0.1% from 2009, the third straight year of decline in the Town's valuation. In 2011, the Assessing division completed a Town-wide cycled inspection program for all Manufactured Housing, with the result that the assessments declined by less than 1% as a result of new and/or corrected data. In addition, in 2011 all assessments of Utility property were reviewed Town-wide. This Utility property review was completed since telephone property, previously exempted by the New Hampshire Legislature, became taxable for real estate taxes at the local level and were assessed beginning in 2011.

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

equalized valuation was 105.9% of market value. As anticipated, a full reassessment update was done for 2012 that brought assessments to 99% of market value. This assessment level reflected the fact that there continued to be some decline in the market value of properties. No general assessment update was conducted for 2013 valuation, though a reassessment update was done in 2014. DRA has determined that the Town's equalization ratio for 2014 was 97.8%. The present assessing plan is to do cycled inspections every year and to do assessment updates every other year.

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

One indicator of economic condition can be found in the number of building permits issued. New residential permits decreased 23% in FY 2015 to 26, compared to 43 in FY 2014. The average construction value of each residential unit was down slightly from the previous year due to the impact of the construction of the first multi-family units since 2010. Permits for the past five years remain well below the FY 2008 level of 80 that included 33 permits for multi-family units. The number of addition and remodeling permits decreased from 245 in FY 2014 to 235 in FY 2015. Permits for additions and remodeling had been fairly consistent over the last four fiscal years, ranging from a low of 235 to a high of 305. For the period January 2014 to June 2015, 65 multi-family units were approved by the Planning Board, most of which are either complete or under construction. Additionally, 141 over 55+ housing units have been approved and are nearing completion. For the first four months of FY 2016, 7 residential building permits were issued, compared to 8 for the first four months of FY 2015. Based on preliminary information from developers, it is expected there will be an increase in permit activity during the fiscal year. Due to this increased activity, we anticipate that the level of permits issued will exceed the level experienced in FY 2015. The Town is optimistic about this improvement in building permit activity and expects increased activity. Overall these trends continue to reflect general improvement in the housing market, both locally and nationally.

<b>Residential Units</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Permits	19	37	43	26
Total Value	\$2.7M	\$6.0M	\$6.9M	\$3.8M
Average Value	\$142K	\$163K	\$160K	\$146K

Local area unemployment statistics showed an improvement in Town unemployment rate from June 2014 to June 2015. In June 2015, the unemployment rate was 4.3% with 1,000 unemployed, versus June 2014 when the comparable statistics were 4.9% and 1,213. Derry's June 2015 unemployment rate is higher than the 4.0% rate for southern New Hampshire communities and the overall State rate of 3.5%. The unemployment rate in Derry is stronger than the 5.3% national level. Southern New Hampshire and state-wide rates are healthier than the national level. The employment situation state-wide improved slightly during July – August 2015, from 3.5% to 3.3%, while Derry's unemployment rate improved during that two – month period from 4.3% to 4.0%. The economic outlook for Derry remains generally consistent with the southern New Hampshire economy, while the Town lags behind the overall State employment situation, continuing to be impacted by the state of the national economy.

## ***Major Initiatives***

### ***For the Year***

The Town continues to utilize the recently updated Master Plan and Open Space Plan, as well as a Source Water Protection Plan that was developed through a joint effort of the Planning Department, the Public Works Department, the Conservation Commission, the Southern NH Planning Commission, and the NH Department of Environmental Services (NHDES).

The Downtown Committee has continued to meet in 2015 and will work with the new Town Administrator to further the revitalization of the downtown. The Town Council would like to see the vacant town-owned properties developed in the downtown. The Town Council also created an Economic Development Committee to work on this project and establish economic development goals for the future. To that end, the Town Council had asked the Planning Board to review the zoning and the permitted uses to ensure the best and highest use of the properties in that zoning district. This past year the Planning Board and Planning Department amended the zoning in the Downtown Central Business District to accomplish this goal. The Town continues to work with the Downtown Committee, the Greater Derry Arts Council (in its management of the Opera House within the Adams Memorial Building), and the Greater Derry/Londonderry Chamber of Commerce. The Town Council appropriated \$150,000 to repair the roof and perform renovations to the Opera House enabling the second floor balcony to re-open and thus expand the seating capacity. The Greater Derry Arts Council also obtained a \$25,000 grant to paint the interior of the building. A green, open space in the center of the downtown now houses the spring/fall Farmer's Market. Plans have been approved for conversion of that site into a multi-story commercial/residential building once the economy improves. While some storefront vacancies exist, they provide a unique opportunity for development into successful businesses with great downtown exposure. New businesses which opened in 2015 in the downtown include a coffee shop which will be moving to a larger space due its growth to another Downtown storefront, and a major renovation and overall façade improvement will occur at the Cumberland Farms store in the Downtown which will drastically change the appearance of a key Downtown business block. Several downtown restaurants are seeing an increase in business and are now open for lunch. Two existing restaurants are now serving lunch, in addition to dinner. Exterior renovations are also occurring in two vacant storefronts. A boarded-up building which had been vacant for over twenty years will finally be torn down during the summer of 2015 and remove a major eyesore in the Downtown. There is new, exciting energy happening in the Downtown.

The existing Enterprise Revitalization Zone serves as a tool for economic development to assist with some "property tax leveling" during the first five years for new businesses opening in the zoned areas, though to-date there have been no applications submitted. The zone covers the Route 28 Corridor Tax Increment Financing (TIF) District (recently expanded by the State of New Hampshire to include more of the TIF District area), the Central Business District, and the Route 28 area heading south to the Windham town line (see later discussion regarding the expansion of sewer and water in this area).

Pinkerton Academy installed new, outdoor lighting at the football field which now allows the school to hold Friday night football games. This expands opportunities for merchants in Town who benefit from the increased crowds. The New Hampshire Symphony Orchestra this past year announced that the Stockbridge Theater at Pinkerton Academy will be their permanent home moving from Manchester to Derry.

The completion of the road improvements in the Route 28 Corridor TIF District has driven economic development in that area. Activity occurring within the TIF District during FY 2015 includes:

- The former Walmart property was acquired and partially occupied by Ocean State Job Lots. The remainder of the building will be occupied by Monkey Sports and an ALDI supermarket. Both retailers are unique. The Derry location will be the second New Hampshire location for ALDI and will be the sixth location worldwide for Monkey Sports. Monkey Sports is now open and ALDI expects to open by the end of the year (December 2015).
- The Town successfully marketed the site previously occupied by Pinkerton Tavern. An Aroma Joe's franchise was approved by the Planning Board and opened during the spring of 2015.
- Creative Chef Kitchens opened its facility a year ago. This first-of-its-kind business in the area allows aspiring food entrepreneurs to get a business up and running, assisting with everything from licensing to packaging and marketing. Many of the businesses encourage "buying local" by selling their wares at the local Farmer's Market. The business continues to thrive and expand.
- Construction was completed on a 2-story, 10,000 square foot medical building, consolidating the operations center for a 3-town medical office practice. The building is now open.
- Kelsen Brewing, one of the two breweries locating in Derry, has had tremendous success with award winning ales; they are currently bottling and selling to local supermarkets and specialty retail shops as well as local restaurants. An additional brewery opened this past year, Rockingham Brewery Company, and is doing well.

The addition of retail uses in the area of the Walmart Super Store has continued to pique interest in development of open land within the TIF District, as well as the upgrading of existing space. In particular the parcels located on Ashleigh Drive next to the new Walmart Super Store have generated interest based on marketing by a commercial real estate broker. A self-storage facility is currently under construction in this area and is scheduled to open in mid-2016. There is also renewed interest in the site of the former Sanmina manufacturing site in the heart of the TIF District. Derry Meadows Shoppes is now owned by a new entity and has plans to update the plaza. New development on Ashleigh Drive is proposed to go before the Planning Board beginning in the summer of 2015.

During the year, the Town continued its participation in the Robert Frost/Old Stage Coach Scenic Byway. The New Hampshire Scenic and Cultural Byways Council designated the Byway in May of 2014. The Robert Frost/Old Stage Coach Scenic Byway is an extension

of an existing Byway that starts in Atkinson and will continue through the towns of Hampstead, Chester, Auburn, and Derry. The Byway route is highly scenic, leading visitors through New England colonial villages, rolling farmland, working orchards, and picturesque vistas. The route provides visitors access to recreational hiking and biking trails, seasonal festivals, and year round museums, restaurants and town centers. Establishment of the Byway will advance tourism and economic development along the Byway Corridor.

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

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

1. Creation of a Downtown redevelopment plan for vacant Town-owned property located off of Broadway in the Downtown business area.
2. Working to expand and broaden the base of commercial and industrial property to lessen the tax burden on single-family homeowners and to provide new jobs to lessen the unemployment rate.
3. Continuing development and redevelopment in the Route 28 Corridor TIF District.
4. Extending water and sewer to the southern end of Route 28, heading towards Windham, so as to better develop that area commercially and industrially following a build out of the Route 28 Corridor TIF District. Construction of the first phase of this project began in fall of 2013 and is expected to be completed in the fall of 2015.
5. Preservation and acquisition of prime open space continues to be a goal.
6. Mitigation of the impacts expected from the planned Interstate 93 widening and possible development of an Exit 4-A which is expected to coincide with the widening of Interstate 93 from Exit 3 North to its intersection with I-293. The Town Council, as well as the Londonderry Town Council, supports the NH DOT taking the lead on the project and will look to the State to seek state and federal funding to pay for the project.
7. Town staff and boards continue to review possible zoning amendments. The intent is to increase the available commercial/industrial acreage thereby reducing zones where residential uses are permitted. The Planning Board and Planning staff refined permitted commercial/retail uses and forwarded the suggested changes to Town Council late in 2014 that were subsequently approved in the spring of 2015.
8. Fire, Code Enforcement, and Planning Departments continue development of a Property Maintenance Code Ordinance. The Property Maintenance Ordinance was approved and adopted by the Town Council in early 2015 and a Committee was set up to review distressed properties and began legal and enforcement actions.
9. The Planning Board continues to meet annually with the Derry Town Council to review goals for the upcoming fiscal year. Topics discussed during the 2015 meeting included the Town Council's vision for the Downtown and for Route 28 South, as well as ongoing zoning amendments. Town Council has asked the Planning Board to look at the zoning restrictions in the multi-family housing districts. As a result of these meetings the Planning Board approved and the Town Council adopted

revisions to multi-family zoning which will significantly reduce the density for this type of housing and thus help alleviate some of the burden on Town services.

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

Phase two of the water and sewer expansion in the Route 28 South area of Town was completed in the summer of 2015, in conjunction with the reconstruction of Rockingham Road. Expansion will enhance the opportunity for commercial and industrial development in this area due to the availability of water and sewer service. This expansion has extended the existing water and sewer service easterly on Rockingham Road to Route 28. From that point on Route 28, water will run north to connect with existing water infrastructure at Humphrey Road, and water and sewer will run south to Berry Road. The water booster station part of this project, which will service the area south of Island Pond Road is expected to be completed in the fall of 2015. Future phases of the expansion are designed to ultimately take this service further south from Berry Road to the Windham town line. The Planning Board has held public hearings to change zoning in this area to General Commercial IV. The Planning Board and Town Council approved and adopted these amendments which will allow for expanded commercial uses as well as re-zoned additional parcels from residential to commercial with the goal of expanding the tax base as well as job creation and expansion of existing businesses in this area of Town now that the Town water and sewer is available.

The recently constructed intersection signalization and added turning lanes at Route 28/Kilrea Road improves safe travel in this area of Route 28 South. This project is anticipated to be completed by November of 2015.

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

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

- Occupation of a number of vacant food establishments by other food venues;

- Within the Central Business District, redevelopment plans continue to evolve for a former manufacturing facility on Crystal Avenue to be converted into retail space;
- Commencement of construction began in FY 2015 for the addition of a golf driving range to an existing ice cream shop on Ryan's Hill on Route 28 South. An adjacent restaurant that had been vacant for one and a half years will reopen under new management, offering a sports pub menu. Further south from that location, construction has also started on the first few units of a 70,000 total SF self-storage facility near the Windham town line. Construction of this type is an indication of interest in further expansion of the Route 28 South area of Town for future commercial and industrial activity. Approval by the Planning Board in the spring of 2015 also included the approval of an additional 44,000 SF self-storage facility on Windham Road as well as a mixed-use retail plaza of 34,000 SF on Route 111 near the Atkinson town line. Finally a new education technology company, Intelitek, relocated from Manchester to Derry on Tsienneto Road.

In FY 2015, 25 single-family residential building lots and 65 multi-family and townhouse units were approved by the Planning Board. Despite the current economic situation, the Town remains excited about its potential growth and is poised for commercial and industrial development in 2015 and beyond. The Planning Board has also saw an increase in new multi-family/townhouse projects in this past year.

The Town's involvement with and facilitation of the previously mentioned commercial development and related infrastructure activity during continuing difficult economic times foretells that healthy economic development continues and that the Town should be poised for significant activity once the economy recovers.

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

### ***Financial Information***

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



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

As a part of the government's audit, tests were made of the government's internal control structure. Although this testing was not sufficient to support an opinion on the government's internal control system, the audit for the year ended June 30, 2015 disclosed no deficiencies in internal control that were considered to be material weaknesses.

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

The Management Discussion and Analysis that precedes the financial statements provides the reader of this report with an objective and easily readable analysis of the Town's financial activities based on currently known information and conditions. As demonstrated by the statements and schedules in the financial and statistical sections of this report, the government continues to meet its responsibility for sound financial management. Further narrative information is set forth below for Fund Balance and Debt Management.

## ***Fund Balance & Debt Management***

### ***Fund Balance***

The New Hampshire Department of Revenue Administration (DRA) supports the range recommended by the Government Finance Officers Association of the United States and Canada (GFOA) of 8% - 17% regarding retention of a percentage of total appropriations as unassigned fund balance. In NH, the calculation of regular general fund operating expenditures is the sum of the municipality's general fund operating appropriations, the education tax amount, the local school net tax commitment, and the county appropriation. Management's recommendation is to maintain a fund balance of at least 12.5%.

In June 2013, the Town Council unanimously adopted a Fund Balance Policy. This policy sets forth the categories of fund balance in accordance with GASB 54 and delineates the spending prioritizations of them. The policy also sets forth that annually, following completion of the annual financial audit, the Finance Department will calculate the percentage of Unassigned Fund Balance for that fiscal year. If the level of Unassigned Fund Balance exceeds the mid-point of the GFOA recommended range plus one half a percent (13%),

without action of the Town Council, the surplus shall be transferred to capital reserve funds for Fire, Information Technology, Police, and Public Works for the purpose of funding future capital improvements. The allocation to each fund is based on the percentage of each area in the Town's adopted six-year Capital Improvement Plan. In accordance with the annual reconciliation provision of the Policy, \$2,030,185 was transferred at June 30, 2015 from unassigned fund balance to committed fund balance. Thus, the Town of Derry's unassigned general fund balance at June 30, 2015 equals 13% of total appropriations, including school and county. The unassigned fund balance remains strong and provides increased flexibility for all Town operations.

### ***Debt Management***

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

Under current state statutes, the government's general obligation bonded debt issuance is subject to a local limitation based on a percentage of the Town's State of New Hampshire equalized assessed valuation. The Town's general fund is allowed to have as much as \$84.2 million of debt issued or authorized. As shown on page 127 of the Statistical Section of this report, at June 30, 2015 only \$8.8 million of debt was applicable to this limitation, 10.48% of the allowed amount. Similarly with respect to the Town's Water Fund, \$280.8 million is allowed by Statute, while at June 30, 2015, \$2.3 million (0.82%) was outstanding. The Wastewater Fund, Landfill Closure and TIF District debt have no limits. Based on an estimated population of 33,211, general government bonded debt per capita, excluding the TIF bonds, was \$196 per Derry resident at June 30, 2015, down from the \$220 reported in the prior year. The decrease is due to no new general obligation bonded debt being issued during FY 2015, as well as payment of principal on existing bonds.

The government currently has an Aa2 rating from Moody's Investors Service for bonds issued by the Town prior to FY 2013. In FY 2013, Standard & Poor's assigned a rating of AA to the \$4.75 million of general obligation bonds issued and the \$1.16 million of general obligation refunding bonds. In FY 2014, Standard & Poor's upgraded its rating to AA+ for the \$3,444,000 of general obligation issued in April for the expansion of the Town's water and sewer infrastructure. A rating of Bonds issued through the New Hampshire Municipal Bond Bank (NHMBB) have an Aa3 rating from Moody's, an AA rating from Standard & Poor's, and an AA- rating from Fitch.

### **Other Information**

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

The Town Charter requires an annual audit by an independent certified public accountant. The Town's Charter previously required that the audit firm be changed at least every five years. In September 2012, voters approved a Charter change that requires the Town to

issue a request for proposal for auditing services every five years but does not require that a new auditor be selected. Following a Request for Proposals for Auditing Services in early 2015, the Nashua, NH office of Melanson Heath was selected to audit the Town for three years beginning with FY 2015, with an option at the Town's sole discretion for an additional two years.

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

### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) has once again awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Derry, NH for its comprehensive annual financial report for the year ended June 30, 2014. This was the sixteenth consecutive year that the Town has achieved this prestigious award. In order to be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### ***Acknowledgments***

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

*Susan A. Hickey*  
Chief Financial Officer

*Janice A. Mobsby*  
Controller

*Mark Fleischer*  
Senior Accountant



Government Finance Officers Association

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

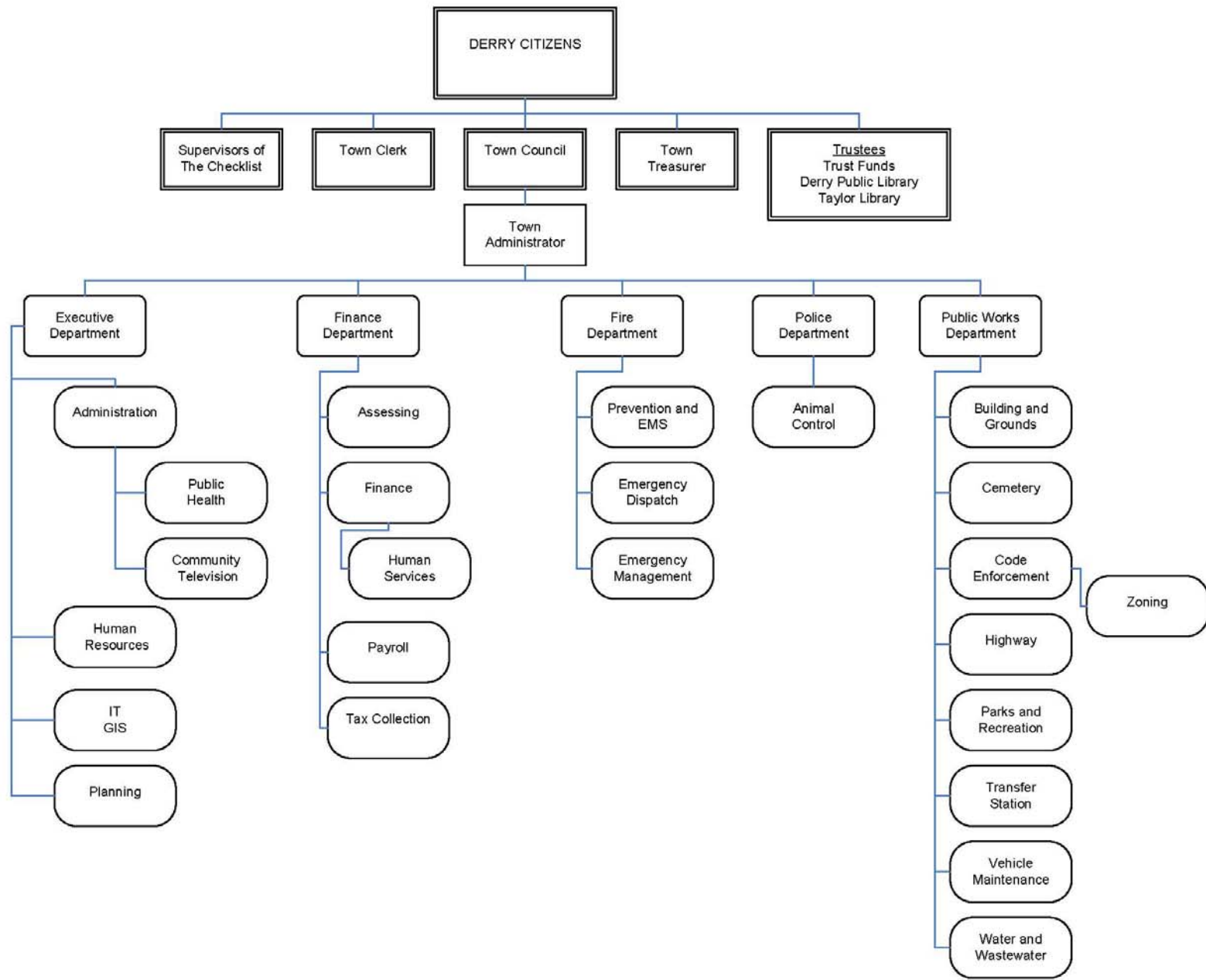
Presented to

**Town of Derry  
New Hampshire**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



**TOWN OF DERRY, NEW HAMPSHIRE  
PRINCIPAL OFFICIALS  
AS OF JUNE 30, 2015**

**Town Council**

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

**Administration**

Marlene L. Bishop	Animal Control Officer
Margaret Ives	Chair, Conservation Commission
Karen Blandford-Anderson	Chair, Heritage Commission
David Granese	Chair, Planning Board
Kevin Coyle	Chair, Trustees of Trust Funds
Lynn Perkins	Chair, Zoning Board of Adjustment
Susan A. Hickey	Chief Financial Officer
Edward B. Garone	Chief of Police
Robert S. Mackey	Code Enforcement Officer
Janice A. Mobsby	Controller
Cara Barlow	Director, Derry Public Library
Michael A. Fowler	Director of Public Works
Linda L. Merrill	Director, Taylor Library
Michael Gagnon	Emergency Management Director
Michael Gagnon	Fire Chief
Jill E. Jamro	Human Services Administrator
Eric H. Bodenrader	Parks & Recreation Director
George H. Sioras	Planning Director
Dawn K. Enwright	Tax Collector
Denise E. Neale	Town Clerk
Allan Virr	Town Treasurer
Margaret Ives	Town Moderator
Renee Routhier	Supervisor of the Checklist – Chair
Judith Strakalaitis	Supervisor of the Checklist
Patricia Dowling	Supervisor of the Checklist

## INDEPENDENT AUDITORS' REPORT

To the Town Council  
Town of Derry, New Hampshire

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry, New Hampshire (the Town), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry, New Hampshire as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

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



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

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

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Melanson Heath*

December 11, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Town of Derry, NH (the Town) is prepared by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2015.

