



Photo by Doug Rathburn, IT/GIS Manager

TOWN OF DERRY, NEW HAMPSHIRE

Annual Comprehensive Financial Report

For the Fiscal Year Ending

June 30, 2021

TOWN OF DERRY, NEW HAMPSHIRE
Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

Prepared by:
The Finance Department

Mark A. Fleischer
Chief Financial Officer

Town of Derry, New Hampshire
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	1
GFOA Certificate of Achievement	8
Organizational Chart	9
List of Principal Officials	10
FINANCIAL SECTION:	
Independent Auditors' Report	13
Management's Discussion and Analysis	20
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	35
Statement of Activities	37
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	39
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities in the Statement of Net Position	40
Statement of Revenues, Expenditures, and Changes in Fund Balances	41
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	42

	<u>Page</u>
Proprietary Funds:	
Statement of Net Position	43
Statement of Revenues, Expenses, and Changes in Fund Net Position	44
Statement of Cash Flows	45
Fiduciary Funds:	
Statement of Fiduciary Net Position	46
Statement of Changes in Fiduciary Net Position	47
Notes to Financial Statements	48
REQUIRED SUPPLEMENTARY INFORMATION:	
Budget and Actual:	
Statement of Revenues, Expenditures, and Other Financing Sources/(Uses) - Budget and Actual - General Fund	88
Notes to Required Supplementary Information for Budget	89
Pension:	
Schedule of Proportionate Share of the Net Pension Liability	90
Schedule of Pension Contributions	91
OPEB:	
Schedules of Proportionate Share of the Net OPEB Liability and Contributions	92
Schedules of Changes in the Net OPEB Liability	93
Other RSI:	
Modified Approach for Infrastructure Capital Assets	94

	<u>Page</u>
Notes to Required Supplementary Information	96
SUPPLEMENTARY STATEMENTS AND SCHEDULES:	
Governmental Funds:	
Combining Financial Statements:	
Combining Balance Sheet - Nonmajor Governmental Funds	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Equity - Nonmajor Governmental Funds	109
Statement of Revenues and Expenditures - Budget and Actual - Cable Television Fund	120
Fiduciary Funds:	
Combining Financial Statements:	
Combining Statement of Fiduciary Net Position – Fiduciary Funds	118
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds	120
STATISTICAL SECTION:	
<i>Financial Trends</i>	
Net Position by Component	125
Changes in Net Position	126
Fund Balances, Governmental Funds	127
Changes in Fund Balances, Governmental Funds	128
<i>Revenue Capacity</i>	
Assessed and Estimated Full Value of Real Property	129
Direct and Overlapping Property Tax Rates	130

	<u>Page</u>
Principal Property Taxpayers	131
Property Tax Levies and Collections	132
<i>Debt Capacity</i>	
Ratios of Outstanding Debt by Debt Type	133
Ratios of General Bonded Debt Outstanding	134
Direct and Overlapping Governmental Activities Debt	135
Legal Debt Margin Information	136
<i>Demographic and Economic Information</i>	
Demographic and Economic Statistics	137
Principal Employers	138
Full-Time Town Employees by Function/Program	139
<i>Operating Information</i>	
Operating Indicators by Function/Program	140
Capital Asset Statistics by Function/Program	141
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	142

INTRODUCTORY SECTION

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Town of Derry, NH



December 3, 2021

To the Citizens and Members of the Town Council:

The Annual Comprehensive Financial Report (ACFR), formerly known as Comprehensive Annual Financial Report, of the Town of Derry for the fiscal year ended June 30, 2021, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the following data, including the financial statements, supporting schedules and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Town. We also believe that the Town's existing internal control systems are adequate. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town management's narrative on the financial activities of the Town for the fiscal year ended June 30, 2021, is in the Management's Discussion and Analysis (MD&A) section of this report, immediately following the Report of Independent Auditors. The letter of transmittal is written to complement the MD&A and the financial statements and should be read from that perspective and in conjunction with all other sections of the ACFR.

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

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

Independent Audit

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

PROFILE OF THE GOVERNMENT

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

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

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

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

Administration. Administrative functions of the Town are carried out by the Town Administrator. The Town Administrator is responsible for the administrative and financial affairs of the Town

overseeing the day-to-day operations, and implements policies established by the Town Council. The Town Administrator is responsible for appointing the heads of the various departments, for negotiating with the various bargaining units of the Town and making 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 Town's unemployment rate as of June 2021 is 3.7%, down from the June 2020 unemployment rate of 10.5%. By comparison, the U.S. unemployment rate as of June 2021 is 5.9%. 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 2021 activity in the Planning Department continued at a steady pace for most of the year, post COVID, with both new development proposals as well as projects that had begun prior to COVID and obtained town approvals this past year.

Highlights of development activity in Fiscal Year 2021 included a second warehouse building for Paul the Plumber, a new 18,000 sf. commercial unit bays building, a new 6,000 sf. building for a local tree-cutting business, conceptual discussions for several mixed-use developments of housing/commercial and office space and approval of several small single-family housing subdivisions.

Zoning amendments this past included amending our sign ordinance relating to the Downtown/Central Business District and message boards throughout town, increasing the housing density in the Downtown/Central Business District, revising and adding additional permitted uses in both the General Commercial District and Industrial IV District and expanding the boundary of the Traditional Business Overlay District in the Downtown/Central Business District. We also amended the zoning ordinance to allow for solar energy systems for both residential and business uses.

The most significant work for the department in both 2020 and continuing in 2021 has been our work on the new 2020 Master Plan Update and moving forward with long-term Goals and Implementation Strategies in conjunction with the Planning Board and town departments. Planning staff also participated in the Hood Park Revitalization Plan and committee.

The department put together and submitted an application to the New Hampshire Department of Transportation (NHDOT) to seek funding under the NHDOT Transportation Alternatives Program (TAP) to complete the existing Derry Rail Trail to the Londonderry town line. We are happy to announce that the NHDOT reviewed our application and recommend funding and have the project included in the state's Ten-Year Highway Plan. Final approval is anticipated by the Governor and Legislature in June 2022. The project was also included in the Federal Transportation infrastructure plan/bill by Congressman Chris Pappas for full funding with potential approval (subject to Congress) by the end of 2021. I would like to thank all the town departments, staff, individuals, and organizations that assisted in putting the application together and providing letters of support for the project. Additionally, we would also like to acknowledge and thank the Southern New Hampshire Planning Commission for their assistance with our application.

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** – Although the Business Resource Center has been closed during the COVID-19 pandemic, one-on-one in-person and Zoom meetings have continued, in partnership with the NH Small Business Administration. The pandemic provided an opportunity to strengthen relationships with local business as we worked together to provide access to grant and loan programs, as well as connecting them to resources in myriad ways. We committed to programming (such as Restaurant Month) and social media outreach to help keep local businesses top-of-mind during this most difficult time. As of the 1-year pandemic anniversary, Derry did not lose a single business due to COVID-only reasons.
- **Attract New Business** – Despite the pandemic, Derry is exploding with new projects and businesses. We saw 5 new restaurants open, several properties change hands, and multiple conceptual and site plans for new and redevelopment properties. Recent zoning changes have allowed a larger swath of business uses and relaxed requirements for the inclusion of housing. Continued participation in NH CIBOR meetings (now virtual) offer opportunities for sharing the Derry story. There has been much collaboration of staff, boards and committees, and the future looks bright for our local economy.
- **Plan for Smart Sustainable Growth** – The Pandemic has forced town officials, staff and the public to be more flexible and open in their thinking and ability to take action when warranted. Derry is now well-positioned to ensure new and redeveloped commercial properties are developed for maximum sustainability, and for meeting updated goals of the Master Plan.
- **Implement Marketing & Communication Plan** – Marketing and communication has vastly changed in the past year. A greater emphasis was put on direct email and social media approaches and collaborating with others to spread information. We scaled back on print media, enhanced our website to include vital Pandemic information and resources and beefed-up calls and (where appropriate) in-person visits to check in on local businesses. The

public was more engaged with helping to promote local, which helped make both the Small Business Saturday and Restaurant Month programs a huge success for Derry.

- **Placemaking** – This was the Year of the Mural, as the mural on the wall at Cask & Vine was completed, and the 411-foot-long Derry Aviation/Alan Shepard Mural was started (May) and finished (September) in time to engage rail trail users from near and far, as well as celebrate the 50th Anniversary of the Apollo 14 Mission. This garnered much publicity and brought people back time and again to check on the progress and linger downtown – a huge win! In addition, two painted pianos were completed and placed in public. Scaled-back outdoor festivals were held, and the Derry Opera House underwent repairs in order to host events once again.

The Town Council approved the expansion of the Ash Street Tax Increment Financing 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. The finalization of updated zoning to additional parcels in the Industrial IV district will allow for greater economic development possibilities in the future.

Debt Management

The Town of Derry has adopted a debt management practice of issuing debt which restricts debt service payments to the amount budgeted; 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.

Implementation of GASB 84

The Town implemented for year end June 30, 2021, GASB 84 reporting for custodial funds. These custodial funds include the additions and deductions on behalf of:

- Taxes and Fees
- Derry Cooperative School Capital Reserve

Awards and Acknowledgements

This report continues to refine the financial reporting of the Town. It is the twenty-third year the Town has produced an annual comprehensive financial report (ACFR). The Town received the

Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Years beginning in 1998 through 2020. This recognized the Town Finance Department's efforts for full disclosure of the financial information of the Town. A ACFR is a much more detailed reporting of the Town's finances, as well as providing historical information in the statistical section of this report.

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

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

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

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

Respectfully submitted,



David Caron
Town Administrator



Mark A. Fleischer
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

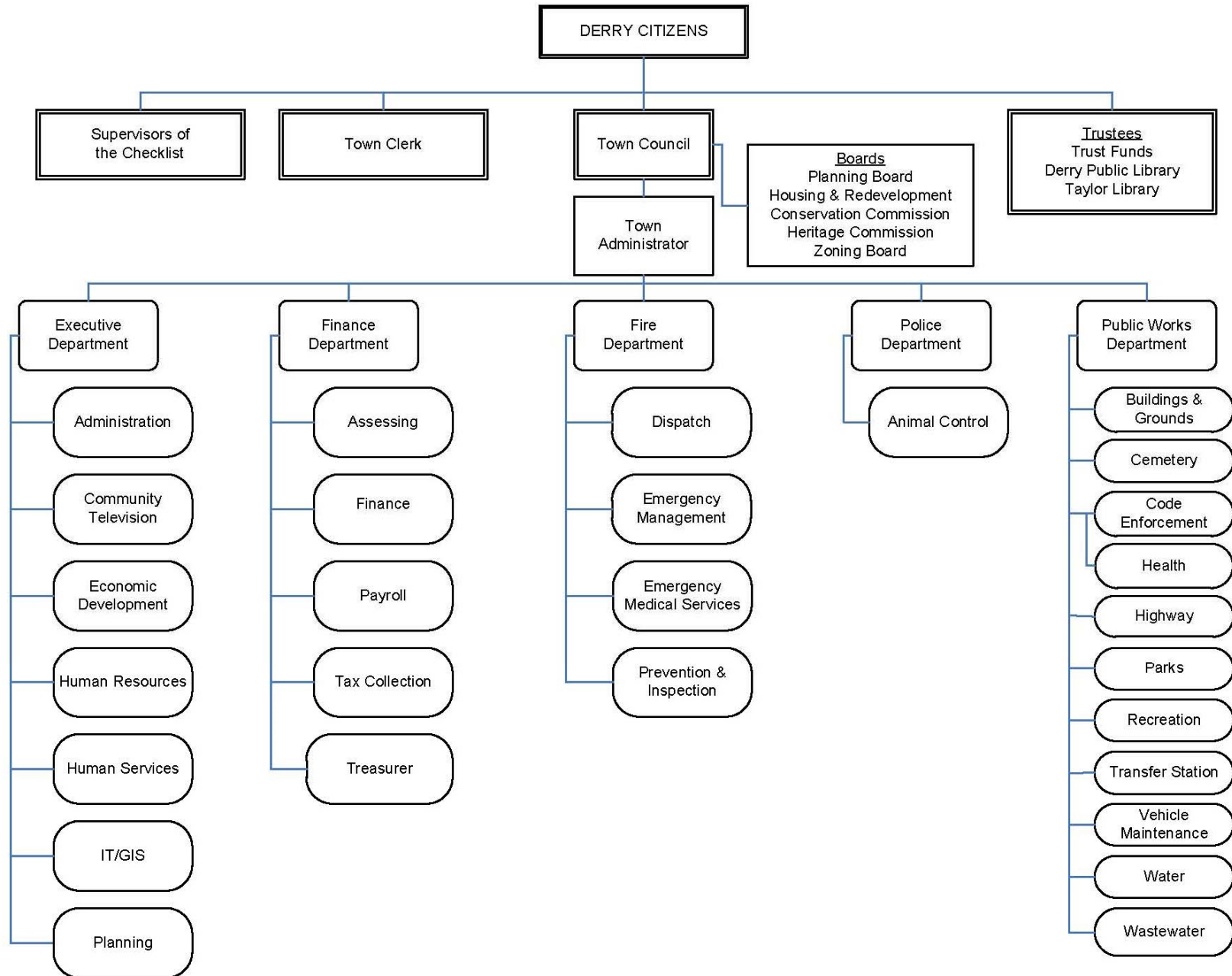
**Town of Derry
New Hampshire**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



**TOWN OF DERRY, NEW HAMPSHIRE
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2021**

Town Council

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

Administration

Robin Bordonaro	Animal Control Officer
James Degnan	Chair, Conservation Commission
Karen Blandford-Anderson	Chair, Heritage Commission
John O'Connor	Chair, Planning Board
Joan Crimlisk	Chair, Trustees of Trust Funds
Jeff Moulton	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
Jen Thielker	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
Dina Bourassa	Chair, Supervisor of the Checklist
Judith Strakalaitis	Supervisor of the Checklist
Patricia Dowling	Supervisor of the Checklist

**FINANCIAL
SECTION**

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INDEPENDENT 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, 2021, 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 audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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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, 2021, 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.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 December 3, 2021 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.

