



Photo by Doug Rathburn, IT/GIS Manager

TOWN OF DERRY, NEW HAMPSHIRE

Comprehensive Annual Financial Report

For the Fiscal Year Ending

June 30, 2020

TOWN OF DERRY, NEW HAMPSHIRE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2020

Prepared by:
The Finance Department

Mark A. Fleischer
Chief Financial Officer

Town of Derry, New Hampshire
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020

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INTRODUCTORY SECTION

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Town of Derry, NH



November 23, 2020

To the Citizens and Members of the Town Council:

The Comprehensive Annual Financial Report (CAFR) of the Town of Derry for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rest with the Town. To the best of our knowledge and belief, the following data, including the financial statements, supporting schedules, and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Town. We also believe that the Town's existing internal control systems are adequate. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town management's narrative on the financial activities of the Town for the fiscal year ended June 30, 2020, is in the Management's Discussion and Analysis (MD&A) section of this report, immediately following the Report of Independent Auditors. The letter of transmittal is written to complement the MD&A and the financial statements, and should be read from that perspective and in conjunction with all other sections of the CAFR.

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

This report includes all funds and account groups of the Town. The Town provides a full range of services including police and fire emergency medical 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. This report does not include the funds of the Derry School District or Rockingham County. These governmental units are independent of the Town and do not meet the criteria for inclusion in this CAFR.

Independent Audit

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

PROFILE OF THE GOVERNMENT

Geography. The Town of Derry is located in Rockingham County in southern New Hampshire, approximately 40 minutes northwest of Boston via Route 93, and is situated between Salem and Londonderry. The Town has a population of 33,249 (according to the New Hampshire Office of Strategic Initiatives) and occupies 36.30 square miles.

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

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

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

Administration. Administrative functions of the Town are carried out by the Town Administrator. The Town Administrator is responsible for the administrative and financial affairs of the Town overseeing the day-to-day operations, and implements policies established by the Town Council. The Town Administrator is responsible for appointing the heads of the various departments, for

negotiating with the various bargaining units of the Town and making recommendation to the Town Council on various issues.

Fiscal Year and Budget. The Town's fiscal year begins on July 1 of each year and ends the following June 30. In June 2017, the Town Council unanimously adopted its Fund Balance Policy. This policy sets forth the categories of fund balance in accordance with GASB 54 and delineates the spending prioritizations of them. The policy also sets forth that annually, following completion of the annual financial audit, the Finance Department will calculate the percentage of Unassigned Fund Balance for that fiscal year. If the level of Unassigned Fund Balance exceeds the Town Council set point (9.5%), without action of the Town Council, the surplus shall be transferred to capital reserve funds for Fire, Information Technology, Police, and Public Works for Buildings Maintenance and Improvements. The allocation to each fund is based on the percentage of each area in the Town's adopted six-year Capital Improvement Plan. The unassigned fund balance remains strong and provides increased flexibility for all Town operations.

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

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

INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION

Local Economy

Despite the COVID-19 pandemic, local economic conditions are favorable when compared to other regions. The June 2020 unemployment rate for Derry is 10.5%, which is lower than the U.S. employment rate of 11.2%. Three major areas of complimentary development are taking shape to provide unprecedented economic expansion within Derry that will benefit the entire State of New Hampshire.

Long-Term Financial Planning

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

During FY 2020 the Town established an Expendable Trust for COVID-19 Mitigation, Response and Recovery. Excess funds or other resources are placed into this fund to offset any future State and Local revenue shortfalls as well as any extraordinary costs related to the pandemic.

The Town's Planning Department and Economic Development

Fiscal Year 2020 activity in the Planning Department continued at a steady pace for most of the year until March 2020 when the COVID pandemic started and we saw a slowdown in the amount of development applications and activity. However, there were several development projects approved prior to COVID as well several amendments to our Zoning Ordinance. Activity remained steady and allowed staff and the Planning Board to work on administrative business and updating of regulations.

Highlights of development activity in Fiscal Year 2020 included a new gas station/convenience store and drive thru at Island Pond Road and Route 28, a new 3264 SF Paul the Plumber commercial building on Franklin Street Extension, a new 6-unit townhouse development on Maple Street on a vacant parcel and helps with the ongoing revitalization of the Maple Street neighborhood, a new 28,000 SF office/medical office park development on Folsom Road and several small single-family housing lots throughout the town.

Zoning amendments this past year include an exciting new zoning district called the West Running Brook District which is located on Route 28/Webster's Corner/Rockingham Road/South Main Street which will allow for and promote mixed-use housing and commercial development and preserve and respect the historic significance of poet Robert Frost and the West Running Brook area. The creation of this District is one of the most progressive and creative zoning changes in many years! Other zoning amendments this past year included rezoning of several parcels to Office/Business District, revising the permitted uses and parking requirements in the Office/Business District, zoning amendments to allow Sports Betting/Wagering in certain commercial zones, amendments to the livestock ordinance and define what is a public nuisance and revisions to Definitions. We also amended the Architectural Design Regulations in the Land Development Control Regulations to include the new West Running Brook Zoning District with a very high design standard and criteria to reflect the historic character of this area of town.

The most significant work for the department this past year was the completion and adoption of the 2020 Master Plan Update in February 2020. This has been a major accomplishment and had excellent community participation and feedback. This document will guide Derry for the next ten years on how the community will grow and development. Appreciation to all of the town staff and departments as well as stakeholders in the community, citizens, businesses, schools, students, Town Boards and committees for their participation, the Southern New Hampshire Planning Commission, the local media and several organizations and civic groups in helping us craft and create a successful document and vision for the future of the Town. We thank all for their time, energy and imagination to create this Plan.

Economic Development

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

Strategically, much of Economic Development's focus was on the 2020 Master Plan Update, which is mentioned above, and revisiting the goals of the previous decades to determine which goals were still relevant. There were several town-wide initiatives to gather updated information and input, including surveys, meetings, workshops, and the like. During that process, Economic Development worked closely with Planning on changes to zoning ordinances to meet the needs of current and future goals. The new West Running Brook District zone was created out of a desire to create new economic development opportunities that would meet the goals of the Master Plan.

Highlights of the past year include:

- **Retain and Grow Existing Business** – The Business Resource Center at the Derry Municipal Center has formalized relationships with the Small Business Administration, SCORE, NH Small Business Development Center, Center for Women & Enterprise, Rockingham Economic Development Corp., and the NH BEA in order to offer a variety of workshops and outreach. A formal Ribbon Cutting was held on March 13, 2020, which included several members of Derry's state and national delegations, local officials, partners, local Chamber members and Governor Sununu's office. That would end up being the last day of in-person contact for the BRC for the majority of FY20, but virtual workshops, meetings, webinars, and mentoring have found their place in the new reality. With COVID-19, Derry businesses benefitted greatly from these collaborations, as we were able to react swiftly to help businesses obtain the relief help that was so desperately needed to keep them afloat.
- **Attract New Business** – The addition of the new West Running Brook District has spurred a lot of activity for several of the property owners in the zone, with multiple conceptual plans now in the works. Despite the Pandemic, planning activities are proceeding with the future in mind. Continued participation in NH CIBOR meetings (now virtual) offer opportunities for sharing the Derry story. There has been a steady amount of inquiries on behalf of new businesses looking to locate in Derry – from industrial to retail, arts and entertainment and hospitality – due to the collaboration of staff, boards and committees, and the general public to showcase #destinationderrynh as a place to be. Given Derry's proximity to Route 93 and distance to Boston, there seems to be an appetite for growth, despite the current economic condition.
- **Plan for Smart Sustainable Growth** – Along with Master Planning, and with the opportunities afforded to Derry in planning for the new West Running Brook District, Route 4-A Commercial

Corridor, and the installation on water along Route 28 South, Derry has the ability to ensure new and redeveloped commercial properties are developed for maximum sustainability, and for meeting updated goals. As we move further along, new, and adjusted thinking will inform updated Master Plan goals for economic development.

- **Implement Marketing & Communication Plan** – Marketing and communication in the first two quarters saw the expansion of several social media platforms, using the #destinationderrynh brand; the collaboration between multiple town groups and institutions, the publicly visible collaborative work of the Public Arts Committee, First Impressions Committee, EDAC, the Derry Rail Trail Authority, and more which showcased many public events and offerings, and the newly-formed working group with Derry Community Access Media, a new branding and marketing plan was in the works. In March, COVID-19 put a temporary hold on that work, forcing the focus to shift to direct contact with businesses to assist with their individual marketing plans, sharing of COVID-19 information to businesses and the public in general, and working to create a Shop Derry type of loyalty. At the same time, the ongoing effort to market Derry as a great place to live, work and play has continued to be the outward message via established marketing channels.
- **Placemaking** – Placemaking has continued to take an important role in attracting businesses to Derry. A community that offers a variety of events and activities is what companies look for when deciding where to locate manufacturing and office space, or where retailers see that activity = consumers. With last year's DerryFest, Nutfield 300th Celebrations, Farm and Artisan Market Days, Food Truck events, Downtown Trick or Treating, Very Derry Holiday and Frost Festival, Derry saw record crowds. In addition, the new Derry Mural Project and Art along the Derry Rail Trail contributed to the vibrancy of the community and drew folks from all over to visit the Town. Since COVID-19 hit, the outdoor hiking areas, conservation land and Derry Rail Trail have all seen an uptick in visitors looking to escape the confines of home or screen, and we have all seen how important having places to "BE" has become.

During FY2020 the debt service related to the Gateway Tax Increment Financing District, which was established in 2004, was retired. The Town Council approved the expansion of this district to include portions of the Exit 4-A corridor and renamed it as the Gateway TIF District. This expanded district will provide resources for the Town to enhance access to the Town's industrial areas, further supporting private economic development.

Debt Management

The Town of Derry has adopted a debt management practice of issuing debt which restricts debt service payments to the amount budgeted in FY19; this practice allows the Town to attend to its capital needs as older debt service is retired. The Town seeks out other revenue opportunities (cash, fund balance, and available grants) before entering the financial markets to sell a long-term debt issue. The Town utilizes 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.

The government currently has an Aa1 rating from Moody's Investors Service for bonds issued by the Town prior to FY 2013. In FY 2019, the Town issued \$4.02M in bonds for Exit 4-A, Hood Pond Dam and Recreation Facilities. The Town received a Net Interest Cost rate of 2.36% for the 20-year bonds, which is equivalent to a AAA-rated 22-year issuance. A rating of Bonds issued through the New Hampshire Municipal Bond Bank (NHMBB) have an Aa3 rating from Moody's, an AA rating from Standard & Poor's, and an AA- rating from Fitch.

Awards and Acknowledgements

This report continues to refine the financial reporting of the Town. It is the twenty-second year the Town has produced a comprehensive annual financial report (CAFR). The Town received the Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Years beginning in 1998 through 2019. This recognized the Town Finance Department's efforts for full disclosure of the financial information of the Town. A CAFR is a much more detailed reporting of the Town's finances, as well as providing historical information in the statistical section of this report.

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

The Town invites you to visit our web site at www.Derrynh.org where summary financial information is prominently displayed.

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

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

Respectfully submitted,



David Caron
Town Administrator



Mark A. Fleischer
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

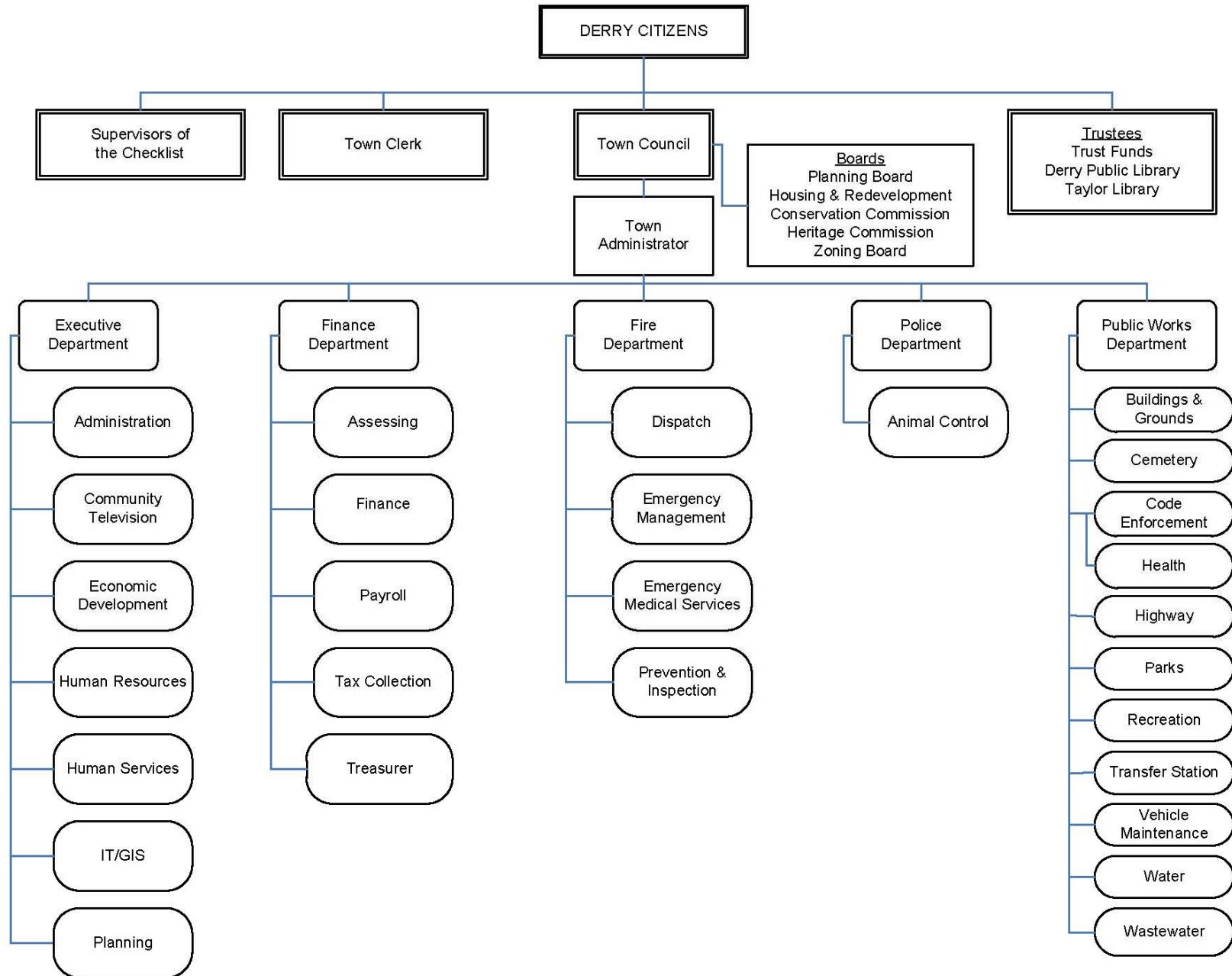
**Town of Derry
New Hampshire**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



**TOWN OF DERRY, NEW HAMPSHIRE
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2020**

Town Council

Charles Foote	Chair, Councilor-District #2
Phyllis M. Katsakiores	Councilor-at-Large
James P. Morgan	Councilor-at-Large
Joshua R. Bourdon	Councilor-at-Large
Richard P. Tripp	Councilor-District #1
Neil F. Wetherbee	Councilor-District #3
Brian K. Chirichiello	Councilor-District #4

Administration

Robin Bordonaro	Animal Control Officer
James Degnan	Chair, Conservation Commission
Karen Blandford-Anderson	Chair, Heritage Commission
John O'Connor	Chair, Planning Board
Jeff Moulton	Trustees of Trust Funds
Joan Crimlisk	Trustees of Trust Funds
Craig Corbett	Trustees of Trust Funds
Lynn Perkins	Chair, Zoning Board of Adjustment
Mark A. Fleischer	Chief Financial Officer
Edward B. Garone	Chief of Police
Robert S. Mackey	Code Enforcement Officer
Eric Stern	Director, Derry Public Library
Michael A. Fowler	Director of Public Works
Linda L. Merrill	Director, Taylor Library
Michael Gagnon	Emergency Management Director
Michael Gagnon	Fire Chief
Kim Walsh	Parks & Recreation Director
George H. Sioras	Planning Director
Diane Mulholland	Tax Collector
David R. Caron	Town Administrator
Daniel Healey	Town Clerk
Allan Virr	Town Treasurer
Cristina Guilford	Town Moderator
Judith Strakalaitis, Chair	Supervisor of the Checklist
Patricia Dowling	Supervisor of the Checklist
Dina Bourassa	Supervisor of the Checklist

**FINANCIAL
SECTION**

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Derry, New Hampshire

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, 2020, 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.

Auditors' 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 auditors' 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

Nashua, New Hampshire
Manchester, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine



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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison for the General Fund, and the certain Pension and OPEB schedules and the 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 November 23, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

Nashua, New Hampshire
November 23, 2020

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BASIC FINANCIAL STATEMENTS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Town of Derry, New Hampshire (the Town) is prepared by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2020.

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 Town.

Reporting the Town as a Whole

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

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

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

Governmental activities – Most of the Town's basic services are reported here, including 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.

Reporting the Town’s Most Significant Funds

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

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

Governmental funds – Most of the Town’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be converted readily to cash. The governmental fund statements provide a detailed short-term view of the Town’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in 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 can be used only for the trust beneficiaries because of the trust arrangements. All of the Town’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the Town’s other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Condensed Financial Statements

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$81,474,427, a change of \$(2,212,402), and net position in business-type activities was \$39,003,839, a change of \$5,629,843.
- As of the close of the current fiscal year, governmental funds reported combined ending balances of \$40,373,656, a change of \$(74,307) in comparison to the prior year.
- At the end of the current fiscal year, the total general fund balance was \$25,683,717, a change of \$745,954 in comparison to the prior year. The unassigned general fund balance was \$11,382,209, a change of \$1,508,882.

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.