### A Brief Discussion of the Basic Financial Statements

#### Using This Annual Report

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

#### Reporting the Town as a Whole

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

These two statements report the Town's *net position* and its changes during the past year. You can think of the Town's net position—the difference between assets, liabilities and deferred transactions—as one way to measure the Town's financial health, or *financial* position. Over time, *increases* or *decreases* in the Town's net position is one indicator of whether its *financial* health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the *overall health* of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into three kinds of activities:

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

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

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

## **Reporting the Town’s Most Significant Funds**

Our analysis of the Town’s major funds provides detailed information about the most significant funds – not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, the Town Council establishes many other funds to help it control and manage money for particular purposes (Capital Project Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as Special Revenue Funds used to account for Public Safety or Health grant revenue).

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

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

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

## **The Town as Trustee**

The Town is the trustee, or fiduciary, responsible for other assets that---because of a trust arrangement---can be used only for the trust beneficiaries. All of the Town’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the Town’s other financial state-

ments because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

## ***Condensed Financial Statements***

### **Financial Highlights**

- Total government-wide net position - assets and deferred outflows minus liabilities and deferred inflows for governmental and business activities decreased by \$35 million to \$123.6 million primarily due to the recognition of long term liabilities based on new accounting standards (GASB 68).
- The recognition of the pension liability has impacted the government wide unrestricted net position which now is reported as a deficit of \$14.4 million, of which \$18.6 million of the deficit is the unrestricted net position of governmental activities.
- The Total General Fund Balance increased by \$2.7 million to \$24.6 million.
- The unassigned General Fund Balance that is available for future appropriation increased by \$0.1 million to \$11.3 million. Committed General Fund balance increased by \$2.0 million to \$11.6 million. This will change at tax rate setting. Normally we don't issue the financials until after tax rate setting so we can assign the amount
- No new bonds were issued in 2015.
- The Town collected 97.27% of property taxes billed in the first year of the current year tax levy.

## The Town as a Whole

### Government-Wide Financial Analysis

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

Despite favorable operating performance, the Town's total net position of \$123.6 million decreased by \$35 million when compared to the prior year. The recognition of the Town's share of the New Hampshire Retirement System's net pension liability totaling \$33.9 million and the annual incremental increase of other post-employment benefit (OPEB) liability of \$1.1 million were the primary factors impacting the change. The net position at beginning of year was restated to include the net pension liability at June 30, 2014 on pages 36-37 and page 44.

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

	2015			2014		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Assets:						
Current and other assets	\$ 77,012	\$ 6,812	\$ 83,824	\$ 75,242	\$ 9,319	\$ 84,561
Capital assets	112,878	32,176	145,054	113,577	29,774	143,351
Total Assets	189,890	38,988	228,878	188,819	39,093	227,912
Deferred Outflows	3,383	129	3,512	-	-	-
Total Assets and Deferred Outflows	<u>\$ 193,273</u>	<u>\$ 39,117</u>	<u>\$ 232,390</u>	<u>\$ 188,819</u>	<u>\$ 39,093</u>	<u>\$ 227,912</u>
Liabilities:						
Current liabilities	\$ 2,426	\$ 338	\$ 2,764	\$ 1,199	\$ 467	\$ 1,666
Long-term debt	55,024	8,560	63,584	22,836	7,465	30,301
Total Liabilities	57,450	8,898	66,348	24,035	7,932	31,967
Deferred Inflows	42,169	232	42,401	37,318	-	37,318
Net Position:						
Net Investment in capital assets	104,468	25,797	130,265	105,790	26,033	131,823
Restricted net position	7,740	-	7,740	7,469	-	7,469
Unrestricted net position	(18,554)	4,190	(14,364)	14,207 *	5,128 *	19,335
Total Net Position	<u>93,654</u>	<u>29,987</u>	<u>123,641</u>	<u>127,466</u>	<u>31,161</u>	<u>158,627</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 193,273</u>	<u>\$ 39,117</u>	<u>\$ 232,390</u>	<u>\$ 188,819</u>	<u>\$ 39,093</u>	<u>\$ 227,912</u>

\*Unrestricted net position as of June 30, 2014 was not restated due to GASB 68, see Beginning Net Position Restatement footnote for more information.

## **Governmental Activities**

Net position totals \$93.7 million for governmental activities and includes \$104.5 million of net investment in capital assets. Net investment in capital assets is not available for future spending. Net investment in capital assets is comprised of depreciated property value of roadways, land, easements, buildings, vehicles, equipment and software less the total amount of outstanding bonds or leases associated with these assets. Roadways, bridges and sidewalks comprise most of the asset value (\$82.6M) and provide a function to citizens of Derry, but would not be sold to fund future town obligations.

Restricted net position of \$7.7 million are subject to use restrictions that are external to local government control and these funds are not available to pay for general town obligations. Permanent endowments comprise the majority of restricted net position and are in the care of the Town's Trustees of the Trust Funds.

Unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements — changed from a \$14.2 million surplus at June 30, 2014 to a \$18.6 million deficit at the end of this year. The deficit arose primarily due to the recognition of a \$32.5 million net pension liability, representing an allocation of the New Hampshire Retirement System (NHRS) liability, in accordance with new governmental accounting standard (GASB 68), and the annual incremental increase of other post-employment benefits liability of \$1.1 million. State of NH has adopted legislation that has reduced pension benefits and the NHRS has in recent years, improved its funding mechanism to reduce their unfunded liability. Because the town officials do not have control to change or offset the pension system's long term liability, the Town's unrestricted net position will continue to remain a deficit, despite favorable operating performance of the Town, until the NHRS pension system develops adequate reserves to fund its obligations.

## **Business Type Activities**

The net position of the water and sewer enterprises total \$30 million. The capital assets of \$33 million in water and sewer pipes, pump stations, and lagoon infrastructure capital assets, offset by related debt of \$7.2 million comprise the majority of the value in the net position of the business type activities. Net of related debt from bonds and capital leases, the \$25.8 million of investment in capital assets is not available to pay for future activities. The unrestricted net position totaling \$4.2 million is available for future spending.

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

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

	2015			2014		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
<b>Revenue</b>						
<u>Program revenue:</u>						
Charges for services	\$ 2,332	\$ 4,612	\$ 6,944	\$ 2,591	\$ 4,564	\$ 7,155
<u>Grants:</u>						
Operating grants	1,130	25	1,155	1,582	19	1,601
Capital grants	961	65	1,026	303	97	400
<u>General revenue:</u>						
Property taxes	25,098	-	25,098	24,918	-	24,918
Other general revenue	10,262	111	10,373	8,802	124	8,926
Total revenue	<u>39,783</u>	<u>4,813</u>	<u>44,596</u>	<u>38,196</u>	<u>4,804</u>	<u>43,000</u>
<u>Program expenses:</u>						
Town:						
General government	6,621	-	6,621	5,941	-	5,941
Public safety	19,176	-	19,176	20,005	-	20,005
Highway and streets	5,022	-	5,022	4,869	-	4,869
Health, welfare & housing	778	-	778	813	-	813
Sanitation	1,757	-	1,757	1,620	-	1,620
Culture and recreation	3,157	-	3,157	3,302	-	3,302
Conservation	22	-	22	12	-	12
Economic development	657	-	657	180	-	180
Interest on long-term debt	373	-	373	411	-	411
Water	-	2,355	2,355	-	2,423	2,423
Sewer	-	2,088	2,088	-	2,033	2,033
Total Program expenses	<u>37,563</u>	<u>4,443</u>	<u>42,006</u>	<u>37,153</u>	<u>4,456</u>	<u>41,609</u>
Change in net position	2,220	370	2,590	1,043	348	1,391
Net Position - beginning of year, as restated	<u>91,434</u>	<u>29,617</u>	<u>121,050</u>	<u>126,423</u>	<u>30,813</u>	<u>157,236</u>
Net Position - end of year	<u>\$ 93,654</u>	<u>\$ 29,987</u>	<u>\$ 123,641</u>	<u>\$ 127,466</u>	<u>\$ 31,161</u>	<u>\$ 158,627</u>

## Governmental Activities

Overall, total net position of governmental activities increased by \$2.2 million as cash and investments increased due to favorable current year operations; the retirement of bonds and leases with current revenues and acquisitions of capital assets by grants and donations.

The primary impact to the increase in long term liability for governmental activities is due to the \$32.5 million recognition of the Town's allocated share of the NHRS Pension system's liability, as previously mentioned on page 23 in the discussion of the major change in the overall unrestricted net position.

Lower bond and lease debt and a reduction in our compensated absence liability due to retirements and vacancies were other factors that offset the increases in long term debt.

Additionally, the phasing in of the Town's long term other post-employment benefit liability in accordance with Government Accounting Standards Board (GASB) statements 43 and 45, added \$1.1 million to long term liabilities. The net Other Post Employment Benefit (OPEB) obligation of \$6.7 million for governmental activities represents the sixth year of a thirty year phase-in of debt recognizing the retiree's effect on the group healthcare insurance premiums. A value is provided to retirees either through direct subsidy payments or an implicit subsidy gained through lower insurance premiums than what a retiree might otherwise pay if the retiree was in a different plan than the other employees. The effect of this liability is calculated for current employees and retirees who are eligible for this benefit upon retirement.

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

The Net Cost of Services chart shown below demonstrates the financial impact that was placed on the Town's taxpayers by each of these functions of government. The Town's investment in public safety - fire, ambulance and police services, represents 51% of the net cost of Derry's local government, 3% lower due to reduced personnel costs resulting from retirements and vacancies in positions.

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

	2015			2014		
	<u>Total Cost of Services</u>	<u>Total Revenue</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Total Revenue</u>	<u>Net Cost of Services</u>
Town programs:						
Public safety	\$ 19,176	\$ 1,926	\$ 17,250	\$ 20,004	\$ 2,290	\$ 17,714
General government	6,621	175	6,446	5,941	393	5,548
Highway and streets	5,022	1,105	3,917	4,869	615	4,254
Culture and recreation	3,157	152	3,005	3,302	195	3,107
Sanitation	1,757	414	1,343	1,620	429	1,191
Health & welfare	778	164	614	813	204	609
Economic Development	657	487	170	180	350	(170)
All others	395	-	395	423	-	423
Total	<u>\$ 37,563</u>	<u>\$ 4,423</u>	<u>\$ 33,140</u>	<u>\$ 37,152</u>	<u>\$ 4,476</u>	<u>\$ 32,676</u>

Net cost of services for governmental activities increased by \$463 thousand, most significantly affected by higher economic development net cost of services. Due to increased participation and use of an economic development loan program available to eligible businesses located or moving to Derry that will enhance the Town economy.



Other factors affecting the higher net cost of services noted above is overall lower revenues of \$53 thousand and higher costs associated with highway and streets due to harsh winter conditions.

## **Business Type Activities**

Favorable operating performance mitigated the decrease in the net position of business activities to \$30 million affected by the recognition of its \$1.4 million share of the NHRS net pension liability.

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

### **Governmental Funds**

Governmental fund reporting reflects short term inflows, outflows and remaining balances of spendable resources. Fund Balance includes restricted funds that are non-spendable or are subject to restrictions external to local government control and unrestricted fund balance that is available for future use. Of the \$36.6 million total fund balance for governmental funds, \$10.5 million is restricted and \$26 million is unrestricted (committed, assigned and unassigned).

The General Fund is the only major governmental fund of the Town and is the chief operating fund. Total general fund balance increased by \$2.7 million during 2015. Of the total \$24.6 million general fund balance, \$11.3 million was unassigned in the general fund on June 30, 2015.

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

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

General Fund (GF) Fund Balance (in thousands)	2015	2014	Change	% of 2015 Property Tax Commitment
Unassigned	\$ 11,319	\$ 11,175	\$ 144	13%
Total	\$ 24,622	\$ 21,875	\$ 2,747	28%
Property Tax Commitment	\$ 86,791	\$ 85,961	\$ 830	

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

The effect of events discussed in the final budget to actual changes noted after this section contribute to the changes in general fund balance. The amount of revenue and other sources that exceed the expenditures in other sources add to unassigned general fund balance at year end. Any restrictions or commitments or assignments of funds are carved from unassigned fund balance to reflect restrictions due to external obligations or commitments made by the Town council or assignments made by management.

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

Use of Fund Balance	\$ (982)
Revenues greater than budgeted	2,519
Expenses lower than budgeted	860
Proceeds from capital assets higher than budgeted	788
Other	<u>(270)</u>
Total Changes	\$ <u>2,915</u>

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

Committed Reserves	<u>2015</u>	<u>2014</u>	<u>Change</u>
Compensated Absences	\$ 3,618,892	\$ 3,700,881	\$ (81,989)
Derry Public Library	43,682	13,602	30,080
Emergency Management	6,435	6,423	12
Fire	2,239,595	1,508,056	731,539
Fire Facilities & Equipment	199,085	264,616	(65,531)
Highway Winter Maintenance	118,097	106,346	11,751
Information Technology	215,074	248,239	(33,165)
Land & Building Fund	362,680	361,973	707
Parks Facilities Fund	107,479	107,240	239
Police	1,118,245	670,389	447,856
Police Vehicles	723	721	2
Public Works	2,493,593	1,795,292	698,301
Taylor Library	219,693	216,206	3,487

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

The governmental funds financial statements can be found on pages 38 to 42.

## **Enterprise Fund Activities**

Both the water and sewer divisions added 4 new service connections in 2015.

Charge for service revenue was \$33,000 higher in the water division and \$15,000 higher in the sewer division compared to the prior year. Full year of service from the prior year growth in water and sewer connections – 21 and 9 respectively, was the primary contribution to the growth in revenue, as well and an increase in outdoor water usage. Lower one time fees associated with the service connection hookups offset the growth in consumption.

The Water division operating income of \$271,000 was 49% higher than the prior year because both personnel and utility costs were lower, by \$56,000 and \$48,000 respectively, despite a \$37,000 increase in repairs and maintenance costs.

The Sewer division operating income of \$161,000 was \$10,000 lower than the prior year due to higher repair and maintenance costs of \$64,000, higher capital asset depreciation of \$18,000, lower personnel costs of \$43,000, and higher operating revenues derived by charge for services and miscellaneous revenue.

The Water division's income before capital contributions and transfers improved by \$81,000 to \$265,000 – 10.3% of operating revenue, reflecting an improving trend.

The Sewer division's income before capital contributions and transfers decreased by \$30,000 to \$36,000 - 1.7% of operating revenue.

Billing rates have remained unchanged since June, 2013.

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

A summary of General Fund budget to actual information may be found on page 42 of the financial statements.

## **Original to Revised Budget Changes**

Within the Town's government structure, the Town Council is authorized to adopt supplemental appropriations from time to time outside of the normal budget process. This ability allows town government to more easily take advantage of opportunities that may arise during the year. The Town Council appropriates a "bottom line" budget for each department, which includes annual capital asset appropriations for each department.

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

Two supplemental appropriations were authorized by the governing body in 2015.

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

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

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

The General Fund performance exceeded revenue projections by \$2.5 million and was affected by the following factors:

Higher than budgeted sale of town property	\$ 788,000
Higher than budgeted tax interest & penalties	765,000
Higher than budgeted restricted revenue from the TIF Districts	267,000
Higher than budgeted revenue from a health insurance refund settlement	259,000
Lower than budgeted abatements	259,000
Higher than budgeted Motor Vehicle revenue	148,000
Higher than budgeted State Grant Reimbursement for Salt Truck	142,000
Higher than budgeted FEMA reimbursement for winter storm Juno	100,000
Higher than budgeted Workers Compensation insurance benefits	47,000
Higher than budgeted ambulance revenue	39,000
Lower than budgeted debt service	(37,000)
Higher than budgeted investment interest	35,000

Overall, total general fund expenditures were \$860,000 less than budgeted.

The highlights of the differences are listed below:

Lower than budgeted wages primarily in public safety	\$ 489,000
Lower than budgeted benefits surplus	316,000
Lower than budgeted roadway maintenance	224,000
Lower than budgeted equipment cost	131,000
Lower than budgeted legal expense	85,000
Lower than budgeted information technology and telephone	71,000
Lower than budgeted electricity	37,000
Lower than budgeted building improvements primarily to Derry Public Library	36,000
Higher than budgeted winter snow/ice removal	(171,000)
Higher than budgeted overtime primarily in public safety	(479,000)

The Town's General Fund balance differs from the General Fund's budgetary fund balance reported in the budgetary comparison because of differences in revenue and expense recognition.

## Capital Asset Activity

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

	2015			2014		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Land	\$ 7,930	\$ 202	\$ 8,132	\$ 7,931	\$ 202	\$ 8,133
Buildings & Improvements	11,119	115	11,234	12,543	119	12,662
Vehicles & Equipment	3,630	581	4,211	3,800	534	4,334
Construction Work in Progress	1,618	3,518	5,136	202	1,006	1,208
Infrastructure & Improvements	85,928	27,099	113,027	86,447	27,252	113,699
Intangibles	2,653	661	3,314	2,654	661	3,315
Totals	<u>\$ 112,878</u>	<u>\$ 32,176</u>	<u>\$ 145,054</u>	<u>\$ 113,577</u>	<u>\$ 29,774</u>	<u>\$ 143,351</u>

## Governmental Activities

Capital Assets activity was marginal during the year. Additions to capital assets of \$2.9 million contributed to a net decrease of \$0.7 million in capital asset value after depreciation and asset disposals. Additions were funded with a combination of funding by donations, grants, debt and use of fund balance.

Assets disposed included fully depreciated vehicles and equipment with original cost values of \$298,200. There was also a write down of original cost values of \$1,827,500 for land and building (\$1,187,600 net value) related to the Courthouse which is expected to be transferred to the State of New Hampshire in FY2016.

Major acquisitions in 2015 are reported to the nearest thousand are noted below:

- \$1,068,000 – Transfer Station Upgrade Project
- \$235,000 – Transfer Station Double Ram Bailer
- \$177,000 – 2015 Ford F550 Salt Trucks(2)
- \$156,000 – Adams Building Improvements
- \$156,000 – 2014 Prinorth Sidewalk Plow
- \$137,000 – Cella Drive Road Acceptance
- \$121,000 – Rockingham Road Improvements
- \$114,000 – Deer Run Road Acceptance

## Business Type Activities

Primary capital investment in 2015 is reported to the nearest thousand as noted below:

- \$1,293,000 – Rockingham Road/Route 28 Sewer Improvements

- \$1,163,000 – Rockingham Road/Route 28 Water Improvements
- \$ 495,000 – Rockingham Road/Route 28 Pump Station
- \$ 113,000 – 2014 Kubota Excavator

During FY2015, the continuation of water and sewer system expansion in the Rockingham Road/Route28 area was the major capital asset investment in business type activities. Having these services in this area of Derry, future commercial economic development will be possible. Expected completion of this project is 12/1/15.