Merrimack, New Hampshire
December 3, 2021

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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, 2021.

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 or Custodian

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

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

Condensed Financial Statements

Financial Highlights

- As of the close of the current fiscal year, net position in governmental activities was \$83,542,079, a change of \$2,067,652, and net position in business-type activities was \$40,844,352, a change of \$1,840,513.
- As of the close of the current fiscal year, governmental funds reported combined ending balances of \$42,979,153, a change of \$2,605,497 in comparison to the prior year.
- At the end of the current fiscal year, the total General Fund balance was \$27,774,310, a change of \$2,090,593 in comparison to the prior year. The unassigned General Fund balance was \$12,112,932, a change of \$730,723.

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)

	2021			2020		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Assets						
Current and other assets	\$ 91,667	\$ 8,434	\$ 100,101	\$ 87,752	\$ 8,102	\$ 95,854
Capital assets	<u>119,359</u>	<u>40,037</u>	<u>159,396</u>	<u>117,720</u>	<u>39,122</u>	<u>156,842</u>
Total assets	211,026	48,471	259,497	205,472	47,224	252,696
Deferred outflows of resources	17,511	859	18,370	10,543	623	11,166
Liabilities						
Other liabilities	2,468	342	2,810	2,859	772	3,631
Long-term debt	<u>89,965</u>	<u>7,462</u>	<u>97,427</u>	<u>83,876</u>	<u>7,699</u>	<u>91,575</u>
Total liabilities	92,433	7,804	100,237	86,735	8,471	95,206
Deferred inflows of resources	52,562	682	53,244	47,806	372	48,178
Net Position						
Net Investment in capital assets	108,269	36,438	144,707	106,371	35,091	141,462
Restricted net position	11,960	-	11,960	10,315	-	10,315
Unrestricted net position	<u>(36,687)</u>	<u>4,406</u>	<u>(32,281)</u>	<u>(35,212)</u>	<u>3,913</u>	<u>(31,299)</u>
Total net position	<u>\$ 83,542</u>	<u>\$ 40,844</u>	<u>\$ 124,386</u>	<u>\$ 81,474</u>	<u>\$ 39,004</u>	<u>\$ 120,478</u>

CHANGES IN NET POSITION (in thousands)

	2021			2020		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Revenue						
<u>Program revenue:</u>						
Charges for services	\$ 2,885	\$ 5,559	\$ 8,444	\$ 2,707	\$ 5,149	\$ 7,856
<u>Grants:</u>						
Operating grants	2,056	65	2,121	1,386	19	1,405
Capital grants	707	1,706	2,413	956	5,163	6,119
<u>General revenue:</u>						
Property taxes	27,537	-	27,537	25,415	-	25,415
Other general revenue	12,156	145	12,301	10,676	251	10,927
Total revenue	45,341	7,475	52,816	41,140	10,582	51,722
<u>Program expenses:</u>						
Town:						
General government	10,298	-	10,298	9,350	-	9,350
Public safety	21,597	-	21,597	21,557	-	21,557
Highway and streets	4,165	-	4,165	5,494	-	5,494
Health, welfare & housing	389	-	389	418	-	418
Sanitation	2,720	-	2,720	2,526	-	2,526
Culture and recreation	3,048	-	3,048	3,070	-	3,070
Conservation	6	-	6	14	-	14
Economic development	673	-	673	502	-	502
Interest on long-term debt	440	-	440	477	-	477
Water services	-	3,215	3,215	-	2,603	2,603
Sewer services	-	2,357	2,357	-	2,294	2,294
Total Program expenses	43,336	5,572	48,908	43,408	4,897	48,305
Excess (deficiency), before transfers	2,005	1,903	3,908	(2,268)	5,685	3,417
Transfers in (out)	63	(63)	-	55	(55)	-
Change in net position	2,068	1,840	3,908	(2,213)	5,630	3,417
Net Position - beginning of year	81,474	39,004	120,478	83,687	33,374	117,061
Net Position - end of year	\$ 83,542	\$ 40,844	\$ 124,386	\$ 81,474	\$ 39,004	\$ 120,478

Governmental Activities

The net position of \$83,542,079 for governmental activities includes \$108,268,697 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 \$11,960,059 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 \$(36,686,677) primarily resulting from unfunded pension and OPEB liabilities.

Overall, the total net position of governmental activities increased by \$2,067,652. Key elements of this change are as follows:

General fund operations	\$ 2,090,593
Change in net OPEB liability related deferred outflows and inflows of resources	133,393
Change in net pension liability and related deferred outflows and inflows of resources	(3,156,261)
Issurance of capital leases	(1,079,055)
Capital asset additions, net	4,124,791
Other	<u>(45,809)</u>
Total Changes	<u>\$ 2,067,652</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 49.8% of the net cost of the Town's local government.

NET COST OF SERVICES (in thousands) GOVERNMENTAL ACTIVITIES

	2021			2020		
	Total Cost of Services	Total Revenue	Net Cost of Services	Total Cost of Services	Total Revenue	Net Cost of Services
Town programs:						
General government	\$ 10,298	\$ 688	\$ 9,610	\$ 9,350	\$ 636	\$ 8,714
Public safety	21,597	3,326	18,271	21,557	2,692	18,865
Highway and streets	4,165	716	3,449	5,494	957	4,537
Health and welfare	389	54	335	418	73	345
Sanitation	2,720	770	1,950	2,526	580	1,946
Culture and recreation	3,048	57	2,991	3,070	98	2,972
Economic Development	673	37	636	502	13	489
All others	446	-	446	491	-	491
Total	<u>\$ 43,336</u>	<u>\$ 5,648</u>	<u>\$ 37,688</u>	<u>\$ 43,408</u>	<u>\$ 5,049</u>	<u>\$ 38,359</u>

The net cost of services for governmental activities decreased by \$(671) thousand. The decrease primarily results from a (2.0)% decrease in the cost of services.

Business Type Activities

The net position of the water and sewer enterprises totals \$40,844,352. The capital assets of \$40,037,088 in water and sewer pipes, pump stations, and lagoon infrastructure capital assets, offset by related bonded debt of \$3,540,000, comprise most of the value in the net position of the

business type activities. The Net Investment in Capital Assets of \$36,438,314 is not available to pay for future activities and reflects an increase from the previous fiscal year of \$1,347,680. The unrestricted net position totaling \$4,406,038 is available for future spending. This represents an increase of \$492,833.

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 \$42,979,153 total fund balance for governmental funds, \$14,595,466 is non-spendable or restricted and \$28,383,687 is unrestricted (committed, assigned, and unassigned).

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$42,979,153, a change of \$2,605,497 in comparison to the prior year.

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

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 \$2,090,593 during 2021. Of the total \$27,774,310 General Fund balance, \$12,112,932 was unassigned as of June 30, 2021.

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 2021, the unassigned fund balance of the General Fund was over the 9.5% of the above appropriations. As a result, \$942,294 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:

Revenue in excess of budget	\$ 1,992,959
Expenditures less than budget	3,082,134
Other financing sources less than budget	(911,065)
Change in appropriation carryforwards	(350,433)
Use of unassigned fund balance	(1,269,002)
Other	<u>(454,000)</u>
Total Changes	\$ <u>2,090,593</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 ACFR July 1, 2020	\$ 12,277,024
Use of Fund balance at tax rate setting	(585,000)
Fiscal year 2021 bond premium assigned for future debt service	292,322
Revenues in excess of budget	1,992,959
Revenues in excess of budget, net of transfers to TIF fund	(1,264,391)
Revenues in excess of budget, net of transfers to capital reserve fund	(22,713)
Unspent appropriations	3,082,134
Other financing sources less than budget	(911,065)
Change in prepaid	2,870
Brady loan repayment	100,234
Change In deeded properties	(13,913)
Change in restricted	4,383
Change in appropriation carryforwards	(350,433)
Change in CBA expendable trust	(8,883)
Bank of America lease adjustment FY20 schedule 5 to assigned	(391,546)
Use of fund balance at tax rate setting	650,000
Fiscal year 2021 transfer of 2020 surplus	(942,294)
Other	(288,876)
Unassigned fund balance per Town's policy	13,622,812
Required retention per policy	10,312,314
Excess above policy	3,310,498
Subsequent events:	
Use of fund balance at tax rate setting	(650,000)
Final available fund balance retained above policy	\$ 2,660,498

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	\$ 12,112,932
Other amounts available per policy:	
Brady Ave Sewer Extension Loan	209,880
FY2022 Elimination of use of fund balance to offset tax rate due to meals and rooms tax revenue increase	<u>650,000</u>
Total available per policy	12,972,812
Required retention per policy	<u>10,312,314</u>
Final available fund balance retained above policy	\$ <u><u>2,660,498</u></u>

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

2020 Total Net Levy	\$ 108,550,671
Retention Percentage	<u>9.50%</u>
Required Retention per Policy	\$ <u><u>10,312,314</u></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>2021</u>	<u>2020</u>	<u>Change</u>
Compensated Absences	\$ 2,661,127	\$ 3,099,365	\$ (438,238)
COVID-19 Mitigation	1,415,521	523,067	892,454
DCC Redevelopment	362,881	242,031	120,850
Derry Public Library	163,492	73,617	89,875
Emergency Management	11	11	-
Fire	1,515,215	1,604,119	(88,904)
Fire Facilities and Equipment	27,793	27,754	39
Gateway TIF District	153,923	-	153,923
Hazardous & Dilapidated Building	63,917	38,546	25,371
Highway Winter Maintenance	194,464	44,401	150,063
Information Technology	57,590	33,248	24,342
Parks Facilities Fund	30,324	88,078	(57,754)
Police	884,984	1,036,482	(151,498)
Public Works	968,349	1,090,979	(122,630)
Taylor Library	353,327	340,748	12,579
EMT	265,724	280,729	(15,005)
Other	6,963	6,430	533

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 7.7% increase in the Water division and a 8.3% increase in the Sewer division compared with the prior year.

The Water division operating income of \$38,825 decreased by (91.2)% primarily from an increase in repairs and maintenance, utilities, and miscellaneous costs.

The Sewer division operating income of \$195,584 increased by 89.5% primarily from an increase in operating revenues.

Water and Sewer rates changed on July 1, 2020. The Water rate increased 5.5% for Town of Derry residents and 15.7% for nonresidents. The Sewer rate increased 6.5% for both Town of Derry residents and for nonresidents.

Budgetary Highlights

The fiscal year 2021 budget was voted by the Town Council in May 2020 at a total of \$45,758,562 (\$45,233,807 for General Fund and \$524,755 for Cable Special Revenue Fund). This original budget was reduced by \$(47,706) by two supplemental resolutions approved in August and October of 2020 and \$(350,000) of the capital outlay budget was reclassified to the Sewer Fund, decreasing the original budget to \$44,836,101 as presented on page 88.

The Town Council approved multiple supplemental resolutions during the year which increased the General Fund budget by \$2,039,663 to \$46,875,734. Of the supplemental resolutions, the Town approved the following significant items:

- \$1,093,420 for COVID-19 Mitigation, Response, and Recovery funded by one- time situational revenues available.
- \$478,844 for retirement of long-tenured employees funded by the Compensated Absences Capital Reserve Fund.

The Town also approved prior year carryforwards of \$1,100,097, the fiscal year 2020 year-end transfer of \$1,050,000, and \$36,190 library appropriations increasing the General Fund budget to \$49,062,051.

The fiscal year closed with a General Fund surplus of \$5,075,093, before considering other financing sources. The surplus is largely related to the following items:

- \$1,585,292 of excess revenues received in taxes for TIF Districts.
- \$817,413 of excess revenues received in the licenses and permits.
- \$819,836 of expenditures under budget for the police and animal control department.
- \$1,442,762 of expenditure under budget for the executive department.

Other financing sources primarily include the transfers in from other funds less than budget of \$(745,951).

Capital Asset and Debt Administration

Capital Asset Activity

	CAPITAL ASSETS					
	(Net of Depreciation, in thousands)					
	2021			2020		
	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	84,798	37,862	122,660	83,698	32,212	115,910
Monument	192	-	192	192	-	192
Tax deeded property - retained	189	-	189	189	-	189
Construction in progress	1,238	278	1,516	1,860	5,071	6,931
Intangibles	3,159	967	4,126	3,052	975	4,027
Land improvements	1,942	4	1,946	2,060	4.00	2,064
Buildings	8,999	283	9,282	9,328	287	9,615
Buildings improvements	1,922	27	1,949	1,449	34	1,483
Machinery and equipment	3,861	235	4,096	2,659	107	2,766
Vehicles	3,898	186	4,084	4,072	236	4,308
Totals	<u>\$ 119,360</u>	<u>\$ 40,037</u>	<u>\$ 159,397</u>	<u>\$ 117,721</u>	<u>\$ 39,121</u>	<u>\$ 156,842</u>

More information regarding capital assets is presented in Note 8 to the financial statements.