NET POSITION (in thousands)

	2020			2019		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Assets:						
Current and other assets	\$ 87,752	\$ 8,102	\$ 95,854	\$ 86,848	\$ 6,543	\$ 93,391
Capital assets	117,720	39,122	156,842	117,746	34,808	152,554
Total Assets	205,472	47,224	252,696	204,594	41,351	245,945
Deferred Outflows of Resources	10,543	623	11,166	8,529	360	8,889
Total Assets and Deferred Outflows of Resources	\$ 216,015	\$ 47,847	\$ 263,862	\$ 213,123	\$ 41,711	\$ 254,834
Liabilities:						
Current liabilities	\$ 5,668	\$ 1,243	\$ 6,911	\$ 2,690	\$ 231	\$ 2,921
Long-term debt	81,067	7,228	88,295	78,249	7,636	85,885
Total Liabilities	86,735	8,471	95,206	80,939	7,867	88,806
Deferred Inflows of Resources	47,806	372	48,178	48,497	470	48,967
Net Investment in capital assets	106,371	35,091	141,462	107,228	30,350	137,578
Restricted net position	10,315	-	10,315	10,166	-	10,166
Unrestricted net position	(35,212)	3,913	(31,299)	(33,707)	3,024	(30,683)
Total Net Position	81,474	39,004	120,478	83,687	33,374	117,061
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 216,015	\$ 47,847	\$ 263,862	\$ 213,123	\$ 41,711	\$ 254,834

CHANGES IN NET POSITION (in thousands)

	2020			2019		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Revenue						
<u>Program revenue:</u>						
Charges for services	\$ 2,707	\$ 5,149	\$ 7,856	\$ 2,817	\$ 4,820	\$ 7,637
<u>Grants:</u>						
Operating grants	1,386	19	1,405	491	23	514
Capital grants	956	5,163	6,119	1,417	58	1,475
<u>General revenue:</u>						
Property taxes	25,415	-	25,415	25,373	-	25,373
Other general revenue	10,676	251	10,927	12,014	402	12,416
Total revenue	41,140	10,582	51,722	42,112	5,303	47,415
<u>Program expenses:</u>						
Town:						
General government	9,350	-	9,350	9,962	-	9,962
Public safety	21,557	-	21,557	19,438	-	19,438
Highway and streets	5,494	-	5,494	4,379	-	4,379
Health, welfare & housing	418	-	418	366	-	366
Sanitation	2,526	-	2,526	2,323	-	2,323
Culture and recreation	3,070	-	3,070	3,262	-	3,262
Conservation	14	-	14	7	-	7
Economic development	502	-	502	1,478	-	1,478
Interest on long-term debt	477	-	477	330	-	330
Water services	-	2,603	2,603	-	2,519	2,519
Sewer services	-	2,294	2,294	-	2,293	2,293
Total Program expenses	43,408	4,897	48,305	41,545	4,812	46,357
Excess (deficiency), before transfers	(2,268)	5,685	3,417	567	491	1,058
Transfers in (out)	55	(55)	-	(20)	20	-
Change in net position	(2,213)	5,630	3,417	547	511	1,058
Net Position - beginning of year	83,687	33,374	117,061	83,140	32,863	116,003
Net Position - end of year	\$ 81,474	\$ 39,004	\$ 120,478	\$ 83,687	\$ 33,374	\$ 117,061

Governmental Activities

The net position of \$81,474,427 for governmental activities includes \$106,371,160 of net investment in capital assets which is not available for future spending. Net investment in capital assets comprises depreciated property value of roadways, land, easements, buildings, vehicles, equipment, and software less the total amount of outstanding bonds or leases associated with these assets. Roadways, bridges, and sidewalks comprise most of the asset value and provide a function to citizens of Derry, but would not be sold to fund future Town obligations.

The restricted net position of \$10,315,045 is subject to use restrictions that are external to local government control and these funds are not available to pay for general Town obligations. Permanent endowments comprise the majority of restricted net position and are in the care of the Town's Trustees of the Trust Funds.

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

unrestricted net position resulted in a deficit of \$(35,211,778) primarily resulting from unfunded pension and OPEB liabilities.

Overall, the total net position of governmental activities decreased by \$(2,212,402). Key elements of this change are as follows:

General fund operations	\$ 745,954
Capital project fund operations	(1,103,113)
Machinery and equipment purchases	540,105
Vehicle purchases	1,095,573
North Shore Road - Beaver Lake construction	469,242
Depreciation expense in excess of debt service	
principal paydown	(232,734)
Capital lease issuance	(1,891,660)
Change in net OPEB liability related deferred	
outflows and (inflows) of resources	(1,357,235)
Change in net pension liability and related deferred	
outflows and (inflows) of resources	(742,978)
Other	264,444
Total Changes	<u>\$ (2,212,402)</u>

The Net Cost of Services chart shown below demonstrates the financial impact that was placed on the Town's taxpayers by each of the Town functions. The Town's investment in public safety, fire, ambulance, and police services represents 49.7% of the net cost of the Town's local government.

NET COST OF SERVICES (in thousands) GOVERNMENTAL ACTIVITIES

	2020			2019		
	Total Cost of Services	Total Revenue	Net Cost of Services	Total Cost of Services	Total Revenue	Net Cost of Services
Town programs:						
General government	\$ 9,350	\$ 636	\$ 8,714	\$ 9,962	\$ 166	\$ 9,796
Public safety	21,557	2,692	18,865	19,438	2,293	17,145
Highway and streets	5,494	957	4,537	4,379	1,009	3,370
Health and welfare	418	73	345	366	126	240
Sanitation	2,526	580	1,946	2,323	591	1,732
Culture and recreation	3,070	98	2,972	3,262	55	3,207
Economic Development	502	13	489	1,478	-	1,478
All others	491	-	491	337	485	(148)
Total	<u>\$ 43,408</u>	<u>\$ 5,049</u>	<u>\$ 38,359</u>	<u>\$ 41,545</u>	<u>\$ 4,725</u>	<u>\$ 36,820</u>

The net cost of services for governmental activities increased by \$1,539 thousand. The increase primarily results from a 4.5% increase in the cost of services.

Business Type Activities

The net position of the water and sewer enterprises totals \$39,003,839. The capital assets of \$39,121,830 in water and sewer pipes, pump stations, and lagoon infrastructure capital assets, offset by related bonded debt of \$3,967,500, comprise most of the value in the net position of the business type activities. The Net Investment in Capital Assets of \$35,090,634 is not available to pay for future activities and reflects an increase from the previous fiscal year of \$4,740,788.

The unrestricted net position totaling \$3,913,205 is available for future spending. This represents an increase of \$899,055.

Analysis of Balances and Transactions of Individual Funds

Governmental Funds

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

Governmental fund reporting reflects short-term inflows, outflows, and remaining balances of expendable resources. Fund Balance includes restricted funds that are non-spendable or are subject to restrictions external to local government control and unrestricted fund balances that are available for future use. Of the \$40,373,656 total fund balance for governmental funds, \$13,417,492 is non-spendable or restricted and \$26,956,164 is unrestricted (committed, assigned, and unassigned).

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$40,373,656, a change of \$(74,307) in comparison to the prior year.

The governmental funds financial statements can be found on pages 37 to 40.

General Fund

The general fund is the only major governmental fund of the Town and is the chief operating fund. The total general fund balance increased by \$745,954 during 2020. Of the total \$25,683,717 general fund balance, \$11,382,209 was unassigned as of June 30, 2020.

In accordance with the Town's fund balance policy, as amended in fiscal 2017, the amount of unassigned fund balance is limited to 9.50% of the Town's general fund operating appropriations, the state education tax amount, the local school net tax commitment and the county appropriation. The first \$650,000 of excess unassigned fund balance may be used to stabilize the tax rate and further excess is committed to fund future capital improvements, with a maximum transfer of \$1,500,000. At the end of fiscal year 2020, the unassigned fund balance of the general

fund was over the 9.5% of the above appropriations. As a result, \$650,000 was applied to the subsequent fiscal year tax rate setting (which consisted of \$620,000 for tax rate stabilization), and the \$1,050,000 was transferred to the capital reserves.

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

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

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

Budgeted use of fund balance	\$ (1,688,877)
Revenue in excess of budget	543,802
Expenditures less than budget	1,882,050
Other	<u>8,979</u>
Total Changes	<u><u>\$ 745,954</u></u>

A summary of the changes to the Town's Available Fund Balance per the Town's Fund Balance Policy is provided below:

	Summary of Changes in Unassigned Fund Balance per Town's Policy
Available Fund Balance per CAFR July 1, 2019	\$ 10,900,456
Use of Fund balance at tax rate setting	(620,000)
Fiscal Year 2020 Solar Panel TFR to PWCRF FY21	(26,522)
Fiscal year 2020 bond premium assigned for future debt service	122,813
Revenues in excess of budget	543,802
Revenues in excess of budget, net of transfers to TIF fund	(20,585)
Revenues in excess of budget, net of transfers to capital reserve fund	(293,700)
Unspent appropriations	1,882,050
Change in Prepaid	390,497
Brady Loan Repayment	97,314
Change In Deeded Properties	127,064
Change in Restricted	(4,487)
Fiscal year 2020 transfer of 2019 surplus	(1,050,000)
Other	<u>228,322</u>
Unassigned Fund Balance per Town's Policy	12,277,024
Required retention per Policy	<u>10,090,984</u>
Excess above policy	2,186,040
Subsequent events:	
Use of Fund balance at tax rate setting	<u>(585,000)</u>
Final Available Fund Balance Retained above Policy	<u><u>\$ 1,601,040</u></u>

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

	Reconciliation of Unassigned Fund Balance with <u>Town's Policy</u>
GAAP reporting, including MTBE reimbursement to date and planned FY20 use of fund balance to stabilize tax rate	\$ 11,382,209
Other amounts available per policy:	
Brady Ave Sewer Extension Loan	<u>309,815</u>
Total Available per Policy	11,692,024
Required Retention per Policy	<u>10,090,984</u>
Final Available Fund Balance Retained above Policy	<u>\$ 1,601,040</u>

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

2020 Total Net Levy	\$ 106,220,888
Retention Percentage	<u>9.50%</u>
Required Retention per Policy	<u>\$ 10,090,984</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.

<u>Committed Reserves:</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>
Compensated Absences	\$ 3,099,365	\$ 3,696,159	\$ (596,794)
COVID-19 Mitigation	523,067	-	523,067
DCC Redevelopment	242,031	-	242,031
Derry Public Library	73,617	10,348	63,269
Emergency Management	11	11	-
Fire	1,604,119	1,674,819	(70,700)
Fire Facilities and Equipment	27,754	26,848	906
Hazardous & Dilapidated Building	38,546	12,380	26,166
Highway Winter Maintenance	44,401	42,952	1,449
Information Technology	33,248	59,127	(25,879)
Parks Facilities Fund	88,078	112,150	(24,072)
Police	1,036,482	1,018,744	17,738
Public Works	1,090,979	1,141,523	(50,544)
Taylor Library	340,748	319,393	21,355
EMT	280,729	370,376	(89,647)
Other	6,430	33,236	(26,806)

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

Enterprise Fund Activities

Charges for service revenue reported an 12.9% increase in the Water division and a (0.5) % decrease in the Sewer division compared with the prior year.

The Water division operating income of \$440,394 increased by 57.3% primarily from an increase in operating revenues.

The Sewer division operating income of \$103,222 decreased by (35.4) % primarily from an increase in personnel services and repairs and maintenance costs.

Sewer rates changed on March 15, 2017 and Water rates changed on September 1, 2017.

Budgetary Highlights

The fiscal year 2020 budget was voted by the Town Council in May 2019 at a total of \$43,309,418 (\$42,728,062 for General Fund and \$581,356 for Cable Special Revenue Fund). The Town Council approved multiple supplemental resolutions during the year which increased the general fund budget by \$1,931,913 to \$44,659,975. Of the supplemental resolutions, the Town approved the following significant items:

- \$250,000 for Downtown Façade Improvement Program funded by TIF District fund balance.
- \$478,844 for COVID-19 Mitigation, Response, and Recovery funded by one- time situational revenues available.
- \$444,036 for retirement of long-tenured employees funded by the Compensated Absences Capital Reserve Fund.
- \$462,176 for COVID-19 expenses funded by state and federal funding.

The Town also approved prior year carryforwards of \$1,034,003 and the fiscal year 2019 year-end transfer of \$1,025,000 increasing the general fund budget to \$46,718,978.

The fiscal year closed with a general fund surplus of \$2,425,852, before considering other financing sources. The surplus is largely related to the following two items:

- \$562,039 of excess revenues received in the licenses and permits.
- \$782,219 of expenditures under budget for the police and animal control department.
- \$598,517 of expenditure under budget for the executive department.

Other financing sources primarily include the use of unassigned fund balance of \$(1,767,812) and \$(2,402,762) of committed fund balance.

Capital Asset and Debt Administration

Capital Asset Activity

	CAPITAL ASSETS					
	(Net of Depreciation, in thousands)					
	2020			2019		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Land	\$ 9,162	\$ 195	\$ 9,357	\$ 9,162	\$ 195	\$ 9,357
Infrastructure and other assets	83,698	32,212	115,910	83,278	32,986	116,264
Monument	192	-	192	190	-	190
Tax deeded property - retained	189	-	189	189	-	189
Construction in progress	1,860	5,071	6,931	2,028	437	2,465
Intangibles	3,052	975	4,027	3,063	679	3,742
Land improvements	2,060	4	2,064	2,368	-	2,368
Buildings	9,328	287	9,615	9,559	76	9,635
Buildings improvements	1,449	34	1,483	1,502	22	1,524
Machinery and equipment	2,659	107	2,766	2,653	135	2,788
Vehicles	4,072	236	4,308	3,755	278	4,033
Totals	<u>\$ 117,721</u>	<u>\$ 39,121</u>	<u>\$ 156,842</u>	<u>\$ 117,747</u>	<u>\$ 34,808</u>	<u>\$ 152,555</u>

Governmental Activities

The total investment in capital assets for governmental at year-end amounted to \$117,720,473 (net of accumulated depreciation), a change of \$(25,724) from the prior year. This investment includes land, land improvements, infrastructure, monuments, retained tax deeded properties, intangibles, buildings, building improvements, equipment, and vehicles.

Additions were funded with a combination of funding by donations, grants, debt, and use of fund balance. Major acquisitions in 2020 are noted below:

- \$469,242 – North Shore Road - Beaver Lake Bridge Replacement
- \$320,000 – Public Safety Communication System Upgrades
- \$199,542 – 2020 Mack GR64F 10 Wheel Dump Truck (Public Works)
- \$176,380 – Derry Municipal Center Roof Top HVAC Upgrade
- \$133,335 – Derry Public Library Chiller Replacement
- \$70,489 – Derry Public Library Boiler Replacement
- \$65,293 – Derry Police Station Roof Top HVAC Replacement
- \$62,195 – Transfer Station Scale Replacement
- \$59,398 – 2019 Ford F-250 Fire Mechanics Vehicle
- \$50,430 – North Shore Road - Island Pond Bridge Replacement
- \$42,037 – 2019 Ford Interceptor (Fire)

Business Type Activities

The total investment in capital assets for business-type activities at year-end amounted to \$39,121,830 (net of accumulated depreciation), a change of \$4,313,915 from the prior year. This investment includes land, infrastructure, intangibles, buildings, building improvements, equipment, and vehicles.

Primary capital investment in 2020 is reported to the nearest thousand as noted below:

- \$2,961,338 – Southern New Hampshire Regional Water Interconnection Project
- \$1,629,504 – 44 Manchester Road - Water Pump Station
- \$305,208 – Easements Associated with Regional Water Interconnection Project
- \$211,234 – Rockingham Road Water Pump Station Upgrade

Long-Term Liabilities

Changes to our outstanding bond debt are reflected in the chart below:

Town of Derry, New Hampshire Outstanding Bond Debt As of June 30, (in thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds (Backed by the Town)	\$ 7,372	\$ 7,949	\$ 3,968	\$ 4,390	\$ 11,340	\$ 12,339
Tax increment financing bond	2,540	2,985	-	-	2,540	2,985
	<u>\$ 9,912</u>	<u>\$ 10,934</u>	<u>\$ 3,968</u>	<u>\$ 4,390</u>	<u>\$ 13,880</u>	<u>\$ 15,324</u>
Annual change (decrease)	\$ (1,022)		\$ (422)		\$ (1,444)	
Percent change	-9.3%		-9.6%		-9.4%	

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

More information regarding capital leases and bonds and other long-term debt is presented in Notes 13 and 14 to the financial statements.

Other long-term liabilities include net pension liability, accrued vacation pay, sick leave, capital leases, and other post-employment benefits (OPEB). More information on net pension liability can be found in Note 17 of the financial statements and required supplementary schedules found on pages 89-90. More detailed information about the Town's net OPEB liability is presented in Note 18 to the financial statements and required supplementary schedules found on pages 91-92.

Next Year's Budgets

The FY 2021 budget was voted by the Town Council in May 2020 at a total of \$51,648,587 for all funds. Due to budgeted grant revenue adjustments by the State of New Hampshire prior to tax rate setting, the budget was reduced by the Town Council to \$51,600,881. The Town Council's goal was to create a budget that was not a significant increase in taxes but also was in recognition of the services the town offers. Their goal had been achieved with their vote by using \$650,000 in undesignated fund balance to offset the tax rate.

Contacting the Town's Financial Management

This financial report is designed to provide Derry's citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Chief Financial Officer at the Derry, NH Finance Department at (603) 845-5427. The Chief Financial Officer may be reached at markfleischer@derrynh.org.

TOWN OF DERRY, NEW HAMPSHIRE

Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Government- Wide Total</u>
Assets			
Current:			
Cash and cash equivalents	\$ 69,420,188	\$ 92,512	\$ 69,512,700
Investments	16,317,036	625,491	16,942,527
Taxes receivable	6,833,825	-	6,833,825
Accounts receivable, net	196,352	688,084	884,436
Due from other governments	159,184	365,634	524,818
Internal balances	(5,986,040)	5,986,040	-
Prepaid items	23,452	-	23,452
Property held for resale	65,791	-	65,791
Total Current Assets	<u>87,029,788</u>	<u>7,757,761</u>	<u>94,787,549</u>
Noncurrent:			
Accounts receivable, net	-	137,391	137,391
Advances	309,815	(309,815)	-
Loans receivable	412,543	-	412,543
Due from other governments	-	516,095	516,095
Capital assets:			
Non-depreciable capital assets	93,156,959	6,233,353	99,390,312
Depreciable capital assets, net	24,563,514	32,888,477	57,451,991
Total Noncurrent Assets	<u>118,442,831</u>	<u>39,465,501</u>	<u>157,908,332</u>
Total Assets	205,472,619	47,223,262	252,695,881
Deferred Outflows of Resources			
Related to pensions	5,970,472	243,591	6,214,063
Related to OPEB	4,572,246	379,587	4,951,833
Total Deferred Outflows of Resources	\$ 10,542,718	\$ 623,178	\$ 11,165,896

(continued)

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Statement of Net Position

June 30, 2020

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	Government- Wide <u>Total</u>
Liabilities			
Current:			
Accounts payable	\$ 1,029,087	\$ 497,135	\$ 1,526,222
Accrued liabilities	1,092,097	13,534	1,105,631
Retainage payable	-	261,569	261,569
Tax refunds payable	621,737	-	621,737
Due to other governments	8,725	-	8,725
Other liabilities	107,190	-	107,190
Current portion of long-term liabilities:			
Bonds and loans payable	641,500	427,500	1,069,000
Tax increment financing bonds payable	215,000	-	215,000
Capital leases payable	1,133,319	-	1,133,319
Compensated absences	819,387	43,172	862,559
Total Current Liabilities	5,668,042	1,242,910	6,910,952
Noncurrent:			
Bonds and loans payable	6,730,000	3,540,000	10,270,000
Tax increment financing bonds payable	2,325,000	-	2,325,000
Net pension liability	39,442,382	1,609,223	41,051,605
Net OPEB liability	24,961,562	1,895,818	26,857,380
Capital leases payable	4,135,582	-	4,135,582
Compensated absences	3,471,988	182,928	3,654,916
Total Noncurrent Liabilities	81,066,514	7,227,969	88,294,483
Total Liabilities	86,734,556	8,470,879	95,205,435
Deferred Inflows of Resources			
Related to pensions	2,521,932	102,893	2,624,825
Related to OPEB	2,269,452	205,408	2,474,860
Related to taxes	42,931,370	-	42,931,370
Related to refunding	83,600	63,421	147,021
Total Deferred Inflows of Resources	47,806,354	371,722	48,178,076
Net Position			
Net investment in capital assets	106,371,160	35,090,634	141,461,794
Restricted for:			
Permanent funds - permanently restricted	8,156,575	-	8,156,575
Permanent funds - expendable	465,721	-	465,721
Grants	158,612	-	158,612
Enabling legislation	1,534,137	-	1,534,137
Unrestricted	(35,211,778)	3,913,205	(31,298,573)
Total Net Position	\$ 81,474,427	\$ 39,003,839	\$ 120,478,266