## Long-Term Debt

The increase in long-term debt in 2015 is due to the allocation of the NH Retirement system's pension expense on the Town. More information on this subject can be found in Note 19 of the financial statements and required supplementary schedules found on pages 83-84.

No new bond debt was issued in 2015.

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

Town of Derry, NH Outstanding Bond Debt As of June 30, (in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds (Backed by the Town)	\$ 6,520	\$ 7,250	\$ 6,230	\$ 6,679	\$ 12,750	\$ 13,929
Tax increment financing bond	4,840	4,920	-	-	4,840	4,920
	<u>\$ 11,360</u>	<u>\$ 12,170</u>	<u>\$ 6,230</u>	<u>\$ 6,679</u>	<u>\$ 17,590</u>	<u>\$ 18,849</u>
Annual change (decrease)	(810)		(449)		(1,259)	
Percent change	-6.7%		-6.7%		-6.7%	

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

Other obligations include accrued vacation pay, sick leave and other post-employment benefits (OPEB). More detailed information about the Town's OPEB liabilities is presented in Note 18 to the financial statements.

More information regarding capital leases and bonds and other long term debt is presented in Notes 11 and 12 to the financial statements.

## **Governmental Activities**

In 2015, the Town entered into the following new leases for capital equipment:

- \$38,590 lease for a Kubota Tractor for the Parks division of Public Works
- \$35,000 lease for a 2015 Chevy 2500 Pickup Truck for the Building and Grounds division of Public Works
- \$16,595 lease for a multi-media logging recording system for the Police Department

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

The State of New Hampshire limits general obligation debt to 3% of the assessed value of all taxable property within the Town's corporate limits. The Town's general obligation debt (issued - \$6.5 million and unissued - \$3.3 million) is well below the limit imposed. The Town's borrowing levels are well below Derry's permitted capacity.

Other information regarding Capital Leases and Long Term Bond Debt is presented in Notes 11 and 12 to the financial statements.

## **Business Type Activities**

Water division bond debt of \$2.3 million and Sewer debt of \$3.9 million decreased from the prior year as a result of annual debt service payments. No new bonds were issued in 2015 for water or sewer divisions.

A new lease of \$113,163 for a Kubota Compactor Excavator was entered into in 2015 and the asset and associated debt is shared 50/50 by the water and sewer divisions.

## **Economic Factors**

The unemployment rate in Derry at June 30, 2015 was 4.3%, a decrease from 4.9% at June 30, 2014. Derry residents continue to fare better than the national average of 5.3% but the rate remained higher than the overall state rate of 3.5%. The rate decreased to 4.0% during the July–August 2015 period. The state rate also dropped to 3.3% at the end of August 2015. Overall for the period May 2014-May 2015 all industry sectors in the state except for mining and logging, added employment, a further indication the economy continues to improve.

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

This financial report is designed to provide Derry's citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the

Town's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the new Chief Financial Officer or Controller in the Derry, NH Finance Department at (603) 432-6103. The Chief Financial Officer may be reached at [susanhickey@derrynh.org](mailto:susanhickey@derrynh.org). The Controller may be reached at [janicemobsby@derrynh.org](mailto:janicemobsby@derrynh.org).



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**Humphrey Road Picnic Pavilion**

TOWN OF DERRY, NEW HAMPSHIRE  
STATEMENT OF NET POSITION  
JUNE 30, 2015

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	Government- Wide <u>Total</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Assets:			
Current:			
Cash and cash equivalents	\$ 44,168,929	\$ -	\$ 44,168,929
Investments	29,651,770	551,832	30,203,602
Taxes receivable	6,334,275	-	6,334,275
Accounts receivable, net	509,474	395,796	905,270
Due from other governments	213,676	130,896	344,572
Internal balances	(4,855,518)	4,855,518	-
Prepaid items	45,609	8,446	54,055
Property held for resale	523,055	-	523,055
Total current assets	<u>76,591,270</u>	<u>5,942,488</u>	<u>82,533,758</u>
Noncurrent:			
Accounts receivable, net	-	191,612	191,612
Loans receivable	240,557	-	240,557
Due from other governments	180,154	677,705	857,859
Capital assets:			
Non-depreciable capital assets	90,638,966	4,381,237	95,020,203
Depreciable capital assets, net	<u>22,239,176</u>	<u>27,795,133</u>	<u>50,034,309</u>
Total non-current assets	<u>113,298,853</u>	<u>33,045,687</u>	<u>146,344,540</u>
TOTAL ASSETS	189,890,123	38,988,175	228,878,298
Deferred Outflows of Resources	<u>3,383,364</u>	<u>128,818</u>	<u>3,512,182</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 193,273,487</u>	<u>\$ 39,116,993</u>	<u>\$ 232,390,480</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>			
Liabilities:			
Current:			
Accounts payable	\$ 1,297,993	\$ 182,165	\$ 1,480,158
Accrued expenses	862,179	21,298	883,477
Retainage payable	56,107	134,142	190,249
Deposits payable	9,667	-	9,667
Due to other governments	5,332	-	5,332
Other liabilities	195,224	-	195,224
Current portion of long-term liabilities:			
General obligation bonds payable	731,856	460,945	1,192,801
Tax increment financing bonds payable	80,000	-	80,000
Capital leases payable	294,486	21,662	316,148
Compensated absences	764,022	36,760	800,782
Estimated liability for landfill postclosure care costs	<u>13,255</u>	<u>-</u>	<u>13,255</u>
Total current liabilities	4,310,121	856,972	5,167,093
Noncurrent:			
General obligation bonds payable	5,906,025	5,860,902	11,766,927
Tax increment financing bonds payable	4,760,000	-	4,760,000
Capital leases payable	215,399	67,878	283,277
Compensated absences	2,966,571	144,676	3,111,247
Other post-employment benefits payable	6,745,715	568,989	7,314,704
Net pension liability	32,534,057	1,398,570	33,932,627
Estimated liability for landfill postclosure care costs	<u>12,481</u>	<u>-</u>	<u>12,481</u>
Total non-current liabilities	<u>53,140,248</u>	<u>8,041,015</u>	<u>61,181,263</u>
TOTAL LIABILITIES	57,450,369	8,897,987	66,348,356
Deferred Inflows of Resources	42,168,744	232,006	42,400,750
Net Position:			
Net investment in capital assets	104,467,968	25,797,236	130,265,204
Restricted for:			
Endowments - permanently restricted	5,611,523	-	5,611,523
Permanent funds - spendable	1,364,019	-	1,364,019
Conservation	764,519	-	764,519
Unrestricted	<u>(18,553,655)</u>	<u>4,189,764</u>	<u>(14,363,891)</u>
TOTAL NET POSITION	<u>93,654,374</u>	<u>29,987,000</u>	<u>123,641,374</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 193,273,487</u>	<u>\$ 39,116,993</u>	<u>\$ 232,390,480</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, 2015

		Program Revenues		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General government	\$ 6,620,989	\$ 159,877	\$ 14,675	\$ -
Public safety	19,175,876	1,548,557	377,144	-
Highways and streets	5,021,892	36,364	595,128	473,236
Health and welfare	777,789	29,250	135,254	-
Sanitation	1,757,139	409,554	4,613	-
Culture and recreation	3,157,056	148,705	2,812	-
Conservation	22,172	-	-	-
Economic development	656,802	-	-	488,237
Interest on long-term debt	373,170	-	-	-
Total Governmental Activities	37,562,885	2,332,307	1,129,626	961,473
<b>Business-Type Activities:</b>				
Water	2,354,975	2,535,847	24,077	-
Sewer	2,087,829	2,076,150	876	64,537
Total Business-Type Activities	4,442,804	4,611,997	24,953	64,537
Total primary government	\$ 42,005,689	\$ 6,944,304	\$ 1,154,579	\$ 1,026,010

**General Revenues:**

Property taxes  
 Motor vehicle registration  
 Cable franchise fees  
 Grants and contributions not restricted to  
 specific programs  
 Interest and investment earnings  
 Miscellaneous  
 Transfers  
 Total general revenues and transfers  
 Change in Net Position

**Net Position:**

Beginning of year, as restated  
 End of year

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

<u>Net (Expenses) Revenues and Changes in Net Position</u>		
<u>Governmental</u> <u>Activities</u>	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Total</u>
\$ (6,446,437)	\$ -	\$ (6,446,437)
(17,250,175)	-	(17,250,175)
(3,917,164)	-	(3,917,164)
(613,285)	-	(613,285)
(1,342,972)	-	(1,342,972)
(3,005,539)	-	(3,005,539)
(22,172)	-	(22,172)
(168,565)	-	(168,565)
<u>(373,170)</u>	<u>-</u>	<u>(373,170)</u>
(33,139,479)	-	(33,139,479)
-	204,949	204,949
<u>-</u>	<u>53,734</u>	<u>53,734</u>
-	258,683	258,683
<u>(33,139,479)</u>	<u>258,683</u>	<u>(32,880,796)</u>
25,097,755	-	25,097,755
5,447,200	-	5,447,200
352,862		352,862
1,687,973	-	1,687,973
552,777	40,409	593,186
2,225,678	67,187	2,292,865
<u>(4,020)</u>	<u>4,020</u>	<u>-</u>
<u>35,360,225</u>	<u>111,616</u>	<u>35,471,841</u>
2,220,746	370,299	2,591,045
<u>91,433,628</u>	<u>29,616,701</u>	<u>121,050,329</u>
<u>\$ 93,654,374</u>	<u>\$ 29,987,000</u>	<u>\$ 123,641,374</u>

TOWN OF DERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 44,168,082	\$ 846	\$ 44,168,928
Investments	22,016,462	7,635,309	29,651,771
Taxes receivable	6,326,382	7,892	6,334,274
Accounts receivable, net	418,691	90,783	509,474
Due from other governments	107,863	285,967	393,830
Due from other funds	-	5,295,252	5,295,252
Prepaid items	45,153	456	45,609
Property held for resale	523,055	-	523,055
Loans receivable	-	240,557	240,557
TOTAL ASSETS	<u>\$ 73,605,688</u>	<u>\$ 13,557,062</u>	<u>\$ 87,162,750</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 298,837	\$ 1,055,260	\$ 1,354,097
Accrued expenditures	786,416	80	786,496
Deposits payable	-	9,667	9,667
Due to other governments	5,332	-	5,332
Due to other funds	9,818,038	332,732	10,150,770
Other liabilities	195,224	-	195,224
TOTAL LIABILITIES	11,103,847	1,397,739	12,501,586
Deferred Inflows of Resources	37,880,061	170,367	38,050,428
Fund Balances:			
Nonspendable	568,208	5,792,133	6,360,341
Restricted	93,789	4,070,836	4,164,625
Committed	11,633,161	2,125,987	13,759,148
Assigned	1,007,253	-	1,007,253
Unassigned	11,319,369	-	11,319,369
TOTAL FUND BALANCES	<u>24,621,780</u>	<u>11,988,956</u>	<u>36,610,736</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 73,605,688</u>	<u>\$ 13,557,062</u>	<u>\$ 87,162,750</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, 2015

<b>Total governmental fund balances</b>	\$ 36,610,736
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	112,878,142
• Property taxes and other revenues are recognized on an accrual basis in the statement of net position, not the modified accrual basis	1,278,691
• Long-term liabilities, including bonds payable and net OPEB obligation, are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities at year end consist of:	
General obligation bonds payable	(6,637,881)
Tax increment financing bonds payable	(4,840,000)
Capital leases payable	(509,885)
Accrued interest on long-term obligations	(75,683)
Estimated liability for landfill postclosure care costs	(25,736)
Other post-employment benefits payable	(6,745,715)
Compensated absences payable	(3,730,593)
Net pension liability, net of related deferred outflows & inflows	<u>(34,547,702)</u>
<b>Net position of governmental activities</b>	<u><u>\$ 93,654,374</u></u>

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

TOWN OF DERRY, NEW HAMPSHIRE  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 25,661,553	\$ 158,133	\$ 25,819,686
Licenses and permits	5,771,001	355,212	6,126,213
Intergovernmental	2,873,518	654,116	3,527,634
Charges for services	2,004,619	1,538	2,006,157
Interest and investment income	244,166	308,611	552,777
Miscellaneous	841,551	122,065	963,616
Total Revenues	37,396,408	1,599,675	38,996,083
<b>Expenditures:</b>			
Current operations:			
General government	4,997,786	230,273	5,228,059
Public safety	19,215,802	33,775	19,249,577
Highways and streets	4,196,117	203	4,196,320
Health and welfare	575,264	152,364	727,628
Sanitation	1,698,130	143	1,698,273
Culture and recreation	2,696,006	30,278	2,726,284
Conservation	5,972	16,200	22,172
Economic development	9,695	647,108	656,803
Capital outlay	939,205	1,609,661	2,548,866
Debt service:			
Principal retirement	1,188,031	-	1,188,031
Interest and fiscal charges	387,214	-	387,214
Intergovernmental	-	51,074	51,074
Total Expenditures	35,909,222	2,771,079	38,680,301
Excess (deficiency) of revenues over expenditures	1,487,186	(1,171,404)	315,782
<b>Other Financing Sources (Uses):</b>			
Proceeds from sale of capital assets	1,163,820	-	1,163,820
Capital leases	104,403	-	104,403
Transfers in	463,544	96,674	560,218
Transfers out	(304,192)	(260,045)	(564,237)
Total Other Financing Sources (Uses)	1,427,575	(163,371)	1,264,204
Change in fund balance	2,914,761	(1,334,775)	1,579,986
Fund Balance at beginning of year, as reclassified	21,707,019	13,323,731	35,030,750
Fund Balance at end of year	\$ 24,621,780	\$ 11,988,956	\$ 36,610,736

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, 2015

**Net changes in fund balances - Total governmental funds** **\$ 1,579,986**

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, net	2,882,942
Depreciation	(1,927,631)
- Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the amount of the gain of disposed capital assets reduced by the actual proceeds received from the sale of capital assets. (1,653,877)
- Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (634,538)
- Repayment of principal on bonds and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,188,031
- Capital lease issues are other financing sources in the governmental funds, but the capital lease issues increase long-term liabilities in the Statement of Net Position. (104,403)
- In the Statement of Activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditure is reported when done. 14,044
- 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.

Net pension liability, net of related deferred outflows & inflows	1,484,651
Compensated absences	364,957
Other post-employment benefits	(996,756)
Estimated liability for landfill post-closure care costs	12,490
Other	<u>10,850</u>

**Change in net position of governmental activities** **\$ 2,220,746**

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

TOWN OF DERRY, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
<b>Revenues:</b>				
Taxes	\$ 24,125,996	\$ 24,125,996	\$ 25,661,553	\$ 1,535,557
Licenses and permits	5,633,320	5,633,320	5,771,001	137,681
Intergovernmental	2,630,766	2,630,766	2,873,518	242,752
Charges for services	1,959,950	1,959,950	2,004,619	44,669
Miscellaneous	<u>526,883</u>	<u>526,883</u>	<u>1,085,717</u>	<u>558,834</u>
Total Revenues	34,876,915	34,876,915	37,396,408	2,519,493
<b>Expenditures:</b>				
Prevention and emergency services	11,079,671	11,079,671	10,961,903	117,768
Emergency management	70,968	70,968	51,900	19,068
Police and animal control	8,774,183	8,674,183	8,445,099	229,084
Executive	1,329,834	1,311,834	1,224,140	87,694
Finance	4,401,219	4,401,219	4,236,629	164,590
Town clerk and elections	192,024	192,024	181,793	10,231
Libraries	1,439,851	1,439,851	1,430,126	9,725
Planning	265,706	265,706	258,635	7,071
Tax increment financing district	246,838	246,838	246,838	-
Public works	<u>8,994,282</u>	<u>9,112,282</u>	<u>8,897,438</u>	<u>214,844</u>
Total Expenditures	<u>36,794,576</u>	<u>36,794,576</u>	<u>35,934,501</u>	<u>860,075</u>
Excess (deficiency) of revenues over expenditures	(1,917,661)	(1,917,661)	1,461,907	3,379,568
<b>Other Financing Sources:</b>				
Use of fund balance	981,831	981,831	-	(981,831)
Proceeds from sale of capital assets	375,400	375,400	1,163,820	788,420
Issuance of capital leases	189,813	189,813	104,403	(85,410)
Transfers in	340,617	340,617	463,544	122,927
Other financing sources	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Total Other Financing Sources	<u>1,917,661</u>	<u>1,917,661</u>	<u>1,731,767</u>	<u>(185,894)</u>
Excess of revenues and other sources over expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,193,674</u>	\$ <u>3,193,674</u>

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

## TOWN OF DERRY, NEW HAMPSHIRE

## PROPRIETARY FUNDS

## STATEMENT OF NET POSITION

JUNE 30, 2015

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Assets:			
Current:			
Investments	\$ 25,605	\$ 526,227	\$ 551,832
Accounts receivable, net	179,978	215,818	395,796
Due from other governments	4,965	125,931	130,896
Due from other funds	3,207,750	1,647,768	4,855,518
Prepaid items	3,808	4,638	8,446
Total current assets	3,422,106	2,520,382	5,942,488
Noncurrent:			
Accounts receivable, net	144,002	47,610	191,612
Due from other governments	-	677,705	677,705
Non-depreciable capital assets	2,206,503	2,174,734	4,381,237
Depreciable capital assets, net	10,241,383	17,553,750	27,795,133
Total noncurrent assets	12,591,888	20,453,799	33,045,687
TOTAL ASSETS	16,013,994	22,974,181	38,988,175
Deferred Outflows of Resources	61,916	66,902	128,818
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 16,075,910</b>	<b>\$ 23,041,083</b>	<b>\$ 39,116,993</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>			
Liabilities:			
Current:			
Accounts payable	\$ 139,273	\$ 42,892	\$ 182,165
Accrued expenses	11,366	9,932	21,298
Retainage payable	74,454	59,688	134,142
Current portion of long-term liabilities:			
Bonds payable	143,593	317,352	460,945
Capital lease	10,831	10,831	21,662
Compensated absences	18,380	18,380	36,760
Total current liabilities	397,897	459,075	856,972
Noncurrent:			
Bonds payable	2,218,580	3,642,322	5,860,902
Capital leases payable	33,939	33,939	67,878
Compensated absences	72,338	72,338	144,676
Other post-employment benefits payable	322,478	246,511	568,989
Net pension liability	676,476	722,094	1,398,570
Total noncurrent liabilities	3,323,811	4,717,204	8,041,015
TOTAL LIABILITIES	3,721,708	5,176,279	8,897,987
Deferred Inflows of Resources	112,219	119,787	232,006
Net Position:			
Net investment in capital assets	10,040,943	15,756,293	25,797,236
Unrestricted	2,201,040	1,988,724	4,189,764
TOTAL NET POSITION	12,241,983	17,745,017	29,987,000
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 16,075,910</b>	<b>\$ 23,041,083</b>	<b>\$ 39,116,993</b>

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

## TOWN OF DERRY, NEW HAMPSHIRE

## PROPRIETARY FUNDS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>Operating Revenues:</b>			
Charges for services	\$ 2,535,847	\$ 2,076,150	\$ 4,611,997
Miscellaneous	31,107	33,727	64,834
Total Operating Revenues	2,566,954	2,109,877	4,676,831
<b>Operating Expenses:</b>			
Personnel services	858,206	915,060	1,773,266
Repairs and maintenance	208,482	147,764	356,246
Materials and supplies	91,989	51,284	143,273
Utilities	800,219	241,540	1,041,759
Depreciation	254,130	510,993	765,123
Miscellaneous	82,725	82,186	164,911
Total Operating Expenses	2,295,751	1,948,827	4,244,578
Operating Income	271,203	161,050	432,253
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	27,040	13,369	40,409
Intergovernmental revenue	24,077	876	24,953
Other revenue	1,010	-	1,010
Gain on sale of asset	1,279	64	1,343
Interest expense	(59,224)	(139,002)	(198,226)
Total Nonoperating Revenues (Expenses), Net	(5,818)	(124,693)	(130,511)
Income Before Capital Contributions and Transfers	265,385	36,357	301,742
Capital contributions	-	64,537	64,537
Transfers in	4,020	-	4,020
Change in Net Position	269,405	100,894	370,299
Net Position at Beginning of Year, as restated	11,972,578	17,644,123	29,616,701
Net Position at End of Year	\$ 12,241,983	\$ 17,745,017	\$ 29,987,000