Governmental Activities

The total investment in capital assets for governmental at year-end amounted to \$119,359,362 (net of accumulated depreciation), a change of \$1,638,889 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 2021 are noted below:

- \$1,079,055 – Pierce Enforcer Quint 110' Ascendant Platform Vehicle
- \$508,007 – North Shore Rd-Island Pond Bridge Replacement
- \$452,683 – 2020 Ford Explorer Interceptor Vehicles(10)
- \$320,000 – Public Safety Communication System Upgrades
- \$317,937 – Hood Dam Upgrade
- \$178,979 – 2021 Mack GR64F 10 Wheel Dump Truck-Public Works
- \$176,380 – Derry Municipal Center Roof Top HVAC Upgrade
- \$159,983 – Rail Trail Extension
- \$125,112 – Fire Station 1 Addition
- \$100,540 – Watchguard Video Cameras for (14) Police Vehicles
- \$96,670 – Derry Public Library Chiller Upgrade

Business Type Activities

The total investment in capital assets for business-type activities at year-end amounted to \$40,037,088 (net of accumulated depreciation), a change of \$915,258 from the prior year. This investment includes land, infrastructure, intangibles, buildings, building improvements, equipment, and vehicles.

Primary capital investment in 2021 is reported to the nearest thousand as noted below:

- \$1,279,040 – Southern New Hampshire Regional Water Interconnection Project
- \$314,604 – Rockingham Road Water Pump Station Upgrade
- \$133,564 – 44 Manchester Road-Water Pump Station
- \$129,652 – Wastewater Lift Station Generators (3)

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	
	2021	2020	2021	2020	2021	2020
General obligation bonds (Backed by the Town)	\$ 6,730	\$ 7,372	\$ 3,540	\$ 3,968	\$ 10,270	\$ 11,340
Tax increment financing bond	2,325	2,540	-	-	2,325	2,540
	<u>\$ 9,055</u>	<u>\$ 9,912</u>	<u>\$ 3,540</u>	<u>\$ 3,968</u>	<u>\$ 12,595</u>	<u>\$ 13,880</u>
Annual change (decrease)	\$ (857)		\$ (428)		\$ (1,285)	
Percent change	-8.6%		-10.8%		-9.3%	

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

More information regarding 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 90-91. 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 92-93.

Next Year's Budgets

The FY2022 budget was voted by the Town Council in May 2021 at a total of \$51,724,300 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 \$51,681,581. The Town Council's goal was to create a budget that would not create 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.

Also prior to tax rate setting, the State Legislature amended the statute to fully fund Meals and Rooms revenues to towns and cities. This change allows the Town to rely upon sustainable revenues to offset property tax burdens. Due to this action, the Town Council amended the fund balance policy to reduce the \$650,000 undesignated fund balance tax rate offset by the anticipated increase in the Meals and Rooms revenue. This allows for the replenishment of the Town's undesignated fund balance.

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, 2021

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Government- Wide Total</u>
Assets			
Current:			
Cash and cash equivalents	\$ 72,684,542	\$ 102,110	\$ 72,786,652
Investments	18,178,048	693,061	18,871,109
Taxes receivable	6,064,625	-	6,064,625
Accounts receivable, net	379,429	635,154	1,014,583
Due from other governments	142,012	82,975	224,987
Internal balances	(6,500,272)	6,500,272	-
Prepaid items	15,593	-	15,593
Property held for resale	<u>79,704</u>	<u>-</u>	<u>79,704</u>
Total Current Assets	91,043,681	8,013,572	99,057,253
Noncurrent:			
Accounts receivable, net	-	127,394	127,394
Advances	209,580	(209,580)	-
Loans receivable	413,195	-	413,195
Due from other governments	-	502,176	502,176
Capital assets:			
Non-depreciable capital assets	92,818,642	1,439,936	94,258,578
Depreciable capital assets, net	<u>26,540,720</u>	<u>38,597,152</u>	<u>65,137,872</u>
Total Noncurrent Assets	<u>119,982,137</u>	<u>40,457,078</u>	<u>160,439,215</u>
Total Assets	211,025,818	48,470,650	259,496,468
Deferred Outflows of Resources			
Related to pensions	13,744,447	560,764	14,305,211
Related to OPEB	<u>3,766,691</u>	<u>298,727</u>	<u>4,065,418</u>
Total Deferred Outflows of Resources	\$ 17,511,138	\$ 859,491	\$ 18,370,629

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Statement of Net Position
June 30, 2021

(continued)

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	Government- Wide <u>Total</u>
Liabilities			
Current:			
Accounts payable	\$ 902,305	\$ 215,547	\$ 1,117,852
Accrued liabilities	1,133,124	11,296	1,144,420
Retainage payable	9,554	115,375	124,929
Tax refunds payable	400,000	-	400,000
Due to other governments	8,423	-	8,423
Other liabilities	14,462	-	14,462
Current portion of long-term liabilities:			
Bonds and loans payable	522,500	427,500	950,000
Tax increment financing bonds payable	215,000	-	215,000
Capital leases payable	1,262,385	-	1,262,385
Compensated absences	<u>965,754</u>	<u>51,116</u>	<u>1,016,870</u>
Total Current Liabilities	5,433,507	820,834	6,254,341
Noncurrent:			
Bonds and loans payable, net of current portion	6,207,500	3,112,500	9,320,000
Tax increment financing bonds payable, net of current portion	2,110,000	-	2,110,000
Net pension liability	50,769,098	2,071,344	52,840,442
Net OPEB liability	20,505,541	1,616,336	22,121,877
Capital leases payable, net of current portion	3,952,253	-	3,952,253
Compensated absences, net of current portion	<u>3,454,555</u>	<u>182,842</u>	<u>3,637,397</u>
Total Noncurrent Liabilities	<u>86,998,947</u>	<u>6,983,022</u>	<u>93,981,969</u>
Total Liabilities	92,432,454	7,803,856	100,236,310
Deferred Inflows of Resources			
Related to pensions	2,125,454	86,717	2,212,171
Related to OPEB	5,786,525	536,442	6,322,967
Taxes collected in advance	44,573,701	-	44,573,701
Related to refunding	<u>76,743</u>	<u>58,774</u>	<u>135,517</u>
Total Deferred Inflows of Resources	<u>52,562,423</u>	<u>681,933</u>	<u>53,244,356</u>
Net Position			
Net investment in capital assets	108,268,697	36,438,314	144,707,011
Restricted for:			
Endowment funds:			
Nonexpendable	9,544,156	-	9,544,156
Expendable	472,025	-	472,025
Other	1,943,878	-	1,943,878
Unrestricted	<u>(36,686,677)</u>	<u>4,406,038</u>	<u>(32,280,639)</u>
Total Net Position	\$ <u>83,542,079</u>	\$ <u>40,844,352</u>	\$ <u>124,386,431</u>

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

TOWN OF DERRY, NEW HAMPSHIRE

Statement of Activities
For the Year Ended June 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenues</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities					
General government	\$ 10,297,926	\$ 132,663	\$ 554,847	\$ -	\$ (9,610,416)
Public safety	21,596,933	1,846,622	1,479,738	-	(18,270,573)
Highways and streets	4,165,466	46,101	-	669,786	(3,449,579)
Health and welfare	389,364	32,680	21,667	-	(335,017)
Sanitation	2,719,921	770,423	-	-	(1,949,498)
Culture and recreation	3,047,814	56,629	-	-	(2,991,185)
Conservation	6,093	-	-	-	(6,093)
Economic development	672,733	-	-	37,149	(635,584)
Interest on long-term debt	440,061	-	-	-	(440,061)
Total Governmental Activities	43,336,311	2,885,118	2,056,252	706,935	(37,688,006)
Business-Type Activities					
Water services	3,214,549	3,193,010	20,700	1,636,300	1,635,461
Sewer services	2,356,661	2,366,263	44,518	69,653	123,773
Total Business-Type Activities	5,571,210	5,559,273	65,218	1,705,953	1,759,234
Total	\$ <u>48,907,521</u>	\$ <u>8,444,391</u>	\$ <u>2,121,470</u>	\$ <u>2,412,888</u>	\$ <u>(35,928,772)</u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Statement of Activities
For the Year Ended June 30, 2021

(continued)

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Change in net (expenses) revenues from previous page	\$ (37,688,006)	\$ 1,759,234	\$ (35,928,772)
General Revenues and Transfers:			
Property taxes	27,537,110	-	27,537,110
Motor vehicle registration	7,065,514	-	7,065,514
Grants and contributions not restricted to specific programs	1,689,598	-	1,689,598
Investment income	1,673,181	17,752	1,690,933
Other	1,727,566	126,216	1,853,782
Transfers	<u>62,689</u>	<u>(62,689)</u>	<u>-</u>
Total General Revenues and Transfers	<u>39,755,658</u>	<u>81,279</u>	<u>39,836,937</u>
Change in Net Position	2,067,652	1,840,513	3,908,165
Net Position:			
Beginning of Year	<u>81,474,427</u>	<u>39,003,839</u>	<u>120,478,266</u>
End of Year	<u>\$ 83,542,079</u>	<u>\$ 40,844,352</u>	<u>\$ 124,386,431</u>

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

TOWN OF DERRY, NEW HAMPSHIRE

Governmental Funds
Balance Sheet
June 30, 2021

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets			
Cash and cash equivalents	\$ 71,283,065	\$ 1,401,477	\$ 72,684,542
Investments	8,671,400	9,506,648	18,178,048
Taxes receivable	6,037,827	26,798	6,064,625
Accounts receivable, net	120,794	258,635	379,429
Due from other governments	117,479	24,533	142,012
Due from other funds	226,107	4,312,775	4,538,882
Prepaid items	14,857	736	15,593
Property held for resale	79,704	-	79,704
Advances to other funds	209,580	-	209,580
Loans receivable	<u>-</u>	<u>413,195</u>	<u>413,195</u>
Total Assets	\$ <u>86,760,813</u>	\$ <u>15,944,797</u>	\$ <u>102,705,610</u>
Liabilities			
Accounts payable	\$ 798,724	\$ 103,581	\$ 902,305
Accrued liabilities	982,924	3,753	986,677
Retainage payable	-	9,554	9,554
Tax refunds payable	400,000	-	400,000
Due to other governments	8,423	-	8,423
Due to other funds	10,813,047	226,107	11,039,154
Other liabilities	<u>14,021</u>	<u>441</u>	<u>14,462</u>
Total Liabilities	13,017,139	343,436	13,360,575
Deferred Inflows of Resources			
Unavailable revenues	45,969,364	396,518	46,365,882
Fund Balances			
Nonspendable	304,141	9,544,892	9,849,033
Restricted	88,804	4,657,629	4,746,433
Committed	12,494,344	1,002,322	13,496,666
Assigned	2,774,089	-	2,774,089
Unassigned	<u>12,112,932</u>	<u>-</u>	<u>12,112,932</u>
Total Fund Balances	<u>27,774,310</u>	<u>15,204,843</u>	<u>42,979,153</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>86,760,813</u>	\$ <u>15,944,797</u>	\$ <u>102,705,610</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, 2021

Total governmental fund balances	\$ 42,979,153
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	119,359,362
Deferred outflows of resources related to pensions to be recognized in pension expense in future periods.	13,744,447
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	3,766,691
Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,792,182
In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(146,448)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
General obligation bonds payable	(6,730,000)
Tax increment financing bonds payable	(2,325,000)
Net pension liability	(50,769,098)
Net OPEB liability	(20,505,541)
Capital leases payable	(5,214,638)
Compensated absences payable	(4,420,309)
Deferred inflows of resources related to pensions to be recognized in pension expense in future periods.	(2,125,454)
Deferred outflows of resources related to OPEB to be recognized in OPEB expense in future periods.	(5,786,525)
Deferred amount on refunding to be amortized in future periods	<u>(76,743)</u>
Net position of governmental activities	\$ <u>83,542,079</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, 2021

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 27,439,597	\$ 132,322	\$ 27,571,919
Licenses and permits	7,547,548	486,791	8,034,339
Intergovernmental	4,394,422	58,365	4,452,787
Charges for services	2,266,675	134,760	2,401,435
Interest and investment income	123,733	1,549,448	1,673,181
Miscellaneous	<u>925,248</u>	<u>191,383</u>	<u>1,116,631</u>
Total Revenues	42,697,223	2,553,069	45,250,292
Expenditures			
Current:			
General government	6,586,540	332,403	6,918,943
Public safety	20,414,794	116,259	20,531,053
Highways and streets	3,710,613	285	3,710,898
Health and welfare	373,609	439	374,048
Sanitation	2,404,941	-	2,404,941
Culture and recreation	2,701,071	71,709	2,772,780
Conservation	5,073	1,020	6,093
Economic development	474,912	186,247	661,159
Capital outlay	2,624,178	1,435,909	4,060,087
Debt service:			
Principal	1,989,819	-	1,989,819
Interest	<u>451,859</u>	<u>-</u>	<u>451,859</u>
Total Expenditures	<u>41,737,409</u>	<u>2,144,271</u>	<u>43,881,680</u>
Excess of revenues over expenditures	959,814	408,798	1,368,612
Other Financing Sources (Uses)			
Issuance of capital lease	1,079,055	-	1,079,055
Proceeds from sale of capital assets	95,141	-	95,141
Transfers in	441,225	531,436	972,661
Transfers out	<u>(484,642)</u>	<u>(425,330)</u>	<u>(909,972)</u>
Total Other Financing Sources (Uses)	<u>1,130,779</u>	<u>106,106</u>	<u>1,236,885</u>
Change in fund balance	2,090,593	514,904	2,605,497
Fund Balance, at Beginning of Year	<u>25,683,717</u>	<u>14,689,939</u>	<u>40,373,656</u>
Fund Balance, at End of Year	\$ <u>27,774,310</u>	\$ <u>15,204,843</u>	\$ <u>42,979,153</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, 2021