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, 2020

		Program Revenues			Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	<u>Expenses</u>				
Governmental Activities					
General government	\$ 9,350,466	\$ 132,370	\$ 503,360	\$ -	\$ (8,714,736)
Public safety	21,556,849	1,819,259	873,010	-	(18,864,580)
Highways and streets	5,493,986	47,710	-	909,258	(4,537,018)
Health and welfare	418,129	29,265	9,767	33,814	(345,283)
Sanitation	2,526,437	580,402	-	-	(1,946,035)
Culture and recreation	3,069,608	97,799	-	-	(2,971,809)
Conservation	14,089	-	-	-	(14,089)
Economic development	501,836	-	-	12,646	(489,190)
Interest on long-term debt	<u>477,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(477,246)</u>
Total Governmental Activities	43,408,646	2,706,805	1,386,137	955,718	(38,359,986)
Business-Type Activities					
Water	2,602,984	2,963,421	19,111	5,107,285	5,486,833
Sewer	<u>2,294,184</u>	<u>2,185,916</u>	<u>-</u>	<u>55,969</u>	<u>(52,299)</u>
Total Business-Type Activities	<u>4,897,168</u>	<u>5,149,337</u>	<u>19,111</u>	<u>5,163,254</u>	<u>5,434,534</u>
Total	<u>\$ 48,305,814</u>	<u>\$ 7,856,142</u>	<u>\$ 1,405,248</u>	<u>\$ 6,118,972</u>	<u>\$ (32,925,452)</u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Statement of Activities For the Year Ended June 30, 2020

(continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in net (expenses) revenues from previous page	\$ (38,359,986)	\$ 5,434,534	\$ (32,925,452)
General Revenues and Transfers:			
Property taxes	25,415,092	-	25,415,092
Motor vehicle registration	6,728,464	-	6,728,464
Grants and contributions not restricted to specific programs	1,692,563	-	1,692,563
Investment income	1,062,583	92,846	1,155,429
Other	1,193,448	157,897	1,351,345
Transfers	<u>55,434</u>	<u>(55,434)</u>	<u>-</u>
Total General Revenues and Transfers	<u>36,147,584</u>	<u>195,309</u>	<u>36,342,893</u>
Change in Net Position	(2,212,402)	5,629,843	3,417,441
Net Position:			
Beginning of Year	<u>83,686,829</u>	<u>33,373,996</u>	<u>117,060,825</u>
End of Year	<u>\$ 81,474,427</u>	<u>\$ 39,003,839</u>	<u>\$ 120,478,266</u>

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

TOWN OF DERRY, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
June 30, 2020

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets			
Cash and cash equivalents	\$ 68,213,820	\$ 1,206,368	\$ 69,420,188
Investments	8,166,280	8,150,756	16,317,036
Taxes receivable	6,810,325	23,500	6,833,825
Accounts receivable, net	87,946	108,408	196,354
Due from other governments	153,103	6,081	159,184
Due from other funds	7,429	5,370,483	5,377,912
Prepaid items	17,503	5,950	23,453
Property held for resale	65,791	-	65,791
Advances to other funds	309,815	-	309,815
Loans receivable	<u>-</u>	<u>412,543</u>	<u>412,543</u>
Total Assets	\$ <u>83,832,012</u>	\$ <u>15,284,089</u>	\$ <u>99,116,101</u>
Liabilities			
Accounts payable	\$ 755,125	\$ 273,963	\$ 1,029,088
Accrued liabilities	933,853	-	933,853
Due to other governments	8,725	-	8,725
Due to other funds	11,356,523	7,429	11,363,952
Tax refunds payable	621,737	-	621,737
Other liabilities	<u>107,191</u>	<u>-</u>	<u>107,191</u>
Total Liabilities	13,783,154	281,392	14,064,546
Deferred Inflows of Resources			
Unavailable revenues	44,365,141	312,758	44,677,899
Fund Balances			
Nonspendable	393,109	8,162,525	8,555,634
Restricted	93,187	4,768,671	4,861,858
Committed	10,664,804	1,758,743	12,423,547
Assigned	3,150,408	-	3,150,408
Unassigned	<u>11,382,209</u>	<u>-</u>	<u>11,382,209</u>
Total Fund Balances	<u>25,683,717</u>	<u>14,689,939</u>	<u>40,373,656</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>83,832,012</u>	\$ <u>15,284,089</u>	\$ <u>99,116,101</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, 2020

Total governmental fund balances	\$ 40,373,656
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	117,720,473
Property taxes and other revenues are recognized on an accrual basis in the statement of net position, not the modified accrual basis	1,746,530
Deferred inflows and outflows of resources are not financial resources nor are they available to pay current-period expenditures. Deferred outflows and inflows consist of:	
Deferred outflows - Pension and OPEB related	10,542,718
Deferred inflows - Pension and OPEB related	(4,791,384)
Deferred inflows - Other	(83,600)
Long-term liabilities 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	(7,371,500)
Tax increment financing bonds payable	(2,540,000)
Net pension liability	(39,442,382)
Net other post-employment benefits liability	(24,961,562)
Capital leases payable	(5,268,901)
Accrued interest on long-term obligations	(158,246)
Compensated absences payable	<u>(4,291,375)</u>
Net position of governmental activities	<u><u>\$ 81,474,427</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, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 25,288,672	\$ 152,594	\$ 25,441,266
Licenses and permits	7,188,379	342,661	7,531,040
Intergovernmental	3,787,582	246,836	4,034,418
Charges for services	2,085,861	159,781	2,245,642
Interest and investment income	865,472	197,114	1,062,586
Miscellaneous	<u>611,231</u>	<u>69,213</u>	<u>680,444</u>
Total Revenues	39,827,197	1,168,199	40,995,396
Expenditures			
General government	7,006,126	370,174	7,376,300
Public safety	19,857,701	133,618	19,991,319
Highways and streets	4,216,976	262	4,217,238
Health and welfare	378,152	1,402	379,554
Sanitation	2,257,796	-	2,257,796
Culture and recreation	2,793,623	42,113	2,835,736
Conservation	14,089	-	14,089
Economic development	422,473	79,279	501,752
Capital outlay	1,592,682	1,537,594	3,130,276
Debt service:			
Principal	2,082,065	-	2,082,065
Interest	<u>425,667</u>	<u>-</u>	<u>425,667</u>
Total Expenditures	<u>41,047,350</u>	<u>2,164,442</u>	<u>43,211,792</u>
(Deficiency) of revenues over expenditures	(1,220,153)	(996,243)	(2,216,396)
Other Financing Sources (Uses)			
Issuance of capital lease	1,891,660	-	1,891,660
Proceeds from sale of capital assets	194,995	-	194,995
Transfers in	427,546	550,410	977,956
Transfers out	<u>(548,094)</u>	<u>(374,428)</u>	<u>(922,522)</u>
Total Other Financing Sources (Uses)	<u>1,966,107</u>	<u>175,982</u>	<u>2,142,089</u>
Change in fund balance	745,954	(820,261)	(74,307)
Fund Balance, at Beginning of Year	<u>24,937,763</u>	<u>15,510,200</u>	<u>40,447,963</u>
Fund Balance, at End of Year	\$ <u><u>25,683,717</u></u>	\$ <u><u>14,689,939</u></u>	\$ <u><u>40,373,656</u></u>

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

TOWN OF DERRY, NEW HAMPSHIRE

Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net changes in fund balances - total governmental funds	\$ (74,307)
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Amounts reported for governmental activities in the
statement of activities are different because:

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

Capital asset purchases, net	2,303,064
Depreciation	(2,328,788)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(18,512)
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The issuance of long-term debt (e.g., bonds and capital leases) provide current
financial resources to governmental funds, while the repayment of the principal
of long-term debt consumes the financial resources of governmental funds.

Neither transaction, however, has any effect on net position:

Issuance of capital leases	(1,891,660)
Repayments of bonds	1,022,500
Repayments of capital leases	1,073,554
Other	6,852

In the Statement of Activities, interest is accrued on outstanding bonds and capital leases, whereas in governmental funds, an interest expenditure is reported when paid.	(51,579)
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Some expenses reported in the Statement of Activities do not require the use of
current financial resources and therefore, are not reported as expenditures in
governmental funds.

Change in pension expense from GASB 68	(742,978)
Change in OPEB expense from GASB 75	(1,357,235)
Compensated absences	<u>(153,313)</u>

Change in net position of governmental activities	\$ <u>(2,212,402)</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF DERRY, NEW HAMPSHIRE

Proprietary Funds
Statement of Net Position
June 30, 2020

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Assets			
Current:			
Cash and short-term investments	\$ 6,620	\$ 85,892	\$ 92,512
Investments	44,756	580,735	625,491
Accounts receivable, net	485,020	203,064	688,084
Due from other governments	296,052	69,582	365,634
Due from other funds	<u>3,817,918</u>	<u>2,168,122</u>	<u>5,986,040</u>
Total current assets	4,650,366	3,107,395	7,757,761
Noncurrent:			
Accounts receivable, net	114,763	22,628	137,391
Due from other governments	-	516,095	516,095
Non-depreciable capital assets	5,408,823	824,530	6,233,353
Depreciable capital assets, net	<u>15,167,315</u>	<u>17,721,162</u>	<u>32,888,477</u>
Total noncurrent assets	20,690,901	19,084,415	39,775,316
Total Assets	25,341,267	22,191,810	47,533,077
Deferred Outflows of Resources			
Related to pensions	114,960	128,631	243,591
Related to OPEB	<u>216,394</u>	<u>163,193</u>	<u>379,587</u>
Total Deferred Outflows of Resources	331,354	291,824	623,178
Liabilities			
Current:			
Accounts payable	435,734	61,401	497,135
Accrued liabilities	5,807	7,727	13,534
Retainage payable	261,569	-	261,569
Advances from other funds	-	309,815	309,815
Current portion of long-term liabilities:			
Bonds payable	100,672	326,828	427,500
Compensated absences	<u>21,586</u>	<u>21,586</u>	<u>43,172</u>
Total current liabilities	825,368	727,357	1,552,725
Noncurrent:			
Bonds payable, net of current portion	1,543,374	1,996,626	3,540,000
Net pension liability	759,455	849,768	1,609,223
Net OPEB liability	1,072,338	823,480	1,895,818
Compensated absences, net of current portion	<u>91,464</u>	<u>91,464</u>	<u>182,928</u>
Total noncurrent liabilities	<u>3,466,631</u>	<u>3,761,338</u>	<u>7,227,969</u>
Total Liabilities	4,291,999	4,488,695	8,780,694
Deferred Inflows of Resources			
Related to pensions	48,559	54,334	102,893
Related to OPEB	123,012	82,396	205,408
Other	<u>33,161</u>	<u>30,260</u>	<u>63,421</u>
Total Deferred Inflows of Resources	204,732	166,990	371,722
Net Position			
Net investment in capital assets	18,898,931	16,191,703	35,090,634
Unrestricted	<u>2,276,959</u>	<u>1,636,246</u>	<u>3,913,205</u>
Total Net Position	<u>\$ 21,175,890</u>	<u>\$ 17,827,949</u>	<u>\$ 39,003,839</u>

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

TOWN OF DERRY, NEW HAMPSHIRE

Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2020

	Business-Type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 2,963,421	\$ 2,185,916	\$ 5,149,337
Miscellaneous	<u>33,363</u>	<u>120,925</u>	<u>154,288</u>
Total Operating Revenues	2,996,784	2,306,841	5,303,625
Operating Expenses			
Personnel services	922,400	1,076,221	1,998,621
Repairs and maintenance	204,539	153,909	358,448
Materials and supplies	82,765	61,044	143,809
Utilities	930,452	305,192	1,235,644
Depreciation	342,440	546,408	888,848
Miscellaneous	<u>73,794</u>	<u>60,845</u>	<u>134,639</u>
Total Operating Expenses	<u>2,556,390</u>	<u>2,203,619</u>	<u>4,760,009</u>
Operating Income	440,394	103,222	543,616
Nonoperating Revenues (Expenses)			
Interest revenue	43,830	49,016	92,846
Intergovernmental revenue	19,111	-	19,111
Gain on sale of asset	-	3,609	3,609
Interest expense	<u>(46,594)</u>	<u>(90,565)</u>	<u>(137,159)</u>
Total Nonoperating Revenues (Expenses), Net	<u>16,347</u>	<u>(37,940)</u>	<u>(21,593)</u>
Income Before Capital Contributions and Transfers	456,741	65,282	522,023
Capital contributions	5,107,285	55,969	5,163,254
Transfers out	<u>(23,137)</u>	<u>(32,297)</u>	<u>(55,434)</u>
Change in Net Position	5,540,889	88,954	5,629,843
Net Position at Beginning of Year	<u>15,635,001</u>	<u>17,738,995</u>	<u>33,373,996</u>
Net Position at End of Year	\$ <u><u>21,175,890</u></u>	\$ <u><u>17,827,949</u></u>	\$ <u><u>39,003,839</u></u>

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

TOWN OF DERRY, NEW HAMPSHIRE

Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2020

	Business-Type Activities		
	Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 2,785,800	\$ 2,263,244	\$ 5,049,044
Receipts from other operations	33,363	120,925	154,288
Payments for interfund services	(881,898)	(345,244)	(1,227,142)
Payments to vendors	(717,380)	(590,213)	(1,307,593)
Payments to employees	<u>(887,131)</u>	<u>(987,654)</u>	<u>(1,874,785)</u>
Net Cash Provided by Operating Activities	332,754	461,058	793,812
Cash Flows From Noncapital Financing Activities			
Intergovernmental receipt	<u>-</u>	<u>15,041</u>	<u>15,041</u>
Net Cash Provided by Noncapital Financing Activities	-	15,041	15,041
Cash Flows From Capital and Related Financing Activities			
Capital contributions	4,882,130	55,969	4,938,099
Gain on sale of capital assets	-	4,389	4,389
Acquisition and construction of capital assets	(5,107,284)	(96,261)	(5,203,545)
Principal payments on bonds	(98,178)	(324,322)	(422,500)
Interest expense	<u>(46,594)</u>	<u>(90,565)</u>	<u>(137,159)</u>
Net Cash (Used For) Capital and Related Financing Activities	(369,926)	(450,790)	(820,716)
Cash Flows From Investing Activities			
Investment purchases (sales)	(4,943)	(53,406)	(58,349)
Investment income	<u>43,830</u>	<u>49,014</u>	<u>92,844</u>
Net Cash Provided By (Used For) Investing Activities	38,887	(4,392)	34,495
Cash and Short-Term Investments, Beginning of Year	<u>4,905</u>	<u>64,975</u>	<u>69,880</u>
Cash and Short-Term Investments, End of Year	<u>\$ 6,620</u>	<u>\$ 85,892</u>	<u>\$ 92,512</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities			
Operating income	\$ 440,394	\$ 103,222	\$ 543,616
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	342,440	546,408	888,848
Changes in assets, liabilities, and deferred outflows/inflows:			
Accounts receivable, net	(177,621)	77,327	(100,294)
Due from other funds	(881,898)	(247,930)	(1,129,828)
Prepaid items	10,920	12,567	23,487
Deferred outflows - related to pensions	20,342	22,762	43,104
Deferred outflows - related to OPEB	(174,052)	(132,241)	(306,293)
Accounts payable	327,175	(11,229)	315,946
Accrued expenses	80	31	111
Retainage payable	235,995	(10,591)	225,404
Advances from other funds	-	(97,314)	(97,314)
Compensated absences	16,869	16,869	33,738
Other post-employment benefits	211,413	213,647	425,060
Net pension liability	12,467	13,949	26,416
Deferred inflows - related to pensions	(18,504)	(20,705)	(39,209)
Deferred inflows - related to OPEB	(30,829)	(23,504)	(54,333)
Deferred inflows - other	<u>(2,437)</u>	<u>(2,210)</u>	<u>(4,647)</u>
Net Cash Provided by Operating Activities	<u>\$ 332,754</u>	<u>\$ 461,058</u>	<u>\$ 793,812</u>

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

TOWN OF DERRY, NEW HAMPSHIRE

Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 98,323	\$ 132,917
Investments:		
Certificates of deposit	144,153	60,959
Corporate bonds	24,588	10,398
Corporate equities	117,762	49,798
Equity mutual funds	11,598	4,904
Fixed income mutual funds	9,040	3,823
U.S. Treasury and agencies	<u>160,063</u>	<u>67,687</u>
Total Investments	<u>467,204</u>	<u>197,569</u>
Total Assets	565,527	330,486
Liabilities		
Due to other governments	-	197,569
Deposits held for others	<u>-</u>	<u>132,917</u>
Total Liabilities	-	<u>\$ 330,486</u>
Net Position		
Restricted for individual organizations and other governments	<u>565,527</u>	
Total Net Position	<u>\$ 565,527</u>	

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

TOWN OF DERRY, NEW HAMPSHIRE

Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020

	Private Purpose Trust Funds
Additions	
Investment earnings:	
Investment income	\$ <u>9,817</u>
Total additions	9,817
Deductions	
Benefits	<u>12,292</u>
Total deductions	<u>12,292</u>
Change in net position	(2,475)
Net position restricted for pensions and other purposes	
Beginning of year	<u>568,002</u>
End of year	\$ <u><u>565,527</u></u>

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

TOWN OF DERRY, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

Reporting Entity

The Town is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year June 30, 2020, 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 1993, the voters of the Town adopted a Charter which established a Town Council and Town Administrator form of government. The Town Administrator is the Chief Administrative officer and is responsible for the administrative and financial affairs and for carrying out the policies enacted by the Town Council.

Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

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

The Town reports the following major governmental fund:

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of 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 Town reports the following major proprietary funds:

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

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

The Town reports the following fiduciary funds:

- The private-purpose trust fund is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments. Private purpose trust funds held by the Town include trust arrangements for the Derry Public Schools, Derry Visiting Nurse Association, East Derry Improvements Society, and Memorial Day Flowers.
- The agency funds are established to account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus. Agency funds held by the Town include the Derry Cooperative School fund and the performance bond fund.

Cash, Cash Equivalents and Investments

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

Deposits with financial institutions consist primarily of demand deposits, money market deposits, certificates of deposits, and savings accounts. Generally, a cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments".

The Town considers investments with original maturities of three months or less to be short-term investments. 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.

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. The Town's investments consist of nonnegotiable certificates of deposit which are reported at cost.

Investments are carried at fair value, except certificates of deposit which are reported at cost.

Interfund Receivables and Payables

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

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

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid items. Prepaid items are recognized using the consumption method.

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.

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 Town 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 acquisition 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.

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

Compensated Absences

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

Long-Term Obligations

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

Fund Equity

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

Fund Balance

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

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.

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

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.

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.