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, 2015

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b><u>Cash Flows From Operating Activities:</u></b>			
Cash received from customers	\$ 2,640,215	\$ 2,178,019	\$ 4,818,234
Other operating cash receipts	31,106	33,727	64,833
Cash received for interfund services provided	1,098,827	1,170,528	2,269,355
Cash paid to suppliers	(1,111,066)	(735,479)	(1,846,545)
Cash paid to employees	(847,238)	(905,977)	(1,753,215)
Net Cash Provided by (Used in) Operating Activities	1,811,844	1,740,818	3,552,662
<b><u>Cash Flows From Noncapital Financing Activities:</u></b>			
Intergovernmental revenue	19,112	61,852	80,964
Transfers from other funds	4,020	-	4,020
Net Cash Provided by (Used in) Noncapital Financing Activities	23,132	61,852	84,984
<b><u>Cash Flows From Capital and Related Financing Activities:</u></b>			
Capital contributions	1,279	64,601	65,880
Purchases of capital assets	(1,706,705)	(1,445,959)	(3,152,664)
Principal paid on bonds payable	(140,599)	(314,346)	(454,945)
Principal paid on capital lease obligations	(11,811)	(11,811)	(23,622)
Proceeds from capital lease and other	57,591	56,581	114,172
Interest paid on long-term debt	(59,224)	(139,002)	(198,226)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(1,859,469)	(1,789,936)	(3,649,405)
<b><u>Cash Flows From Investing Activities:</u></b>			
Sale (purchase) of investments	(2,547)	(26,103)	(28,650)
Interest on investments	27,040	13,369	40,409
Net Cash Provided By Investing Activities	24,493	(12,734)	11,759
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of year	\$ -	\$ -	\$ -
<b><u>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</u></b>			
Operating income	\$ 271,203	\$ 161,050	\$ 432,253
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	254,130	510,993	765,123
Changes in assets and liabilities:			
Accounts receivable, net	104,367	101,869	206,236
Due from other funds	1,083,990	1,170,528	2,254,518
Prepaid items	1,978	1,952	3,930
Accounts payable	27,954	(246,253)	(218,299)
Accrued expenses	(8,105)	(1,113)	(9,218)
Retainage payable	65,359	32,709	98,068
Compensated absences	1,992	1,992	3,984
Other post-employment benefits	29,848	28,719	58,567
Net pension liability	(20,872)	(21,628)	(42,500)
Net Cash Provided by (Used in) Operating Activities	\$ 1,811,844	\$ 1,740,818	\$ 3,552,662

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, 2015

	Private Purpose Trust Funds	Agency Funds
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ -	\$ 251,050
Investments	<u>429,227</u>	<u>183,161</u>
Total Assets	<u>\$ 429,227</u>	<u>\$ 434,211</u>
<b><u>LIABILITIES</u></b>		
Due to other governments	\$ -	\$ 183,161
Deposits held for others	<u>-</u>	<u>251,050</u>
Total Liabilities	-	434,211
<b><u>NET POSITION</u></b>		
Held in trust	<u>429,227</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 429,227</u>	<u>\$ 434,211</u>

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

TOWN OF DERRY, NEW HAMPSHIRE  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSTION  
FOR THE YEAR ENDED JUNE 30, 2015

	Private Purpose Trust <u>Funds</u>
<b>Additions:</b>	
Investment earnings:	
Investment income	\$ 24,039
Net increase in the fair value of investments	<u>(6,330)</u>
Total investment earnings	17,709
Less investment expense	<u>(1,421)</u>
Net investment earnings	16,288
 <b>Deductions:</b>	
Benefits	<u>8,572</u>
Total deductions	<u>8,572</u>
Change in net position	7,716
 <b>Net position:</b>	
Beginning of year	<u>421,511</u>
End of year	\$ <u><u>429,227</u></u>

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



**Trucks acquired by a grant to mitigate salt in the I-93 corridor**



## TOWN OF DERRY, NEW HAMPSHIRE

### Notes to Financial Statements

#### 1. Summary of Significant Accounting Policies

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

##### A. Reporting Entity

The Government is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year June 30, 2015, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

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

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

###### Government-wide Financial Statements

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

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

ment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

#### Fund Financial Statements

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

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

#### Government-wide Financial Statements

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

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

#### Fund Financial Statements

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

The Government reports the following major governmental fund:

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

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

The government reports the following major proprietary funds:

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

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

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

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

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

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

For purpose of the Statement of Cash Flows, the proprietary funds consider investments with original maturities of three months or less to be short-term investments.

*E. Investments*

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

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

*F. Interfund Receivables and Payables*

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

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

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

*G. Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2015 are recorded as prepaid items. Prepaid items are recognized using the consumption method.

*H. Inventories*

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

*I. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets, (for enterprise funds only) and intangibles are reported in the applicable

governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 50
Equipment and vehicles	5 - 10
Infrastructure and other assets	20 - 50
Temporary easements	1 - 5
Software	5 - 7

*J. Compensated Absences*

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

*K. Long-Term Obligations*

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

#### L. Fund Equity

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

Fund Balance - Generally, fund balance represents the difference between the current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town’s fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (for pre-paid items and noncurrent receivables) or can never be spent (for parks and playgrounds, perpetual care, and other principal portions of permanent funds).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds are created by statute or otherwise have external constraints on how the funds can be expended.
- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the government, the Town Council. Subsequent Town Council action is necessary to modify or rescind a fund balance commitment.
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances, have been assigned for specific goods and services ordered but not yet paid for. This account also includes fund balance voted to be used in the subsequent fiscal year. The Town follows a fund balance policy that permits management to assign fund balance amounts to a specific purpose as authorized by the Town Administrator, although fund balance to be applied against a subsequent year’s budget is voted by Town Council.
- 5) Unassigned funds are available to be spent in future periods.

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

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations

imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

*M. Use of Estimates*

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

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

*A. Budgetary Information*

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

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

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

*B. Budgetary Basis*

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

*C. Legal Level of Control*

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

*D. Limitation of Budget Increases*

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

*E. Budget/GAAP Reconciliation*

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

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

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP Basis)	\$ 37,396,408	\$ 35,909,221
Other financing sources/uses (GAAP Basis)	<u>1,731,767</u>	<u>304,192</u>
Subtotal (GAAP Basis)	39,128,175	36,213,413
Reverse expenditures of prior year appropriation carryforwards	-	(404,404)
To book current year appropriation carryforwards	<u>-</u>	<u>125,492</u>
Budgetary Basis	<u>\$ 39,128,175</u>	<u>\$ 35,934,501</u>



### 3. **Cash and Investments**

#### A. *Custodial Credit Risk*

Custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be returned. The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

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

As of June 30, 2015, the Town's bank balance of \$40,263,693 was insured or collateralized.

As of June 30, 2015, the Trust cash equivalent bank balance of \$4,174,143 was exposed to custodial credit risk as uninsured or uncollateralized.

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

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

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

The Town's policy for investments under the custodianship of the Trustees of Trust Funds follow the prudent investor guidelines which allow for various investments as long as these investments would be acquired by prudent persons of discretion and intelligence in investment matters, who are seeking a reasonable

income and the preservation of capital. Upon advice of the contracted, qualified external money management company, the Town may invest in corporate stocks, bonds or other debentures subject to limitations in New Hampshire State law (RSA 386:57).

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

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

The Town's investments of \$30,815,990 are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the Town's brokerage firm, which is also Counterparty to these securities. The risk is managed by securities being held in separately identifiable trust accounts.

#### **B. Credit Risk**

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

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year-end</u>				
			<u>Aaa</u>	<u>Aa-Aa3</u>	<u>A-A3</u>	<u>Baa-Baa3</u>	<u>Other</u>
Corporate bonds	\$ 2,179,353	\$ -	\$ 582,285	\$ 668,695	\$ 518,416	\$ 300,122	\$ 109,835
Municipal bonds	328,332	-	328,332	-	-	-	-
Corporate equities	3,525,723	3,525,723	N/A	N/A	N/A	N/A	N/A
Mutual funds	1,076,200	1,076,200	N/A	N/A	N/A	N/A	N/A
Certificates of deposit	17,477,518	17,477,518	N/A	N/A	N/A	N/A	N/A
U.S. Treasury notes	1,487,304	-	1,487,304	-	-	-	-
Federal agency securities	4,741,560	-	4,741,560	-	-	-	-
Total investments	<u>\$ 30,815,990</u>	<u>\$ 22,079,441</u>	<u>\$ 7,139,481</u>	<u>\$ 668,695</u>	<u>\$ 518,416</u>	<u>\$ 300,122</u>	<u>\$ 109,835</u>

*C. Concentration of Credit Risk*

The Town places no limit on the amount the Town may invest in any one issuer. There are no investments in any one issuer that represent 5% or more of total investments, except for Century Bank certificate of deposit in the amount of \$5,016,227 at June 30, 2015.

*D. Interest Rate Risk*

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

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

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

Not more than 5% of the Town's investment portfolio, other than Trust fund investments, is to be invested in securities with maturities greater than one year. The Town's investments are included in certificates of deposits.

Information about the sensitivity of the fair values of the Trust's debt related securities to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Debt-related Securities:					
Corporate bonds	\$ 2,179,353	\$ 514,176	\$ 930,098	\$ 625,244	\$ 109,835
Municipal bonds	328,332	-	-	328,332	-
U.S. Treasury notes	1,487,304	1,487,304	-	-	-
Federal agency securities	<u>4,741,560</u>	<u>2,465,611</u>	<u>2,275,949</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,736,549</u>	<u>\$ 4,467,091</u>	<u>\$ 3,206,047</u>	<u>\$ 953,576</u>	<u>\$ 109,835</u>

#### E. Foreign Currency Risk

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

#### **4. Taxes Receivable**

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

Taxes receivable at June 30, 2015 consist of the following (in thousands):

Real Estate 2015	\$ 5,056
Tax Liens, net of allowance	<u>1,278</u>
Total	<u>\$ 6,334</u>

#### Taxes Collected for Others

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

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

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

	<u>Governmental</u>
Property taxes	\$ 350
Ambulance and other accounts receivable	\$ 1,077
Business-type accounts receivable	\$ 9

## 6. Due From Other Governments

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2015.

## 7. Interfund Fund Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2015 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
Major Fund:		
General fund	\$ -	\$ 9,818,038
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	95,680	-
Taylor Public Library	130,487	-
Cable Television	589,311	-
Conservation Commission	764,519	-
Public Health	-	4,710
Public Safety Grants	49,147	-
Miscellaneous Grants	32,463	-
Waste Tire Reclamation	-	24,106
Transportation Improvement	-	154,519
Rockingham Economic Development Corporation	-	147
Capital Project Funds:		
Bridge Improvements	595,782	-
Transfer Station Facility	2,984,235	-
Rockingham Rd Reconstruction	53,628	-
Permanent Funds:		
General Cemetery Care	-	75,000
Parks and Playgrounds	-	72,250
Human Services	-	2,000
Subtotal Nonmajor Funds	<u>5,295,252</u>	<u>332,732</u>
Total Governmental Funds	5,295,252	10,150,770

Business-Type Activities:		
Water Fund	3,207,750	-
Sewer Fund	<u>1,647,768</u>	<u>-</u>
Total Business-Type Activities	<u>4,855,518</u>	<u>-</u>
Grand Total	<u>\$ 10,150,770</u>	<u>\$ 10,150,770</u>

The government reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental and proprietary fund financial statements. The following is an analysis of interfund transfers made in fiscal year 2015.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 463,544	\$ 304,193
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	452	-
Public Safety Grants	201	-
Miscellaneous Grants	11,000	-
Waste Tire Reclamation	80,456	-
Transportation Improvement	4,565	-
Rockingham Economic Development Corporation	-	141
Capital Project Funds:		
Route 28 TIF	-	124,670
Permanent Funds:		
General Cemetery Care		58,650
Parks and Playgrounds		72,250
Libraries	-	2,334
Human Services	<u></u>	<u>2,000</u>
Subtotal Nonmajor Funds	<u>96,674</u>	<u>260,045</u>
Total Governmental Funds	560,218	564,238
Business-Type Activities:		
Water Fund	<u>4,020</u>	<u>-</u>
Total Business-Type Activities	<u>4,020</u>	<u>-</u>
Grand Total	<u>\$ 564,238</u>	<u>\$ 564,238</u>

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

## 8. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows (in thousands):

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 7,931	\$ -	\$ (1)	\$ 7,930
Infrastructure and other assets	78,607	320	(451)	78,476
Construction in progress	202	1,840	(424)	1,618
Intangibles	<u>2,615</u>	<u>-</u>	<u>-</u>	<u>2,615</u>
Total capital assets, not being depreciated	89,355	2,160	(876)	90,639
Other capital assets:				
Buildings and improvements	19,576	318	(1,825)	18,069
Equipment and vehicles	12,904	809	(298)	13,415
Infrastructure and other assets	11,730	-	-	11,730
Intangibles	<u>686</u>	<u>20</u>	<u>-</u>	<u>706</u>
Total other capital assets at historical cost	<u>44,896</u>	<u>1,147</u>	<u>(2,123)</u>	<u>43,920</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,033)	(557)	640	(6,950)
Equipment and vehicles	(9,104)	(962)	281	(9,785)
Infrastructure and other assets	(3,890)	(388)	-	(4,278)
Intangibles	<u>(647)</u>	<u>(21)</u>	<u>-</u>	<u>(668)</u>
Total accumulated depreciation	<u>(20,674)</u>	<u>(1,928)</u>	<u>921</u>	<u>(21,681)</u>
Total other capital assets, net	<u>24,222</u>	<u>(781)</u>	<u>(1,202)</u>	<u>22,239</u>
Total capital assets, net	<u>\$ 113,577</u>	<u>\$ 1,379</u>	<u>\$ (2,078)</u>	<u>\$ 112,878</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 202	\$ -	-	\$ 202
Construction in progress	1,006	3,012	(500)	3,518
Intangibles	<u>661</u>	<u>-</u>	<u>-</u>	<u>661</u>
Total capital assets, not being depreciated	1,869	3,012	(500)	4,381
Other capital assets:				
Buildings and improvements	160	-	-	160
Equipment and vehicles	1,099	157	(16)	1,240
Infrastructure	<u>42,183</u>	<u>500</u>	<u>-</u>	<u>42,683</u>
Total other capital assets at historical cost	<u>43,442</u>	<u>657</u>	<u>(16)</u>	<u>44,083</u>
Less accumulated depreciation for:				
Buildings and improvements	(41)	(4)	-	(45)
Equipment and vehicles	(565)	(108)	14	(659)
Infrastructure and other assets	<u>(14,931)</u>	<u>(653)</u>	<u>-</u>	<u>(15,584)</u>
Total accumulated depreciation	<u>(15,537)</u>	<u>(765)</u>	<u>14</u>	<u>(16,288)</u>
Total other capital assets, net	<u>27,905</u>	<u>(108)</u>	<u>(2)</u>	<u>27,795</u>
Total capital assets, net	<u>\$ 29,774</u>	<u>\$ 2,904</u>	<u>\$ (502)</u>	<u>\$ 32,176</u>

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

<b>Governmental Activities:</b>	
General government	\$ 427
Public safety	749
Highway	362
Health and welfare	5
Sanitation	51
Culture and recreation	<u>334</u>
Total depreciation expense - governmental activities	<u>\$ 1,928</u>
<b>Business-Type Activities:</b>	
Water	\$ 254
Sewer	<u>511</u>
Total depreciation expense - business-type activities	<u>\$ 765</u>

## 9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.



Deferred outflows at June 30, 2015 represent the deferral of fiscal year 2015 contributions to the New Hampshire Retirement System as these contributions were made subsequent to the measurement date of the net pension liability, see retirement system footnote, Note 19.

## 10. **Accounts Payable and Accrued Expenditures/Expenses**

Accounts payable and accrued expenses represent 2015 expenditures paid after 2015.

## 11. **Capital Lease Obligations**

The Town is the lessee of certain equipment under capital and operating leases expiring in various years through 2019. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2015:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
2016	\$ 305,694	\$ 23,624
2017	163,430	23,624
2018	39,581	23,624
2019	<u>18,668</u>	<u>23,623</u>
Total minimum lease payments	527,373	94,495
Less amounts representing interest	<u>(17,488)</u>	<u>(4,955)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 509,885</u></u>	<u><u>\$ 89,540</u></u>

The following is an analysis for the leased assets included in capital assets at June 30, 2015:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
Intangible	\$ 43,150	\$ -
Machinery, vehicles and equipment	4,989,371	113,163
Less: accumulated depreciation	<u>(3,810,732)</u>	<u>(8,487)</u>
Equipment under capital leases, net	<u><u>\$ 1,221,789</u></u>	<u><u>\$ 104,676</u></u>

## 12. **Long-Term Debt**

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

General obligation bonds, issued by the Town for various municipal improvements, are approved by the voters and repaid with property taxes recorded in the

General Fund. These bonds are required to be fully paid within 20 years from the date of issue and are backed by the full faith and credit of the Town. The Town's borrowing capacity is restrained by State law. Compensated absences are repaid from the funds that the costs relate to, mostly general fund, and also water and sewer funds.

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

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

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

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

General obligation bonds currently outstanding are as follows:

	Serial	Interest	Amount	Amount
	Maturities	Rate(s) %	Issued	Outstanding
<u>Governmental Activities:</u>	<u>Through</u>			<u>as of</u>
				<u>6/30/15</u>
Court House	07/15/15	5.25 - 5.625%	\$ 1,839,710	\$ 90,000
Land Purchase	01/15/19	4.00 - 4.80%	1,735,000	100,000
Humphrey Field House	01/15/20	5.375 - 5.75%	1,890,000	465,000
Humphrey Road Complex	01/15/21	4.75 - 5.25%	489,605	140,000
Municipal Services Infrastructure	03/15/24	3.20 - 4.00%	1,500,000	675,000
Police Station Addition	06/15/26	4.10 - 5.00%	1,000,000	550,000
Transfer Station & Rockingham Rd	05/01/33	2.00 - 2.80%	4,000,000	3,600,000
Municipal Center - Refunding	02/01/21	1.00 - 1.30%	1,250,000	900,000
Total Governmental Activities, excluding TIF:				<u>\$ 6,520,000</u>

	Serial	Interest	Amount	Amount
	Maturities	Rate(s) %	Issued	Outstanding
<u>Governmental Activities TIF:</u>	<u>Through</u>			<u>as of</u>
				<u>6/30/15</u>
Ash Street Corporate Park	04/15/33	4.25 - 5.00%	\$ 2,000,000	\$ 1,440,000
Route 28 Corridor	11/15/31	2.00 - 3.50%	3,400,000	3,400,000
Total Governmental Activities TIF:				<u>\$ 4,840,000</u>

<u>Business-Type Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Issued</u>	<u>Amount Outstanding as of 6/30/15</u>
Water Fund:				
Water Main Upgrade	08/15/18	3.90 - 5.00%	\$ 1,000,000	\$ 200,000
Woodlands and Rt 28	05/01/33	2.00 - 2.80%	500,000	460,000
Rt 28 Water Expansions	05/01/28	2.00 - 3.00%	1,718,500	1,651,636
Sewer Fund:				
Wastewater Force Main	05/15/23	2.50 - 3.25%	3,700,000	1,480,000
Wastewater Effluent Upgrade	06/15/26	4.10 - 5.00%	1,000,000	550,000
Wastewater Extension Rt 28	05/01/33	2.00 - 2.80%	250,000	230,000
Rt 28 Wastewater Expansions	05/01/28	2.00 - 3.00%	1,725,500	1,658,364
Total Business-Type Activities:				<u>\$ 6,230,000</u>

### C. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2015 are as follows:

<u>Governmental (non-TIF)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 725,000	\$ 179,695	\$ 904,695
2017	630,000	159,095	789,095
2018	625,000	140,970	765,970
2019	610,000	122,758	732,758
2020	575,000	104,695	679,695
2021-2025	1,705,000	337,155	2,042,155
2026-2030	1,050,000	157,300	1,207,300
2031-2033	600,000	33,200	633,200
Total	<u>\$ 6,520,000</u>	<u>\$ 1,234,868</u>	<u>\$ 7,754,868</u>

Debt service requirements to retire tax increment financing bonds for governmental activities at June 30, 2015 are as follows:

<u>Governmental TIF</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 80,000	\$ 163,437	\$ 243,437
2017	295,000	157,887	452,887
2018	295,000	149,988	444,988
2019	295,000	142,088	437,088
2020	295,000	134,188	429,188
2021-2025	1,470,000	534,531	2,004,531
2026-2030	1,450,000	280,125	1,730,125
2031-2032	660,000	38,700	698,700
Total	<u>\$ 4,840,000</u>	<u>\$ 1,600,944</u>	<u>\$ 6,440,944</u>

Debt Service requirements to retire business-type activities bonds payable at June 30, 2015 are as follows:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 455,000	\$ 195,815	\$ 650,815
2017	460,000	181,593	641,593
2018	460,000	166,993	626,993
2019	465,000	152,183	617,183
2020	420,000	138,338	558,338
2021-2025	1,795,000	498,565	2,293,565
2026-2030	1,185,000	272,710	1,457,710
2031-2034	990,000	83,163	1,073,163
Total	<u>\$ 6,230,000</u>	<u>\$ 1,689,360</u>	<u>\$ 7,919,360</u>