Net changes in fund balances - total governmental funds	\$ 2,605,497
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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	4,124,791
Depreciation	(2,485,901)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	45,652
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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	(1,079,055)
Repayments of bonds	856,500
Repayments of capital leases	1,133,319
Other	6,854

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.	11,797
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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 net pension liability and related deferred outflows and inflows	(3,156,261)
Change in net OPEB liability and related deferred outflows and inflows	133,393
Change in accrued employee benefits	<u>(128,934)</u>

Change in net position of governmental activities	\$ <u><u>2,067,652</u></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, 2021

	Business-Type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 7,257	\$ 94,853	\$ 102,110
Investments	49,256	643,805	693,061
Accounts receivable, net	428,238	206,916	635,154
Due from other governments	14,923	68,052	82,975
Due from other funds	<u>4,003,460</u>	<u>2,496,812</u>	<u>6,500,272</u>
Total current assets	4,503,134	3,510,438	8,013,572
Noncurrent:			
Accounts receivable, net	107,297	20,097	127,394
Due from other governments	-	502,176	502,176
Non-depreciable capital assets	606,747	833,189	1,439,936
Depreciable capital assets, net	<u>21,293,382</u>	<u>17,303,770</u>	<u>38,597,152</u>
Total noncurrent assets	<u>22,007,426</u>	<u>18,659,232</u>	<u>40,666,658</u>
Total Assets	26,510,560	22,169,670	48,680,230
Deferred Outflows of Resources			
Related to pensions	264,646	296,118	560,764
Related to OPEB	<u>173,706</u>	<u>125,021</u>	<u>298,727</u>
Total Deferred Outflows of Resources	438,352	421,139	859,491
Liabilities			
Current:			
Accounts payable	166,239	49,308	215,547
Accrued liabilities	5,145	6,151	11,296
Retainage payable	103,866	11,509	115,375
Advances from other funds	-	209,580	209,580
Current portion of long-term liabilities:			
Bonds payable	100,672	326,828	427,500
Compensated absences	<u>25,558</u>	<u>25,558</u>	<u>51,116</u>
Total current liabilities	401,480	628,934	1,030,414
Noncurrent:			
Bonds payable, net of current portion	1,442,702	1,669,798	3,112,500
Net pension liability	977,547	1,093,797	2,071,344
Net OPEB liability	851,731	764,605	1,616,336
Compensated absences, net of current portion	<u>91,421</u>	<u>91,421</u>	<u>182,842</u>
Total noncurrent liabilities	<u>3,363,401</u>	<u>3,619,621</u>	<u>6,983,022</u>
Total Liabilities	3,764,881	4,248,555	8,013,436
Deferred Inflows of Resources			
Related to pensions	40,925	45,792	86,717
Related to OPEB	297,826	238,616	536,442
Related to refunding	<u>30,724</u>	<u>28,050</u>	<u>58,774</u>
Total Deferred Inflows of Resources	<u>369,475</u>	<u>312,458</u>	<u>681,933</u>
Net Position			
Net investment in capital assets	20,326,031	16,112,283	36,438,314
Unrestricted	<u>2,488,525</u>	<u>1,917,513</u>	<u>4,406,038</u>
Total Net Position	\$ <u>22,814,556</u>	\$ <u>18,029,796</u>	\$ <u>40,844,352</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, 2021

	Business-Type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 3,193,010	\$ 2,366,263	\$ 5,559,273
Miscellaneous	<u>16,576</u>	<u>109,640</u>	<u>126,216</u>
Total Operating Revenues	3,209,586	2,475,903	5,685,489
Operating Expenses			
Personnel services	1,008,566	1,224,788	2,233,354
Repairs and maintenance	392,050	100,002	492,052
Materials and supplies	124,333	42,415	166,748
Utilities	1,061,478	297,831	1,359,309
Depreciation	345,097	548,944	894,041
Miscellaneous	<u>239,237</u>	<u>66,339</u>	<u>305,576</u>
Total Operating Expenses	<u>3,170,761</u>	<u>2,280,319</u>	<u>5,451,080</u>
Operating Income	38,825	195,584	234,409
Nonoperating Revenues (Expenses)			
Interest revenue	10,579	7,173	17,752
Intergovernmental revenue	20,700	44,518	65,218
Interest expense	<u>(43,788)</u>	<u>(76,342)</u>	<u>(120,130)</u>
Total Nonoperating Revenues (Expenses), Net	<u>(12,509)</u>	<u>(24,651)</u>	<u>(37,160)</u>
Income Before Capital Contributions and Transfers	26,316	170,933	197,249
Capital contributions	1,636,300	69,653	1,705,953
Transfers out	<u>(23,950)</u>	<u>(38,739)</u>	<u>(62,689)</u>
Change in Net Position	1,638,666	201,847	1,840,513
Net Position at Beginning of Year	<u>21,175,890</u>	<u>17,827,949</u>	<u>39,003,839</u>
Net Position at End of Year	\$ <u><u>22,814,556</u></u>	\$ <u><u>18,029,796</u></u>	\$ <u><u>40,844,352</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, 2021

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 3,257,258	\$ 2,364,942	\$ 5,622,200
Receipts from other operations	16,576	109,640	126,216
Payments for interfund services	(209,492)	(467,664)	(677,156)
Payments to vendors	(2,087,256)	(520,257)	(2,607,513)
Payments to employees	<u>(949,407)</u>	<u>(1,019,552)</u>	<u>(1,968,959)</u>
Net Cash Provided by Operating Activities	27,679	467,109	494,788
Cash Flows From Noncapital Financing Activities			
Intergovernmental receipt	<u>20,700</u>	<u>59,967</u>	<u>80,667</u>
Net Cash Provided by Noncapital Financing Activities	20,700	59,967	80,667
Cash Flows From Capital and Related Financing Activities			
Capital contributions	1,917,429	69,653	1,987,082
Acquisition and construction of capital assets	(1,826,790)	(128,701)	(1,955,491)
Principal payments on bonds	(100,672)	(326,828)	(427,500)
Interest expense	<u>(43,788)</u>	<u>(76,342)</u>	<u>(120,130)</u>
Net Cash (Used For) Capital and Related Financing Activities	(53,821)	(462,218)	(516,039)
Cash Flows From Investing Activities			
Investment purchases (sales)	(4,500)	(63,070)	(67,570)
Investment income	<u>10,579</u>	<u>7,173</u>	<u>17,752</u>
Net Cash Provided By (Used For) Investing Activities	6,079	(55,897)	(49,818)
Cash and Short-Term Investments, Beginning of Year	<u>6,620</u>	<u>85,892</u>	<u>92,512</u>
Cash and Short-Term Investments, End of Year	\$ <u>7,257</u>	\$ <u>94,853</u>	\$ <u>102,110</u>
Reconciliation of Operating Income to Net Cash Provided by (Used For) Operating Activities			
Operating income	\$ 38,825	\$ 195,584	\$ 234,409
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation	345,097	548,944	894,041
Changes in assets, liabilities, and deferred outflows/inflows:			
Accounts receivable, net	64,248	(1,321)	62,927
Due from other funds	(209,492)	(367,429)	(576,921)
Deferred outflows - related to pensions	(149,686)	(167,487)	(317,173)
Deferred outflows - related to OPEB	42,688	38,172	80,860
Accounts payable	(269,495)	(12,093)	(281,588)
Accrued expenses	(663)	(1,577)	(2,240)
Advances from other funds	-	(100,235)	(100,235)
Compensated absences	3,929	3,929	7,858
Other post-employment benefits	(220,607)	(58,875)	(279,482)
Net pension liability	218,092	244,029	462,121
Deferred inflows - related to pensions	(7,634)	(8,542)	(16,176)
Deferred inflows - related to OPEB	174,814	156,220	331,034
Deferred inflows - refunding	<u>(2,437)</u>	<u>(2,210)</u>	<u>(4,647)</u>
Net Cash Provided by Operating Activities	\$ <u>27,679</u>	\$ <u>467,109</u>	\$ <u>494,788</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, 2021

	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
Assets		
Cash and cash equivalents	\$ 109,793	\$ 320,932
Investments:		
Corporate bonds	23,464	8,482
Corporate equities	153,153	55,361
Equity mutual funds	8,354	3,020
Fixed income mutual funds	12,522	4,526
Market-linked certificates of deposit	149,761	54,136
Federal agency securities	183,686	66,397
Other	<u>16,401</u>	<u>5,928</u>
Total Investments	<u>547,341</u>	<u>197,850</u>
Total Assets	657,134	518,782
Liabilities		
Other liabilities	<u>-</u>	<u>320,932</u>
Total Liabilities	<u>-</u>	<u>320,932</u>
Net Position		
Restricted for individuals, organizations and other governments	<u>657,134</u>	<u>197,850</u>
Total Net Position	\$ <u><u>657,134</u></u>	\$ <u><u>197,850</u></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, 2021

	Private Purpose Trust <u>Funds</u>	Custodial <u>Funds</u>
Additions		
Taxes collected for School Districts	\$ -	\$ 57,962,563
Taxes collected for County	-	3,072,224
Fees collected for State of New Hampshire	-	2,187,085
Contributions from School Districts	-	2,529
Investment income	<u>102,594</u>	<u>-</u>
Total additions	102,594	63,224,401
Deductions		
Payment of taxes to School Districts	-	57,962,563
Payment of taxes to County	-	3,072,224
Payment of fees to State of New Hampshire	-	2,187,085
Payment on behalf of School District	-	2,248
Benefits	<u>10,987</u>	<u>-</u>
Total deductions	<u>10,987</u>	<u>63,224,120</u>
Change in net position	91,607	281
Net position restricted for other purposes		
Beginning of year	<u>565,527</u>	<u>197,569</u>
End of year	\$ <u><u>657,134</u></u>	\$ <u><u>197,850</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 significant policies:

Reporting Entity

The Town is a municipal corporation governed by an elected Town Council. As required by GAAP, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year June 30, 2021, 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 Custodial Funds account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others and are not required to be reported elsewhere on the financial statements. Custodial funds include taxes and fees collected on behalf of other governments, as well as capital reserve funds held in a trust by the Trustees of Trust Funds.

Cash, Cash Equivalents and Investments

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

and fiduciary funds segregate cash, and investment earnings become a part of those funds.

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

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

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

Interfund Receivables and Payables

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

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

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021 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. The General Fund is the only fund that reports a positive unassigned fund balance.

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

State statutes (RSA 41:29 for and Towns and 31.25 for trust funds) place certain limitation on the nature of deposits and investments available to the Town. Deposits may be made in the New Hampshire Deposit Investment Pool (NHPDIP), established pursuant to RSA 383:22, in

NH Banks or banks outside the State if such banks pledge and deliver to a third-party custodial bank with various collateralized security.

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

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, 2021, \$70,680,284 of the Town's bank balance of \$73,320,385 was insured and/or collateralized.

As of June 30, 2021, the Trust cash equivalent bank balance of \$2,640,101 was exposed to custodial credit risk as uninsured and/or uncollateralized, held by counterparty's agent.

The following is a summary of the Town's investments as of June 30, 2021:

<u>Investment Type</u>	<u>Amount</u>
Corporate bonds	\$ 840,927
Corporate equities	5,488,860
Equity mutual funds	299,377
Fixed income mutual funds	448,747
Market-linked certificates of deposit	5,367,380
Federal agency securities	6,583,226
Other	<u>587,783</u>
Total investments	<u><u>\$ 19,616,300</u></u>

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 41:29).

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 \$19,616,303, \$6,703,290 is collateralized by FDIC insurance. The Town's remaining investments of \$12,913,013 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.

Credit Risk – Investments of Debt Securities

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

The Town's investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. With the exception of U.S. Treasury securities, and U.S. Government 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>AAA</u>	<u>Unrated</u>
Corporate bonds	\$ 840,927	\$ -	\$ 840,927
Fixed income mutual funds	448,747	-	448,747
Market linked certificates of deposit	5,367,380	-	5,367,380
Federal agency securities	<u>6,583,226</u>	<u>6,583,226</u>	<u>-</u>
Subtotal	\$ <u>13,240,280</u>	\$ <u>6,583,226</u>	\$ <u>6,657,054</u>

Concentration of Credit Risk - Investments

The Town places no limit on the amount the Town may invest in any one issuer.