Legal Level of Control

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

Limitation of Budget Increases

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

3. Cash and Investments

The following is a summary of the Town's investments as of June 30, 2020:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposits	\$ 5,432,667
Corporate bonds	926,633
Corporate equities	4,438,018
Equity mutual funds	437,071
Fixed income mutual funds	340,694
U.S. Treasury and agencies	<u>6,032,217</u>
Total investments	<u>\$ 17,607,300</u>

Credit Risk

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

The Town's investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. With the exception of U.S. Treasury securities, and U.S. Government agencies, 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 is the actual rating as of year-end for each investment type of the Town (All federal agency securities have an implied credit rating of AAA.):

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year End</u>
		<u>Unrated</u>
Corporate bonds	\$ 926,633	\$ 926,633
Fixed income mutual funds	<u>340,694</u>	<u>340,694</u>
Subtotal	<u>\$ 1,267,327</u>	<u>\$ 1,267,327</u>

Custodial Credit Risk

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, 2020, \$65,848,912 of the Town’s bank balance of \$68,203,085 was insured and/or collateralized.

As of June 30, 2020, the Trust cash equivalent bank balance of \$2,354,173 was exposed to custodial credit risk as uninsured and/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 48:16).

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 383:22).

Of the total investments of \$17,607,300, \$5,432,667 is collateralized by FDIC insurance. The Town’s remaining investments of \$12,174,633 are exposed to custodial credit risk because the related securities are uninsured, unregistered and/or held by the Town’s brokerage firm,

which is also Counterparty to these securities. The risk is managed by securities being held in separately identifiable trust accounts.

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 at June 30, 2020.

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 formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

It is the Town's policy to invest all funds, other than 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 include certificates of deposits.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>		
		Less <u>Than 1</u>	<u>1-5</u>	<u>6-10</u>
Certificates of deposit	\$ 5,432,667	\$ 1,006,983	\$ 4,425,734	-
Corporate bonds	926,633	201,940	277,213	447,480
U.S. Treasury and agencies	<u>6,032,217</u>	<u>606,729</u>	<u>4,694,849</u>	<u>730,639</u>
Subtotal	\$ <u>12,391,517</u>	\$ <u>1,815,652</u>	\$ <u>9,397,796</u>	\$ <u>1,178,119</u>

Foreign Currency Risk

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

Fair Value

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

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

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

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

The Town has the following fair value measurements as of June 30, 2020:

		Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Investment Type</u>	<u>Amount</u>			
Investments by fair value level:				
Corporate bonds	\$ 926,633	\$ -	\$ 926,633	\$ -
Corporate equities	4,438,018	4,438,018	-	-
Equity mutual funds	437,071	437,071		
Fixed income mutual funds	340,694	340,694	-	-
U.S. Treasury and agencies	<u>6,032,217</u>	-	6,032,217	-
Total	<u>\$ 12,174,633</u>			

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

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

4. **Property Taxes Receivable**

The Town bills property taxes semi-annually, in May and November. Property tax revenues are recognized in the fiscal year for which taxes have been levied. Property taxes are due on July 1 and December 1. Delinquent accounts are charged 8% interest. In March of the next year, a lien is recorded on delinquent property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs, and accrued interest. The accounts that are lienied by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 14%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Property taxes receivable at June 30, 2020 consist of the following:

Real estate taxes	\$ 5,192,849
Tax liens	1,518,872
Elderly and disabled deferred	98,450
Yield tax	154
Land use change	<u>23,500</u>
Total property taxes	<u>\$ 6,833,825</u>

Taxes Collected for Others

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

5. Allowance for Doubtful Accounts

The receivables reported in the accompanying financial statements reflect estimated allowances for doubtful accounts. Governmental activities reflect an allowance of \$1,322,207 for ambulance, welfare liens, and other accounts receivable while business-type activities reflect an allowance for \$2,104 for user fees.

6. Due From Other Governments

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2020.

7. Interfund Fund Receivables/Payables and Transfers

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, 2020 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	\$ 7,429	\$ 11,356,523
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	127,536	-
Taylor Public Library	20,652	-
Cable Television	356,181	-
Conservation Commission	628,018	-
Public Safety Grants	54,911	6,225
Miscellaneous Grants	104,087	-
Police Detail	149,617	-
Police Gift	2,000	-
Rockingham Economic Development	254,915	-
Capital Project Funds:		
Rail Trail	120,305	-
Bridge Improvements	858,027	-
Recreational Facility	1,828,253	-
Exit 4A	686,581	-
Hood Pond Dam	179,400	-
Permanent Funds:		
Parks and Playgrounds	-	1,204
Subtotal Nonmajor Funds	<u>5,370,483</u>	<u>7,429</u>
Total Governmental Funds	5,377,912	11,363,952
Business-Type Activities:		
Water Fund	3,817,918	-
Sewer Fund	<u>2,168,122</u>	<u>-</u>
Total Business-Type Activities	<u>5,986,040</u>	<u>-</u>
Total	\$ <u>11,363,952</u>	\$ <u>11,363,952</u>

Advances

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

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of interfund transfers made in fiscal year 2020.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 427,546	\$ 548,094
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	449	-
Taylor Library	1,867	1,867
Cable Television	-	7,068
Public Safety Grants	204	-
Miscellaneous Grants	11,000	-
Waste Tire Reclamation	273,115	251,400
REDC	250,000	-
Permanent Funds:		
General Cemetery Care	13,775	65,000
Parks and Playgrounds	-	45,277
Libraries	-	2,316
Human Services	-	1,500
Subtotal Nonmajor Funds	<u>550,410</u>	<u>374,428</u>
Total Governmental Funds	977,956	922,522
Business-Type Activities:		
Water Fund	-	23,137
Wastewater Fund	-	32,297
Total Business-Type Activities	<u>-</u>	<u>55,434</u>
Total	<u>\$ 977,956</u>	<u>\$ 977,956</u>

The majority of transfers into the General Fund reflect transfers from the Waste Tire Reclamation Fund for budgeted expenditures for hazardous waste removal. The majority of transfers out of the General Fund reflect transfers into the Waste Tire Reclamation Fund for tax revenue collected for hazardous waste removal.

8. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 9,162	\$ -	\$ -	\$ 9,162
Infrastructure and other assets	78,724	-	-	78,724
Monument	190	2	-	192
Tax deeded property - retained	189	-	-	189
Construction in progress	2,028	1,776	(1,944)	1,860
Intangibles	3,030	-	-	3,030
Total capital assets, not being depreciated	93,323	1,778	(1,944)	93,157
Other capital assets:				
Land improvements	6,508	-	-	6,508
Buildings	15,769	115	-	15,884
Buildings improvements	4,463	167	-	4,630
Machinery and equipment	8,340	540	(93)	8,787
Vehicles	9,343	1,094	(120)	10,317
Infrastructure and other assets	6,431	551	-	6,982
Intangibles	755	-	-	755
Total other capital assets	51,609	2,467	(213)	53,863
Less accumulated depreciation for:				
Land improvements	(4,140)	(308)	-	(4,448)
Buildings	(6,210)	(346)	-	(6,556)
Buildings improvements	(2,961)	(220)	-	(3,181)
Machinery and equipment	(5,687)	(534)	93	(6,128)
Vehicles	(5,588)	(779)	122	(6,245)
Infrastructure and other assets	(1,877)	(131)	-	(2,008)
Intangibles	(722)	(11)	-	(733)
Total accumulated depreciation	(27,185)	(2,329)	215	(29,299)
Total other capital assets, net	24,424	138	2	24,564
Total capital assets, net	\$ 117,747	\$ 1,916	\$ (1,942)	\$ 117,721

Business-Type Activities

Capital assets, not being depreciated:

Land	\$ 195	\$ -	\$ -	\$ 195
Construction in progress	437	4,851	(217)	5,071
Intangibles	<u>662</u>	<u>305</u>	<u>-</u>	<u>967</u>
Total capital assets, not being depreciated	1,294	5,156	(217)	6,233

Other capital assets:

Land improvements	-	4	-	4
Buildings	119	217	-	336
Buildings improvements	41	15	-	56
Machinery and equipment	340	-	-	340
Vehicles	1,029	28	(16)	1,041
Infrastructure and other assets	51,423	1	-	51,424
Intangibles	<u>48</u>	<u>-</u>	<u>-</u>	<u>48</u>
Total other capital assets	53,000	265	(16)	53,249

Less accumulated depreciation for:

Buildings	(43)	(6)	-	(49)
Buildings improvements	(19)	(3)	-	(22)
Machinery and equipment	(205)	(28)	-	(233)
Vehicles	(751)	(68)	14	(805)
Infrastructure and other assets	(18,437)	(775)	-	(19,212)
Intangibles	<u>(31)</u>	<u>(9)</u>	<u>-</u>	<u>(40)</u>
Total accumulated depreciation	<u>(19,486)</u>	<u>(889)</u>	<u>14</u>	<u>(20,361)</u>
Total other capital assets, net	<u>33,514</u>	<u>(624)</u>	<u>(2)</u>	<u>32,888</u>
Total capital assets, net	<u>\$ 34,808</u>	<u>\$ 4,532</u>	<u>\$ (219)</u>	<u>\$ 39,121</u>

Depreciation expense was charged to functions of the Town as follows:

Governmental Activities

General government	\$ 430,647
Public safety	811,634
Highway	475,898
Health and welfare	4,149
Sanitation	258,744
Culture and recreation	<u>347,716</u>
Total governmental activities	<u>\$ 2,328,788</u>

Business-Type Activities

Water	\$ 342,440
Sewer	<u>546,408</u>
Total business-type activities	<u>\$ 888,848</u>

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net position 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 of resources related to pensions and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

10. Accounts Payable

Accounts payable represent 2020 expenditures paid after June 30, 2020.

11. Accrued Liabilities

Accrued liabilities represent fiscal year 2020 expenditures paid in fiscal year 2021.

12. Tax Refunds Payable

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

13. Capital Lease Obligations

The Town is the lessee of certain equipment under capital and operating leases expiring in various years through 2030. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2020:

	Governmental Activities
2021	\$ 1,271,375
2022	1,271,317
2023	991,409
2024	856,527
2025	675,232
2026	220,684
2027	108,026
2028	108,026
2029	108,026
2030	<u>108,027</u>
Total minimum lease payments	5,718,649
Less amounts representing interest	<u>(449,748)</u>
Present Value of Minimum Lease Payments	<u>\$ 5,268,901</u>

The following is an analysis for the leased assets included in capital assets at June 30, 2020:

	Governmental <u>Activities</u>
Machinery, vehicles and equipment	\$ 6,086,258
Less: accumulated depreciation	<u>(1,025,286)</u>
Equipment under capital leases, net	<u>\$ 5,060,972</u>

14. Long-Term Debt

Long-Term Debt Supporting Governmental Activities

The Town issues general obligation bonds and direct borrowings 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 \$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 and direct borrowings currently outstanding are as follows:

	Original <u>Issued</u>	Serial Maturities <u>Through</u>	Interest <u>Rate(s) %</u>	Amount Outstanding as of <u>6/30/20</u>
<u>Governmental Activities</u>				
General obligation bonds:				
Municipal Services Infrastructure	\$ 1,500,000	03/15/24	3.45 - 4.00%	\$ 300,000
Transfer Station & Rockingham Rd	4,000,000	05/01/33	2.00 - 2.80%	2,600,000
Municipal Center - Refunding	1,250,000	06/30/21	1.00 - 1.30%	135,000
Police Station Addition - Refunding	525,000	06/15/26	1.99%	297,500
General Obligation Bonds	4,019,000	06/30/40	2.51%	<u>4,019,000</u>
Total general obligation bonds				7,351,500
Loans payable (direct borrowings):				
Humphrey Road Complex	\$ 489,605	01/15/21	4.75 - 5.25%	<u>20,000</u>
Total loans payable (direct borrowings)				<u>20,000</u>
Total Governmental Activities, excluding TIF				<u>\$ 7,371,500</u>

	Original Issued	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/20
<u>Governmental Activities TIF</u>				
Derry Commerce Corridor	\$ 3,400,000	11/15/31	2.00 - 3.50%	\$ 2,540,000
Total Governmental Activities TIF				\$ 2,540,000

	Amount Issued	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/20
<u>Business-Type Activities</u>				
Water Fund General Obligation Bonds:				
Woodlands and Route 28	\$ 500,000	05/01/33	2.00 - 2.80%	\$ 356,670
Water Expansions Route 28	1,718,500	06/30/34	2.00 - 3.50%	1,287,376
Total water fund				1,644,046
Sewer Fund General Obligation Bonds:				
Wastewater Force Main	\$ 3,700,000	05/15/23	3.50 - 4.00%	\$ 555,000
Wastewater Extension Route 28	250,000	05/01/33	2.00 - 2.80%	178,330
Wastewater Expansions Route 28	1,725,500	06/30/34	2.00 - 3.50%	1,292,624
Wastewater Effluent Upgrade - Refunding	525,000	06/15/26	1.99%	297,500
Total sewer fund				2,323,454
Total Business-Type Activities				\$ 3,967,500

Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2020 are as follows:

<u>Governmental (non-TIF)</u>	<u>Bonds</u>		<u>Loans Payable (Direct Borrowings)</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 621,500	\$ 238,925	\$ 20,000	\$ 1,050	\$ 881,475
2022	522,500	220,351	-	-	742,851
2023	525,000	202,431	-	-	727,431
2024	535,000	184,186	-	-	719,186
2025	462,500	165,566	-	-	628,066
2026	465,000	149,746	-	-	614,746
2027	430,000	133,600	-	-	563,600
2028	435,000	117,725	-	-	552,725
2029	445,000	101,125	-	-	546,125
2030	450,000	83,750	-	-	533,750
2031-2035	1,835,000	222,125	-	-	2,057,125
2036-2040	625,000	48,375	-	-	673,375
Total	\$ 7,351,500	\$ 1,867,905	\$ 20,000	\$ 1,050	\$ 9,240,455

Debt service requirements to retire tax increment financing bonds for governmental activities at June 30, 2020 are as follows:

<u>Governmental TIF</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 215,000	\$ 73,950	\$ 288,950
2022	215,000	68,575	283,575
2023	215,000	63,200	278,200
2024	215,000	57,556	272,556
2025	210,000	51,450	261,450
2026	210,000	45,150	255,150
2027	210,000	38,850	248,850
2028	210,000	32,288	242,288
2029	210,000	25,463	235,463
2030	210,000	18,375	228,375
2031-2035	420,000	14,700	434,700
Total	<u>\$ 2,540,000</u>	<u>\$ 489,557</u>	<u>\$ 3,029,557</u>

Debt Service requirements to retire business-type activities bonds payable at June 30, 2020 are as follows:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 427,500	\$ 117,728	\$ 545,228
2022	427,500	105,668	533,168
2023	430,000	93,036	523,036
2024	255,000	80,341	335,341
2025	257,503	74,421	331,924
2026	260,000	67,576	327,576
2027	220,000	60,630	280,630
2028	225,000	54,380	279,380
2029	235,000	47,910	282,910
2030	757,467	40,610	798,077
2031-2035	472,530	83,165	555,695
Total	<u>\$ 3,967,500</u>	<u>\$ 825,465</u>	<u>\$ 4,792,965</u>

Changes in General Long-Term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities (in thousands):

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Less <u>Current</u> <u>Portion</u>	Equals <u>Long-Term</u> <u>Portion</u>
Governmental Activities						
General obligation bonds payable	\$ 7,819	\$ -	\$ (467)	\$ 7,352	\$ (622)	\$ 6,730
Loans payable (direct borrowings)	130	-	(110)	20	(20)	-
Tax increment financing bonds payable	2,985	-	(445)	2,540	(215)	2,325
Net pension liability	38,795	647	-	39,442	-	39,442
Net OPEB liability	19,932	5,030	-	24,962	-	24,962
Capital leases payable	4,451	1,892	(1,074)	5,269	(1,133)	4,136
Compensated absences	4,138	198	(45)	4,291	(819)	3,472
Totals	<u>\$ 78,250</u>	<u>\$ 7,767</u>	<u>\$ (2,141)</u>	<u>\$ 83,876</u>	<u>\$ (2,809)</u>	<u>\$ 81,067</u>
Business-Type Activities						
General obligation bonds payable	\$ 4,390	\$ -	\$ (422)	\$ 3,968	\$ (428)	\$ 3,540
Net pension liability	1,583	26	-	1,609	-	1,609
Net OPEB liability	1,471	425	-	1,896	-	1,896
Compensated absences	192	34	-	226	(43)	183
Totals	<u>\$ 7,636</u>	<u>\$ 485</u>	<u>\$ (422)</u>	<u>\$ 7,699</u>	<u>\$ (471)</u>	<u>\$ 7,228</u>

Long-Term Debt Supporting Governmental and Business-Type Activities

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

15. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net position by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities. Deferred inflows of resources related to pension and OPEB will be recognized as expense in future years and is more fully described in the corresponding pension and OPEB notes.

The following is a summary of deferred inflows of resources balances, not related to pension and OPEB, as of June 30, 2020:

	Entity-wide Basis		Fund Basis			
	Governmental	Business-type	Governmental Funds		Proprietary Funds	
	Activities	Activities	General Fund	Nonmajor	Water	Sewer
Taxes collected in advance	\$ 42,931,370	\$ -	\$ 42,931,370	\$ -	\$ -	\$ -
Unavailable revenues, property taxes	-	-	1,433,771	23,500	-	-
Unavailable revenues, loans	-	-	-	289,258	-	-
Deferred amount on refunding	<u>83,600</u>	<u>63,421</u>	<u>-</u>	<u>-</u>	<u>33,161</u>	<u>30,260</u>
Total deferred inflows	<u>\$ 43,014,970</u>	<u>\$ 63,421</u>	<u>\$ 44,365,141</u>	<u>\$ 312,758</u>	<u>\$ 33,161</u>	<u>\$ 30,260</u>

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, 2020:

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 the residual classification for the general fund and include all amounts not contained in the other classifications. Unassigned amounts are available for any purpose. Temporary fund balance deficits are reported as negative amounts in the unassigned classification in other governmental funds. Positive unassigned amounts are reported only in the general fund.

Following is a breakdown of the Town's fund balances at June 30, 2020:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable			
Prepaid expenditures	\$ 17,503	\$ 5,950	\$ 23,453
Property held for resale	65,791	-	65,791
Advance to sewer fund	309,815	-	309,815
Nonexpendable permanent funds:			
General cemetery care	-	3,398,754	3,398,754
Parks and playgrounds	-	4,529,153	4,529,153
All remaining	-	228,668	228,668
Total Nonexpendable	393,109	8,162,525	8,555,634
Restricted			
Bonded projects	-	2,460,229	2,460,229
Library donations	93,187	-	93,187
Special revenue funds:			
Derry public library	-	128,032	128,032
Taylor library	-	21,002	21,002
Waste tire reclamation	-	732,778	732,778
Conservation commission	-	628,018	628,018
All remaining	-	332,891	332,891
Expendable permanent funds:			
General cemetery care	-	70,773	70,773
Parks and playgrounds	-	385,212	385,212
All remaining	-	9,736	9,736
Total Restricted	93,187	4,768,671	4,861,858
Committed			
Gateway TIF	60,058	-	60,058
Derry Commerce Corridor TIF	1,801,616	-	1,801,616
Capital	5,259,729	-	5,259,729
Compensated absences	3,543,401	-	3,543,401
Cable television	-	438,444	438,444
Economic development loan - REDC	-	378,200	378,200
Rail trail	-	120,305	120,305
Bridge improvements	-	821,794	821,794
Total Committed	10,664,804	1,758,743	12,423,547
Assigned			
Encumbered for:			
General government	1,006,712	-	1,006,712
Public safety	46,354	-	46,354
Public works	47,031	-	47,031
Next year's expenditures	942,323	-	942,323
Capital	1,050,000	-	1,050,000
Forest management	40,585	-	40,585
Tax Increment	17,403	-	17,403
Total Assigned	3,150,408	-	3,150,408
Unassigned	11,382,209	-	11,382,209
Total Fund Balances	\$ 25,683,717	\$ 14,689,939	\$ 40,373,656

17. Retirement System

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

Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. 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.