*D. Changes in General Long-Term Liabilities*

During the year ended June 30, 2015, the following changes occurred in long-term liabilities (in thousands):

	Total Balance <u>7/1/14</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/15</u>	Less Current <u>Portion</u>	Equals Long-Term Portion <u>6/30/15</u>
<u>Governmental Activities</u>						
General obligation						
bonds payable	\$ 7,250	\$ -	\$ (730)	\$ 6,520	\$ (725)	\$ 5,795
Unamortized bond						
premiums	126	-	(8)	118	(7)	111
Subtotal	<u>7,376</u>	<u>-</u>	<u>(738)</u>	<u>6,638</u>	<u>(732)</u>	<u>5,906</u>
Tax increment financing						
bonds payable	4,920	-	(80)	4,840	(80)	4,760
Capital leases payable	784	104	(378)	510	(295)	215
Compensated absences	4,096	2,193	(2,558)	3,731	(764)	2,967
Other post-employment						
benefits	5,748	1,214	(216)	6,746	-	6,746
Net pension liability	38,805	-	(6,271)	32,534	-	32,534
Estimated liability for						
landfill postclosure						
care costs	38	-	(12)	26	(14)	12
Totals	<u>\$ 61,767</u>	<u>\$ 3,511</u>	<u>\$ (10,253)</u>	<u>\$ 55,025</u>	<u>\$ (1,885)</u>	<u>\$ 53,140</u>

	Total Balance 7/1/14	Additions	Reductions	Total Balance 6/30/15	Less Current Portion	Equals Long-Term Portion 6/30/15
<u>Business-Type Activities</u>						
General obligation						
bonds payable	\$ 6,679	\$ -	(449)	\$ 6,230	\$ (455)	\$ 5,775
Unamortized bond						
premiums	97	-	(5)	92	(6)	86
Subtotal	6,776	-	(454)	6,322	(461)	5,861
Capital leases payable	-	113	(24)	89	(21)	68
Compensated absences	178	127	(123)	182	(37)	145
Other post-employment						
benefits	511	77	(19)	569	-	569
Net pension liability	1,668	-	(269)	1,399	-	1,399
Totals	\$ 9,133	\$ 317	\$ (889)	\$ 8,561	\$ (519)	\$ 8,042

**E. Authorized Unissued Debt**

Long-term debt authorizations which have not been issued or rescinded as of June 30, 2015 are as follows:

General obligation bonds:

<u>Purpose</u>	<u>Amount</u>
Exit 4A	\$ <u>3,246,583</u>

**13. Landfill Postclosure Care Costs**

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

The \$25,736 reported as landfill postclosure care liability at June 30, 2015 represents that cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill. This amount is based on what it would cost if all equipment, facilities, and services to monitor and maintain the landfill were acquired as of June 30, 2015. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

#### 14. Deferred Inflows of Resources

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

The following is a summary of deferred inflow of resources balances as of June 30, 2015:

	Entity-wide Basis		Fund Basis			
	Governmental	Business-type	Governmental Funds		Proprietary Funds	
	Activities	Activities	General Fund	Nonmajor	Water	Sewer
Taxes collected in advance	\$ 36,771,735	\$ -	\$ 36,771,734	\$ -	\$ -	\$ -
Unavailable revenues, property taxes	-	-	1,108,327	7,892	-	-
Unavailable revenues, loans	-	-	-	162,475	-	-
Net difference between projected and actual pension investment earnings	4,162,760	178,949	-	-	86,556	92,393
Changes in pension proportion	1,234,249	53,057	-	-	25,663	27,394
Total deferred inflows	<u>\$ 42,168,744</u>	<u>\$ 232,006</u>	<u>\$ 37,880,061</u>	<u>\$ 170,367</u>	<u>\$ 112,219</u>	<u>\$ 119,787</u>

#### 15. Restricted Net Position

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

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

#### 16. Governmental Funds - Balances

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

The following types of fund balances are reported at June 30, 2015:

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

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or

enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue and capital project funds, and the income portion of permanent trust funds.

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

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

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

Following is a breakdown of the Town's fund balances at June 30, 2015:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable			
Prepaid expenditures	\$ 45,153	\$ 456	\$ 45,609
Property held for resale	523,055	-	523,055
Noncurrent receivable	-	180,154	180,154
Nonexpendable permanent funds:			
General cemetery care	-	2,305,746	2,305,746
Parks and playgrounds	-	3,146,896	3,146,896
All remaining	-	158,881	158,881
Total Nonexpendable	568,208	5,792,133	6,360,341
Restricted			
Exit 4A	93,789	-	93,789
Bonded projects	-	2,068,814	2,068,814
Special revenue funds:			
Derry pulic library	-	92,634	92,634
Taylor library	-	130,460	130,460
Waste tire reclamation	-	298,808	298,808
All remaining	-	116,101	116,101
Expendable permanent funds:			
General cemetery care	-	474,107	474,107
Parks and playgrounds	-	832,794	832,794
All remaining	-	57,118	57,118
Total Restricted	93,789	4,070,836	4,164,625

(continued)

(continued)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Committed			
Ash Street TIF	435,479	-	435,479
Route 28 TIF	454,409	-	454,409
Capital reserves	7,124,381	-	7,124,381
Compensated absences	3,618,892	-	3,618,892
Cable television	-	679,323	679,323
Conservation commission	-	764,519	764,519
Economic development loan	-	78,083	78,083
Bridge improvements	-	595,782	595,782
Transfer station facility	-	8,280	8,280
Total Committed	11,633,161	2,125,987	13,759,148
Assigned			
Encumbered for:			
General government	72,788	-	72,788
Public safety	20,864	-	20,864
Highway and streets	3,096	-	3,096
Culture and recreation	12,045	-	12,045
Economic development	1,699	-	1,699
Capital	15,000	-	15,000
Next year's expenditures	694,800	-	694,800
Ashleigh drive repairs	34,675	-	34,675
Forest management	40,585	-	40,585
Compensated absences	111,701	-	111,701
Total Assigned	1,007,253	-	1,007,253
Unassigned	11,319,369	-	11,319,369
Total Fund Balances	\$ 24,621,780	\$ 11,988,956	\$ 36,610,736

## 17. **Commitments and Contingencies**

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

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



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

## **18. Post-Employment Healthcare and Life Insurance Benefits**

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

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

#### **A. Plan Description**

In addition to providing the pension benefits described, the Town provides post-employment health care and life insurance benefits for retired employees through the Town's Single Employer Defined Benefit Plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of June 30, 2014, the actuarial valuation date, approximately 140 retirees and 166 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

#### **B. Benefits Provided**

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

#### **C. Funding Policy**

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

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

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

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

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

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

*D. Annual OPEB Costs and Net OPEB Obligation*

The Town's fiscal 2015 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2015, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of June 30, 2012.

Annual Required Contribution (ARC)	\$ 1,244,915
Interest on net OPEB obligation	281,672
Adjustment to ARC	<u>(236,311)</u>
Annual OPEB cost	1,290,276
Contributions made	<u>(234,953)</u>
Increase in net OPEB obligation	1,055,323
Net OPEB obligation - beginning of year	<u>6,259,381</u>
Net OPEB obligation - end of year	<u><u>\$ 7,314,704</u></u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 1,290,276	18.2%	\$ 7,314,704
2014	\$ 1,399,244	17.2%	\$ 6,259,381
2013	\$ 1,307,786	17.2%	\$ 5,101,279
2012	\$ 1,481,776	21.6%	\$ 3,981,488
2011	\$ 1,382,055	19.2%	\$ 2,820,105
2010	\$ 1,117,285	21.2%	\$ 1,704,070
2009	\$ 1,041,450	20.9%	\$ 823,605

*E. Funded Status and Funding Progress*

The funded status of the plan as of June 30, 2014, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 15,349,044
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 15,349,044</u>
Funded ratio (actuarial value of plan assets/AAL)	<u>0.0%</u>
Covered payroll (active plan members)	<u>\$ 16,824,900</u>
UAAL as a percentage of covered payroll	<u>91.2%</u>

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

*F. Actuarial Methods and Assumptions*

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

In the June 30, 2014 actuarial valuation the projected unit credit cost method was used. The actuarial value of assets was not determined as the Town has not advance funded its obligation. The actuarial assumptions included a 4.5% investment rate of return, inflation rate of 3.75%, and an initial annual healthcare cost trend rate of 8% which decreases to a 5% long-term rate for all healthcare benefits after six years. The amortization costs for the initial UAAL is a level percentage of payroll for a period of 30 years, on an open basis. This has been calculated assuming the amortization payment increases at a rate of 3.75%.

## 19. Retirement System

The Town follows the provisions of GASB Statement No. 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).

### A. 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. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. 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.

### B. Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is  $1/60$  or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at  $1/66$  or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance

after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by  $\frac{1}{4}$  of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earned compensation and/or service.

*C. Contributions*

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the 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 10.77% to 27.74% of covered compensation. The Town's contributions to NHRS for the year ended June 30, 2015 was \$3,512,182, which was equal to its annual required contribution.

*D. Summary of Significant Accounting Policies*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, 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.

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

At June 30, 2015, the Town reported a liability of \$33,932,627 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. 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, 2013, the Town's proportion was 0.940 percent. At June 30, 2014, the Town's proportion was 0.904 percent, which was a decrease of 0.036 from its previous year proportion.

For the year ended June 30, 2015, the Town recognized pension expense of \$2,021,296. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Fiscal year 2015 pension contributions	\$ 3,512,182	\$ -
Net difference between projected and actual earnings on pension plan investments	-	4,341,709
Changes in proportion	-	1,287,306
Total	<u>\$ 3,512,182</u>	<u>\$ 5,629,015</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ 2,104,928
2017	(1,407,254)
2018	(1,407,254)
2019	<u>(1,407,253)</u>
Total	<u>\$ (2,116,833)</u>

Actuarial assumptions: The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent per year
Salary increases	3.75 - 5.8 percent average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for woman for mortality improvements.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

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 target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation Percentage	Weighted Average Average Long- Term Expected Real Rate of Return
Large Cap Equities	22.50 %	3.25%
Small/Mid Cap Equities	<u>7.50</u>	3.25%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.25%
Emerging Int'l Equities	<u>7.00</u>	6.50%
Total international equities	20.00	
Core Bonds	18.00	-0.47%
High-Yield Bonds	1.50	1.50%
Global Bonds (unhedged)	5.00	-1.75%
Emerging Market Debt (external)	<u>0.50</u>	2.00%
Total fixed income	25.00	
Private equity	5.00	5.75%
Private debt	5.00	5.00%
Real estate	10.00	3.25%
Opportunistic	<u>5.00</u>	2.50%
Total alternative investments	<u>25.00</u>	
Total	<u><u>100.00</u></u> %	

**Discount Rate:** The discount rate used to measure the total pension liability was 7.75%. 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 7.75 percent, 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 1 percentage-point lower (6.75%) or 1 percentage-point higher (8.75%) than the current rate:

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
June 30, 2014	\$ 44,694,792	\$ 33,932,627	\$ 24,853,131

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

## 20. Risk Management

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

## 21. Beginning Net Position Restatement and Fund Balance Reclassification

### Change in Accounting Principle

In fiscal year 2015, the Town's beginning net position as of July 1, 2014 was restated for the implementation of the new standard – Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Accordingly, the following reconciliation for the net position is provided:

Government-Wide Financial Statements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		
		<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
As previously reported for June 30, 2014	\$ 127,465,981	\$ 12,720,229	\$ 18,440,730	\$ 31,160,959
Net position restatement:				
GASB 68 implementation for net pension liability	(38,805,006)	(806,867)	(861,278)	(1,668,145)
Contributions made during fiscal year 2014	<u>2,772,653</u>	<u>59,216</u>	<u>64,671</u>	<u>123,887</u>
Total net position restatement:	<u>(36,032,353)</u>	<u>(747,651)</u>	<u>(796,607)</u>	<u>(1,544,258)</u>
As restated for July 1, 2014	\$ <u>91,433,628</u>	\$ <u>11,972,578</u>	\$ <u>17,644,123</u>	\$ <u>29,616,701</u>



Fiscal year 2014 and prior periods have not been restated for GASB 68 due to impractical nature of allocating annual activity and lack of information for measurement dates June 30, 2012 and prior; as this is a new standard and beginning net position restatement for July 1, 2014 does not recognize beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions in accordance with GASB 71.

*Reclassification of Fund Balance*

In fiscal year 2015, beginning fund balance for General Fund decreased by \$168,292 to reflect the reclassification of the Rockingham Economic Development Corporation activity to a special revenue fund, therefore, nonmajor governmental funds beginning balance increased by that amount.

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

**June 30, 2015**  
**(Unaudited)**

**Other Post-Employment Benefits**

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) - Entry Age <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percent- age of Covered Payroll <u>[(b-a)/c]</u>
06/30/14	\$ -	\$ 15,349,044	\$ 15,349,044	0.0%	\$ 16,824,900	91.2%
06/30/12	\$ -	\$ 13,794,817	\$ 13,794,817	0.0%	\$ 16,341,816	84.4%
06/30/10	\$ -	\$ 17,648,536	\$ 17,648,536	0.0%	\$ 18,602,453	94.9%
06/30/07	\$ -	\$ 12,270,643	\$ 12,270,643	0.0%	\$ 18,334,303	66.9%

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**  
**(Unaudited)**

<u>New Hampshire Retirement System:</u>	<u>2015</u>
Proportion of the net pension liability for the most recent measurement date	0.904%
Proportionate share of the net pension liability for the most recent measurement date	\$ 33,932,627
Covered-employee payroll for the most recent measurement date	\$ 17,235,414
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	197%
Plan fiduciary net position as a percentage of the total pension liability	66.32%

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

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**

**SCHEDULE OF CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015  
(Unaudited)**

<u>New Hampshire Retirement System:</u>	<u>2015</u>
Actuarially determined contribution for the current fiscal year	\$ 3,512,182
Contributions in relation to the actuarially determined contribution	<u>3,512,182</u>
Contribution deficiency (excess)	\$ <u><u>-</u></u>
Covered-employee payroll for the current fiscal year	18,197,458
Contributions as a percentage of covered-employee payroll	19%

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

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**  
**Required Supplementary Information**  
**Modified Approach for Infrastructure**  
**Capital Assets**  
**For the Year Ended June 30, 2015**

**Schedule of Condition Assessment**

<u>Fiscal Year of Assessment</u>	<u>Rating</u>	<u>Condition</u>
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>
2015	\$ 1,456,663	\$ 1,276,827
2014	1,459,764	1,493,108
2013	1,407,266	1,315,482
2012	1,401,837	1,374,690
2011	1,177,443	1,078,191
2010	1,557,983	1,484,929

See Independent Auditors' Report.

**TOWN OF DERRY, NEW HAMPSHIRE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2015**

**MODIFIED APPROACH FOR INFRASTRUCTURE CAPITAL ASSETS**

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

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

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

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

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

See Independent Auditors' Report.

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

The last three assessments effective in 2015, 2012, and 2009 reflected a good PCI rating of 79, 75, and 78, 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 79 is in line with the council’s goal of preserving the network in the range between 68 and 80. The currently defined system of roadway and sidewalk networks is not depreciated because the Town’s conditional assessment rating falls within its adopted range.

The Town has expended an average of \$1,343,962 annually on roadway maintenance for the past 10 years. Roadway site improvements paid directly by developers and increased utilization of Town staff for roadway engineering and some construction has enabled the Town to sustain or improve its overall PCI rating while managing expenditures efficiently.

See Independent Auditors’ Report.



**Rockingham Road Bridge**



## **Combining Financial Statements**

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

Special Revenue Funds are established for the following purposes:

- Derry Public Library Fund: This fund is used to account for library revenues and expenditures incurred in the operation of Derry's main library located at 64 East Broadway.
- Taylor Library Fund: This fund is used to account for library revenues and expenditures incurred in the operation of this public library located at 49 East Derry Road.
- Cable Television Fund: This fund is used to account for cable television franchise fees and other related miscellaneous income and expenses associated with Cable Television.
- Conservation Commission Fund: This fund is used to account for revenue and expenses associated with acquiring and preserving conservation land. This fund receives 100% of Land Use Change Tax (current use) revenue and public donations designated for conservation purposes.
- Public Health Fund: This fund is to account for the planning, testing and implementation of regional Public Health plans related to emergency preparedness as well as providing support for local health officers and school nurses. This fund is supported by federal funds passed through the New Hampshire Department of Health and Human Services and the National Association of County and City Health Officials (NACCHO).
- Public Safety Grants Fund: This fund is used to account for grants and donations received and expenses for the purpose of public safety including for the enforcement of underage drinking laws, DWI saturation, seatbelt compliance, off-road vehicle patrols and funding for domestic preparedness planning, training and equipment using federal pass-through funds from Rockingham County for Justice Assistance and New Hampshire Department of Justice, New Hampshire Highway Safety and New Hampshire Fish and Game.
- Miscellaneous Grants Fund: This fund is used to account for various donations or grants received and their related expenditures.
- Waste Tire Reclamation Fund: The Waste Reclamation Trust was established pursuant to NH RSA 31:19A. The Trust was established to retain fees collected from motor vehicle registrations as authorized pursuant to NH RSA Chapter 263 (HB332). The purpose of the reserve is to fund the disposal of motor vehicle waste generated within the Town of Derry and to recycle and reclaim other types of solid waste.

- Transportation Improvement Fund: has been established to collect fees from motor vehicle registrations for the purpose of funding improvements to the Town's roadways.
- 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:

- Adams Memorial Building Fund: This fund is used to account for structural improvements to the roof, ceiling and balcony of the Adams Memorial Building. Any unencumbered or unexpended funds shall lapse to the Public Works Capital Reserve on June 30, 2015.
- Bridge Improvements Fund: This fund is used to account for the construction of bridges on North High Street, Tsienneto Road and Drew Road. The State of New Hampshire reimbursement to the Town is commonly 80% of eligible expenses.
- Route 28 TIF Fund: This fund is used to account for the engineering, construction and land acquisition costs associated with improving the Route 28 roadway within a TIF District formed in FY07. This project is funded by a combination of bond revenue, grant revenue from New Hampshire Department of Transportation, and contributions from the general fund and a commercial retailer.
- Transfer Station Facility Fund: This fund is used to account for capital improvements to the Transfer Station Facility.
- Rockingham Road Reconstruction Fund: This fund is used to account for reconstruction costs of Rockingham Road, bridge, and drainage improvements.