Individual investments exceeding 5% of the Town's total investments are as follows:

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
FHLB Callable	\$ <u>997,560</u>	5%
Total	\$ <u>997,560</u>	

Interest Rate Risk – Investments of Debt Securities

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

It is the Town's policy to invest all funds, other than 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>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Thereafter</u>
Corporate bonds	\$ 840,927	\$ -	\$ 707,517	\$ 133,410	-
Federal agency securities	6,583,226	506,220	5,123,590	953,416	-
Fixed income mutual funds	448,747	-	223,720	155,695	69,332
Market-linked certificates of deposit	<u>5,367,380</u>	<u>-</u>	<u>2,683,967</u>	<u>2,683,413</u>	<u>-</u>
Subtotal	\$ <u>13,240,280</u>	\$ <u>506,220</u>	\$ <u>8,738,794</u>	\$ <u>3,925,934</u>	\$ <u>69,332</u>

Foreign Currency Risk - Investments

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, 2021:

		Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investment Type	Amount			
Investments by fair value level:				
Corporate bonds	\$ 840,927	\$ -	\$ 840,927	\$ -
Corporate equities	5,488,860	5,488,860	-	-
Equity mutual funds	299,377	299,377	-	-
Federal agency securities	6,583,226	-	6,583,226	-
Fixed income mutual funds	448,747	-	448,747	-
Market-linked certificates of deposit	5,367,380	-	5,367,380	-
Other	587,783	587,783	-	-
Total	\$ 19,616,300	\$ 6,376,020	\$ 13,240,280	\$ -

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 liened by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 14%. The Town annually budgets amounts (overlay for abatements) for property tax abatements and refunds.

Property taxes receivable at June 30, 2021 consist of the following:

Real estate taxes	\$ 4,487,463
Tax liens	1,511,965
Elderly and disabled deferred	38,397
Land use change	<u>26,800</u>
Total property taxes	<u>\$ 6,064,625</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 \$1,112,724 for ambulance, welfare liens, and other accounts receivable while business-type activities reflect an allowance for \$2,496 for user fees.

6. Due From Other Governments

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2021.

7. Interfund Accounts

Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the General Fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The composition of interfund balances as of June 30, 2021 is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
Major Fund:		
General fund	\$ 226,107	\$ 10,813,047
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	128,496	-
Taylor Public Library	20,841	-
Cable Television	430,055	-
Conservation Commission	760,919	-
Public Safety Grants	57,224	5,405
Miscellaneous Grants	101,793	-
Waste Tire Reclamation	75,178	201,362
Police Detail	185,142	-
Police Gift	2,000	-
Rockingham Economic Development	234,862	7,749
Capital Project Funds:		
Rail Trail	13,625	-
Bridge Improvements	240,778	-
Recreational Facility	1,726,492	-
Hood Pond Dam	42,956	-
Exit 4A	288,639	-
Permanent Funds:		
General Cemetery Care	3,775	-
Parks and Playgrounds	-	11,591
Subtotal Nonmajor Funds	<u>4,312,775</u>	<u>226,107</u>
Total Governmental Funds	4,538,882	11,039,154
Business-Type Activities:		
Water Fund	4,003,460	-
Sewer Fund	<u>2,496,812</u>	<u>-</u>
Total Business-Type Activities	<u>6,500,272</u>	<u>-</u>
Total	\$ <u>11,039,154</u>	\$ <u>11,039,154</u>

Transfers

Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of interfund transfers made in fiscal year 2021.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 441,225	\$ 484,642
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	348	-
Taylor Library	1,446	1,446
Cable Television	-	7,380
Public Safety Grants	247	-
Waste Tire Reclamation	290,970	269,344
Capital Project Funds:		
Rail Trail Fund	45,000	-
Hood Pond Dam Reconstruction Fund	180,000	-
Recreational Facility Fund	-	45,000
Permanent Funds:		
General Cemetery Care	13,425	65,000
Parks and Playgrounds	-	33,867
Libraries	-	1,793
Human Services	-	1,500
Subtotal Nonmajor Funds	<u>531,436</u>	<u>425,330</u>
Total Governmental Funds	972,661	909,972
Business-Type Activities:		
Water Fund	-	23,950
Wastewater Fund	-	38,739
Total Business-Type Activities	<u>-</u>	<u>62,689</u>
Total	<u>\$ 972,661</u>	<u>\$ 972,661</u>

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

Advances

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

8. Capital Assets

Capital asset activity for the year ended June 30, 2021 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	203	-	78,927
Monument	192	-	-	192
Tax deeded property - retained	189	-	-	189
Construction in progress	1,860	3,258	(3,880)	1,238
Intangibles	<u>3,030</u>	<u>81</u>	<u>-</u>	<u>3,111</u>
Total capital assets, not being depreciated	93,157	3,542	(3,880)	92,819
Other capital assets:				
Land improvements	6,508	180	-	6,688
Buildings	15,884	-	(40)	15,844
Buildings improvements	4,630	716	-	5,346
Machinery and equipment	8,787	1,912	(2)	10,697
Vehicles	10,317	632	(1,080)	9,869
Infrastructure and other assets	6,982	1,041	-	8,023
Intangibles	<u>755</u>	<u>35</u>	<u>-</u>	<u>790</u>
Total other capital assets	53,863	4,516	(1,122)	57,257
Less accumulated depreciation for:				
Land improvements	(4,448)	(298)	-	(4,746)
Buildings	(6,556)	(316)	27	(6,845)
Buildings improvements	(3,181)	(243)	-	(3,424)
Machinery and equipment	(6,128)	(710)	2	(6,836)
Vehicles	(6,245)	(766)	1,040	(5,971)
Infrastructure and other assets	(2,008)	(144)	-	(2,152)
Intangibles	<u>(733)</u>	<u>(9)</u>	<u>-</u>	<u>(742)</u>
Total accumulated depreciation	<u>(29,299)</u>	<u>(2,486)</u>	<u>1,069</u>	<u>(30,716)</u>
Other capital assets, net	<u>24,564</u>	<u>2,030</u>	<u>(53)</u>	<u>26,541</u>
Total capital assets, net	<u>\$ 117,721</u>	<u>\$ 5,572</u>	<u>\$ (3,933)</u>	<u>\$ 119,360</u>

Business-Type Activities

Capital assets, not being depreciated:

Land	\$ 195	\$ -	\$ -	\$ 195
Construction in progress	5,071	1,673	(6,466)	278
Intangibles	<u>967</u>	<u>-</u>	<u>-</u>	<u>967</u>
Total capital assets, not being depreciated	6,233	1,673	(6,466)	1,440

Other capital assets:

Land improvements	4	-	-	4
Buildings	336	-	-	336
Buildings improvements	56	-	-	56
Machinery and equipment	369	132	-	501
Vehicles	1,012	39	-	1,051
Infrastructure and other assets	51,424	6,432	-	57,856
Intangibles	<u>48</u>	<u>-</u>	<u>-</u>	<u>48</u>
Total other capital assets	53,249	6,603	-	59,852

Less accumulated depreciation for:

Buildings	(49)	(4)	-	(53)
Buildings improvements	(22)	(7)	-	(29)
Machinery and equipment	(233)	(33)	-	(266)
Vehicles	(805)	(60)	-	(865)
Infrastructure and other assets	(19,212)	(782)	-	(19,994)
Intangibles	<u>(40)</u>	<u>(8)</u>	<u>-</u>	<u>(48)</u>
Total accumulated depreciation	<u>(20,361)</u>	<u>(894)</u>	<u>-</u>	<u>(21,255)</u>
Other capital assets, net	<u>32,888</u>	<u>5,709</u>	<u>-</u>	<u>38,597</u>
Total capital assets, net	<u>\$ 39,121</u>	<u>\$ 7,382</u>	<u>\$ (6,466)</u>	<u>\$ 40,037</u>

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

Governmental Activities

General government	\$ 442,433
Public safety	933,121
Highway	498,078
Health and welfare	4,149
Sanitation	255,667
Culture and recreation	<u>352,453</u>
Total governmental activities	<u>\$ 2,485,901</u>

Business-Type Activities

Water	\$ 345,097
Sewer	<u>548,944</u>
Total business-type activities	<u>\$ 894,041</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 2021 expenditures paid after June 30, 2021.

11. Accrued Liabilities

Accrued liabilities represent fiscal year 2021 expenditures paid in fiscal year 2022.

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 leases expiring in various years through 2031. Future minimum lease payments under the capital leases consisted of the following as of June 30, 2021:

	Governmental <u>Activities</u>
2022	\$ 1,388,542
2023	1,108,634
2024	973,752
2025	792,457
2026	337,909
2027	225,251
2028	225,251
2029	225,251
2030	225,251
2031	<u>117,225</u>
Total minimum lease payments	5,619,523
Less amounts representing interest	<u>(404,885)</u>
Present value of minimum lease payments	\$ <u>5,214,638</u>

The following is an analysis for the leased assets included in capital assets at June 30, 2021:

	Governmental <u>Activities</u>
Machinery, vehicles and equipment	\$ 8,122,029
Less: accumulated depreciation	<u>(1,695,955)</u>
Equipment under capital leases, net	\$ <u>6,426,074</u>

14. Long-Term Debt

General Obligation Bonds and Loans

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 Derry Commerce Corridor between the Londonderry town line and Tsienneto/Folsom Roads.

The Town does not have any direct borrowings outstanding as of June 30, 2021.

General obligation bonds currently outstanding are as follows:

	Original Issued	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/21
<u>Governmental Activities</u>				
General obligation bonds:				
Municipal Services Infrastructure	\$ 1,500,000	03/15/24	3.45 - 4.00%	\$ 225,000
Transfer Station & Rockingham Rd	4,000,000	05/01/33	2.00 - 2.80%	2,400,000
Police Station Addition - Refunding	525,000	06/15/26	1.99%	245,000
General Obligation Bonds	4,019,000	06/30/40	2.51%	<u>3,860,000</u>
Total general obligation bonds				<u>6,730,000</u>
Total Governmental Activities, excluding TIF				<u>\$ 6,730,000</u>
	Original Issued	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/21
<u>Governmental Activities TIF</u>				
Derry Commerce Corridor	\$ 3,400,000	11/15/31	2.00 - 3.50%	<u>\$ 2,325,000</u>
Total Governmental Activities TIF				<u>\$ 2,325,000</u>
	Amount Issued	Serial Maturities Through	Interest Rate(s) %	Amount Outstanding as of 6/30/21
<u>Business-Type Activities</u>				
Water Fund General Obligation Bonds:				
Woodlands and Route 28	\$ 500,000	05/01/33	2.00 - 2.80%	\$ 333,340
Water Expansions Route 28	1,718,500	06/30/34	2.00 - 3.50%	<u>1,210,034</u>
Total water fund				1,543,374
Sewer Fund General Obligation Bonds:				
Wastewater Force Main	\$ 3,700,000	05/15/23	3.50 - 4.00%	\$ 370,000
Wastewater Extension Route 28	250,000	05/01/33	2.00 - 2.80%	166,660
Wastewater Expansions Route 28	1,725,500	06/30/34	2.00 - 3.50%	1,214,966
Wastewater Effluent Upgrade - Refunding	525,000	06/15/26	1.99%	<u>245,000</u>
Total sewer fund				<u>1,996,626</u>
Total Business-Type Activities				<u>\$ 3,540,000</u>

Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2021 are as follows:

<u>Governmental (non-TIF)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>625,000</u>	<u>48,375</u>	<u>673,375</u>
Total	\$ <u>6,730,000</u>	\$ <u>1,628,980</u>	\$ <u>8,358,980</u>

Debt service requirements to retire tax increment financing bonds for governmental activities at June 30, 2021 are as follows:

<u>Governmental TIF</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>420,000</u>	<u>14,700</u>	<u>434,700</u>
Total	\$ <u>2,325,000</u>	\$ <u>415,607</u>	\$ <u>2,740,607</u>

Debt Service requirements to retire business-type activities bonds payable at June 30, 2021 are as follows:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>472,530</u>	<u>83,165</u>	<u>555,695</u>
Total	<u>\$ 3,540,000</u>	<u>\$ 707,737</u>	<u>\$ 4,247,737</u>

Changes in General Long-Term Liabilities

During the year ended June 30, 2021, 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	\$ 7,352	\$ -	\$ (622)	\$ 6,730	\$ (522)	\$ 6,208
Loans payable (direct borrowings)	20	-	(20)	-	-	-
Tax increment financing bonds payable	2,540	-	(215)	2,325	(215)	2,110
Net pension liability	39,442	11,327	-	50,769	-	50,769
Net OPEB liability	24,962	-	(4,456)	20,506	-	20,506
Capital leases payable	5,269	1,079	(1,134)	5,214	(1,262)	3,952
Compensated absences	<u>4,291</u>	<u>230</u>	<u>(100)</u>	<u>4,421</u>	<u>(966)</u>	<u>3,455</u>
Totals	<u>\$ 83,876</u>	<u>\$ 12,636</u>	<u>\$ (6,547)</u>	<u>\$ 89,965</u>	<u>\$ (2,965)</u>	<u>\$ 87,000</u>
Business-Type Activities						
General obligation bonds payable	\$ 3,968	\$ -	\$ (428)	\$ 3,540	\$ (427)	\$ 3,113
Net pension liability	1,609	462	-	2,071	-	2,071
Net OPEB liability	1,896	-	(280)	1,616	-	1,616
Compensated absences	<u>226</u>	<u>18</u>	<u>(10)</u>	<u>234</u>	<u>(51)</u>	<u>183</u>
Totals	<u>\$ 7,699</u>	<u>\$ 480</u>	<u>\$ (718)</u>	<u>\$ 7,461</u>	<u>\$ (478)</u>	<u>\$ 6,983</u>

Long-Term Debt Supporting Governmental and Business-Type Activities

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

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, 2021:

	Entity-wide Basis		Fund Basis			
	Governmental	Business-type	Governmental Funds		Proprietary Funds	
	<u>Activities</u>	<u>Activities</u>	<u>General Fund</u>	<u>Nonmajor</u>	<u>Water</u>	<u>Sewer</u>
Taxes collected in advance	\$ 44,573,701	\$ -	\$ 44,573,701	\$ -	\$ -	\$ -
Unavailable revenues, property taxes	-	-	1,395,663	26,800	-	-
Unavailable revenues, loans	-	-	-	369,718	-	-
Deferred amount on refunding	<u>76,743</u>	<u>58,774</u>	<u>-</u>	<u>-</u>	<u>30,724</u>	<u>28,050</u>
Total deferred inflows	\$ <u>44,650,444</u>	\$ <u>58,774</u>	\$ <u>45,969,364</u>	\$ <u>396,518</u>	\$ <u>30,724</u>	\$ <u>28,050</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, 2021:

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, property held for resale, advance to sewer fund, and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted

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

fund balance classification includes General Fund library donations, various special revenue and capital project funds, and the expendable portion of permanent trust funds.