Benefits Provided

Group 1 benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service, and a benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service, as follows:

Years of creditable service as of <u>January 1, 2012</u>	Minimum <u>Age</u>	Minimum <u>Service</u>	Benefit <u>Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	12	2.2%
Less than 4 years	49	24	2.1%

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 11.08% to 27.79% of covered compensation. The Town's contributions to NHRS for the year ended June 30, 2020 was \$3,730,644 which was equal to its annual required contribution.

Summary of Significant Accounting Policies

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred (Inflows) of Resources Related to Pensions

At June 30, 2020, the Town reported a liability of \$41,051,605 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. 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, 2020, the Town's proportion was 0.853%.

For the year ended June 30, 2020, the Town recognized pension expense of \$4,479,334. In addition, the Town reported deferred outflows of resources and deferred (inflows) of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Contributions subsequent to the measurement date	\$ 3,730,644	\$ -
Differences between expected and actual experience	226,980	(882,727)
Differences between projected and actual earnings on pension plan investments	-	(335,333)
Changes in assumptions	1,472,915	-
Changes in proportion	<u>783,524</u>	<u>(1,406,765)</u>
Total	<u>\$ 6,214,063</u>	<u>\$ (2,624,825)</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 expense in the year ended 2021. Other 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:	Deferred Outflows/(Inflows)
2020	\$ 768,229
2021	(895,268)
2022	(218,587)
2023	204,220
Total	\$ <u>(141,406)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per year
Wage Inflation	3.25% per year (3.00% for Teachers)
Salary increases	5.60% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and female, adjusted for mortality improvements using MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of the most recent actuarial experience study.

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:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average Average Long- Term Expected Real Rate of Return</u>
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	<u>7.50</u>	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	<u>7.00</u>	6.00%
Total international equities	20.00	
Core Bonds	9.00	1.12%
Global Multi-Sector Fixed Income	10.00	2.46%
Absolute Return Fixed Income	<u>6.00</u>	1.50%
Total fixed income	25.00	
Private Equity	10.00	7.90%
Private Debt	<u>5.00</u>	4.86%
Total alternative investments	15.00	
Real Estate	<u>10.00</u>	3.00%
Total	<u><u>100.00</u></u> %	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 7.25%, as well as what the Town's proportionate

share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
\$ 54,969,791	\$ 41,051,605	\$ 29,548,334

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

18. Other Post-Employment Benefits (GASB 75)

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

Town OPEB Plan

All the following OPEB disclosures for the Town OPEB Plan are based on a measurement date of June 30, 2020.

General Information about the OPEB Plan

Plan Description

The Town provides post-employment healthcare benefits for retired employees through the Town's Single Employer Defined Benefit Plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. The OPEB plan is not administered through a trust that meets the criteria in paragraph 4 of GASB 75.

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

Benefits Provided

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

Funding Policy

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

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

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

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

- The Town also provides for up to 3.5 years of long-term disability coverage for current Teamster-Public Works and PATE union contracts. For Teamsters disabled as of July 1, 2013, the coverage period will be four years.
- PATE employees hired after November 22, 2016 will be provided this benefit if such employee worked for the Town for a minimum of 20 years. The amount of the subsidy for employees hired after contract signing shall be limited to the amount of the July 1, 2016 Medcomp premium.
- Non-represented employees hired after July 1, 2016 reaching age 65 and qualifying for retirement under the rules and regulations of NHRS will be provided this benefit if such employee worked for the Town for a minimum of 20 years. The amount of the subsidy for employees hired after contract signing (January 8, 2017) shall be limited to the amount of the July 1, 2016 Medcomp premium.

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

Plan Membership

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	157
Active employees	<u>180</u>
Total	<u><u>337</u></u>

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.25%
Salary increases	Group I: 13.25% decreasing over 9 years to ultimate level of 3.75% Group II: 25.25% decreasing over 8 years to an ultimate level of 4.25%
Discount rate	2.21%
Healthcare cost trend rates	Health Trust: 3.20%, 6.00% then 6.75% decreasing by 0.25% for 9 years to an ultimate level of 4.50% Allegiant Care: 8.00%, 6.00% then 6.75% decreasing by 0.25% for 9 years to an ultimate level of 4.50%
Participation rate	80% of active employees and 100% of retirees over the age of 65

Because the plan is not funded, the discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index (3.50% as of June 30, 2019 and 2.21% as of June 30, 2020).

Mortality rates were based on:

- Pre-Retirement: RP-2014 Employee Mortality Table projected generationally for males and females with Scale MP-2015.
- Healthy: RP-2014 Healthy Annuitant Mortality Table projected generationally for males and females with Scale MP-2015.
- Disabled: RP-2014 Disabled Retiree Mortality Table projected generationally for males and females with Scale MP-2015.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study from July 1, 2010 through June 30, 2015.

Discount Rate

Because the plan is not funded, the discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or

higher as shown in the Bond Buyer 20-Bond General Obligation Index (3.50% as of June 30, 2019 and 2.21% as of June 30, 2020).

Total OPEB Liability

The Town's total OPEB liability of \$22,404,615 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2018.

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balances, beginning of year	\$ 16,854,050
Changes for the year:	
Service cost	579,262
Interest or other inputs	605,031
Changes in assumptions	4,659,678
Benefit payments	(293,406)
Net Changes	5,550,565
Balances, end of year	\$ 22,404,615

Changes in assumptions primarily reflects a change in the discount rate from 3.50% in 2019 to 2.21% in 2020.

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

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

1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
\$ 27,445,738	\$ 22,404,615	\$ 18,530,802

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

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

1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$ 17,975,458	\$ 22,404,615	\$ 28,358,245

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

For the year ended June 30, 2020, the Town recognized an OPEB expense of \$1,462,633. At June 30, 2020, the Town reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Change in assumptions	\$ 3,883,065	\$ (2,462,110)
Differences between expected and actual experience	<u>626,340</u>	<u>-</u>
Total	<u>\$ 4,509,405</u>	<u>\$ (2,462,110)</u>

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

Fiscal Year Ended:

2021	\$ 278,340
2022	278,340
2023	278,344
2024	435,657
2025	<u>776,614</u>
Total	<u>\$ 2,047,295</u>

New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

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

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

Benefits Provided

The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance

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

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

Contributions

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

Actuarial Assumptions and Other Inputs

Actuarial assumptions are the same in the Retirement System footnote.

Net OPEB Liability, Expense, and Deferred Outflows and (Inflows)

The Town's proportionate share of the net NHRS Medical Subsidy (net OPEB liability) as of the measurement date of June 30, 2019 was \$4,452,765.

For the year ended June 30, 2020, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$681,635. At June 30, 2020, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred (Inflows) of <u>Resources</u>
Contributions subsequent to the measurement date	\$ 431,606	\$ -
Change in proportion	10,822	-
Differences between expected and actual experience	-	(7,747)
Net difference between projected and actual earnings on OPEB investments	-	(5,003)
Total	<u>\$ 442,428</u>	<u>\$ (12,750)</u>

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ending June 30, 2021.

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

<u>Fiscal Year Ended:</u>	
2020	\$ (244)
2021	(3,319)
2022	344
2023	<u>1,291</u>
Total	<u>\$ (1,928)</u>

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

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

1% Decrease <u>(6.25%)</u>	Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
\$ 4,829,701	\$ 4,452,765	\$ 4,125,232

Healthcare Cost Trend Rate

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

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

The following consolidates the Town's total OPEB liability and related deferred outflows/inflows, and the Town's proportionate share of the NHRS Medical Subsidy net OPEB liability and related deferred outflows/inflows at June 30, 2020:

	Total/Net OPEB Liability	Total Deferred Outflows of Resources	Total Deferred (Inflows) of Resources	Total Pension Expense
Town OPEB Plan	\$ 22,404,615	\$ 4,509,405	\$ (2,462,110)	\$ 1,462,633
Proportionate share of NHRS Medical Subsidy Plan	4,452,765	442,428	(12,750)	681,635
Total	<u>\$ 26,857,380</u>	<u>\$ 4,951,833</u>	<u>\$ (2,474,860)</u>	<u>\$ 2,144,268</u>

19. Subsequent Events

Management has evaluated subsequent events through November 23, 2020, which is the date the financial statements were available to be issued.

Debt

Subsequent to June 30, 2020, the Town has incurred the following additional debt:

	Amount	Interest Rate	Issue Date	Maturity Date
Fire truck lease	\$ 1,079,055	1.5352%	9/23/2020	9/23/1930
Total	<u>\$ 1,079,055</u>			

20. Commitments and Contingencies

Exit 4A

On January 13, 2016, the Town entered into an agreement with the State for the construction of a new exit, off Interstate 93, Exit 4A. The Town agreed to pay for \$5,000,000 of expenses prior to giving the project to the State to finalize. As of year-end, the Town had expended \$4,566,123 of project costs, with an additional \$22,788 encumbered and \$452,576 unexpended bond proceeds in the capital project fund.

Outstanding Legal Issues

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

Grants

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

Abatements

There are several cases pending before the 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.

Encumbrances

At year-end, the Town's general fund has \$1,100,097 in encumbrances that will be honored in the next fiscal year.

COVID-19

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

21. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the Town beginning with its fiscal year ending June 30, 2021. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending June 30, 2022. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF DERRY, NEW HAMPSHIRE

Required Supplemental Information
General Fund

Schedule of Revenues and Other Sources, and Expenditures and Other Uses - Budget and Actual
For the Year Ended June 30, 2020

	Budgeted Amounts		Adjusted	Variance with
	Original	Final	Actual	Final Budget
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	<u>Positive</u> <u>(Negative)</u>
Revenues				
Taxes	\$ 25,220,541	\$ 25,252,521	\$ 25,288,672	\$ 36,151
Licenses and permits	6,626,340	6,626,340	7,188,379	562,039
Intergovernmental	2,873,728	3,867,489	3,850,084	(17,405)
Charges for services	2,150,678	2,150,678	2,087,076	(63,602)
Miscellaneous	1,063,309	1,144,586	1,171,205	26,619
Total Revenues	37,934,596	39,041,614	39,585,416	543,802
Expenditures				
Prevention and emergency services	10,851,722	11,129,986	10,771,893	358,093
Emergency management	45,517	120,560	117,253	3,307
Police and animal control	9,405,290	9,558,879	8,776,660	782,219
Executive	4,375,186	5,238,218	4,639,701	598,517
Finance	5,780,770	7,940,721	7,896,417	44,304
Town clerk and elections	219,926	233,172	212,493	20,679
Libraries	1,534,821	1,539,790	1,539,790	-
Planning	291,263	328,683	317,179	11,504
Tax increment financing district	923,482	1,173,482	1,127,660	45,822
Public works	9,300,085	9,455,487	9,437,882	17,605
Total Expenditures	42,728,062	46,718,978	44,836,928	1,882,050
Excess (deficiency) of revenues over expenditures	(4,793,466)	(7,677,364)	(5,251,512)	2,425,852
Other Financing Sources (Uses)				
Use of unassigned fund balance	650,000	1,767,812	-	(1,767,812)
Use of committed fund balance	1,591,791	2,323,827	2,402,762	78,935
Use of prior year fund balance (carryforwards)	-	1,034,003	1,034,003	-
Transfers in from other funds	387,005	387,005	363,177	(23,828)
Issuance of capital leases	1,891,660	1,891,660	1,891,660	-
Other financing sources	273,010	273,057	194,995	(78,062)
Total Other Financing Sources	4,793,466	7,677,364	5,886,597	(1,790,767)
Overall Budgetary Excess	\$ -	\$ -	\$ 635,085	\$ 635,085

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

Notes to the Required Supplemental Information for General Fund Budget

Budgetary Basis

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

Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from 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 to 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</u>	<u>Expenditures</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>	<u>Total</u>
Revenues/expenditures/other financing sources(uses) (GAAP Basis)	\$ 39,827,197	\$ 41,047,350	\$ 2,514,201	\$ 548,094	\$ 745,954
To reverse net down adjustment	-	-	4,554,731	4,554,731	-
To book current year appropriation carryforwards	-	1,100,097	-	-	(1,100,097)
To record budgeted use of assigned fund balance	-	-	1,034,003	-	1,034,003
To reverse effects of combining general fund and capital reserve funds (GASB 54)	(304,283)	(10,582)	(2,153,836)	(2,402,762)	(44,775)
To reclassify transfers for budgetary presentation	<u>62,502</u>	<u>2,700,063</u>	<u>(62,502)</u>	<u>(2,700,063)</u>	<u>-</u>
Budgetary Basis	<u>\$ 39,585,416</u>	<u>\$ 44,836,928</u>	<u>\$ 5,886,597</u>	<u>\$ -</u>	<u>\$ 635,085</u>

TOWN OF DERRY, NEW HAMPSHIRE

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

June 30, 2020
(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2020	June 30, 2019	0.853%	\$41,051,605	\$ 19,172,219	214.1%	65.59%
June 30, 2019	June 30, 2018	0.839%	\$41,051,605	\$ 18,454,822	222.4%	64.73%
June 30, 2018	June 30, 2017	0.873%	\$42,950,476	\$ 17,801,398	241.3%	62.66%
June 30, 2017	June 30, 2016	0.861%	\$45,795,667	\$ 17,339,518	264.1%	58.30%
June 30, 2016	June 30, 2015	0.917%	\$36,324,323	\$ 18,197,458	199.6%	65.47%
June 30, 2015	June 30, 2014	0.904%	\$33,932,627	\$ 17,235,414	196.9%	66.32%

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

See Independent / See Independent Auditors' Report.

TOWN OF DERRY, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Pension Contributions

June 30, 2020
(Unaudited)

New Hampshire Retirement System

Fiscal Year	Measurement Date	Contributions in Relation to the		Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
		Actuarially Determined Contribution	Actuarially Determined Contribution			
June 30, 2020	June 30, 2019	\$ 3,730,644	\$ 3,730,644	\$ -	\$ 20,156,888	18.5%
June 30, 2019	June 30, 2018	\$ 3,737,431	\$ 3,737,431	\$ -	\$ 19,172,219	19.5%
June 30, 2018	June 30, 2017	\$ 3,592,009	\$ 3,592,009	\$ -	\$ 18,454,822	19.5%
June 30, 2017	June 30, 2016	\$ 3,628,738	\$ 3,628,738	\$ -	\$ 17,801,398	20.4%
June 30, 2016	June 30, 2015	\$ 3,428,607	\$ 3,428,607	\$ -	\$ 17,339,518	19.8%
June 30, 2015	June 30, 2014	\$ 3,512,182	\$ 3,512,182	\$ -	\$ 18,197,458	19.3%

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
Schedule of Proportionate Share and Contributions of the Net OPEB Liability
(Unaudited)

Schedule of Proportionate Share

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net OPEB Liability</u>	<u>Proportionate Share of the Net OPEB Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Net OPEB Liability</u>
June 30, 2020	June 30, 2019	1.0157%	\$4,452,765	\$ 19,172,219	23.23%	7.75%
June 30, 2019	June 30, 2018	0.9934%	\$4,548,350	\$ 18,454,822	24.65%	7.53%
June 30, 2018	June 30, 2017	0.6856%	\$3,134,883	\$ 17,801,398	17.61%	7.91%

Schedule of Contributions

New Hampshire Retirement System Medical Subsidy						
<u>Fiscal Year</u>	<u>Valuation Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions Relative to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
June 30, 2020	June 30, 2019	\$431,606	\$431,606	\$ -	\$20,156,888	2.14%
June 30, 2019	June 30, 2018	\$465,920	\$465,920	\$ -	\$19,172,219	2.43%
June 30, 2018	June 30, 2017	\$439,421	\$439,421	\$ -	\$18,454,822	2.38%

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
Other Post-Employment Benefits (OPEB)
Schedule of Changes in Total OPEB Liability
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 579,262	\$ 672,019	\$ 767,608
Interest	605,031	710,488	654,556
Differences between expected and actual experience	-	939,510	-
Changes of assumptions	4,659,678	(2,985,248)	(943,898)
Benefit payments, including refunds of member contributions	<u>(293,406)</u>	<u>(339,136)</u>	<u>(273,464)</u>
Net change in total OPEB liability	5,550,565	(1,002,367)	204,802
Total OPEB liability - beginning	<u>16,854,050</u>	<u>17,856,417</u>	<u>17,651,615</u>
Total OPEB liability - ending	<u>\$ 22,404,615</u>	<u>\$ 16,854,050</u>	<u>\$ 17,856,417</u>
 Covered employee payroll	 \$ 20,156,888	 \$ 19,172,219	 \$ 18,454,822
 Total OPEB Liability as a percentage of covered employee payroll	 111.15%	 87.91%	 96.76%

Does not include New Hampshire Retirement System Medical Subsidy.

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

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

See Independent Auditors' Report.

TOWN OF DERRY, NEW HAMPSHIRE
Required Supplementary Information
Modified Approach for Infrastructure
Capital Assets
For the Year Ended June 30, 2020

Schedule of Condition Assessment

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

Comparison of Estimated to Actual Maintenance/Preservation

Year Ending <u>June 30,</u>	Estimated <u>Costs</u>	Actual <u>Costs</u>
2020	\$ 1,438,622	\$ 1,454,753
2019	\$ 1,450,479	\$ 1,731,581
2018	\$ 1,449,625	\$ 1,422,083
2017	\$ 1,454,273	\$ 1,186,108
2016	\$ 1,448,938	\$ 1,534,567
2015	\$ 1,456,663	\$ 1,276,827
2014	\$ 1,459,764	\$ 1,493,108
2013	\$ 1,407,266	\$ 1,315,482
2012	\$ 1,401,837	\$ 1,374,690
2011	\$ 1,177,443	\$ 1,078,191

See Independent Auditors' Report.

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TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2020

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 2018, 2015, and 2012 reflected a good to excellent PCI rating of 82, 79, and 75, respectively.

In fiscal year 2003, the Town council adopted the “good” conditional assessment PCI rating range of 68 to 80 for its roadway maintenance program goal and it also estimated expenditures of \$1,300,000 per year are necessary to sustain the roadways rating level.

The current PCI of 82 exceeds 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 or above its adopted range.

The Town has expended an average of \$1,386,739 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.