## PERMANENT FUNDS

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

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



**Collette's Mountain Donated Conservation Property**

**TOWN OF DERRY, NEW HAMPSHIRE**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

**June 30, 2015**

	<u>Special Revenue Funds</u>			
	<u>Derry Public Library Fund</u>	<u>Taylor Library Fund</u>	<u>Cable Television Fund</u>	<u>Conservation Commission Fund</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 496	\$ 350	\$ -	\$ -
Investments	-	-	-	-
Taxes receivable	-	-	-	7,892
Accounts receivable, net	10	-	90,773	-
Due from other governments	-	-	-	-
Due from other funds	95,680	130,487	589,311	764,519
Prepaid items	456	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 96,642</u>	<u>\$ 130,837</u>	<u>\$ 680,084</u>	<u>\$ 772,411</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ 3,552	\$ 377	\$ 761	\$ -
Accrued expenditures	-	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	<u>3,552</u>	<u>377</u>	<u>761</u>	<u>-</u>
Deferred Inflows of Resources	-	-	-	7,892
Fund Balances:				
Nonspendable	456	-	-	-
Restricted	92,634	130,460	-	-
Committed	-	-	679,323	764,519
Total Fund Balances	<u>93,090</u>	<u>130,460</u>	<u>679,323</u>	<u>764,519</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 96,642</u>	<u>\$ 130,837</u>	<u>\$ 680,084</u>	<u>\$ 772,411</u>

Special Revenue Funds		
Public Health Fund	Public Safety Grants Fund	Miscellaneous Grants Fund
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
16,352	1,472	-
-	49,147	32,463
-	-	-
-	-	-
<u>\$ 16,352</u>	<u>\$ 50,619</u>	<u>\$ 32,463</u>
\$ 1,893	\$ -	\$ 67
80	-	-
9,667	-	-
4,710	-	-
<u>16,350</u>	<u>-</u>	<u>67</u>
-	-	-
-	-	-
2	50,619	32,396
-	-	-
<u>2</u>	<u>50,619</u>	<u>32,396</u>
<u>\$ 16,352</u>	<u>\$ 50,619</u>	<u>\$ 32,463</u>

(continued)

(continued)

	<u>Special Revenue Funds</u>			
	<u>Waste Tire Reclamation Fund</u>	<u>Transportation Improvement Fund</u>	<u>Rockingham Economic Development Corporation</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 846
Investments	322,914	187,603	-	510,517
Taxes receivable	-	-	-	7,892
Accounts receivable, net	-	-	-	90,783
Due from other governments	-	-	87,989	105,813
Due from other funds	-	-	-	1,661,607
Prepaid items	-	-	-	456
Loans receivable			<u>240,557</u>	<u>240,557</u>
Total Assets	<u>\$ 322,914</u>	<u>\$ 187,603</u>	<u>\$ 328,546</u>	<u>\$ 2,618,471</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 87,841	\$ 94,491
Accrued expenditures	-	-	-	80
Deposits payable	-	-	-	9,667
Due to other funds	<u>24,106</u>	<u>154,519</u>	<u>147</u>	<u>183,482</u>
Total Liabilities	24,106	154,519	87,988	287,720
Deferred Inflows of Resources	-	-	162,475	170,367
Fund Balances:				
Nonspendable	-	-	-	456
Restricted	298,808	33,084	-	638,003
Committed	<u>-</u>	<u>-</u>	<u>78,083</u>	<u>1,521,925</u>
Total Fund Balances	<u>298,808</u>	<u>33,084</u>	<u>78,083</u>	<u>2,160,384</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 322,914</u>	<u>\$ 187,603</u>	<u>\$ 328,546</u>	<u>\$ 2,618,471</u>



Capital Project Funds		
Adams Memorial Building Fund	Bridge Improvements Fund	Route 28 TIF Fund
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	180,154	-
-	595,782	-
-	-	-
-	-	-
<u>\$ -</u>	<u>\$ 775,936</u>	<u>\$ -</u>
<u><u>\$ -</u></u>	<u><u>\$ 775,936</u></u>	<u><u>\$ -</u></u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
-	-	-
-	180,154	-
-	-	-
-	595,782	-
<u>-</u>	<u>-</u>	<u>-</u>
-	775,936	-
<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$ -</u></u>	<u><u>\$ 775,936</u></u>	<u><u>\$ -</u></u>

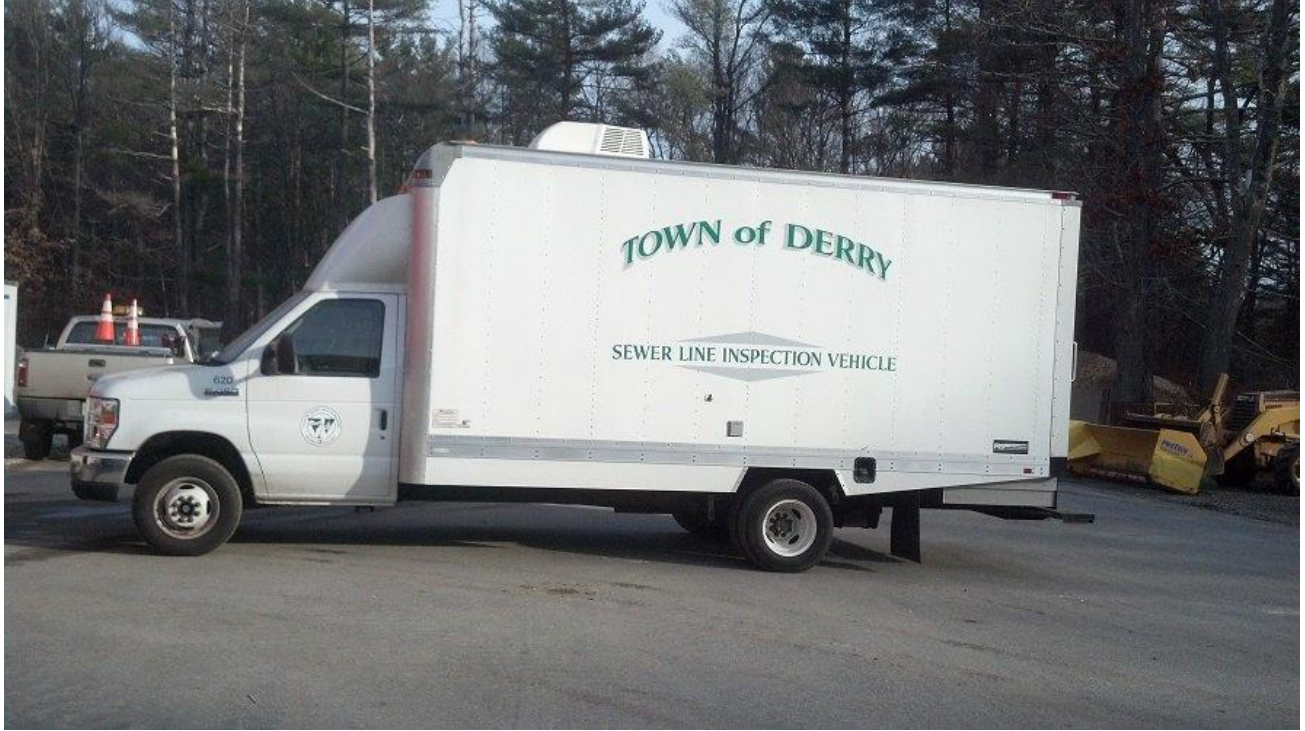
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	Capital Project Funds		
	Transfer Station Facility Fund	Rockingham Road Reconstruction Fund	Total Nonmajor Capital Projects Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Investments	-	-	-
Taxes receivable	-	-	-
Accounts receivable, net	-	-	-
Due from other governments	-	-	180,154
Due from other funds	2,984,235	53,628	3,633,645
Prepaid items	-	-	-
Loans receivable	-	-	-
Total Assets	<u>\$ 2,984,235</u>	<u>\$ 53,628</u>	<u>\$ 3,813,799</u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Accounts payable	\$ 952,041	\$ 8,728	\$ 960,769
Accrued expenditures	-	-	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total Liabilities	<u>952,041</u>	<u>8,728</u>	<u>960,769</u>
Deferred Inflows of Resources	-	-	-
Fund Balances:			
Nonspendable	-	-	180,154
Restricted	2,023,914	44,900	2,068,814
Committed	8,280	-	604,062
Total Fund Balances	<u>2,032,194</u>	<u>44,900</u>	<u>2,853,030</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,984,235</u>	<u>\$ 53,628</u>	<u>\$ 3,813,799</u>

Permanent Funds						Grand Total Nonmajor Governmental Funds
<u>General Cemetery Care</u>	<u>Parks and Playgrounds</u>	<u>Libraries</u>	<u>Highways and Streets</u>	<u>Human Services</u>	<u>Total Nonmajor Permanent Funds</u>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 846
2,854,853	4,051,940	101,202	52,523	64,274	7,124,792	7,635,309
-	-	-	-	-	-	7,892
-	-	-	-	-	-	90,783
-	-	-	-	-	-	285,967
-	-	-	-	-	-	5,295,252
-	-	-	-	-	-	456
-	-	-	-	-	-	240,557
<u>\$ 2,854,853</u>	<u>\$ 4,051,940</u>	<u>\$ 101,202</u>	<u>\$ 52,523</u>	<u>\$ 64,274</u>	<u>\$ 7,124,792</u>	<u>\$ 13,557,062</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,055,260
-	-	-	-	-	-	80
-	-	-	-	-	-	9,667
75,000	72,250	-	-	2,000	149,250	332,732
75,000	72,250	-	-	2,000	149,250	1,397,739
-	-	-	-	-	-	170,367
2,305,746	3,146,896	86,358	28,561	43,962	5,611,523	5,792,133
474,107	832,794	14,844	23,962	18,312	1,364,019	4,070,836
-	-	-	-	-	-	2,125,987
<u>2,779,853</u>	<u>3,979,690</u>	<u>101,202</u>	<u>52,523</u>	<u>62,274</u>	<u>6,975,542</u>	<u>11,988,956</u>
<u>\$ 2,854,853</u>	<u>\$ 4,051,940</u>	<u>\$ 101,202</u>	<u>\$ 52,523</u>	<u>\$ 64,274</u>	<u>\$ 7,124,792</u>	<u>\$ 13,557,062</u>

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**Sewer Inspection Vehicle**

**TOWN OF DERRY, NEW HAMPSHIRE**

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

**Nonmajor Governmental Funds**

**For the Year Ended June 30, 2015**

	<u>Special Revenue Funds</u>			
	Derry Public Library Fund	Taylor Library Fund	Cable Television Fund	Conservation Commission Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 158,133
Licenses and permits	2,350	-	352,862	-
Intergovernmental	-	-	-	-
Charges for services	1,423	53	62	-
Interest and investment income	470	802	-	4,281
Miscellaneous	<u>29,241</u>	<u>565</u>	<u>1,809</u>	<u>350</u>
Total Revenues	33,484	1,420	354,733	162,764
Expenditures:				
Current:				
General government	-	-	220,814	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Sanitation	-	-	-	-
Culture and recreation	5,532	2,491	-	-
Conservation	-	-	-	16,200
Economic development	-	-	-	-
Capital outlay	-	-	38,884	-
Intergovernmental	<u>-</u>	<u>-</u>	<u>51,074</u>	<u>-</u>
Total Expenditures	<u>5,532</u>	<u>2,491</u>	<u>310,772</u>	<u>16,200</u>
Excess (deficiency) of revenues over expenditures	27,952	(1,071)	43,961	146,564
Other Financing Sources (Uses):				
Transfers in	452	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>452</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	28,404	(1,071)	43,961	146,564
Fund balances at beginning of year	<u>64,686</u>	<u>131,531</u>	<u>635,362</u>	<u>617,955</u>
Fund Balances at end of year	<u>\$ 93,090</u>	<u>\$ 130,460</u>	<u>\$ 679,323</u>	<u>\$ 764,519</u>

Special Revenue Funds

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Public Health Fund	Public Safety Grants Fund	Miscellaneous Grants Fund
\$ -	\$ -	\$ -
-	-	-
130,644	35,235	-
-	-	-
-	105	175
<u>19,577</u>	<u>50</u>	<u>2,175</u>
150,221	35,390	2,350
-	-	-
-	33,775	-
-	-	-
151,496	-	651
-	-	-
-	-	8,524
-	-	-
-	-	1,157
<u>-</u>	<u>-</u>	<u>-</u>
<u>151,496</u>	<u>33,775</u>	<u>10,332</u>
(1,275)	1,615	(7,982)
-	201	11,000
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>201</u>	<u>11,000</u>
(1,275)	1,816	3,018
<u>1,277</u>	<u>48,803</u>	<u>29,378</u>
<u>\$ 2</u>	<u>\$ 50,619</u>	<u>\$ 32,396</u>

(continued)

	Special Revenue Funds			
	Waste Tire Reclamation Fund	Transportation Improvement Fund	Rockingham Economic Development Corporation	Total Nonmajor Special Revenue Funds
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ 158,133
Licenses and permits	-	-	-	355,212
Intergovernmental	-	-	488,237	654,116
Charges for services	-	-	-	1,538
Investment income	712	220	505	7,270
Miscellaneous	-	-	68,298	122,065
Total Revenues	712	220	557,040	1,298,334
Expenditures:				
Current:				
General government	-	-	-	220,814
Public safety	-	-	-	33,775
Highways and streets	-	31	-	31
Health and welfare	-	-	-	152,147
Sanitation	143	-	-	143
Culture and recreation	-	-	-	16,547
Conservation	-	-	-	16,200
Economic development	-	-	647,108	647,108
Capital outlay	-	-	-	40,041
Intergovernmental	-	-	-	51,074
Total Expenditures	143	31	647,108	1,177,880
Excess (deficiency) of revenues over expenditures	569	189	(90,068)	120,454
Other Financing Sources (Uses):				
Transfers in	80,456	4,565	-	96,674
Transfers out	-	-	(141)	(141)
Total Other Financing Sources (Uses)	80,456	4,565	(141)	96,533
Net change in fund balance	81,025	4,754	(90,209)	216,987
Fund Equity, beginning	217,783	28,330	168,292	1,943,397
Fund Equity, ending	\$ 298,808	\$ 33,084	\$ 78,083	\$ 2,160,384



Capital Project Funds

Adams Memorial Building Fund	Bridge Improvements Fund	Route 28 TIF Fund
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
145,140	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>145,140</u>	<u>-</u>	<u>-</u>
(145,140)	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>(124,670)</u>
<u>-</u>	<u>-</u>	<u>(124,670)</u>
(145,140)	-	(124,670)
<u>145,140</u>	<u>775,936</u>	<u>124,670</u>
<u>\$ -</u>	<u>\$ 775,936</u>	<u>\$ -</u>

(continued)

(continued)

	Capital Project Funds		
	Transfer Station Facility Fund	Rockingham Road Reconstruction Fund	Total Nonmajor Capital Projects Funds
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment income	17,061	645	17,706
Miscellaneous	-	-	-
Total Revenues	17,061	645	17,706
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Health and welfare	-	-	-
Sanitation	-	-	-
Culture and recreation	-	-	-
Conservation	-	-	-
Economic development	-	-	-
Capital outlay	1,303,191	121,289	1,569,620
Intergovernmental	-	-	-
Total Expenditures	1,303,191	121,289	1,569,620
Excess (deficiency) of revenues over expenditures	(1,286,130)	(120,644)	(1,551,914)
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	(124,670)
Total Other Financing Sources (Uses)	-	-	(124,670)
Net change in fund balance	(1,286,130)	(120,644)	(1,676,584)
Fund Equity, beginning	3,318,324	165,544	4,529,614
Fund Equity, ending	\$ 2,032,194	\$ 44,900	\$ 2,853,030

Permanent Funds						
<u>General Cemetery Care</u>	<u>Parks and Playgrounds</u>	<u>Libraries</u>	<u>Highways and Streets</u>	<u>Human Services</u>	<u>Total Nonmajor Permanent Funds</u>	<u>Grand Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,133
-	-	-	-	-	-	355,212
-	-	-	-	-	-	654,116
-	-	-	-	-	-	1,538
114,876	160,638	4,238	1,718	2,165	283,635	308,611
-	-	-	-	-	-	122,065
<u>114,876</u>	<u>160,638</u>	<u>4,238</u>	<u>1,718</u>	<u>2,165</u>	<u>283,635</u>	<u>1,599,675</u>
9,459	-	-	-	-	9,459	230,273
-	-	-	-	-	-	33,775
-	-	-	172	-	172	203
-	-	-	-	217	217	152,364
-	-	-	-	-	-	143
-	13,396	335	-	-	13,731	30,278
-	-	-	-	-	-	16,200
-	-	-	-	-	-	647,108
-	-	-	-	-	-	1,609,661
-	-	-	-	-	-	51,074
<u>9,459</u>	<u>13,396</u>	<u>335</u>	<u>172</u>	<u>217</u>	<u>23,579</u>	<u>2,771,079</u>
105,417	147,242	3,903	1,546	1,948	260,056	(1,171,404)
-	-	-	-	-	-	96,674
<u>(58,650)</u>	<u>(72,250)</u>	<u>(2,334)</u>	<u>-</u>	<u>(2,000)</u>	<u>(135,234)</u>	<u>(260,045)</u>
<u>(58,650)</u>	<u>(72,250)</u>	<u>(2,334)</u>	<u>-</u>	<u>(2,000)</u>	<u>(135,234)</u>	<u>(163,371)</u>
46,767	74,992	1,569	1,546	(52)	124,822	(1,334,775)
<u>2,733,086</u>	<u>3,904,698</u>	<u>99,633</u>	<u>50,977</u>	<u>62,326</u>	<u>6,850,720</u>	<u>13,323,731</u>
<u>\$ 2,779,853</u>	<u>\$ 3,979,690</u>	<u>\$ 101,202</u>	<u>\$ 52,523</u>	<u>\$ 62,274</u>	<u>\$ 6,975,542</u>	<u>\$ 11,988,956</u>

TOWN OF DERRY, NEW HAMPSHIRE  
CABLE TELEVISION FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2015

	<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	\$ 309,888	\$ 309,888	\$ 352,862	\$ 42,974
Charges for services	200	200	62	(138)
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,809</u>	<u>1,809</u>
Total Revenues	310,088	310,088	354,733	44,645
<b>Expenditures and Other Uses:</b>				
Current operations:				
General government	221,012	221,012	220,814	198
Capital outlay	38,000	38,000	35,587	2,413
Intergovernmental	<u>51,076</u>	<u>51,076</u>	<u>51,074</u>	<u>2</u>
Total Expenditures	<u>310,088</u>	<u>310,088</u>	<u>307,475</u>	<u>2,613</u>
Excess of revenues over expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>47,258</u>	\$ <u>47,258</u>

## **PRIVATE PURPOSE FUNDS**

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

### **Trust Name**

### **Trust Purpose**

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

TOWN OF DERRY, NEW HAMPSHIRE

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

June 30, 2015

	<u>Derry Public Schools</u>	<u>Derry Visiting Nurses</u>	<u>East Derry Improvements Society</u>	<u>Memorial Day Flowers</u>	<u>Total Private-Purpose Trust Funds</u>
<b><u>ASSETS</u></b>					
Investments	\$ <u>39,202</u>	\$ <u>371,613</u>	\$ <u>15,974</u>	\$ <u>2,438</u>	\$ <u>429,227</u>
Total Assets	\$ <u><u>39,202</u></u>	\$ <u><u>371,613</u></u>	\$ <u><u>15,974</u></u>	\$ <u><u>2,438</u></u>	\$ <u><u>429,227</u></u>
<b><u>NET POSITION</u></b>					
Held in trust	\$ <u>39,202</u>	\$ <u>371,613</u>	\$ <u>15,974</u>	\$ <u>2,438</u>	\$ <u>429,227</u>
Total Liabilities and Net Position	\$ <u><u>39,202</u></u>	\$ <u><u>371,613</u></u>	\$ <u><u>15,974</u></u>	\$ <u><u>2,438</u></u>	\$ <u><u>429,227</u></u>

TOWN OF DERRY, NEW HAMPSHIRE

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

For the Year Ended June 30, 2015

	<u>Derry Public Schools</u>	<u>Derry Visiting Nurses</u>	<u>East Derry Improvements Society</u>	<u>Memorial Day Flowers</u>	<u>Total Private-Purpose Trust Funds</u>
<b>Additions:</b>					
Investment earnings:					
Investment income	\$ 1,900	\$ 21,192	\$ 836	\$ 111	\$ 24,039
Net decrease in the fair value of investments	<u>(485)</u>	<u>(5,628)</u>	<u>(186)</u>	<u>(31)</u>	<u>(6,330)</u>
Total investment earnings	1,415	15,564	650	80	17,709
Less investment expense	<u>(128)</u>	<u>(1,233)</u>	<u>(52)</u>	<u>(8)</u>	<u>(1,421)</u>
Net investment earnings	1,287	14,331	598	72	16,288
<b>Deductions:</b>					
Benefits	<u>-</u>	<u>8,572</u>	<u>-</u>	<u>-</u>	<u>8,572</u>
Total deductions	<u>-</u>	<u>8,572</u>	<u>-</u>	<u>-</u>	<u>8,572</u>
Change in net position	1,287	5,759	598	72	7,716
<b>Net position held in trust:</b>					
Beginning of year	<u>37,915</u>	<u>365,854</u>	<u>15,376</u>	<u>2,366</u>	<u>421,511</u>
End of year	<u>\$ 39,202</u>	<u>\$ 371,613</u>	<u>\$ 15,974</u>	<u>\$ 2,438</u>	<u>\$ 429,227</u>

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## **FIDUCIARY FUNDS**

### **AGENCY FUNDS**

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

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

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2015

	Balance July 1, <u>2014</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2015</u>
<u>Derry Cooperative School Agency Fund:</u>				
Assets - investments	\$ <u>182,804</u>	\$ <u>597</u>	\$ <u>(240)</u>	\$ <u>183,161</u>
Liabilities - due to other governments	\$ <u>182,804</u>	\$ <u>597</u>	\$ <u>(240)</u>	\$ <u>183,161</u>
<u>Performance Bond Agency Fund:</u>				
Assets - cash and cash equivalents	\$ <u>407,266</u>	\$ <u>45,279</u>	\$ <u>(201,495)</u>	\$ <u>251,050</u>
Liabilities - deposits held for others	\$ <u>407,266</u>	\$ <u>45,279</u>	\$ <u>(201,495)</u>	\$ <u>251,050</u>
<u>Totals:</u>				
Cash and cash equivalents	\$ 407,266	\$ 45,279	\$ (201,495)	\$ 251,050
Investments	<u>182,804</u>	<u>597</u>	<u>(240)</u>	<u>183,161</u>
Total Assets	\$ <u>590,070</u>	\$ <u>45,876</u>	\$ <u>(201,735)</u>	\$ <u>434,211</u>
Liabilities - due to other governments	\$ 182,804	\$ 597	\$ (240)	\$ 183,161
Liabilities - deposits held for others	<u>407,266</u>	<u>45,279</u>	<u>(201,495)</u>	<u>251,050</u>
Total Liabilities	\$ <u>590,070</u>	\$ <u>45,876</u>	\$ <u>(201,735)</u>	\$ <u>434,211</u>