Committed

Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes TIF District revenue to be used for future debt service payments, capital reserve funds set aside by Town 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. Additionally, it includes budgeted use of fund balance for next year's expenditures, unspent capital lease escrow balances, fiscal year 2021 surplus to be transferred to capital reserve funds in fiscal year 2022, and forest management funds.

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, 2021:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable			
Prepaid expenditures	\$ 14,857	\$ 736	\$ 15,593
Property held for resale	79,704	-	79,704
Advance to sewer fund	209,580	-	209,580
Nonexpendable permanent funds:			
General cemetery care	-	3,984,646	3,984,646
Parks and playgrounds	-	5,292,311	5,292,311
All remaining	-	267,199	267,199
Total Nonspendable	304,141	9,544,892	9,849,033
Restricted			
Library donations	88,804	-	88,804
Special revenue funds:			
Derry public library	-	220,543	220,543
Taylor library	-	21,191	21,191
Waste tire reclamation	-	757,097	757,097
Conservation commission	-	760,917	760,917
All remaining	-	369,021	369,021
Bonded capital projects	-	2,056,835	2,056,835
Expendable permanent funds:			
General cemetery care	-	53,223	53,223
Parks and playgrounds	-	409,427	409,427
All remaining	-	9,375	9,375
Total Restricted	88,804	4,657,629	4,746,433
Committed			
Gateway TIF	272,280	-	272,280
Derry Commerce Corridor TIF	2,840,574	-	2,840,574
Capital	5,048,957	-	5,048,957
Compensated absences	2,661,127	-	2,661,127
COVID-19 Mitigation	1,415,521	-	1,415,521
Collective bargaining units	255,885	-	255,885
Special revenue funds:			
Cable television	-	481,352	481,352
Economic development loan - REDC	-	274,869	274,869
Capital project funds:			
Rail trail	-	5,323	5,323
Bridge improvements	-	240,778	240,778
Total Committed	12,494,344	1,002,322	13,496,666
Assigned			
Encumbered for:			
General government	275,718	-	275,718
Public safety	54,486	-	54,486
Public works	419,460	-	419,460
Next year's expenditures	650,000	-	650,000
Unspent capital lease escrow	391,546	-	391,546
FY21 surplus to be transferred	942,294	-	942,294
Forest management	40,585	-	40,585
Total Assigned	2,774,089	-	2,774,089
Unassigned	12,112,932	-	12,112,932
Total Fund Balances	\$ 27,774,310	\$ 15,204,843	\$ 42,979,153

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 provides service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the 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:

<u>Years of creditable service as of January 1, 2012</u>	<u>Minimum Age</u>	<u>Minimum Service</u>	<u>Benefit Multiplier</u>
At least 3 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	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 10.88% to 26.43% of covered compensation. The Town's contributions to NHRS for the year ended June 30, 2021 was \$3,885,967 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, 2021, the Town reported a liability of \$52,840,442 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. 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, 2021, the Town's proportion was 0.826%.

For the year ended June 30, 2021, the Town recognized pension expense of \$7,110,371. 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	\$ 3,885,967	\$ -
Differences between expected and actual experience	1,426,948	567,355
Differences between projected and actual earnings on pension plan investments	3,268,239	-
Changes in assumptions	5,226,968	-
Changes in proportion	<u>497,089</u>	<u>1,644,816</u>
Total	<u>\$ 14,305,211</u>	<u>\$ 2,212,171</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 2022. 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 <u>Outflows/Inflows</u>
2022	\$ 1,424,949
2023	2,080,370
2024	2,496,953
2025	<u>2,204,801</u>
Total	\$ <u>8,207,073</u>

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00% per year (previously 2.50%)
Wage Inflation	2.75% per year (previously 3.25%)
Salary increases	5.60% average, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation (previously 7.25%)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – June 30, 2019.

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.

Actuarial assumptions reflect benefit changes resulting from CH 340 laws of 2019 (HB616), which grants a one-time 1.5% COLA on the first \$50,000 of an annual pension benefit to members who retired on or before July 1, 2014, or any beneficiary of such member. The COLA will take effect on the retired member's first anniversary date of retirement occurring after July 1, 2020.

<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 %	3.71%
Small/Mid Cap Equities	<u>7.50</u>	4.15%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	3.96%
Emerging Int'l Equities	<u>7.00</u>	6.20%
Total international equities	20.00	
Core Bonds	9.00	0.42%
Global Multi-Sector Fixed Income	10.00	1.66%
Absolute Return Fixed Income	<u>6.00</u>	0.92%
Total fixed income	25.00	
Private Equity	10.00	7.71%
Private Debt	<u>5.00</u>	4.81%
Total alternative investments	15.00	
Real Estate	<u>10.00</u>	2.95%
Total	<u><u>100.00</u></u> %	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ 68,406,868	\$ 52,840,442	\$ 40,120,611

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, 2021.

General Information about the OPEB Plan

Plan Description

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

The Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current employees. Retirees of the Town who participate in this single-employer plan pay 100% of the healthcare premiums to participate in the Town's healthcare program. Since they are included in the same pool as active employees, the

insurance rates are implicitly higher for current employees due to the age consideration. This increased rate is an implicit subsidy the Town pays for the retirees.

Benefits Provided

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

Funding Policy

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

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

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

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

- The Town also provides for up to 3.5 years of long-term disability coverage for current Teamster-Public Works and PATE union contracts. For Teamsters disabled as of July 1, 2013, the coverage period will be four years.
- PATE employees hired after November 22, 2016 will be provided this benefit if such employee worked for the Town for a minimum of 20 years. The amount of the subsidy for employees hired after contract signing shall be limited to the amount of the July 1, 2016 Medicomp 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 Medicomp premium.

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

Plan Membership

At July 1, 2020, the following employees were covered by the benefit terms:

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

Actuarial Assumptions and Other Inputs

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

Inflation	3.25%
Salary increases	Group I: 14.75% decreasing over 12 years to ultimate level of 3.25% Group II: 27.75% decreasing over 8 years to an ultimate level of 4.25% Group III (Fire): 27.75% decreasing over 8 years to an ultimate level of 3.75%
Discount rate	2.16%
Healthcare cost trend rates	Health Trust: -2.80%, then 6.75% decreasing by 0.25% per year to an ultimate level of 4.50%. Allegiant: 3.60%, then 6.75% decreasing by 0.25% per year to an ultimate level of 4.50%.
Participation rate	80% of active employees and 100% of retirees over the age of 65

Because the plan is not funded, the discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index (2.21% as of June 30, 2020 and 2.16% as of June 30, 2021).

Mortality rates were based on:

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

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

Discount Rate

Because the plan is not funded, the discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index (2.21% as of June 30, 2020 and 2.16% as of June 30, 2021).

Total OPEB Liability

The Town's total OPEB liability of \$18,142,059 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2020.

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balances, beginning of year	\$ 22,404,615
Changes for the year:	
Service cost	880,103
Interest or other inputs	511,093
Differences between expected and actual experience	(1,030,823)
Changes in assumptions	(4,304,505)
Benefit payments	<u>(318,424)</u>
Net Changes	<u>(4,262,556)</u>
Balances, end of year	<u>\$ 18,142,059</u>

Changes of assumptions or other inputs reflect updates of the capital health costs and enrollment assumptions which decreased the liability, which was partially offset by a decrease in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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 (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
\$ 21,920,541	\$ 18,142,059	\$ 15,195,708

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:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
\$ 14,837,288	\$ 18,142,059	\$ 22,504,600

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

For the year ended June 30, 2021, the Town recognized an OPEB expense of \$780,318. At June 30, 2021, the Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change in assumptions	\$ 3,106,452	\$ 5,394,342
Differences between expected and actual experience	<u>469,755</u>	<u>859,020</u>
Total	<u>\$ 3,576,207</u>	<u>\$ 6,253,362</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:

2022	\$ (610,882)
2023	(610,878)
2024	(453,565)
2025	(112,609)
2026	<u>(889,221)</u>
Total	<u>\$ (2,677,155)</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, 2020 was \$3,979,818.

For the year ended June 30, 2021, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$(23,708). At June 30, 2021, 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	\$ 448,731	\$ -
Change in proportion	-	58,073
Change in assumptions	25,589	-
Differences between expected and actual experience	-	11,532
Net difference between projected and actual earnings on OPEB investments	<u>14,891</u>	<u>-</u>
Total	\$ <u>489,211</u>	\$ <u>69,605</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, 2022.

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	\$ (42,887)
2022	4,408
2023	5,255
2024	<u>4,099</u>
Total	\$ <u>(29,125)</u>

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

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

1% Decrease <u>(5.75%)</u>	Discount Rate <u>(6.75%)</u>	1% Increase <u>(7.75%)</u>
\$ 4,321,667	\$ 3,979,818	\$ 3,683,025

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, 2021:

	Total/Net OPEB <u>Liability</u>	Total Deferred Outflows of <u>Resources</u>	Total Deferred Inflows of <u>Resources</u>	Total Pension <u>Expense</u>
Town OPEB Plan	\$ 18,142,059	\$ 3,576,207	\$ 6,253,362	\$ 780,318
Proportionate share of NHRS Medical Subsidy Plan	<u>3,979,818</u>	<u>489,211</u>	<u>69,605</u>	<u>(23,708)</u>
Total	<u>\$ 22,121,877</u>	<u>\$ 4,065,418</u>	<u>\$ 6,322,967</u>	<u>\$ 756,610</u>

19. Change in Accounting Principle

During fiscal year 2021, the Town adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This required moving certain items previously recorded through a General Fund liability account to the newly established custodial fund that reports additions and deductions for these activities. No restatement of beginning net position/fund balance was required in either fund.

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 \$4,730,776 of project costs, with \$269,225 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 \$749,664 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. 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. Management has not evaluated the effect this standard will have on the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF DERRY, NEW HAMPSHIRE

Required Supplemental Information
General Fund

Schedule of Revenues, Expenditures and Other Sources (Uses) - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Adjusted</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Taxes	\$ 25,782,286	\$ 25,854,305	\$ 27,439,597	\$ 1,585,292
Licenses and permits	6,730,135	6,730,135	7,547,548	817,413
Intergovernmental	3,871,646	4,966,123	4,459,518	(506,605)
Charges for services	2,128,263	2,128,263	2,268,633	140,370
Miscellaneous	832,699	1,056,344	1,012,833	(43,511)
Total Revenues	39,345,029	40,735,170	42,728,129	1,992,959
Expenditures				
Prevention and emergency services	11,135,684	11,201,099	10,903,688	297,411
Emergency management	43,994	315,460	293,254	22,206
Police and animal control	9,709,662	9,769,055	8,949,219	819,836
Executive	5,032,327	6,016,592	4,573,830	1,442,762
Finance	6,299,801	8,822,162	8,641,932	180,230
Town clerk and elections	242,973	300,553	295,528	5,025
Libraries	1,611,727	1,647,917	1,647,917	-
Planning	294,606	294,606	278,181	16,425
Tax increment financing district	925,003	1,107,253	969,017	138,236
Public works	9,540,324	9,587,354	9,427,351	160,003
Total Expenditures	44,836,101	49,062,051	45,979,917	3,082,134
Excess (deficiency) of revenues over expenditures	(5,491,072)	(8,326,881)	(3,251,788)	5,075,093
Other Financing Sources (Uses)				
Use of unassigned fund balance	1,193,572	1,269,002	1,269,002	-
Use of assigned fund balance	-	1,050,000	1,050,000	-
Use of prior year fund balance (carryforwards)	-	1,100,097	1,100,097	-
Transfers in from other funds	2,958,190	3,568,472	2,822,521	(745,951)
Issuance of capital leases	1,150,000	1,150,000	1,079,055	(70,945)
Other financing sources	189,310	189,310	95,141	(94,169)
Total Other Financing Sources	5,491,072	8,326,881	7,415,816	(911,065)
Overall Budgetary Excess	\$ -	\$ -	\$ 4,164,028	\$ 4,164,028

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

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 expenditures and other financing sources (uses), to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources</u>	<u>Other Financing Uses</u>	<u>Total</u>
GAAP Basis	\$ 42,697,223	\$ 41,737,409	\$ 1,615,421	\$ 484,642	\$ 2,090,593
To reverse net down adjustment	-	-	5,473,947	5,473,947	-
To book current year appropriation carryforwards	-	749,664	-	-	(749,664)
To record budgeted use of unassigned fund balance	-	-	1,269,002	-	1,269,002
To record budgeted use of assigned fund balance	-	-	1,050,000	-	1,050,000
To record budgeted use of prior year fund balance (carryforwards)	-	-	1,100,097	-	1,100,097
To reverse effects of combining general fund and capital reserve funds (GASB 54)	(34,190)	(11,477)	(3,027,555)	(2,454,268)	(596,000)
To reclassify transfers for budgetary presentation	<u>65,096</u>	<u>3,504,321</u>	<u>(65,096)</u>	<u>(3,504,321)</u>	<u>-</u>
Budgetary Basis	<u>\$ 42,728,129</u>	<u>\$ 45,979,917</u>	<u>\$ 7,415,816</u>	<u>\$ -</u>	<u>\$ 4,164,028</u>

See Independent Auditor's Report.