**SUPPLEMENTARY STATEMENTS
AND SCHEDULES**

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Combining Financial Statements

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Special Revenue Funds are established for the following purposes:

- Derry Public Library Fund: This fund is used to account for library revenues and expenditures incurred in the operation of Derry's main library located at 64 East Broadway.
- Taylor Library Fund: This fund is used to account for library revenues and expenditures incurred in the operation of this public library located at 49 East Derry Road.
- Cable Television Fund: This fund is used to account for cable television franchise fees and other related miscellaneous income and expenses associated with Cable Television.
- Conservation Commission Fund: This fund is used to account for revenue and expenses associated with acquiring and preserving conservation land. This fund receives 100% of Land Use Change Tax (current use) revenue and public donations designated for conservation purposes.
- Public Safety Grants Fund: This fund is used to account for grants and donations received and expenses for the purpose of public safety including for the enforcement of underage drinking laws, DWI saturation, seatbelt compliance, off-road vehicle patrols and funding for domestic preparedness planning, training and equipment using federal pass-through funds from Rockingham County for Justice Assistance and New Hampshire Department of Justice, New Hampshire Highway Safety and New Hampshire Fish and Game.
- Miscellaneous Grants Fund: This fund is used to account for various donations or grants received and their related expenditures.
- Waste Tire and Transportation Fund: This fund has been established to collect fees from motor vehicle registrations for the purpose of funding improvements to the Town's roadways. The Town also adopted NH RSA 31:19A to establish the Waste Reclamation Trust. The Trust was established to retain fees collected from motor vehicle registrations as authorized pursuant to NH RSA Chapter 263 (HB332). The purpose of the reserve is to fund the disposal of motor vehicle waste generated within the Town and to recycle and reclaim other types of solid waste.
- Police Revolving Fund: This fund has been established in accordance with NH RSA 31:95-h to account for revenues and expenses related to outside police detail activities.
- Police Gift Fund: This fund has been established to account for revenues and expenses related to a gift received for police activities.

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

CAPITAL PROJECT FUNDS

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

The current funds were established for the following purposes:

- Rail Trail Fund: This fund is used to account for all costs associated with improving the Derry Rail Trail. Segment 1, which is currently in the engineering phase, will include paving Hood Park to North High Street. Depending on available funds, Segment 2 from North High Street to the Londonderry line will be completed at a future date.
- Bridge Improvements Fund: During FY2017 this fund was repurposed to account for the construction of bridges on North Shore Road at Beaver Lake and Island Pond. The North Shore Road at Beaver Lake project qualifies for 80% reimbursement from the State of New Hampshire for eligible costs.
- Recreational Facility Fund: This fund is used to account for capital improvements to the Recreational Facilities.
- Exit 4A Fund: This fund is used to account for the construction of a new exit off Interstate 93.
- Hood Pond Dam Reconstruction Fund: This fund is used to account for the reconstruction costs of the Hood Pond Dam. The State of New Hampshire is requiring this work to be completed before the Town can proceed with Segment 1 of Rail Trail improvements as described in the Rail Trail Fund above.

PERMANENT FUNDS

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

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TOWN OF DERRY, NEW HAMPSHIRE

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds				
	Derry Public Library Fund	Taylor Library Fund	Cable Television Fund	Conservation Commission Fund	Public Safety Grants Fund
Assets					
Cash and cash equivalents	\$ 496	\$ 350	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Taxes receivable	-	-	-	23,500	-
Accounts receivable, net	-	-	85,580	-	-
Due from other governments	-	-	-	-	6,081
Due from other funds	127,536	20,652	356,181	628,018	54,911
Prepaid items	806	-	-	-	144
Loans receivable	-	-	-	-	-
Total Assets	<u>\$ 128,838</u>	<u>\$ 21,002</u>	<u>\$ 441,761</u>	<u>\$ 651,518</u>	<u>\$ 61,136</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 3,317	\$ -	\$ -
Due to other funds	-	-	-	-	6,225
Total Liabilities	-	-	3,317	-	6,225
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	23,500	-
Fund Balances					
Nonspendable	806	-	-	-	144
Restricted	128,032	21,002	-	628,018	54,767
Committed	-	-	438,444	-	-
Total Fund Balances	<u>128,838</u>	<u>21,002</u>	<u>438,444</u>	<u>628,018</u>	<u>54,911</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 128,838</u>	<u>\$ 21,002</u>	<u>\$ 441,761</u>	<u>\$ 651,518</u>	<u>\$ 61,136</u>

Special Revenue Funds

Miscellaneous Grants Fund	Waste Tire and Transportation Fund	Police Revolving Fund	Police Gift Fund	Rockingham Economic Development Corporation	Total Nonmajor Special Revenue Funds
\$ -	\$ 94,416	\$ -	\$ -	\$ -	\$ 95,262
-	638,362	-	-	-	638,362
-	-	-	-	-	23,500
-	-	22,828	-	-	108,408
-	-	-	-	-	6,081
104,087	-	149,617	2,000	254,915	1,697,917
-	-	-	-	5,000	5,950
-	-	-	-	412,543	412,543
<u>\$ 104,087</u>	<u>\$ 732,778</u>	<u>\$ 172,445</u>	<u>\$ 2,000</u>	<u>\$ 672,458</u>	<u>\$ 2,988,023</u>
\$ 408	\$ -	\$ -	\$ -	\$ -	\$ 3,725
-	-	-	-	-	6,225
<u>408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,950</u>
-	-	-	-	289,258	312,758
-	-	-	-	5,000	5,950
103,679	732,778	172,445	2,000	-	1,842,721
-	-	-	-	378,200	816,644
<u>103,679</u>	<u>732,778</u>	<u>172,445</u>	<u>2,000</u>	<u>383,200</u>	<u>2,665,315</u>
<u>\$ 104,087</u>	<u>\$ 732,778</u>	<u>\$ 172,445</u>	<u>\$ 2,000</u>	<u>\$ 672,458</u>	<u>\$ 2,988,023</u>

(continued)

(continued)

	Capital Project Funds			
	Rail Trail Fund	Bridge Improvements Fund	Recreational Facility Fund	Exit 4A Fund
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	120,305	858,027	1,828,253	686,581
Prepaid items	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 120,305</u>	<u>\$ 858,027</u>	<u>\$ 1,828,253</u>	<u>\$ 686,581</u>
Liabilities				
Accounts payable	\$ -	\$ 36,233	\$ -	\$ 234,005
Due to other funds	-	-	-	-
Total Liabilities	-	36,233	-	234,005
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	1,828,253	452,576
Committed	120,305	821,794	-	-
Total Fund Balances	<u>120,305</u>	<u>821,794</u>	<u>1,828,253</u>	<u>452,576</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 120,305</u>	<u>\$ 858,027</u>	<u>\$ 1,828,253</u>	<u>\$ 686,581</u>

Capital Project Funds		Permanent Funds		
Hood Pond Dam Reconstruction Fund	Total Nonmajor Capital Projects Funds	General Cemetery Care	Parks and Playgrounds	Libraries
\$ -	\$ -	\$ 616,971	\$ 462,985	\$ 16,932
-	-	2,852,556	4,452,584	107,980
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
179,400	3,672,566	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 179,400</u>	<u>\$ 3,672,566</u>	<u>\$ 3,469,527</u>	<u>\$ 4,915,569</u>	<u>\$ 124,912</u>
\$ -	\$ 270,238	\$ -	\$ -	\$ -
-	-	-	1,204	-
-	270,238	-	1,204	-
-	-	-	-	-
-	-	3,398,754	4,529,153	124,290
179,400	2,460,229	70,773	385,212	622
-	942,099	-	-	-
<u>179,400</u>	<u>3,402,328</u>	<u>3,469,527</u>	<u>4,914,365</u>	<u>124,912</u>
<u>\$ 179,400</u>	<u>\$ 3,672,566</u>	<u>\$ 3,469,527</u>	<u>\$ 4,915,569</u>	<u>\$ 124,912</u>

(continued)

(continued)

	Permanent Funds			Grand Total Nonmajor Governmental Funds
	Highways and Streets	Human Services	Total Nonmajor Permanent Funds	
Assets				
Cash and cash equivalents	\$ 5,598	\$ 8,620	\$ 1,111,106	\$ 1,206,368
Investments	37,351	61,923	7,512,394	8,150,756
Taxes receivable	-	-	-	23,500
Accounts receivable, net	-	-	-	108,408
Due from other governments	-	-	-	6,081
Due from other funds	-	-	-	5,370,483
Prepaid items	-	-	-	5,950
Loans receivable	-	-	-	412,543
Total Assets	<u>\$ 42,949</u>	<u>\$ 70,543</u>	<u>\$ 8,623,500</u>	<u>\$ 15,284,089</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 273,963
Due to other funds	-	-	1,204	7,429
Total Liabilities	-	-	1,204	281,392
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	312,758
Fund Balances				
Nonspendable	41,106	63,272	8,156,575	8,162,525
Restricted	1,843	7,271	465,721	4,768,671
Committed	-	-	-	1,758,743
Total Fund Balances	<u>42,949</u>	<u>70,543</u>	<u>8,622,296</u>	<u>14,689,939</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 42,949</u>	<u>\$ 70,543</u>	<u>\$ 8,623,500</u>	<u>\$ 15,284,089</u>

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TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures, and Changes in Fund Equity
Nonmajor Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				
	Derry Public Library Fund	Taylor Library Fund	Cable Television Fund	Conservation Commission Fund	Public Safety Grants Fund
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 152,594	\$ -
Licenses and permits	1,250	-	341,411	-	-
Intergovernmental	-	-	1,655	-	29,457
Charges for services	1,047	30	-	-	-
Investment income (loss)	1,508	259	-	6,958	237
Miscellaneous	<u>21,180</u>	<u>722</u>	<u>349</u>	<u>378</u>	<u>2,259</u>
Total Revenues	24,985	1,011	343,415	159,930	31,953
Expenditures					
General government	-	-	347,691	-	-
Public safety	-	-	-	-	24,964
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	3,539	-	1,634	-	-
Economic development	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>189,674</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>3,539</u>	<u>-</u>	<u>538,999</u>	<u>-</u>	<u>24,964</u>
Excess (deficiency) of revenues over expenditures	21,446	1,011	(195,584)	159,930	6,989
Other Financing Sources (Uses)					
Transfers in	449	1,867	-	-	204
Transfers out	<u>-</u>	<u>(1,867)</u>	<u>(7,068)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>449</u>	<u>-</u>	<u>(7,068)</u>	<u>-</u>	<u>204</u>
Change in fund balance	21,895	1,011	(202,652)	159,930	7,193
Fund Balance, at Beginning of Year	<u>106,943</u>	<u>19,991</u>	<u>641,096</u>	<u>468,088</u>	<u>47,718</u>
Fund Balance, at End of Year	<u>\$ 128,838</u>	<u>\$ 21,002</u>	<u>\$ 438,444</u>	<u>\$ 628,018</u>	<u>\$ 54,911</u>

Special Revenue Funds

Miscellaneous Grants <u>Fund</u>	Waste Tire and Transportation <u>Fund</u>	Police Revolving <u>Fund</u>	Police Gift <u>Fund</u>	Rockingham Economic Development <u>Corporation</u>	Total Nonmajor Special Revenue <u>Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,594
-	-	-	-	-	342,661
-	-	-	-	12,646	43,758
-	-	158,704	-	-	159,781
1,301	24,995	-	-	1,844	37,102
<u>3,576</u>	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>38,749</u>	<u>69,213</u>
4,877	24,995	158,704	2,000	53,239	805,109
-	885	-	-	-	348,576
-	-	108,654	-	-	133,618
-	-	-	-	-	-
999	-	-	-	-	999
7,292	-	-	-	-	12,465
-	-	-	-	79,279	79,279
<u>1,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,710</u>
<u>9,327</u>	<u>885</u>	<u>108,654</u>	<u>-</u>	<u>79,279</u>	<u>765,647</u>
(4,450)	24,110	50,050	2,000	(26,040)	39,462
11,000	273,115	-	-	250,000	536,635
<u>-</u>	<u>(251,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(260,335)</u>
<u>11,000</u>	<u>21,715</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>276,300</u>
6,550	45,825	50,050	2,000	223,960	315,762
<u>97,129</u>	<u>686,953</u>	<u>122,395</u>	<u>-</u>	<u>159,240</u>	<u>2,349,553</u>
<u>\$ 103,679</u>	<u>\$ 732,778</u>	<u>\$ 172,445</u>	<u>\$ 2,000</u>	<u>\$ 383,200</u>	<u>\$ 2,665,315</u>

(continued)

(continued)

	Capital Project Funds			
	Rail Trail Fund	Bridge Improvements Fund	Recreational Facility Fund	Exit 4A Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	203,078	-	-
Charges for services	-	-	-	-
Investment income (loss)	-	-	23,286	15,122
Miscellaneous	-	-	-	-
Total Revenues	-	203,078	23,286	15,122
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	519,672	-	827,212
Total Expenditures	-	519,672	-	827,212
Excess (deficiency) of revenues over expenditures	-	(316,594)	23,286	(812,090)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Change in fund balance	-	(316,594)	23,286	(812,090)
Fund Balances, at beginning of year	120,305	1,138,388	1,804,967	1,264,666
Fund Balances, at end of year	\$ 120,305	\$ 821,794	\$ 1,828,253	\$ 452,576

Capital Project Funds		Permanent Funds		
Hood Pond Dam Reconstruction Fund	Total Nonmajor Capital Projects Funds	General Cemetery Care	Parks and Playgrounds	Libraries
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	203,078	-	-	-
-	-	-	-	-
2,285	40,693	73,896	41,563	3,044
-	-	-	-	-
2,285	243,771	73,896	41,563	3,044
-	-	21,598	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	28,856	792
-	-	-	-	-
-	1,346,884	-	-	-
-	1,346,884	21,598	28,856	792
2,285	(1,103,113)	52,298	12,707	2,252
-	-	13,775	-	-
-	-	(65,000)	(45,277)	(2,316)
-	-	(51,225)	(45,277)	(2,316)
2,285	(1,103,113)	1,073	(32,570)	(64)
177,115	4,505,441	3,468,454	4,946,935	124,976
\$ 179,400	\$ 3,402,328	\$ 3,469,527	\$ 4,914,365	\$ 124,912

(continued)

(continued)

	<u>Permanent Funds</u>			Grand Total Nonmajor Governmental Funds
	<u>Highways and Streets</u>	<u>Human Services</u>	<u>Total Nonmajor Permanent Funds</u>	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 152,594
Licenses and permits	-	-	-	342,661
Intergovernmental	-	-	-	246,836
Charges for services	-	-	-	159,781
Investment income (loss)	820	(4)	119,319	197,114
Miscellaneous	-	-	-	69,213
Total Revenues	820	(4)	119,319	1,168,199
Expenditures				
General government	-	-	21,598	370,174
Public safety	-	-	-	133,618
Highways and streets	262	-	262	262
Health and welfare	-	403	403	1,402
Culture and recreation	-	-	29,648	42,113
Economic development	-	-	-	79,279
Capital outlay	-	-	-	1,537,594
Total Expenditures	262	403	51,911	2,164,442
Excess (deficiency) of revenues over expenditures	558	(407)	67,408	(996,243)
Other Financing Sources (Uses)				
Transfers in	-	-	13,775	550,410
Transfers out	-	(1,500)	(114,093)	(374,428)
Total Other Financing Sources (Uses)	-	(1,500)	(100,318)	175,982
Change in fund balance	558	(1,907)	(32,910)	(820,261)
Fund Balances, at beginning of year	42,391	72,450	8,655,206	15,510,200
Fund Balances, at end of year	\$ 42,949	\$ 70,543	\$ 8,622,296	\$ 14,689,939

TOWN OF DERRY, NEW HAMPSHIRE

Cable Television Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues and Other Sources				
Licenses and permits	\$ 400,000	\$ 400,000	\$ 341,411	\$ (58,589)
Intergovernmental	1,655	1,655	1,655	-
Miscellaneous	-	-	350	350
Use of fund balance	181,356	181,356	181,356	-
Use of prior year fund balance (carryforwards)	<u>25,298</u>	<u>25,298</u>	<u>25,298</u>	<u>-</u>
Total Revenues	608,309	608,309	550,070	(58,239)
Expenditures and Other Uses				
Current operations:				
General government	317,946	317,946	243,750	74,196
Capital outlay	229,661	229,661	189,674	39,987
Intergovernmental	<u>60,702</u>	<u>60,702</u>	<u>112,937</u>	<u>(52,235)</u>
Total Expenditures	<u>608,309</u>	<u>608,309</u>	<u>546,361</u>	<u>61,948</u>
Excess of revenues over expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,709</u>	\$ <u>3,709</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.

<u>Trust Name</u>	<u>Trust Purpose</u>
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, 2020

	<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>
Assets					
Cash	\$ 14,789	\$ 79,438	\$ 3,583	\$ 513	\$ 98,323
Investments:					
Certificates of deposit	21,259	117,012	5,177	705	144,153
Corporate bonds	3,627	19,958	883	120	24,588
Corporate equities	17,368	95,589	4,229	576	117,762
Equity mutual funds	1,710	9,414	417	57	11,598
Fixed income mutual funds	1,333	7,338	325	44	9,040
U.S. Treasury and agencies	<u>23,606</u>	<u>129,926</u>	<u>5,748</u>	<u>783</u>	<u>160,063</u>
Total Investments	<u>68,903</u>	<u>379,237</u>	<u>16,779</u>	<u>2,285</u>	<u>467,204</u>
Total Assets	<u>\$ 83,692</u>	<u>\$ 458,675</u>	<u>\$ 20,362</u>	<u>\$ 2,798</u>	<u>\$ 565,527</u>
Net Position					
Held in trust	<u>\$ 83,692</u>	<u>\$ 458,675</u>	<u>\$ 20,362</u>	<u>\$ 2,798</u>	<u>\$ 565,527</u>
Total Liabilities and Net Position	<u>\$ 83,692</u>	<u>\$ 458,675</u>	<u>\$ 20,362</u>	<u>\$ 2,798</u>	<u>\$ 565,527</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, 2020

	<u>Derry Public Schools</u>	<u>Derry Visiting Nurses</u>	<u>East Derry Improvements Society</u>	<u>Memorial Day Flowers</u>	<u>Total Private-Purpose Trust Funds</u>
Additions					
Net investment earnings	\$ <u>(996)</u>	\$ <u>11,176</u>	\$ <u>(225)</u>	\$ <u>(138)</u>	\$ <u>9,817</u>
Total additions	(996)	11,176	(225)	(138)	9,817
Deductions					
Benefits	<u>744</u>	<u>11,412</u>	<u>108</u>	<u>28</u>	<u>12,292</u>
Total deductions	<u>744</u>	<u>11,412</u>	<u>108</u>	<u>28</u>	<u>12,292</u>
Change in net position	(1,740)	(236)	(333)	(166)	(2,475)
Net Position Held in Trust					
Beginning of year	<u>85,432</u>	<u>458,911</u>	<u>20,695</u>	<u>2,964</u>	<u>568,002</u>
End of year	\$ <u><u>83,692</u></u>	\$ <u><u>458,675</u></u>	\$ <u><u>20,362</u></u>	\$ <u><u>2,798</u></u>	\$ <u><u>565,527</u></u>

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

Combing Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2020</u>
Derry Cooperative School Agency Fund				
Assets - investments	\$ <u>170,156</u>	\$ <u>29,378</u>	\$ <u>(1,965)</u>	\$ <u>197,569</u>
Liabilities - due to other governments	\$ <u>170,156</u>	\$ <u>29,378</u>	\$ <u>(1,965)</u>	\$ <u>197,569</u>
 Performance Bond Agency Fund				
Assets - cash and cash equivalents	\$ <u>269,247</u>	\$ <u>44,972</u>	<u>(181,302)</u>	\$ <u>132,917</u>
Liabilities - deposits held for others	\$ <u>269,247</u>	\$ <u>44,972</u>	\$ <u>(181,302)</u>	\$ <u>132,917</u>
 Totals				
Cash and cash equivalents	\$ 269,247	\$ 44,972	\$ (181,302)	\$ 132,917
Investments	<u>170,156</u>	<u>29,378</u>	<u>(1,965)</u>	<u>197,569</u>
Total Assets	\$ <u>439,403</u>	\$ <u>74,350</u>	\$ <u>(183,267)</u>	\$ <u>330,486</u>
Liabilities - due to other governments	\$ 170,156	\$ 29,378	\$ (1,965)	\$ 197,569
Liabilities - deposits held for others	<u>269,247</u>	<u>44,972</u>	<u>(181,302)</u>	<u>132,917</u>
Total Liabilities	\$ <u>439,403</u>	\$ <u>74,350</u>	\$ <u>(183,267)</u>	\$ <u>330,486</u>

**STATISTICAL
SECTION**

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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 Town's overall financial health.