## Statistical Section



# TOWN OF DERRY, NEW HAMPSHIRE

## STATISTICAL SECTION

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

	<b><u>Page</u></b>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	116
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	120
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	124
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	128
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.	131

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

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

	<u>2006 (1)</u>	<u>2007 (3)</u>	<u>2008 (3)</u>	<u>2009 (3)</u>	<u>2010 (2) (3)</u>	<u>2011 (3)</u>	<u>2012 (3)</u>	<u>2013</u>	<u>2014</u>	<u>2015 (4)</u>
Government Activities										
Net investment in capital assets	\$95,250,347	\$94,729,202	\$96,865,055	\$98,687,664	\$101,530,681	\$104,936,447	\$104,697,003	\$105,780,715	\$105,790,237	\$104,467,968
Restricted	9,574,653	10,793,656	11,778,966	10,977,181	6,301,664	6,559,454	7,003,800	7,124,996	7,468,675	7,740,061
Unrestricted	10,974,175	11,842,047	11,990,757	12,034,740	16,440,924	14,771,367	15,095,817	13,515,612	14,207,069	(18,553,655)
Total Governmental Activities Net Position	<u>\$115,799,175</u>	<u>\$117,364,905</u>	<u>\$120,634,778</u>	<u>\$121,699,585</u>	<u>\$124,273,269</u>	<u>\$126,267,268</u>	<u>\$126,796,620</u>	<u>\$126,421,323</u>	<u>\$127,465,981</u>	<u>\$93,654,374</u>
Business-type Activities										
Net investment in capital assets	\$17,763,369	\$21,835,614	\$22,742,827	\$23,516,728	\$24,472,039	\$25,544,919	\$26,024,107	\$26,070,283	\$26,033,422	\$25,797,236
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	7,035,465	3,786,915	3,533,156	3,210,828	3,842,923	3,964,008	4,257,248	4,742,682	5,127,537	4,189,764
Total Business-type Activities Net Position	<u>\$24,798,834</u>	<u>\$25,622,529</u>	<u>\$26,275,983</u>	<u>\$26,727,556</u>	<u>\$28,314,962</u>	<u>\$29,508,927</u>	<u>\$30,281,355</u>	<u>\$30,812,965</u>	<u>\$31,160,959</u>	<u>\$29,987,000</u>
Primary Government										
Net investment in capital assets	\$113,013,716	\$116,564,816	\$119,607,882	\$122,204,392	\$126,002,720	\$130,481,366	\$130,721,110	\$131,850,998	\$131,823,659	\$130,265,204
Restricted	9,574,653	10,793,656	11,778,966	10,977,181	6,301,664	6,559,454	7,003,800	7,124,996	7,468,675	7,740,061
Unrestricted	18,009,640	15,628,962	15,523,913	15,245,568	20,283,847	18,735,375	19,353,065	18,258,294	19,334,606	(14,363,891)
Total Primary Government Net Position	<u>\$140,598,009</u>	<u>\$142,987,434</u>	<u>\$146,910,761</u>	<u>\$148,427,141</u>	<u>\$152,588,231</u>	<u>\$155,776,195</u>	<u>\$157,077,975</u>	<u>\$157,234,288</u>	<u>\$158,626,940</u>	<u>\$123,641,374</u>

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

(2) Beginning in FY10, the Town began reporting internally restricted capital reserve funds as a component of unrestricted net position rather than as restricted net position as it had done in prior years.

(3) As restated

(4) First year of implementation of GASB 68. Prior periods have not been restated.

Source: Statement of Net Position

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

	2006	2007 *	2008 *	2009 *	2010 *	2011 *	2012 *	2013	2014	2015
<b>Expenses</b>										
<u>Governmental Activities</u>										
General government	\$4,698,161	\$4,864,395	\$4,922,872	\$5,856,375	\$5,415,866	\$5,772,403	\$5,241,472	\$5,770,858	\$5,941,095	\$6,620,989
Public Safety	18,307,118	18,688,924	18,790,889	18,927,195	19,220,474	19,716,889	20,088,167	19,705,078	20,004,575	19,175,876
Highway & streets	4,184,803	3,985,181	4,181,494	4,059,063	4,291,377	4,368,205	4,039,962	4,550,329	4,868,843	5,021,892
Health & welfare	1,000,856	778,619	795,072	775,357	813,431	735,916	643,871	712,326	812,632	777,789
Sanitation	1,685,965	1,430,509	1,562,223	1,621,743	1,591,142	1,579,299	1,634,394	1,632,599	1,620,297	1,757,139
Culture & recreation	2,827,877	2,897,392	2,965,628	2,857,095	2,908,787	2,940,331	3,351,764	3,062,131	3,301,712	3,157,056
Conservation	20,727	17,264	29,113	13,089	12,252	16,577	9,120	24,136	12,149	22,172
Redevelopment & housing	65,000	65,000	55,016	57,093	177,750	-	-	-	-	-
Economic development	311,494	638,497	729,122	329,462	405,316	1,437,987	702,479	1,440,817	179,717	656,802
Debt service	498,637	504,695	480,718	443,518	389,331	365,191	386,000	375,763	411,395	373,170
Total Governmental Activities Expenses	<u>\$33,600,638</u>	<u>\$33,870,476</u>	<u>\$34,512,147</u>	<u>\$34,939,990</u>	<u>\$35,225,726</u>	<u>\$36,932,798</u>	<u>\$36,097,229</u>	<u>\$37,274,037</u>	<u>\$37,152,415</u>	<u>\$37,562,885</u>
<u>Business-type Activities</u>										
Water	\$2,009,790	\$2,097,520	\$2,088,784	\$2,032,481	\$2,089,938	\$2,337,353	\$2,313,232	\$2,345,410	\$2,423,251	\$2,354,975
Sewer	1,876,727	1,837,379	1,927,217	1,935,968	1,948,520	1,944,450	1,937,795	1,978,125	2,033,106	2,087,829
Total Business-type Activities Expenses	<u>\$3,886,517</u>	<u>\$3,934,899</u>	<u>\$4,016,001</u>	<u>\$3,968,449</u>	<u>\$4,038,458</u>	<u>\$4,281,803</u>	<u>\$4,251,027</u>	<u>\$4,323,535</u>	<u>\$4,456,357</u>	<u>\$4,442,804</u>
Total Primary Government Expenses	<u>\$37,487,155</u>	<u>\$37,805,375</u>	<u>\$38,528,148</u>	<u>\$38,908,439</u>	<u>\$39,264,184</u>	<u>\$41,214,601</u>	<u>\$40,348,256</u>	<u>\$41,597,572</u>	<u>\$41,608,772</u>	<u>\$42,005,689</u>
<b>Program Revenues</b>										
<u>Governmental Activities</u>										
Charges for services:										
General government	\$67,217	\$85,991	\$100,553	\$46,770	\$93,207	\$129,549	\$125,387	\$128,466	\$127,748	\$159,877
Public safety	1,231,802	1,057,789	1,164,763	1,075,782	1,611,004	1,690,832	1,410,038	1,307,973	1,834,499	1,548,557
Highway & streets	76,647	48,404	62,045	29,679	21,772	40,214	92,982	41,149	27,958	36,364
Health & welfare	21,533	17,604	1,108	2,455	22,932	26,959	27,927	30,275	33,290	29,250
Sanitation	455,484	363,737	449,513	373,011	397,267	450,465	508,259	382,358	416,529	409,554
Culture & recreation	103,283	161,648	163,453	164,581	170,374	194,859	199,406	159,898	151,294	148,705
Operating grants & contributions	2,111,103	2,065,068	2,072,594	2,523,130	2,210,538	1,819,782	1,447,375	1,297,582	1,581,906	1,129,626
Capital grants & contributions	734,573	516,750	1,069,575	926,437	1,200,803	2,695,727	1,330,203	402,110	303,000	961,473
Total Governmental Activities Program Revenues	<u>\$4,801,642</u>	<u>\$4,316,991</u>	<u>\$5,083,604</u>	<u>\$5,141,845</u>	<u>\$5,727,897</u>	<u>\$7,048,387</u>	<u>\$5,141,577</u>	<u>\$3,749,811</u>	<u>\$4,476,224</u>	<u>\$4,423,406</u>
<u>Business-type Activities</u>										
Charges for services										
Water	\$2,409,189	\$2,211,514	\$2,362,870	\$2,286,130	\$2,270,130	\$2,458,522	\$2,533,351	\$2,546,316	\$2,502,674	\$2,535,847
Sewer	2,050,767	1,823,410	1,835,606	1,866,285	2,012,193	2,071,878	2,071,417	2,093,096	2,061,384	2,076,150
Operating grants & contributions	-	-	-	-	643,106	205,444	88,403	91,288	19,112	24,953
Capital grants & contributions	175,930	404,617	104,105	93,155	97,496	661,175	164,409	65,771	97,309	64,537
Total Business-type Activities Program Revenues	<u>\$4,635,886</u>	<u>\$4,439,541</u>	<u>\$4,302,581</u>	<u>\$4,245,570</u>	<u>\$5,022,925</u>	<u>\$5,397,019</u>	<u>\$4,857,580</u>	<u>\$4,796,471</u>	<u>\$4,680,479</u>	<u>\$4,701,487</u>
Total Primary Government Revenues	<u>\$9,437,528</u>	<u>\$8,756,532</u>	<u>\$9,386,185</u>	<u>\$9,387,415</u>	<u>\$10,750,822</u>	<u>\$12,445,406</u>	<u>\$9,999,157</u>	<u>\$8,546,282</u>	<u>\$9,156,703</u>	<u>\$9,124,893</u>
<b>Net (Expense) Revenue</b>										
Governmental activities	(\$28,798,996)	(\$29,553,485)	(\$29,428,543)	(\$29,798,145)	(\$29,497,829)	(\$29,884,411)	(\$30,955,652)	(\$33,524,226)	(\$32,676,191)	(\$33,139,479)
Business-type activities	749,369	504,642	286,580	277,121	984,467	1,115,216	606,553	472,936	224,122	258,683
Total Primary Government Net Expense	<u>(\$28,049,627)</u>	<u>(\$29,048,843)</u>	<u>(\$29,141,963)</u>	<u>(\$29,521,024)</u>	<u>(\$28,513,362)</u>	<u>(\$28,769,195)</u>	<u>(\$30,349,099)</u>	<u>(\$33,051,290)</u>	<u>(\$32,452,069)</u>	<u>(\$32,880,796)</u>
<b>General Revenues &amp; Other Changes in Net Position</b>										
<u>Governmental Activities</u>										
Property & other taxes	\$20,982,682	\$21,794,063	\$22,828,221	\$23,179,184	\$23,360,148	\$23,962,310	\$23,668,700	\$24,818,369	\$24,918,410	\$25,097,755
Licenses & permits	5,456,525	5,430,606	5,584,941	5,132,828	4,669,813	4,717,598	4,899,562	5,072,002	5,444,800	5,800,062
Grants & contributions not restricted to specific programs	1,686,188	1,800,063	1,910,166	1,992,361	1,694,458	1,780,356	1,542,507	1,594,268	1,572,865	1,687,973
Interest & investment earnings	1,747,030	2,559,466	1,468,474	150,975	523,509	784,714	471,109	615,937	1,022,648	552,777
Miscellaneous	652,178	752,406	382,952	399,645	687,969	633,431	917,755	1,033,023	762,126	2,225,678
Contributions to permanent fund principal	19,800	19,500	13,500	13,350	-	-	-	-	-	-
Special items-gain on sale of capital assets	373,577	-	534,655	-	-	-	-	-	-	-
Transfers	(24,148)	(24,810)	(24,493)	(5,391)	(31,272)	-	(14,629)	15,330	-	(4,020)
Total Governmental Activities	<u>\$30,893,832</u>	<u>\$32,331,294</u>	<u>\$32,698,416</u>	<u>\$30,862,952</u>	<u>\$30,904,625</u>	<u>\$31,878,409</u>	<u>\$31,485,004</u>	<u>\$33,148,929</u>	<u>\$33,720,849</u>	<u>\$35,360,225</u>
<u>Business-type Activities</u>										
Income & investment earnings	\$307,192	\$239,399	\$126,801	\$40,308	\$11,012	\$9,166	\$17,884	\$18,886	\$30,679	\$40,409
Miscellaneous	77,424	54,844	215,580	128,753	52,071	69,583	133,363	55,118	93,193	67,187
Special items-gain on sale of capital assets	1,500	-	-	-	-	-	-	-	-	-
Transfers	24,148	24,810	24,493	5,391	31,272	-	14,629	(15,330)	-	4,020
Total Business-type Activities	<u>\$410,264</u>	<u>\$319,053</u>	<u>\$366,874</u>	<u>\$174,452</u>	<u>\$94,355</u>	<u>\$78,749</u>	<u>\$165,876</u>	<u>\$58,674</u>	<u>\$123,872</u>	<u>\$111,616</u>
Total Primary Government	<u>\$31,304,096</u>	<u>\$32,650,347</u>	<u>\$33,065,290</u>	<u>\$31,037,404</u>	<u>\$30,998,980</u>	<u>\$31,957,158</u>	<u>\$31,650,880</u>	<u>\$33,207,603</u>	<u>\$33,844,721</u>	<u>\$35,471,841</u>
<b>Change in Net Position</b>										
Governmental Activities	\$2,094,836	\$2,777,809	\$3,269,873	\$1,064,807	\$1,406,796	\$1,993,998	\$529,352	(\$375,297)	\$1,044,658	\$2,220,746
Business-type Activities	\$1,159,633	\$823,695	\$653,454	\$451,573	\$1,078,822	\$1,193,965	\$772,429	\$531,610	\$347,994	\$370,299
Total Primary Government	<u>\$3,254,469</u>	<u>\$3,601,504</u>	<u>\$3,923,327</u>	<u>\$1,516,380</u>	<u>\$2,485,618</u>	<u>\$3,187,963</u>	<u>\$1,301,781</u>	<u>\$156,313</u>	<u>\$1,392,652</u>	<u>\$2,591,045</u>

\* As restated

Source: Exhibit B - Statement of Activities

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

	2006 *	2007	2008	2009	2010	2011 **	2012	2013	2014	2015
<b>General Fund:</b>										
Reserved	\$673,990	\$338,614	\$322,826	\$346,810	\$566,455	-	-	-	-	-
Unreserved	10,369,762	10,551,610	11,846,663	12,490,200	10,330,675	-	-	-	-	-
Nonspendable	-	-	-	-	-	47,666	74,168	56,696	54,481	568,208
Restricted	-	-	-	-	-	620,550	571,271	433,634	97,984	93,789
Committed ***	-	-	-	-	-	5,530,589	5,203,971	8,114,454	9,669,390	11,633,161
Assigned	-	-	-	-	-	349,130	1,092,965	916,653	878,530	1,007,253
Unassigned ***	-	-	-	-	-	10,244,689	12,806,496	11,332,187	11,174,926	11,319,369
<b>Total General Fund</b>	<b>\$11,043,752</b>	<b>\$10,890,224</b>	<b>\$12,169,489</b>	<b>\$12,837,010</b>	<b>\$10,897,130</b>	<b>\$16,792,624</b>	<b>\$19,748,871</b>	<b>\$20,853,624</b>	<b>\$21,875,311</b>	<b>\$24,621,780</b>
<b>All Other Governmental Funds:</b>										
Reserved	\$4,643,325	5,101,862	\$5,973,394	\$5,322,806	\$6,785,990	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	5,032,432	6,267,446	6,532,750	6,498,122	6,419,871	-	-	-	-	-
Capital project funds	1,726,865	1,514,997	1,213,880	1,378,833	2,018,817	-	-	-	-	-
Permanent funds	911,679	1,154,918	289,267	298,844	419,344	-	-	-	-	-
Nonspendable	-	-	-	-	-	5,038,112	5,304,598	5,368,609	5,574,790	5,792,133
Restricted	-	-	-	-	-	2,171,234	3,287,736	2,721,806	5,186,410	4,070,836
Committed	-	-	-	-	-	2,117,395	1,575,289	4,607,773	2,394,239	2,125,987
Unassigned	-	-	-	-	-	-	-	(75,846)	-	-
<b>Total All Other Governmental Funds</b>	<b>\$12,314,301</b>	<b>\$14,039,223</b>	<b>\$14,009,291</b>	<b>\$13,498,605</b>	<b>\$15,644,022</b>	<b>\$9,326,741</b>	<b>\$10,167,623</b>	<b>\$12,622,342</b>	<b>\$13,155,439</b>	<b>\$11,988,956</b>

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

\*\* Beginning with FY 2011, the presentation of Fund Balance conforms with Government Accounting Standards Board Statement No. 54.

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

Source: Exhibit C-Balance Sheet



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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues:</b>										
Taxes	\$20,932,527	\$21,498,501	\$22,637,596	\$23,208,798	\$23,452,828	\$23,451,834	\$23,610,788	\$24,848,384	\$24,875,060	\$25,819,686
Licenses & permits	5,456,525	5,430,606	5,584,941	5,132,828	5,065,518	5,107,026	5,190,764	5,392,415	5,842,408	6,126,213
Intergovernmental	4,418,285	3,876,582	4,352,278	4,523,157	4,507,678	5,326,913	3,677,367	3,297,746	3,154,771	3,527,634
Charges for services	1,893,122	1,659,790	1,830,467	1,632,130	1,920,850	2,143,450	2,072,796	1,729,707	2,193,710	2,006,157
Interest & investment income	1,747,030	2,559,466	1,468,474	150,975	523,510	784,712	471,108	615,937	1,022,647	552,777
Contributions	-	-	-	-	-	-	424,077	-	-	-
Miscellaneous	1,861,531	1,326,191	593,386	500,239	563,107	504,729	590,296	975,022	652,176	963,616
<b>Total Revenues</b>	<b>\$36,309,020</b>	<b>\$36,351,136</b>	<b>\$36,467,142</b>	<b>\$35,148,127</b>	<b>\$36,033,491</b>	<b>\$37,318,664</b>	<b>\$36,037,196</b>	<b>\$36,859,211</b>	<b>\$37,740,772</b>	<b>\$38,996,083</b>
<b>Expenditures:</b>										
<b>Current operations-</b>										
General government	\$4,237,011	\$4,518,629	\$4,480,579	\$4,644,991	\$4,662,711	\$5,051,656	\$4,919,263	\$4,993,375	\$5,008,945	\$5,228,059
Public safety	17,363,724	17,969,416	17,810,998	18,142,797	17,872,831	18,334,892	18,592,809	18,491,033	18,726,144	19,249,577
Highways & streets	3,957,932	3,849,479	4,139,025	3,773,442	4,103,297	3,802,837	3,885,826	3,875,348	4,350,830	4,196,320
Health & welfare	1,005,108	762,059	812,303	771,933	801,740	716,642	604,040	663,639	763,935	727,628
Sanitation	1,637,541	1,595,580	1,507,164	1,576,541	1,510,116	1,559,847	1,576,299	1,558,825	1,554,347	1,698,273
Culture & recreation	2,552,929	2,577,082	2,664,121	2,644,736	2,697,540	2,679,467	2,953,589	2,647,311	2,707,141	2,726,284
Conservation	21,001	17,264	29,112	13,089	12,252	16,148	9,120	24,136	12,149	22,172
Redevelopment & housing	65,000	65,000	55,016	57,093	177,750	-	-	-	-	-
Economic Development	361,494	272,647	230,800	220,282	332,133	365,399	172,481	42,628	13,153	656,803
Capital outlay	4,980,552	1,678,387	3,425,537	1,631,514	1,620,455	4,905,502	2,246,600	3,975,511	2,005,736	2,548,866
<b>Debt service-</b>										
Principal retirement	870,000	860,000	855,000	920,000	1,447,116	953,863	937,612	930,539	1,174,325	1,188,031
Interest & fiscal charges	881,908	955,020	881,480	767,109	678,112	368,055	379,504	401,483	408,797	387,214
Intergovernmental	112,183	58,172	38,929	12,826	9,983	10,009	10,369	10,074	12,485	51,074
<b>Total Expenditures</b>	<b>\$38,046,383</b>	<b>\$35,178,735</b>	<b>\$36,930,064</b>	<b>\$35,176,353</b>	<b>\$35,926,036</b>	<b>\$38,764,317</b>	<b>\$36,287,512</b>	<b>\$37,613,902</b>	<b>\$36,737,987</b>	<b>\$38,680,301</b>
Excess revenues over (under) expenditures	(\$1,737,363)	\$1,172,401	(\$462,922)	(\$28,226)	\$107,455	(\$1,445,653)	(\$250,316)	(\$754,691)	\$1,002,785	\$315,782
<b>Other financing sources (uses):</b>										
Proceeds from sale of capital assets	\$0	\$0	\$550,000	\$47,335	\$129,354	\$125,472	\$294,416	\$70,654	\$112,979	\$1,163,820
Issuance of long-term bonds	1,000,000	100,000	647,116	-	-	-	3,400,000	4,000,000	-	-
Bond premium	-	-	-	-	-	-	-	3,787	-	-
Issuance of refunding debt	-	-	-	-	-	-	-	1,250,000	-	-
Payments to refunding escrow	-	-	-	-	-	-	-	(1,228,676)	-	-
Issuance of capital leases	438,380	323,803	547,134	150,617	-	898,394	367,654	203,068	439,023	104,403
Transfers in	4,877,188	5,252,138	4,126,327	3,216,376	4,764,888	3,595,665	1,289,095	598,621	1,307,611	560,218
Transfers out	(4,901,336)	(5,276,948)	(4,150,820)	(3,221,767)	(4,796,160)	(3,595,665)	(1,303,723)	(583,291)	(1,307,611)	(567,237)
Premium paid on asset exchange	(21,376)	-	(7,502)	(7,500)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$1,392,856</b>	<b>\$398,993</b>	<b>\$1,712,255</b>	<b>\$185,061</b>	<b>\$98,082</b>	<b>\$1,023,866</b>	<b>\$4,047,442</b>	<b>\$4,314,163</b>	<b>\$552,002</b>	<b>\$1,261,204</b>
<b>Net change in fund balances</b>	<b>(\$344,507)</b>	<b>\$1,571,394</b>	<b>\$1,249,333</b>	<b>\$156,835</b>	<b>\$205,537</b>	<b>(\$421,787)</b>	<b>\$3,797,126</b>	<b>\$3,559,472</b>	<b>\$1,554,787</b>	<b>\$1,576,986</b>
<b>Debt service as a percentage of non-capital expenditures</b>										
	5.3%	5.4%	5.2%	5.0%	6.2%	3.9%	3.9%	4.0%	4.6%	4.4%