TOWN OF DERRY, NEW HAMPSHIRE

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

(Unaudited)

New Hampshire Retirement System

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

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

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

See Independent Auditor's Report.

TOWN OF DERRY, NEW HAMPSHIRE

Required Supplementary Information
Schedule of Pension Contributions

(Unaudited)

New Hampshire Retirement System

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

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

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

See Independent Auditor's Report.

TOWN OF DERRY, NEW HAMPSHIRE

Required Supplementary Information
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, 2021	June 30, 2020	0.9092%	\$3,979,818	\$ 20,156,888	19.74%	7.74%
June 30, 2020	June 30, 2019	1.0157%	\$4,452,765	\$ 19,172,219	23.23%	7.75%
June 30, 2019	June 30, 2018	0.9934%	\$4,548,350	\$ 18,454,822	24.65%	7.53%
June 30, 2018	June 30, 2017	0.6856%	\$3,134,883	\$ 17,801,398	17.61%	7.91%

Schedule of Contributions

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

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

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

See Independent Auditor's Report.

TOWN OF DERRY, NEW HAMPSHIRE

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 880,103	\$ 579,262	\$ 672,019	\$ 767,608
Interest	511,093	605,031	710,488	654,556
Differences between expected and actual experience	(1,030,823)	-	939,510	-
Changes of assumptions	(4,304,505)	4,659,678	(2,985,248)	(943,898)
Benefit payments, including refunds of member contributions	<u>(318,424)</u>	<u>(293,406)</u>	<u>(339,136)</u>	<u>(273,464)</u>
Net change in total OPEB liability	(4,262,556)	5,550,565	(1,002,367)	204,802
Total OPEB liability - beginning	<u>22,404,615</u>	<u>16,854,050</u>	<u>17,856,417</u>	<u>17,651,615</u>
Total OPEB liability - ending	<u>\$ 18,142,059</u>	<u>\$ 22,404,615</u>	<u>\$ 16,854,050</u>	<u>\$ 17,856,417</u>
Covered employee payroll	\$ 20,583,990	\$ 20,156,888	\$ 19,172,219	\$ 18,454,822
Total OPEB Liability as a percentage of covered employee payroll	88.14%	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 Auditor's Report.

TOWN OF DERRY, NEW HAMPSHIRE
Required Supplementary Information
Modified Approach for Infrastructure
Capital Assets
For the Year Ended June 30, 2021

Schedule of Condition Assessment

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

Comparison of Estimated to Actual Maintenance/Preservation

<u>Year Ending June 30,</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>
2020	\$ 1,499,755	\$ 1,168,192
2020	\$ 1,438,622	\$ 1,454,753
2019	\$ 1,450,479	\$ 1,731,581
2018	\$ 1,449,625	\$ 1,422,083
2017	\$ 1,454,273	\$ 1,186,108
2016	\$ 1,448,938	\$ 1,534,567
2015	\$ 1,456,663	\$ 1,276,827
2014	\$ 1,459,764	\$ 1,493,108
2013	\$ 1,407,266	\$ 1,315,482
2012	\$ 1,401,837	\$ 1,374,690

See Independent Auditor's Report.

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TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2021

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 2021, 2018, 2015, and 2012 reflected a good to excellent PCI rating of 84, 82, 79, and 75, respectively.

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

The current PCI of 84 exceeds the 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 \$1,395,739 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.

TOWN OF DERRY, NEW HAMPSHIRE

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds					
	Derry Public Library Fund	Taylor Library Fund	Cable Television Fund	Conservation Commission Fund	Public Safety Grants Fund	Miscellaneous Grants Fund
Assets						
Cash and cash equivalents	\$ 497	\$ 350	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Taxes receivable	-	-	-	26,798	-	-
Accounts receivable, net	92,833	-	141,252	-	-	-
Due from other governments	-	-	-	-	5,667	-
Due from other funds	128,496	20,841	430,055	760,919	57,224	101,793
Prepaid items	736	-	-	-	-	-
Loans receivable	-	-	-	-	-	-
Total Assets	<u>\$ 222,562</u>	<u>\$ 21,191</u>	<u>\$ 571,307</u>	<u>\$ 787,717</u>	<u>\$ 62,891</u>	<u>\$ 101,793</u>
Liabilities						
Accounts payable	\$ 1,283	\$ -	\$ 89,955	\$ -	\$ -	\$ 1,688
Accrued liabilities	-	-	-	-	262	-
Retainage payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	5,405	-
Other liabilities	-	-	-	-	-	-
Total Liabilities	1,283	-	89,955	-	5,667	1,688
Deferred Inflows of Resources						
Unavailable revenues	-	-	-	26,800	-	-
Fund Balances						
Nonspendable	736	-	-	-	-	-
Restricted	220,543	21,191	-	760,917	57,224	100,105
Committed	-	-	481,352	-	-	-
Total Fund Balances	<u>221,279</u>	<u>21,191</u>	<u>481,352</u>	<u>760,917</u>	<u>57,224</u>	<u>100,105</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 222,562</u>	<u>\$ 21,191</u>	<u>\$ 571,307</u>	<u>\$ 787,717</u>	<u>\$ 62,891</u>	<u>\$ 101,793</u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

(continued)

	<u>Special Revenue Funds</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>
Assets					
Cash and cash equivalents	\$ 113,424	\$ -	\$ -	\$ -	\$ 114,271
Investments	769,857	-	-	-	769,857
Taxes receivable	-	-	-	-	26,798
Accounts receivable, net	-	24,550	-	-	258,635
Due from other governments	-	-	-	18,866	24,533
Due from other funds	75,178	185,142	2,000	234,862	1,996,510
Prepaid items	-	-	-	-	736
Loans receivable	-	-	-	413,195	413,195
Total Assets	\$ <u>958,459</u>	\$ <u>209,692</u>	\$ <u>2,000</u>	\$ <u>666,923</u>	\$ <u>3,604,535</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ 10,655	\$ 103,581
Accrued expenditures	-	-	-	3,491	3,753
Retainage payable	-	-	-	-	-
Due to other funds	201,362	-	-	7,749	214,516
Other liabilities	-	-	-	441	441
Total Liabilities	201,362	-	-	22,336	322,291
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	369,718	396,518
Fund Balances					
Nonspendable	-	-	-	-	736
Restricted	757,097	209,692	2,000	-	2,128,769
Committed	-	-	-	274,869	756,221
Total Fund Balances	<u>757,097</u>	<u>209,692</u>	<u>2,000</u>	<u>274,869</u>	<u>2,885,726</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>958,459</u>	\$ <u>209,692</u>	\$ <u>2,000</u>	\$ <u>666,923</u>	\$ <u>3,604,535</u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

(continued)

	<u>Capital Project Funds</u>			
	<u>Rail Trail Fund</u>	<u>Bridge Improvements Fund</u>	<u>Recreational Facility Fund</u>	<u>Exit 4A Fund</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	13,625	240,778	1,726,492	288,639
Prepaid items	-	-	-	-
Loans receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>13,625</u>	\$ <u>240,778</u>	\$ <u>1,726,492</u>	\$ <u>288,639</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Retainage payable	8,302	-	-	-
Due to other funds	-	-	-	-
Other liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	8,302	-	-	-
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	1,726,492	288,639
Committed	<u>5,323</u>	<u>240,778</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>5,323</u>	<u>240,778</u>	<u>1,726,492</u>	<u>288,639</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>13,625</u>	\$ <u>240,778</u>	\$ <u>1,726,492</u>	\$ <u>288,639</u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

(continued)

	<u>Capital Project Funds</u>		<u>Permanent Funds</u>		
	Hood Pond Dam Reconstruction <u>Fund</u>	Total Nonmajor Capital Projects <u>Funds</u>	General Cemetery Care <u>Care</u>	Parks and Playgrounds <u>Playgrounds</u>	Libraries <u>Libraries</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 537,403	\$ 713,766	\$ 19,588
Investments	-	-	3,496,691	4,999,563	126,067
Taxes receivable	-	-	-	-	-
Accounts receivable, net	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	42,956	2,312,490	3,775	-	-
Prepaid items	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total Assets	<u>\$ 42,956</u>	<u>\$ 2,312,490</u>	<u>\$ 4,037,869</u>	<u>\$ 5,713,329</u>	<u>\$ 145,655</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Retainage payable	1,252	9,554	-	-	-
Due to other funds	-	-	-	11,591	-
Other liabilities	-	-	-	-	-
Total Liabilities	<u>1,252</u>	<u>9,554</u>	<u>-</u>	<u>11,591</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	3,984,646	5,292,311	145,233
Restricted	41,704	2,056,835	53,223	409,427	422
Committed	-	246,101	-	-	-
Total Fund Balances	<u>41,704</u>	<u>2,302,936</u>	<u>4,037,869</u>	<u>5,701,738</u>	<u>145,655</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 42,956</u>	<u>\$ 2,312,490</u>	<u>\$ 4,037,869</u>	<u>\$ 5,713,329</u>	<u>\$ 145,655</u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

(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>	
Assets				
Cash and cash equivalents	\$ 6,477	\$ 9,972	\$ 1,287,206	\$ 1,401,477
Investments	43,926	70,544	8,736,791	9,506,648
Taxes receivable	-	-	-	26,798
Accounts receivable, net	-	-	-	258,635
Due from other governments	-	-	-	24,533
Due from other funds	-	-	3,775	4,312,775
Prepaid items	-	-	-	736
Loans receivable	-	-	-	413,195
Total Assets	\$ <u>50,403</u>	\$ <u>80,516</u>	\$ <u>10,027,772</u>	\$ <u>15,944,797</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 103,581
Accrued liabilities	-	-	-	3,753
Retainage payable	-	-	-	9,554
Due to other funds	-	-	11,591	226,107
Other liabilities	-	-	-	441
Total Liabilities	-	-	11,591	343,436
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	396,518
Fund Balances				
Nonspendable	48,032	73,934	9,544,156	9,544,892
Restricted	2,371	6,582	472,025	4,657,629
Committed	-	-	-	1,002,322
Total Fund Balances	<u>50,403</u>	<u>80,516</u>	<u>10,016,181</u>	<u>15,204,843</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>50,403</u>	\$ <u>80,516</u>	\$ <u>10,027,772</u>	\$ <u>15,944,797</u>

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures, and Changes in Fund Equity
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue Funds				
	Derry Public Library Fund	Taylor Library Fund	Cable Television Fund	Conservation Commission Fund	Public Safety Grants Fund
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 132,322	\$ -
Licenses and permits	1,650	-	485,141	-	-
Intergovernmental	-	-	-	-	21,216
Charges for services	469	12	-	-	-
Investment income (loss)	260	41	-	1,298	52
Miscellaneous	<u>123,613</u>	<u>136</u>	<u>24,999</u>	<u>299</u>	<u>25</u>
Total Revenues	125,992	189	510,140	133,919	21,293
Expenditures					
General government	-	-	307,806	-	-
Public safety	-	-	-	-	19,227
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	33,899	-	336	-	-
Conservation	-	-	-	1,020	-
Economic development	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>151,710</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>33,899</u>	<u>-</u>	<u>459,852</u>	<u>1,020</u>	<u>19,227</u>
Excess (deficiency) of revenues over expenditures	92,093	189	50,288	132,899	2,066
Other Financing Sources (Uses)					
Transfers in	348	1,446	-	-	247
Transfers out	<u>-</u>	<u>(1,446)</u>	<u>(7,380)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>348</u>	<u>-</u>	<u>(7,380)</u>	<u>-</u>	<u>247</u>
Change in fund balance	92,441	189	42,908	132,899	2,313
Fund Balance, at Beginning of Year	<u>128,838</u>	<u>21,002</u>	<u>438,444</u>	<u>628,018</u>	<u>54,911</u>
Fund Balance, at End of Year	\$ <u>221,279</u>	\$ <u>21,191</u>	\$ <u>481,352</u>	\$ <u>760,917</u>	\$ <u>57,224</u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures, and Changes in Fund Equity
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

(continued)