	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	124
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	128
<i>Debt Capacity</i>	
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	132
<i>Demographic and Economic Information</i>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	136
<i>Operating Information</i>	
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the service the Town provides and the activities it performs.	139

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

TOWN OF DERRY, NEW HAMPSHIRE

Net Position by Components

Last Ten Fiscal Years

	<u>2011 ⁽¹⁾</u>	<u>2012 ⁽¹⁾</u>	<u>2013</u>	<u>2014</u>	<u>2015 ⁽²⁾</u>	<u>2016</u>	<u>2017</u>	<u>2018 ⁽³⁾</u>	<u>2019</u>	<u>2020</u>
Government Activities										
Net investment in capital assets	\$104,936,447	\$104,697,003	\$105,780,715	\$105,790,237	\$104,467,968	\$106,506,853	\$106,931,617	\$107,236,300	\$107,227,846	\$106,371,160
Restricted	6,559,454	7,003,800	7,124,996	7,468,675	7,740,061	7,580,311	9,243,246	9,167,442	10,165,608	10,315,045
Unrestricted	14,771,367	15,095,817	13,515,612	14,207,069	(18,553,655)	(21,371,346)	(23,122,641)	(33,263,272)	(33,706,625)	(35,211,778)
Total Governmental Activities Net Position	<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>	<u>\$92,715,818</u>	<u>\$93,052,222</u>	<u>\$83,140,470</u>	<u>\$83,686,829</u>	<u>\$81,474,427</u>
Business-type Activities										
Net investment in capital assets	\$25,544,919	\$26,024,107	\$26,070,283	\$26,033,422	\$25,797,236	\$26,040,747	\$28,611,229	\$29,941,399	\$30,349,846	\$35,090,634
Unrestricted	3,964,008	4,257,248	4,742,682	5,127,537	4,189,764	6,693,240	4,337,720	2,922,048	3,024,150	3,913,205
Total Business-type Activities Net Position	<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>	<u>\$32,733,987</u>	<u>\$32,948,949</u>	<u>\$32,863,447</u>	<u>\$33,373,996</u>	<u>\$39,003,839</u>
Primary Government										
Net investment in capital assets	\$130,481,366	\$130,721,110	\$131,850,998	\$131,823,659	\$130,265,204	\$132,547,600	\$135,542,846	\$137,177,699	\$137,577,692	\$141,461,794
Restricted	6,559,454	7,003,800	7,124,996	7,468,675	7,740,061	7,580,311	9,243,246	9,167,442	10,165,608	10,315,045
Unrestricted	18,735,375	19,353,065	18,258,294	19,334,606	(14,363,891)	(14,678,106)	(18,784,921)	(30,341,224)	(30,682,475)	(31,298,573)
Total Primary Government Net Position	<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>	<u>\$125,449,805</u>	<u>\$126,001,171</u>	<u>\$116,003,917</u>	<u>\$117,060,825</u>	<u>\$120,478,266</u>

⁽¹⁾As restated

⁽²⁾First year of implementation of GASB 68. Prior periods have not been restated.

⁽³⁾First year of implementation of GASB 75. Prior periods have not been restated.

Source: Statement of Net Position

TOWN OF DERRY, NEW HAMPSHIRE

Change in Net Position
Last Ten Fiscal Years

	2011 ⁽¹⁾	2012 ⁽¹⁾	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
<u>Governmental Activities</u>										
General government	\$ 5,772,403	\$ 5,241,472	\$ 5,770,858	\$ 5,941,095	\$ 6,620,989	\$ 5,244,746	\$ 6,415,503	\$ 8,329,288	\$ 9,962,121	\$ 9,350,466
Public safety	19,716,889	20,088,167	19,705,078	20,004,575	19,175,876	18,972,353	20,910,725	19,421,896	19,438,482	21,556,849
Highway & streets	4,368,205	4,039,962	4,550,329	4,868,843	5,021,892	4,444,365	4,747,643	4,425,318	4,378,673	5,493,986
Health & welfare	735,916	643,871	712,326	812,632	777,789	687,021	601,102	631,724	365,616	418,129
Sanitation	1,579,299	1,634,394	1,632,599	1,620,297	1,757,139	1,963,583	2,106,923	1,827,450	2,322,789	2,526,437
Culture & recreation	2,940,331	3,351,764	3,062,131	3,301,712	3,157,056	3,136,458	3,234,986	3,115,494	3,262,128	3,069,608
Conservation	16,577	9,120	24,136	12,149	22,172	9,760	17,982	765,435	7,140	14,089
Economic development	1,437,987	702,479	1,440,817	179,717	656,802	615,423	708,402	667,401	1,478,417	501,836
Interest on long-term debt	365,191	386,000	375,763	411,395	373,170	330,799	267,901	263,458	330,207	477,246
Total Governmental Activities Expenses	36,932,798	36,097,229	37,274,037	37,152,415	37,562,885	35,404,508	39,011,167	39,447,464	41,545,573	43,408,646
<u>Business-type Activities</u>										
Water	2,337,353	2,313,232	2,345,410	2,423,251	2,354,975	2,374,976	2,514,734	2,628,904	2,518,606	2,602,984
Sewer	1,944,450	1,937,795	1,978,125	2,033,106	2,087,829	2,232,643	2,282,636	2,161,582	2,293,401	2,294,184
Total Business-type Activities Expenses	4,281,803	4,251,027	4,323,535	4,456,357	4,442,804	4,607,619	4,797,370	4,790,486	4,812,007	4,897,168
Total Primary Government Expenses	\$ 41,214,601	\$ 40,348,256	\$ 41,597,572	\$ 41,608,772	\$ 42,005,689	\$ 40,012,127	\$ 43,808,537	\$ 44,237,950	\$ 46,357,580	\$ 48,305,814
Program Revenues										
<u>Governmental Activities</u>										
Charges for services:										
General government	\$ 129,549	\$ 125,387	\$ 128,466	\$ 127,748	\$ 159,877	\$ 132,818	\$ 118,916	\$ 141,615	\$ 162,632	\$ 132,370
Public safety	1,690,832	1,410,038	1,307,973	1,834,499	1,548,557	1,589,881	1,839,087	1,747,645	1,830,690	1,819,259
Highway & streets	40,214	92,982	41,149	27,958	36,364	57,285	41,611	32,655	77,400	47,710
Health & welfare	26,959	27,927	30,275	33,290	29,875	30,495	31,135	31,255	29,265	29,265
Sanitation	450,465	508,259	382,358	416,529	409,554	397,767	492,994	615,433	589,776	580,402
Culture & recreation	194,859	199,406	159,898	151,294	148,705	160,423	137,095	123,061	125,620	97,799
Operating grants & contributions	1,819,782	1,447,375	1,297,582	1,581,906	1,129,626	1,126,608	424,284	478,484	491,124	1,386,137
Capital grants & contributions	2,695,727	1,330,203	402,110	303,000	961,473	610,892	1,067,132	1,518,553	1,416,608	955,718
Total Governmental Activities Program Revenues	7,048,387	5,141,577	3,749,811	4,476,224	4,423,406	4,105,549	4,151,614	4,688,581	4,725,105	5,048,660
<u>Business-type Activities</u>										
Charges for services:										
Water	2,458,522	2,533,351	2,546,316	2,502,674	2,535,847	2,573,530	2,664,892	2,735,457	2,623,958	2,963,421
Sewer	2,071,878	2,071,417	2,093,096	2,061,384	2,076,150	2,066,772	2,125,897	2,134,955	2,196,406	2,185,916
Operating grants & contributions	205,444	88,403	91,288	19,112	24,953	37,155	19,111	21,578	23,012	19,111
Capital grants & contributions	661,175	164,409	65,771	97,309	64,537	62,915	1,845,548	1,107,010	57,768	5,163,252
Total Business-type Activities Program Revenues	5,397,019	4,857,580	4,796,471	4,680,479	4,701,487	4,740,372	6,655,448	5,999,000	4,901,144	10,331,704
Total Primary Government Revenues	\$ 12,445,406	\$ 9,999,157	\$ 8,546,282	\$ 9,156,703	\$ 9,124,893	\$ 8,845,921	\$ 10,807,062	\$ 10,687,581	\$ 9,626,249	\$ 15,380,362
Net (Expense) Revenue										
Governmental activities	\$ (29,884,411)	\$ (30,955,652)	\$ (33,524,226)	\$ (32,676,191)	\$ (33,139,479)	\$ (31,298,959)	\$ (34,859,553)	\$ (34,758,883)	\$ (36,820,468)	\$ (38,359,986)
Business-type activities	1,115,216	606,553	472,936	224,122	258,683	132,753	1,858,078	1,208,514	89,137	5,434,534
Total Primary Government Net Expense	\$ (28,769,195)	\$ (30,349,099)	\$ (33,051,290)	\$ (32,452,069)	\$ (32,880,796)	\$ (31,166,206)	\$ (33,001,475)	\$ (33,550,369)	\$ (36,731,331)	\$ (32,925,452)
General Revenues & Other Changes in Net Position										
<u>Governmental Activities</u>										
Property & other taxes	\$ 23,962,310	\$ 23,668,700	\$ 24,818,369	\$ 24,918,410	\$ 25,097,755	\$ 23,441,027	\$ 23,514,876	\$ 24,650,888	\$ 25,373,049	\$ 25,415,092
Motor vehicle registration & franchise fees	4,717,598	4,899,562	5,072,002	5,444,800	5,800,062	6,186,019	6,620,752	6,842,926	7,029,103	6,728,464
Grants & contributions not restricted to specific programs	1,780,356	1,542,507	1,594,268	1,572,865	1,687,973	1,677,543	1,703,756	1,697,627	1,692,822	1,692,563
Interest & investment earnings	784,714	471,109	615,937	1,022,648	552,777	618,887	755,430	987,115	1,927,208	1,062,583
Miscellaneous	633,431	917,755	1,033,023	762,126	2,225,678	932,040	816,845	778,233	1,364,706	1,193,448
Transfers	-	(14,629)	15,330	-	(4,020)	(2,495,113)	1,784,298	745,035	(20,061)	55,434
Total Governmental Activities	31,878,409	31,485,004	33,148,929	33,720,849	35,360,225	30,360,403	35,195,957	35,701,824	37,366,827	36,147,584
<u>Business-type Activities</u>										
Income & investment earnings	9,166	17,884	18,886	30,679	40,409	35,196	47,498	76,409	133,957	92,846
Miscellaneous	69,583	133,363	55,118	93,193	67,187	83,925	93,684	102,751	267,394	157,897
Transfers	-	14,629	(15,330)	-	4,020	2,495,113	(1,784,298)	(745,035)	20,061	(55,434)
Total Business-type Activities	78,749	165,876	58,674	123,872	111,616	2,614,234	(1,643,116)	(565,875)	421,412	195,309
Total Primary Government Activities	\$ 31,957,158	\$ 31,650,880	\$ 33,207,603	\$ 33,844,721	\$ 35,471,841	\$ 32,974,637	\$ 33,552,841	\$ 35,135,949	\$ 37,788,239	\$ 36,342,893
Change in Net Position										
Governmental Activities	\$ 1,993,998	\$ 529,352	\$ (375,297)	\$ 1,044,658	\$ 2,220,746	\$ (938,556)	\$ 336,404	\$ 942,941	\$ 546,359	\$ (2,212,402)
Business-type Activities	1,193,965	772,429	531,610	347,994	370,299	2,746,987	214,962	642,639	510,549	5,629,843
Total Primary Government	\$ 3,187,963	\$ 1,301,781	\$ 156,313	\$ 1,392,652	\$ 2,591,045	\$ 1,808,431	\$ 551,366	\$ 1,585,580	\$ 1,056,908	\$ 3,417,441

⁽¹⁾As restated

Source: Statement of Activities

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>General Fund:</u>										
Nonspendable	\$ 47,666	\$ 74,168	\$ 56,696	\$ 54,481	\$ 568,208	\$ 416,389	\$ 652,133	\$ 732,613	\$ 1,008,556	\$ 393,109
Restricted	620,550	571,271	433,634	97,984	93,789	6,525	123,069	136,885	88,700	93,187
Committed ⁽¹⁾	5,530,589	5,203,971	8,114,454	9,669,390	11,633,161	11,476,393	11,742,223	9,775,005	10,817,611	10,664,804
Assigned	349,130	1,092,965	916,653	878,530	1,007,253	1,192,987	1,268,051	4,021,455	3,149,569	3,150,408
Unassigned ⁽¹⁾	10,244,689	12,806,496	11,332,187	11,174,926	11,319,369	8,976,586	9,070,775	9,899,296	9,873,327	11,382,209
Total General Fund	<u>\$ 16,792,624</u>	<u>\$ 19,748,871</u>	<u>\$ 20,853,624</u>	<u>\$ 21,875,311</u>	<u>\$ 24,621,780</u>	<u>\$ 22,068,880</u>	<u>\$ 22,856,251</u>	<u>\$ 24,565,254</u>	<u>\$ 24,937,763</u>	<u>\$ 25,683,717</u>
<u>All Other Governmental Funds:</u>										
Nonspendable	\$ 5,038,112	\$ 5,304,598	\$ 5,368,609	\$ 5,574,790	\$ 5,792,133	\$ 6,388,842	\$ 6,464,840	\$ 6,561,551	\$ 8,218,364	\$ 8,162,525
Restricted	2,171,234	3,287,736	2,721,806	5,186,410	4,070,836	1,768,444	2,780,799	2,625,049	5,232,807	4,768,671
Committed	2,117,395	1,575,289	4,607,773	2,394,239	2,125,987	1,934,167	1,791,605	2,143,772	2,059,029	1,758,743
Unassigned	-	-	(75,846)	-	-	-	-	(24,930)	-	-
Total All Other Governmental Funds	<u>\$ 9,326,741</u>	<u>\$ 10,167,623</u>	<u>\$ 12,622,342</u>	<u>\$ 13,155,439</u>	<u>\$ 11,988,956</u>	<u>\$ 10,091,453</u>	<u>\$ 11,037,244</u>	<u>\$ 11,305,442</u>	<u>\$ 15,510,200</u>	<u>\$ 14,689,939</u>

⁽¹⁾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: Governmental Funds Balance Sheet

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 23,451,834	\$ 23,610,788	\$ 24,848,384	\$ 24,875,060	\$ 25,819,686	\$ 23,151,016	\$ 23,494,016	\$ 24,579,220	\$ 25,388,361	\$ 25,441,266
Licenses & permits	5,107,026	5,190,764	5,392,415	5,842,408	6,126,213	6,697,822	7,082,591	6,949,520	7,453,714	7,531,040
Intergovernmental	5,326,913	3,677,367	3,297,746	3,154,771	3,527,634	2,833,415	3,195,173	3,616,291	3,600,554	4,034,418
Charges for services	2,143,450	2,072,796	1,729,707	2,193,710	2,006,157	1,856,269	2,198,361	2,424,949	2,392,762	2,245,642
Interest and investment income	784,712	471,108	615,937	1,022,647	552,777	618,886	755,429	987,119	1,927,209	1,062,586
Contributions	-	424,077	-	-	-	-	-	-	-	-
Miscellaneous	504,729	590,296	975,022	652,176	963,616	508,585	432,764	602,033	608,258	680,444
Total Revenues	37,318,664	36,037,196	36,859,211	37,740,772	38,996,083	35,665,993	37,158,334	39,159,132	41,370,858	40,995,396
Expenditures										
Current operations-										
General government	5,051,656	4,919,263	4,993,375	5,008,945	5,228,059	5,199,448	5,585,350	6,326,743	7,067,858	7,376,300
Public safety	18,334,892	18,592,809	18,491,033	18,726,144	19,249,577	18,386,108	19,133,623	18,875,439	19,364,764	19,991,319
Highways & streets	3,802,837	3,885,826	3,875,348	4,350,830	4,196,320	3,984,241	4,114,218	4,164,610	4,545,890	4,217,238
Health & welfare	716,642	604,040	663,639	763,935	727,628	637,269	547,627	589,604	367,300	379,554
Sanitation	1,559,847	1,576,299	1,558,825	1,554,347	1,698,273	1,809,678	1,883,093	1,962,208	2,107,975	2,257,796
Culture & recreation	2,679,467	2,953,589	2,647,311	2,707,141	2,726,284	2,767,850	2,800,428	2,840,240	3,028,383	2,835,736
Conservation	16,148	9,120	24,136	12,149	22,172	9,760	17,983	7,050	7,140	14,089
Economic Development	365,399	172,481	42,628	13,153	656,803	229,424	708,402	666,349	1,483,376	501,752
Capital outlay ⁽¹⁾	4,905,502	2,246,600	3,975,511	2,005,736	2,548,866	2,982,780	3,072,016	3,217,297	2,974,297	3,130,276
Debt service-										
Principal	953,863	937,612	930,539	1,174,325	1,188,031	1,584,468	1,223,568	1,582,497	1,875,615	2,082,065
Interest	368,055	379,504	401,483	408,797	387,214	376,303	259,714	254,110	293,102	425,667
Intergovernmental	10,009	10,369	10,074	12,485	51,074	50,980	10,747	-	-	-
Total Expenditures	38,764,317	36,287,512	37,613,902	36,737,987	38,680,301	38,018,309	39,356,769	40,486,147	43,115,700	43,211,792
Excess revenues over (under) expenditures	(1,445,653)	(250,316)	(754,691)	1,002,785	315,782	(2,352,316)	(2,198,435)	(1,327,015)	(1,744,842)	(2,216,396)
Other financing sources (uses):										
Issuance of long-term bonds	-	3,400,000	4,000,000	-	-	-	-	-	4,019,000	-
Bond premium	-	-	3,787	-	-	-	-	-	494,946	-
Issuance of refunding debt	-	-	1,250,000	-	-	1,475,000	-	-	-	-
Issuance of capital leases	898,394	367,654	203,068	439,023	104,403	-	1,745,365	2,394,159	1,597,534	1,891,660
Proceeds from sale of capital assets	125,472	294,416	70,654	112,979	1,163,820	350,177	401,934	165,022	230,690	194,995
Payments to refunding escrow	-	-	(1,228,676)	-	-	(1,428,151)	-	-	-	-
Transfers in	3,595,665	1,289,095	598,621	1,307,611	560,218	288,769	2,626,382	1,985,527	676,201	977,956
Transfers out	(3,595,665)	(1,303,723)	(583,291)	(1,307,611)	(567,237)	(2,783,882)	(842,084)	(1,240,492)	(696,262)	(922,522)
Total other financing sources (uses)	1,023,866	4,047,442	4,314,163	552,002	1,261,204	(2,098,087)	3,931,597	3,304,216	6,322,109	2,142,089
Net change in fund balances	\$ (421,787)	\$ 3,797,126	\$ 3,559,472	\$ 1,554,787	\$ 1,576,986	\$ (4,450,403)	\$ 1,733,162	\$ 1,977,201	\$ 4,577,267	\$ (74,307)
Debt service as a percentage of non-capital expenditures ⁽²⁾										
	3.9%	3.9%	3.8%	4.6%	4.4%	5.7%	4.1%	4.9%	5.4%	6.1%