Source: Exhibit D-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 (2)	Total Town Direct Tax Rate	Estimated Full Value	Total Assessed Value as a % pf Estimated Actual Taxable Value
	Residential	Commerical	Industrial (1)	Less Tax-Exempt Property				
2006	\$ 1,916,485,900	\$ 393,363,300	\$ -	\$ 18,412,875	\$ 2,291,436,325	\$ 9.31	\$ 3,117,340,578	73.506%
2007	2,478,166,614	433,996,506	64,134,100	20,075,232	2,956,221,988	7.50	3,082,608,955	95.900%
2008	2,522,675,292	419,301,173	62,022,100	19,345,933	2,984,652,632	7.64	3,020,860,172	98.801%
2009	2,217,289,640	406,647,328	67,086,800	26,439,044	2,664,584,724	8.81	2,787,222,515	95.600%
2010	2,041,836,522	409,283,343	67,359,800	28,739,420	2,489,740,245	9.39	2,620,779,205	95.000%
2011	2,044,021,314	406,511,108	68,917,300	29,023,053	2,490,426,669	9.41	2,485,455,757	100.200%
2012	2,047,409,452	399,299,617	77,978,400	29,780,675	2,494,906,794	9.52	2,355,908,210	105.900%
2013	1,891,691,991	446,126,677	78,549,100	29,122,507	2,387,245,261	10.39	2,428,530,276	98.300%
2014	1,905,452,576	405,159,727	84,415,817	28,835,371	2,366,192,749	10.39	2,517,226,329	94.000%
2015	2,025,529,201	423,374,237	85,977,274	30,265,466	2,504,615,246	9.72	2,808,357,314	89.184%

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

Notes:

(1) Unable to breakout Commercial and Industrial assessed value for Fiscal Years 2005 & 2006. The total for Commercial and Industrial is shown under Commercial for those years. Beginning in FY 2007, the Town shows Commercial and Industrial separately.

(2) Since 2003, the NH Department of Revenue Administration requires that all properties be reviewed at least every five years to insure that assessed property values are within a range of 90-110% of actual market value. The Town completed a revaluation in 2006 for FY07. The Town's goal is to maintain values as close to 100% through an annual process of cycled inspections and a valuation update every other year. A partial valuation update was done in 2008 for FY09, with the most recent full valuation update being done in 2012 for FY13.

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

<b>Fiscal Year</b>	<b>Total Overlapping Rates</b>					<b>Total Tax Rate (2)</b>
	<b>Total Direct Town Rate (1)</b>	<b>Derry School</b>	<b>State Education</b>	<b>Total School Rate</b>	<b>Total County Rate</b>	
2006	\$ 9.31	\$ 13.23	\$ 3.37	\$ 16.60	\$ 1.12	\$ 27.03
2007	7.50	11.32	2.41	13.73	0.93	22.16
2008	7.64	11.08	2.44	13.52	0.89	22.05
2009	8.81	13.19	2.54	15.73	0.99	25.53
2010	9.39	14.85	2.59	17.44	1.05	27.88
2011	9.41	15.51	2.48	17.99	1.08	28.48
2012	9.52	14.22	2.49	16.71	1.04	27.27
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

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

Notes:

- (1) The Town Services portion of the tax rate is subject to a "tax cap" provision tied to the increase in the National Consumer Price Index (CPI-U) as published by the US Department of Labor, excluding any valuation change as a result of a revaluation of property.
- (2) 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 2015			FY 2006		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Fairfield Fairways Limited. Partnership (Fairways)	Real Estate - Apartments.	\$58,593,172	1	2.34%	\$54,757,260	1	2.39%
Campbell, Gilbert G., Trustee (Aladdin Village & Derry County Club Estates)	Real Estate - Apartments	31,260,700	2	1.25%	40,534,600	2	1.77%
Public Service Company of NH (PSNH)	Utility - Electric	27,749,200	3	1.11%	13,462,900	6	0.59%
HCA Health Services of NH, Inc. (Parkland Medical Center)	Healthcare - Hospital	27,715,200	4	1.11%	22,914,900	3	1.00%
Derry MZL LLC	Commercial - Retail	19,270,400	5	0.77%	18,231,900	4	0.80%
WP Hood Associates, LLC (Hood Plaza)	Commercial - Retail	13,534,500	6	0.54%	14,007,500	5	0.61%
Wal-Mart Real Estate Business Trust (Wal-Mart Superstore, Ashleigh Dr.)	Commercial - Retail	13,283,100	7	0.53%			
Ventas Birch Heights, LLC	Commercial - Elderly Assisted Living	10,250,100	8	0.41%			
EKMK Associates Ltd. Partnership	Real Estate - Apartments	9,825,500	9	0.39%			
Two Tsienneto Road Realty LLC	Medical Office Building	9,249,500	10	0.37%	8,615,900	9	0.38%
Wal-Mart Realty Co (Wal-Mart Store, Manchester Road)	Commercial - Retail w/Fueling Station				9,566,500	7	0.42%
Franklin Derry Limited Partnership (Franklin Village Apartments)	Real Estate - Apartments				7,593,000	10	0.33%
Sanmina Corp. (Sanmina/Hadco)	Industrial Manufacturing				9,276,000	8	0.40%
<b>Totals</b>		<b>\$220,731,372</b>		<b>8.81%</b>	<b>\$198,960,460</b>		<b>8.68%</b>
<b>Total Taxable Assessed Valuation is:</b>		<b>\$2,504,615,246</b>			<b>\$2,291,436,325</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
2006	\$ 21,717,219	\$20,737,653	95.49%	\$ 567,087	\$ 409,557	\$ 21,714,297	99.99%
2007	21,886,058	21,271,716	97.19%	483,115	125,955	21,880,786	99.98%
2008	** 22,529,760	21,908,661	97.24%	496,340	118,217	22,523,218	99.97%
2009	23,338,263	22,660,097	97.09%	552,966	107,953	23,321,016	99.93%
2010	23,037,481	22,505,738	97.69%	433,550	68,333	23,007,621	99.87%
2011	23,477,396	23,019,793	98.05%	347,951	55,649	23,423,394	99.77%
2012	23,817,145	23,360,347	98.08%	273,740	57,469	23,691,556	99.47%
2013	24,408,192	24,022,106	98.42%	107,457	45,533	24,175,096	99.05%
2014	24,623,357	24,190,174	98.24%	103,188	41,367	24,334,728	98.83%
2015	24,382,679	23,716,617	97.27%	-	35,786	23,752,403	97.42%

**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.  
It excludes taxes raised for School District and the County, even though the Town bears the full burden for any uncollected taxes,  
since the town having fully disbursed taxes assessed for the school and county.

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

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

Fiscal Year	Governmental Activities			Tax Increment Financing Bonds	Business Type Activities					Total Primary Government	Total Primary Government Debt	
	General Obligation Bonds	Bond Anticipation Note	Capital Leases		Water Bonds	Water Capital Leases	Water Notes	Wastewater Bonds	Wastewater Capital Leases		As a % of Personal Income	Per Capita
2006	\$ 8,645,000	\$ -	\$ 669,308	\$ 2,000,000	\$ 1,372,740	\$ 3,244	\$ 10,000	\$ 7,099,727	\$ 3,244	\$ 19,803,263	N/A	\$ 571
2007	7,785,000	100,000	554,768	2,000,000	1,106,740	2,568	5,000	6,334,615	2,568	17,891,259	N/A	520
2008	6,930,000	747,116	712,773	2,000,000	844,940	1,964	-	5,569,362	1,964	16,808,119	N/A	491
2009	6,090,000	747,116	541,256	1,920,000	613,140	1,336	-	4,867,899	1,336	14,782,083	N/A	434
2010	5,470,000	600,000	282,672	1,840,000	450,000	681	-	4,156,280	681	12,800,314	N/A	373
2011	4,960,000	-	814,225	1,760,000	400,000	1,058	-	3,649,730	1,059	11,586,072	0.26%	350
2012	4,450,000	-	836,286	5,080,000	350,000	-	-	3,136,078	-	13,852,364	0.22%	420
2013	7,990,000	-	698,815	5,000,000	800,000	-	-	2,865,000	-	17,353,815	0.18%	522
2014	7,250,000	-	783,506	4,920,000	2,448,500	-	-	4,230,500	-	19,632,506	0.16%	595
2015	6,520,000	-	509,885	4,840,000	2,311,636	44,770	-	3,918,364	44,770	18,189,425	0.17%	548

**Notes:**

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

See Schedule 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year, when available.

**TOWN OF DERRY, NEW HAMPSHIRE  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>General Bonded Debt Outstanding</b>			<b>% of Actual Taxable Value of Property</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Tax Increment Financing Bonds</b>	<b>Total</b>		
2006	\$ 8,645,000	\$ 2,000,000	\$ 10,645,000	0.46%	\$ 307
2007	7,785,000	2,000,000	9,785,000	0.33%	285
2008	6,930,000	2,000,000	8,930,000	0.30%	261
2009	6,090,000	1,920,000	8,010,000	0.30%	235
2010	5,470,000	1,840,000	7,310,000	0.29%	213
2011	4,960,000	1,760,000	6,720,000	0.27%	203
2012	4,450,000	5,080,000	9,530,000	0.38%	289
2013	7,990,000	5,000,000	12,990,000	0.55%	391
2014	7,250,000	4,920,000	12,170,000	0.51%	369
2015	6,520,000	4,840,000	11,360,000	0.48%	344

**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 128 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, 2015**

<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	\$11,360,000	100.00%	\$11,360,000
Town of Derry - Capital Leases	509,885	100.00%	<u>509,885</u>
Sub Total - Direct Debt			<u>\$11,869,885</u>
<b>Overlapping:</b>			
Rockingham County	7,185,000	6.4055%	460,235
Derry Cooperative School District	14,249,275	100.00%	<u>14,249,275</u>
Sub Total - Overlapping Debt			<u>14,709,510</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$26,579,395</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 2015 town allocation, is provided by the County

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



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

**Legal Debt Margin Calculation for Fiscal Year 2015**

Equalized assessed valuation	\$2,808,357,314
General Fund debit limit (3% of equalized Valuation)	84,250,719
Water Fund debit limit (10% of equalized Valuation)	280,835,731

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b><u>General Fund</u></b>										
Debt Limit	\$98,038,070	\$94,842,992	\$90,625,085	\$84,783,824	\$79,472,053	\$75,472,246	\$75,570,494	\$73,292,846	\$80,561,177	\$84,250,719
Total debt applicable to limit	<u>13,400,000</u>	<u>13,225,000</u>	<u>12,450,000</u>	<u>10,445,263</u>	<u>9,584,283</u>	<u>8,270,066</u>	<u>11,711,880</u>	<u>11,240,779</u>	<u>10,500,778</u>	<u>8,831,636</u>
Legal debt margin	<u>\$84,638,070</u>	<u>\$81,617,992</u>	<u>\$78,175,085</u>	<u>\$74,338,561</u>	<u>\$69,887,770</u>	<u>\$67,202,180</u>	<u>\$63,858,614</u>	<u>\$62,052,067</u>	<u>\$70,060,399</u>	<u>\$75,419,083</u>
Total debt applicable to limit as a percentage of debt limit	13.67%	13.94%	13.74%	12.32%	12.06%	10.96%	15.50%	15.34%	13.03%	10.48%
<b><u>Water Fund</u></b>										
Debt Limit	\$326,793,568	\$316,143,307	\$302,086,017	\$282,612,747	\$264,906,843	\$251,574,153	\$251,901,647	\$244,309,487	\$268,537,258	\$280,835,731
Total debt applicable to limit	<u>1,372,740</u>	<u>1,106,740</u>	<u>844,940</u>	<u>613,140</u>	<u>450,000</u>	<u>400,000</u>	<u>2,568,500</u>	<u>2,518,500</u>	<u>2,448,500</u>	<u>2,311,636</u>
Legal debt margin	<u>\$325,420,828</u>	<u>\$315,036,567</u>	<u>\$301,241,077</u>	<u>\$281,999,607</u>	<u>\$264,456,843</u>	<u>\$251,174,153</u>	<u>\$249,333,147</u>	<u>\$241,790,987</u>	<u>\$266,088,758</u>	<u>\$278,524,095</u>
Total debt applicable to limit as a percentage of debt limit	0.42%	0.35%	0.28%	0.22%	0.17%	0.16%	1.02%	1.03%	0.91%	0.82%

**Notes:**

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

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

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

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

**TOWN OF DERRY, NEW HAMPSHIRE  
DEMOGRAPHIC & 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>
2005	34,710	N/A	N/A	6,593	4.5%
2006	34,655	N/A	N/A	6,339	3.9%
2007	34,386	N/A	N/A	6,391	4.5%
2008	34,200	N/A	N/A	6,266	4.4%
2009	34,071	N/A	N/A	6,251	7.8%
2010	34,318	N/A	N/A	6,161	6.4%
2011	33,109	\$997,673,497	\$30,133	6,018	5.5%
2012	33,008	993,177,712	30,089	5,900	6.5%
2013	33,220	1,038,257,880	31,254	5,863	5.6%
2014	32,988	1,031,171,892	31,259	5,690	4.9%
2015	33,211	1,009,514,767	30,397	6,586	4.3%

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

**Notes:**

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

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

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

Employer	Type of Business	Fiscal Year 2015			Fiscal Year 2006		
		Employees	Rank	% of Total Town Employment	Employees	Rank	% of Total Town Employment
Derry Cooperative School District	Education	620	1	3.31%	850	1	4.43%
HCA Health Services of NH	Healthcare/Hospital	532	2	2.84%	850	2	4.43%
Pinkerton Academy	Education	462	3	2.46%			
Town of Derry	Municipal services	364	4	1.94%	209	4	1.09%
Wal-Mart Store	Retail chain	265	5	1.41%	125	7	
Hannaford Supermarket	Supermarket	142	6	0.76%	149	6	0.78%
Fireye	Fire Equipment	115	7	0.61%	200	5	1.04%
Shaw's Supermarket	Supermarket	105	8	0.56%	225	3	1.17%
Biosan Laboratories	Vitamin, supplements & minerals	100	9	0.53%			
Sanmina/Hadco	Electronics	88	10	0.47%			
Electronics Corporation	Industrial controls				100	8	0.52%
Standard Sash & Door Co.	Door, window units				100	9	0.52%
McCord, Winn & textron, Inc.	Automotive components				100	10	0.52%

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

**Note:**

Fiscal Year 2015 and 2006 information is from the 2014 and 2005 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**

<b>Function/Program</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010*</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<u>Governmental Activities</u>										
General Government	26	27	27	27	26	25	24	24	25	26
Public Safety	165	162	162	162	153	153	152	150	149	149
Highway & Streets	28	28	28	28	28	27	27	27	27	27
Health & Welfare	3	3	3	3	3	3	3	3	4	4
Sanitation	6	6	6	6	5	5	5	5	5	5
Culture & Recreation	8	8	8	8	8	8	8	8	8	8
Economic Development	2	2	3	3	2	2	2	2	2	2
<u>Business-Type Activities</u>										
Water	6	6	6	6	6	6	6	6	7	7
Sewer	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Totals	<u>251</u>	<u>249</u>	<u>250</u>	<u>250</u>	<u>238</u>	<u>236</u>	<u>234</u>	<u>232</u>	<u>234</u>	<u>235</u>

**Source:** Annual adopted budget information.

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

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

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

	2006	2007	2008 *	2009	2010	2011	2012	2013	2014	2015
Public safety										
Number of police calls answered	25,979	22,709	21,850	23,426	24,690	26,663	26,939	26,607	26,034	22,960
Physical arrests	1,723	1,427	1,373	1,250	1,363	1,272	1,412	1,330	1,433	1,186
Traffic violations	1,294	1,035	801	833	960	1,144	1,052	1,008	991	627
Parking violations	901	797	616	396	482	534	1,182	966	866	529
Total Offenses Reported (prior calendar year basis)										
Group A	2,654	2,642	2,543	2,544	2,691	2,854	3,033	2,880	2,520	2,758
Group B	1,354	1,176	1,150	1,199	1,107	1,048	1,071	1,051	919	971
Fire & rescue calls dispatched (5 towns)	7,261	7,597	7,386	8,053	8,127	7,804	7,930	7,930	7,294	7,290
Total fire & rescue responses	4,126	4,060	4,199	4,519	4,546	4,393	4,282	4,193	4,281	4,586
Fire emergency services	785	907	860	1,248	1,513	1,405	1,396	1,445	1,447	1,607
False alarms	453	337	446	409	407	422	393	387	412	452
EMS/Rescue	2,888	2,816	2,893	2,991	3,033	2,939	2,886	2,886	3,081	3,302
Patients treated & transported	2,009	2,075	2,305	2,503	2,327	2,360	2,247	2,299	2,398	2,477
Patients treated only	14	18	29	53	25	10	22	29	21	18
Inspections conducted	1,444	769								
Fire code			866	1,012	705	697	713	744	862	858
Permits			182	78	648	198	627	773	721	689
Fire Permits	1,640	1,704	1,766	3,691	3,691	4,012	2,495	2,114	1,412	1,952
Public safety education programs	379	421	130	128	122	138	61	72	32	51
Program attendees	3735	4340	2766	4824	4877	4965	2179	815	819	1267
Water										
Daily average water consumption	1.32 MGD	1.28 MGD	1.30 MGD	1.18 MGD	1.24 MGD	1.34 MGD	1.41 MGD	1.42 MGD	1.47 MGD	1.45 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	1.88 MGD	1.75 MGD	1.67 MGD	1.85 MGD	1.80 MGD	1.59 MGD	1.72 MGD	1.54 MGD	1.54 MGD	1.58 MGD
Maximum daily capacity	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD	3.0 MGD

**Source:** Various Town departments

**Notes:**

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	31	30	30	30	30	30	30	30	30	30
Highways & streets										
Miles of streets	161.7	160.9	160.9	162.4	162.4	162.8	163.2	163.2	163.2	163.74
Number of street lights	921	921	921	921	921	921	923	923	923	923
Miles of sidewalks	19	19	19.3	19.3	19.3	19.3	19.3	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	68	68	68.2	68.2	68.7	70.31	70.31	70.31	70.31	71.62
Service connections	3,945	3,966	3,977	3,989	4,005	4,028	4,041	4,050	4,071	4,075
Fire hydrants	573	575	575	591	592	614	614	614	614	629
Sewer										
Miles of sanitary sewers	46	46	46.6	48.9	48.9	48.9	48.9	48.9	48.9	50.44
Miles of storm sewers	18	18	18	18	18	19	19	19	19	19.25
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	2,984	2,995	3,021	3,029	3,049	3,064	3,082	3,087	3,096	3,100

**Source:** Various town departments