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

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

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

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

Fiscal Year	Local Assessed Value				Total Taxable Assessed Value ⁽¹⁾	Total Town Direct Tax Rate	Estimated Full Value	Total Assessed Value as a % Estimated Actual Taxable Value
	Residential	Commercial	Industrial	Less Tax-Exempt Property				
2011	\$ 2,044,021,314	\$ 406,511,108	\$ 68,917,300	\$ 29,023,053	\$ 2,490,426,669	\$ 9.41	\$ 2,485,455,757	100.20%
2012	2,047,409,452	399,299,617	77,978,400	29,780,675	2,494,906,794	9.52	2,355,908,210	105.90%
2013	1,891,691,991	446,126,677	78,549,100	29,122,507	2,387,245,261	10.39	2,428,530,276	98.30%
2014	1,905,452,576	405,159,727	84,415,817	28,835,371	2,366,192,749	10.39	2,517,226,329	94.00%
2015	2,025,529,201	423,374,237	85,977,274	30,265,466	2,504,615,246	9.72	2,808,357,314	89.18%
2016	2,033,365,986	427,667,634	86,088,174	31,323,700	2,515,798,094	9.16	2,764,420,315	91.01%
2017	2,438,583,950	338,874,095	97,706,000	35,094,300	2,840,069,745	8.30	3,098,756,240	91.65%
2018	2,766,028,336	378,889,103	109,708,867	29,380,766	3,225,245,540	8.44	3,512,714,295	91.82%
2019	2,799,845,173	382,588,804	112,068,773	28,732,766	3,265,769,984	7.60	3,530,698,545	92.50%
2020	2,779,146,373	412,420,965	82,286,812	28,392,766	3,245,461,384	7.72	3,674,312,197	88.33%

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

Notes:

⁽¹⁾ NH Department of Revenue Administration requires that all properties be reviewed at least every five years to insure that assessed property values are within a range of 90-110% of actual market value. The Town's goal is to maintain values as close to 100% through an annual process of cycled inspections and a valuation update every other year. The most recent full valuation update completed in 2016 for FY17.

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

Total Overlapping Rates						
Fiscal Year	Town Rate	Derry School	State Education	Total School Rate	County Rate	Total Tax Rate ⁽¹⁾
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
2016	9.16	16.37	2.61	18.98	1.09	29.23
2017	8.30	15.52	2.23	17.75	1.01	27.06
2018	8.44	17.14	2.23	19.37	1.05	28.86
2019	7.60	15.43	2.04	17.47	0.96	26.03
2020	7.72	15.36	2.06	17.42	0.98	26.12

Source: NH Department of Revenue Administration approved tax rates

Notes:

⁽¹⁾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 2020			FY 2011		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Valuation
Chartwell New Hampshire (Fairways)	Real Estate - Apartments.	\$89,108,392	1	2.75%	\$55,327,080	1	2.22%
Campbell, Gilbert G., Trustee (Aladdin Village & Derry County Club Estates)	Real Estate - Apartments	46,623,200	2	1.45%	33,054,484	2	1.33%
Public Service Company of NH (PSNH)	Utility - Electric	36,484,277	3	1.14%	19,356,000	4	0.78%
HCA Health Services of NH, Inc. (Parkland Medical Center)	Healthcare - Hospital	35,037,100	4	1.09%	20,304,200	3	0.82%
SUSO 4 Derry LP	Commercial - Retail	20,299,000	5	0.63%			
Hood Commons BSD LLC (Hood Plaza)	Commercial - Retail	19,144,900	6	0.60%	15,168,800	6	0.61%
Wal-Mart Real Estate Business Trust (Wal-Mart Superstore, Ashleigh Dr.)	Commercial - Retail	15,566,000	7	0.49%			
Ventas Birch Heights, LLC	Commercial - Elderly Assisted Living	12,905,000	8	0.40%			
EKM Associates Ltd. Partnership	Real Estate - Apartments	12,324,600	9	0.38%	10,409,800	7	0.42%
Two Tsienneto Road Realty LLC	Medical Office Building	11,575,100	10	0.36%	9,482,100	9	0.38%
Wal-Mart Realty Co (Wal-Mart Store, Manchester Road)	Commercial - Retail w/Fueling Station				9,075,200	10	0.36%
Mariner Derry Meadows LLC	Commercial - Retail				19,137,300	5	0.77%
Derry Retirement Residence, LLC	Commercial - Elderly Assisted Living				9,896,100	8	0.40%
Totals		\$299,067,569		9.29%	\$201,211,064		8.08%
Total Taxable Assessed Valuation is:		\$3,245,461,384			\$2,490,426,669		

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
2011	\$ 23,477,396	\$ 23,019,793	98.05%	\$ 394,994	\$ 55,649	\$ 23,470,436	99.97%
2012	23,817,145	23,360,347	98.08%	384,750	61,112	23,806,210	99.95%
2013	24,408,192	24,022,106	98.42%	316,633	52,195	24,390,934	99.93%
2014	24,623,357	24,190,174	98.24%	335,464	49,600	24,575,238	99.80%
2015	24,382,679	23,716,617	97.27%	486,946	37,291	24,240,853	99.42%
2016	24,266,054	22,823,346	94.05%	1,164,898	36,589	24,024,834	99.01%
2017	23,121,180	22,855,905	98.85%	199,490	51,504	23,106,899	99.94%
2018	23,908,193	23,638,459	98.87%	152,349	29,603	23,820,411	99.63%
2019	24,600,677	24,114,120	98.02%	72,171	27,596	24,213,887	98.43%
2020	24,777,498	24,736,689	99.84%	-	22,431	24,759,120	99.93%

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

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

TOWN OF DERRY, NEW HAMPSHIRE
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business Type Activities					Total Primary Government Debt		
	Bonds and Loans Payable ⁽¹⁾	Bond Anticipation Note	Capital Leases	Tax Increment Financing Bonds	Water Bonds ⁽¹⁾	Water Capital Leases	Water Notes	Sewer Bonds ⁽¹⁾	Sewer Capital Leases	Total Primary Government	As a % of Personal Income	Per Capita
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	7,374,738	-	783,506	4,920,000	2,502,772	-	-	4,274,020	-	19,855,036	0.16%	602
2015	6,637,881	-	509,885	4,840,000	2,362,173	44,770	-	3,959,674	44,770	18,399,153	0.17%	554
2016	5,921,025	-	215,418	4,285,000	2,218,580	33,938	-	3,657,322	33,938	16,365,221	0.19%	493
2017	5,279,168	-	1,802,214	3,855,000	2,072,493	22,870	-	3,332,465	22,870	16,387,080	0.19%	494
2018	4,545,000	-	3,678,876	3,420,000	1,887,072	11,559	-	2,972,928	11,559	16,526,994	0.19%	497
2019	7,949,000	-	4,450,795	2,985,000	1,742,224	-	-	2,647,776	-	19,774,795	0.17%	591
2020	7,371,500	-	5,268,901	2,540,000	1,644,046	-	-	2,323,454	-	19,147,901	0.18%	576

Notes:

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

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

⁽¹⁾The above figures reflect bonds net of related premiums and discounts.

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

Fiscal Year	General Bonded Debt Outstanding			% of Actual Taxable Value of Property	Per Capita
	Bonds and Loans Payable	Tax Increment Financing Bonds	Total		
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	0.54%	391
2014	7,374,738	4,920,000	12,294,738	0.52%	373
2015	6,637,881	4,840,000	11,477,881	0.46%	346
2016	5,921,025	4,285,000	10,206,025	0.41%	308
2017	5,279,168	3,855,000	9,134,168	0.32%	275
2018	4,545,000	3,420,000	7,965,000	0.25%	240
2019	7,949,000	2,985,000	10,934,000	0.33%	327
2020	7,371,500	2,540,000	9,911,500	0.31%	298

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements. Property value data from Form MS-1 filed with the NH Department of Revenue Administration for the prior tax year. See page 136 for population data. These ratios are calculated using estimated population for the prior calendar year.

TOWN OF DERRY, NEW HAMPSHIRE
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Direct & Overlapping Debt</u>
Direct:			
Town of Derry - Bonds and Loans	\$7,371,500	100.00%	\$7,371,500
Town of Derry - Tax Increment Financing Bonds	\$2,540,000	100.00%	<u>2,540,000</u>
Town of Derry - Capital Leases	\$5,268,901	100.00%	<u>5,268,901</u>
Sub Total - Direct Debt			15,180,401
Overlapping:			
Rockingham County	\$8,679,109	6.2427%	541,811
Derry Cooperative School District	\$14,143,138	100.00%	<u>14,143,138</u>
Sub Total - Overlapping Debt			<u>14,684,949</u>
Total Direct and Overlapping Debt			<u><u>\$29,865,350</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 2016 town allocation, is provided by the County.

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

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

Legal Debt Margin Calculation for Fiscal Year 2020

Estimated full value	\$3,674,312,197
General Fund debit limit (3% of equalized Valuation)	110,229,366
Water Fund debit limit (10% of equalized Valuation)	367,431,220

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Debt Limit	\$75,472,246	\$75,570,494	\$73,292,846	\$80,561,177	\$84,250,719	\$82,932,609	\$92,962,687	\$92,962,687	\$103,868,217	\$110,229,366
Total debt applicable to limit ⁽¹⁾	<u>4,960,000</u>	<u>4,450,000</u>	<u>7,990,000</u>	<u>7,374,738</u>	<u>6,637,881</u>	<u>5,921,025</u>	<u>5,279,168</u>	<u>4,545,000</u>	<u>7,949,000</u>	<u>7,371,500</u>
Legal debt margin	<u>\$70,512,246</u>	<u>\$71,120,494</u>	<u>\$65,302,846</u>	<u>\$73,186,439</u>	<u>\$77,612,838</u>	<u>\$77,011,584</u>	<u>\$87,683,519</u>	<u>\$87,683,519</u>	<u>\$95,919,217</u>	<u>\$102,857,866</u>
Total debt applicable to limit as a percentage of debt limit	6.57%	5.89%	10.90%	9.15%	7.88%	7.14%	5.68%	5.68%	7.65%	6.69%
Water Fund										
Debt Limit	\$251,574,153	\$251,901,647	\$244,309,487	\$268,537,258	\$280,835,731	\$276,442,032	\$309,875,624	\$351,271,430	\$353,069,855	\$367,431,220
Total debt applicable to limit	<u>400,000</u>	<u>2,568,500</u>	<u>2,518,500</u>	<u>2,502,772</u>	<u>2,362,173</u>	<u>2,218,580</u>	<u>2,072,493</u>	<u>2,072,493</u>	<u>1,742,224</u>	<u>1,644,046</u>
Legal debt margin	<u>\$251,174,153</u>	<u>\$249,333,147</u>	<u>\$241,790,987</u>	<u>\$266,034,486</u>	<u>\$278,473,558</u>	<u>\$274,223,452</u>	<u>\$307,803,131</u>	<u>\$307,803,131</u>	<u>\$351,327,631</u>	<u>\$365,787,174</u>
Total debt applicable to limit as a percentage of debt limit	0.16%	1.02%	1.03%	0.93%	0.84%	0.80%	0.67%	0.67%	0.49%	0.45%

Notes:

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

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

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

⁽¹⁾ 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

Fiscal Years Ended June 30,	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2011	33,109	\$ 997,673,497	\$ 30,133	5,907	5.5%
2012	33,008	993,177,712	30,089	5,785	6.5%
2013	33,220	1,038,257,880	31,254	5,717	5.6%
2014	32,988	1,031,171,892	31,259	5,545	4.9%
2015	33,211	1,009,514,767	30,397	5,443	4.3%
2016	33,180	1,014,312,600	30,570	5,335	5.1%
2017	33,202	1,044,103,294	31,447	5,246	2.9%
2018	33,246	1,062,774,882	31,967	5,178	3.3%
2019	33,440	1,110,475,520	33,208	5,054	2.4%
2020	33,249	1,130,532,498	34,002	4,967	10.5%

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

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

2011-2019 School enrollment revised in FY20

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

TOWN OF DERRY, NEW HAMPSHIRE

Principal Employers

Current Year and Nine Years Ago

Employer	Type of Business	Fiscal Year 2020			Fiscal Year 2011		
		Employees	Rank	% of Total Town Employment	Employees	Rank	% of Total Town Employment
Derry Cooperative School District	Education	620	1	3.14%	670	1	3.50%
HCA Health Services of NH	Healthcare/hospital	532	2	2.68%	589	2	3.08%
Pinkerton Academy	Education	462	3	2.34%	474	3	2.48%
Town of Derry	Municipal services	364	4	1.84%	324	4	1.69%
Wal-Mart Store	Retail chain	265	5	1.34%	200	5	1.04%
Hannaford Supermarket	Supermarket	142	6	0.72%	147	7	0.77%
Shaw's Supermarket	Supermarket	105	7	0.53%	150	6	0.78%
Fireye	Fire equipment	100	8	0.51%	125	9	0.65%
Benson's Hardware	Hardware supply store	50	9	0.25%			
Total Air Supply	Light manufacturer	40	10	0.20%			
Cedar Point Communications	Voice-multimedia switch networks				140	8	0.73%
Sanmina/Hadco	Electronics				100	10	0.52%

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

Note:

Fiscal Year 2020 and 2011 information is from the 2019 and 2010 calendar year Community Profiles, respectively, as well as from Town of Derry records.

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Governmental Activities</u>										
General Government	25	24	24	25	26	23	22	21	21	21
Public Safety	153	152	150	149	149	148	146	146	148	149
Highway & Streets	27	27	27	27	27	27	30	30	30	31
Health & Welfare	3	3	3	4	4	2	2	2	0	
Sanitation	5	5	5	5	5	5	5	5	6	6
Culture & Recreation	8	8	8	8	8	8	8	8	8	8
Economic Development	2	2	2	2	2	2	2	3	3	3
<u>Business-Type Activities</u>										
Water	6	6	6	7	7	7	7	7	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><u>236</u></u>	<u><u>234</u></u>	<u><u>232</u></u>	<u><u>234</u></u>	<u><u>235</u></u>	<u><u>229</u></u>	<u><u>229</u></u>	<u><u>229</u></u>	<u><u>230</u></u>	<u><u>232</u></u>

Source: Annual adopted budget information.

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Number of police calls answered	26,663	26,939	26,607	26,034	22,960	23,785	26,298	30,126	29,132	23,194
Physical arrests	1,272	1,412	1,330	1,433	1,186	1,231	1,196	1,164	1,238	1,186
Traffic violations	1,144	1,052	1,008	991	627	701	919	756	706	542
Parking violations	534	1,182	966	866	529	382	1,070	652	697	477
Total offenses reported (prior calendar year basis)										
Group A	2,854	3,033	2,880	2,520	2,758	2,396	2,307	2,157	2,087	2,087
Group B	1,048	1,071	1,051	919	971	827	937	1,182	1,092	1,224
Fire & rescue calls dispatched (5 towns)	7,804	7,930	7,930	7,294	7,290	7,513	7,704	8,226	7,755	7,716
Total fire & rescue responses	4,393	4,282	4,193	4,281	4,586	4,722	4,836	5,091	5,021	4,805
Fire emergency services	1,405	1,396	1,445	1,447	1,607	1,683	1,730	1,868	1,747	1,183
False alarms	422	393	387	412	452	403	412	421	423	344
EMS/Rescue	2,939	2,886	2,886	3,081	3,302	3,321	3,298	3,516	3,553	3,622
Patients treated & transported	2,360	2,247	2,299	2,398	2,477	2,467	2,477	2,589	2,714	2,496
Patients treated only	10	22	29	21	18	19	21	57	47	33
Inspections conducted										
Fire code	697	713	744	862	858	969	1,213	1,114	1,867	1,731
Permits	198	627	773	721	689	723	770	749	897	1,022
Fire permits	4,012	2,495	2,114	1,412	1,952	2,016	1,787	1,928	2,009	1,634
Public safety education programs	138	61	72	32	51	51	35	47	135	104
Program attendees	4,965	2,179	815	819	1,267	1,780	2,823	3,090	3,067	4,205
Water										
Daily average water consumption	1.34 MGD	1.41 MGD	1.42 MGD	1.47 MGD	1.45 MGD	1.56 MGD	1.60 MGD	1.48 MGD	1.45 MGD	1.51 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	1.59 MGD	1.72 MGD	1.54 MGD	1.54 MGD	1.58 MGD	1.47 MGD	1.54 MGD	1.60 MGD	1.80 MGD	1.62 MGD
Maximum daily capacity	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.0 MGD

Source: Various Town departments

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	30	30	30	30	30	30	30	30	30
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire/EMS response apparatus	30	30	30	30	30	30	30	30	30	30
Highways & streets										
Miles of streets	162.8	163.2	163.2	163.2	163.74	164.57	165.39	165.39	165.39	165.39
Number of street lights	921	923	923	923	923	923	923	923	923	923
Miles of sidewalks	19.3	19.3	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7
Culture & recreation										
Community centers	6	6	6	6	6	6	6	6	6	6
Parks	6	6	6	6	6	6	6	6	6	6
Park acreage	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1
Multi-purpose fields	9	9	9	9	9	9	9	9	9	9
Baseball/softball fields	8	8	8	8	8	8	8	8	8	8
Beaches	2	2	2	2	2	2	2	2	2	2
Tennis courts	5	5	5	5	5	5	5	5	5	5
Libraries	2	2	2	2	2	2	2	2	2	2
Water										
Miles of water mains	70.31	70.31	70.31	70.31	71.62	71.62	71.94	70.31	85.96	88.13
Service connections	4,028	4,041	4,050	4,071	4,075	4,094	4,115	4,050	4,250	4,220
Fire hydrants	614	614	614	614	629	629	638	614	659	678
Sewer										
Miles of sanitary sewers	48.9	48.9	48.9	48.9	50.44	50.44	50.44	48.9	53.12	54.68
Miles of storm sewers	19	19	19	19	19.25	19.25	19.35	19.00	19.14	19.10
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	3,064	3,082	3,087	3,096	3,100	3,116	3,130	3,087	3,209	3,252

Source: Various Town departments



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

INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Derry, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Derry, New Hampshire, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 23, 2020.

Internal Control Over Financial Reporting

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

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

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of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



Nashua, New Hampshire
November 23, 2020