	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
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,322
Licenses and permits	-	-	-	-	-	486,791
Intergovernmental	-	-	-	-	37,149	58,365
Charges for services	-	-	134,279	-	-	134,760
Investment income (loss)	197	3,654	-	-	192	5,694
Miscellaneous	<u>1,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,575</u>	<u>191,383</u>
Total Revenues	1,933	3,654	134,279	-	77,916	1,009,315
Expenditures						
General government	-	961	-	-	-	308,767
Public safety	-	-	97,032	-	-	116,259
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	5,170	-	-	-	-	39,405
Conservation	-	-	-	-	-	1,020
Economic development	-	-	-	-	186,247	186,247
Capital outlay	<u>337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,047</u>
Total Expenditures	<u>5,507</u>	<u>961</u>	<u>97,032</u>	<u>-</u>	<u>186,247</u>	<u>803,745</u>
Excess (deficiency) of revenues over expenditures	(3,574)	2,693	37,247	-	(108,331)	205,570
Other Financing Sources (Uses)						
Transfers in	-	290,970	-	-	-	293,011
Transfers out	<u>-</u>	<u>(269,344)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(278,170)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>21,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,841</u>
Change in fund balance	(3,574)	24,319	37,247	-	(108,331)	220,411
Fund Balances, at beginning of year	<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>
Fund Balances, at end of year	<u>\$ 100,105</u>	<u>\$ 757,097</u>	<u>\$ 209,692</u>	<u>\$ 2,000</u>	<u>\$ 274,869</u>	<u>\$ 2,885,726</u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures, and Changes in Fund Equity
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

(continued)

	<u>Capital Project Funds</u>			
	Rail Trail <u>Fund</u>	Bridge Improvements <u>Fund</u>	Recreational Facility <u>Fund</u>	Exit 4A <u>Fund</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income (loss)	1	-	3,513	715
Miscellaneous	-	-	-	-
	<u>1</u>	<u>-</u>	<u>3,513</u>	<u>715</u>
Total Revenues	1	-	3,513	715
Expenditures				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Conservation	-	-	-	-
Economic development	-	-	-	-
Capital outlay	<u>159,983</u>	<u>581,016</u>	<u>60,274</u>	<u>164,652</u>
Total Expenditures	<u>159,983</u>	<u>581,016</u>	<u>60,274</u>	<u>164,652</u>
Excess (deficiency) of revenues over expenditures	(159,982)	(581,016)	(56,761)	(163,937)
Other Financing Sources (Uses)				
Transfers in	45,000	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(45,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>	<u>-</u>
Change in fund balance	(114,982)	(581,016)	(101,761)	(163,937)
Fund Balances, at beginning of year	<u>120,305</u>	<u>821,794</u>	<u>1,828,253</u>	<u>452,576</u>
Fund Balances, at end of year	\$ <u><u>5,323</u></u>	\$ <u><u>240,778</u></u>	\$ <u><u>1,726,492</u></u>	\$ <u><u>288,639</u></u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures, and Changes in Fund Equity
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

(continued)

	<u>Capital Project Funds</u>		<u>Permanent Funds</u>		
	Hood Pond Dam Reconstruction <u>Fund</u>	Total Nonmajor Capital Projects <u>Funds</u>	General Cemetery <u>Care</u>	Parks and <u>Playgrounds</u>	<u>Libraries</u>
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income (loss)	241	4,470	643,553	852,681	23,399
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	241	4,470	643,553	852,681	23,399
Expenditures					
General government	-	-	23,636	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Culture and recreation	-	-	-	31,441	863
Conservation	-	-	-	-	-
Economic development	-	-	-	-	-
Capital outlay	<u>317,937</u>	<u>1,283,862</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>317,937</u>	<u>1,283,862</u>	<u>23,636</u>	<u>31,441</u>	<u>863</u>
Excess (deficiency) of revenues over expenditures	(317,696)	(1,279,392)	619,917	821,240	22,536
Other Financing Sources (Uses)					
Transfers in	180,000	225,000	13,425	-	-
Transfers out	<u>-</u>	<u>(45,000)</u>	<u>(65,000)</u>	<u>(33,867)</u>	<u>(1,793)</u>
Total Other Financing Sources (Uses)	<u>180,000</u>	<u>180,000</u>	<u>(51,575)</u>	<u>(33,867)</u>	<u>(1,793)</u>
Change in fund balance	(137,696)	(1,099,392)	568,342	787,373	20,743
Fund Balances, at beginning of year	<u>179,400</u>	<u>3,402,328</u>	<u>3,469,527</u>	<u>4,914,365</u>	<u>124,912</u>
Fund Balances, at end of year	\$ <u>41,704</u>	\$ <u>2,302,936</u>	\$ <u>4,037,869</u>	\$ <u>5,701,738</u>	\$ <u>145,655</u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures, and Changes in Fund Equity
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

(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	\$ -	\$ -	\$ -	\$ 132,322
Licenses and permits	-	-	-	486,791
Intergovernmental	-	-	-	58,365
Charges for services	-	-	-	134,760
Investment income (loss)	7,739	11,912	1,539,284	1,549,448
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,383</u>
Total Revenues	7,739	11,912	1,539,284	2,553,069
Expenditures				
General government	-	-	23,636	332,403
Public safety	-	-	-	116,259
Highways and streets	285	-	285	285
Health and welfare	-	439	439	439
Culture and recreation	-	-	32,304	71,709
Conservation	-	-	-	1,020
Economic development	-	-	-	186,247
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,435,909</u>
Total Expenditures	<u>285</u>	<u>439</u>	<u>56,664</u>	<u>2,144,271</u>
Excess (deficiency) of revenues over expenditures	7,454	11,473	1,482,620	408,798
Other Financing Sources (Uses)				
Transfers in	-	-	13,425	531,436
Transfers out	<u>-</u>	<u>(1,500)</u>	<u>(102,160)</u>	<u>(425,330)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,500)</u>	<u>(88,735)</u>	<u>106,106</u>
Change in fund balance	7,454	9,973	1,393,885	514,904
Fund Balances, at beginning of year	<u>42,949</u>	<u>70,543</u>	<u>8,622,296</u>	<u>14,689,939</u>
Fund Balances, at end of year	\$ <u>50,403</u>	\$ <u>80,516</u>	\$ <u>10,016,181</u>	\$ <u>15,204,843</u>

TOWN OF DERRY, NEW HAMPSHIRE

Cable Television Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

	<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	\$ 340,000	\$ 340,000	\$ 485,141	\$ 145,141
Miscellaneous	-	-	25,000	25,000
Use of fund balance	184,755	184,755	184,755	-
Use of prior year fund balance (carryforwards)	<u>-</u>	<u>294</u>	<u>294</u>	<u>-</u>
Total Revenues	524,755	525,049	695,190	170,141
Expenditures and Other Uses				
Current operations:				
General government	313,423	313,717	253,383	60,334
Capital outlay	150,000	150,000	182,577	(32,577)
Intergovernmental	<u>61,332</u>	<u>61,332</u>	<u>62,433</u>	<u>(1,101)</u>
Total Expenditures	<u>524,755</u>	<u>525,049</u>	<u>498,393</u>	<u>26,656</u>
Excess of revenues over expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>196,797</u>	\$ <u>196,797</u>

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FIDUCIARY FUNDS

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

CUSTODIAL FUNDS

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

<u>Fund Name</u>	<u>Fund Purpose</u>
Taxes and Fees	Collection and payment of taxes and fees collected on behalf of other governments for public schools, county, and motor vehicle registrations
Derry Cooperative School Capital Reserve	Funds held by the Town of Derry, New Hampshire's Trustees of Trust Funds on behalf of the Derry Cooperative School District, an independent governmental unit. New Hampshire state law requires that these funds be held by the Trustees of Trust Funds in the Town that the school district operates

Other

To account for various funds held by the Town of Derry in a custodial manner.

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Private-Purpose Trust Funds				
	Derry Public <u>Schools</u>	Derry Visiting <u>Nurses</u>	East Derry Improvements <u>Society</u>	Memorial Day <u>Flowers</u>	Total Private-Purpose <u>Trust Funds</u>
Assets					
Cash	\$ 15,995	\$ 89,359	\$ 3,917	\$ 522	\$ 109,793
Investments:					
Corporate bonds	3,418	19,097	837	112	23,464
Corporate equities	22,311	124,652	5,462	728	153,153
Equity mutual funds	1,217	6,799	298	40	8,354
Fixed income mutual funds	1,824	10,191	447	60	12,522
Market-linked certificates of deposit	21,815	121,893	5,341	712	149,761
Federal agency securities	26,759	149,505	6,550	872	183,686
Other	<u>2,389</u>	<u>13,349</u>	<u>585</u>	<u>78</u>	<u>16,401</u>
Total Investments	<u>79,733</u>	<u>445,486</u>	<u>19,520</u>	<u>2,602</u>	<u>547,341</u>
Total Assets	<u>\$ 95,728</u>	<u>\$ 534,845</u>	<u>\$ 23,437</u>	<u>\$ 3,124</u>	<u>\$ 657,134</u>
Liabilities					
Other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position					
Restricted for individual organizations and other governments	<u>\$ 95,728</u>	<u>\$ 534,845</u>	<u>\$ 23,437</u>	<u>\$ 3,124</u>	<u>\$ 657,134</u>
Total Liabilities and Net Position	<u>\$ 95,728</u>	<u>\$ 534,845</u>	<u>\$ 23,437</u>	<u>\$ 3,124</u>	<u>\$ 657,134</u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

(continued)

	Taxes and <u>Fees</u>	Derry Cooperative School <u>Capital Reserve</u>	<u>Other</u>	Total Custodial <u>Funds</u>
Assets				
Cash	\$ -	\$ -	\$ 320,932	\$ 320,932
Investments:				
Corporate bonds	-	8,482	-	8,482
Corporate equities	-	55,361	-	55,361
Equity mutual funds	-	3,020	-	3,020
Fixed income mutual funds	-	4,526	-	4,526
Market-linked certificates of deposit	-	54,136	-	54,136
Federal agency securities	-	66,397	-	66,397
Other	<u>-</u>	<u>5,928</u>	<u>-</u>	<u>5,928</u>
Total Investments	<u>-</u>	<u>197,850</u>	<u>-</u>	<u>197,850</u>
Total Assets	\$ <u>-</u>	\$ <u>197,850</u>	\$ <u>320,932</u>	\$ <u>518,782</u>
Liabilities				
Other liabilities	\$ <u>-</u>	\$ <u>-</u>	\$ <u>320,932</u>	\$ <u>320,932</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>320,932</u>	<u>320,932</u>
Net Position				
Restricted for individual organizations and other governments	\$ <u>-</u>	\$ <u>197,850</u>	\$ <u>-</u>	\$ <u>197,850</u>
Total Liabilities and Net Position	\$ <u>-</u>	\$ <u>197,850</u>	\$ <u>320,932</u>	\$ <u>518,782</u>

TOWN OF DERRY, NEW HAMPSHIRE

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

	<u>Private-Purpose Trust Funds</u>				
	<u>Derry Public Schools</u>	<u>Derry Visiting Nurses</u>	<u>East Derry Improvements Society</u>	<u>Memorial Day Flowers</u>	<u>Total Private-Purpose Trust Funds</u>
Additions					
Taxes collected for School Districts	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes collected for County	-	-	-	-	-
Taxes collected for State of New Hampshire	-	-	-	-	-
Contributions from School Districts	-	-	-	-	-
Investment income	\$ <u>13,120</u>	\$ <u>85,923</u>	\$ <u>3,193</u>	\$ <u>358</u>	<u>102,594</u>
Total additions	13,120	85,923	3,193	358	102,594
Deductions					
Payment of taxes to School Districts	-	-	-	-	-
Payment of taxes to County	-	-	-	-	-
Payment of fees to State of New Hampshire	-	-	-	-	-
Payment on behalf of School District	-	-	-	-	-
Benefits	<u>1,084</u>	<u>9,753</u>	<u>118</u>	<u>32</u>	<u>10,987</u>
Total deductions	<u>1,084</u>	<u>9,753</u>	<u>118</u>	<u>32</u>	<u>10,987</u>
Change in net position	12,036	76,170	3,075	326	91,607
Net Position					
Beginning of year	<u>83,692</u>	<u>458,675</u>	<u>20,362</u>	<u>2,798</u>	<u>565,527</u>
End of year	\$ <u><u>95,728</u></u>	\$ <u><u>534,845</u></u>	\$ <u><u>23,437</u></u>	\$ <u><u>3,124</u></u>	\$ <u><u>657,134</u></u>

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

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

(continued)

	<u>Taxes and Fees</u>	<u>Derry Cooperative School Capital Reserve</u>	<u>Other</u>	<u>Total Custodial Funds</u>
Additions				
Taxes collected for School Districts	\$ 57,962,563	\$ -	\$ -	\$ 57,962,563
Taxes collected for County	3,072,224	-	-	3,072,224
Taxes collected for State of New Hampshire	2,187,085	-	-	2,187,085
Contributions from School Districts	-	2,529	-	2,529
Investment income	-	-	-	-
Total additions	63,221,872	2,529	-	63,224,401
Deductions				
Payment of taxes to School Districts	57,962,563	-	-	57,962,563
Payment of taxes to County	3,072,224	-	-	3,072,224
Payment of fees to State of New Hampshire	2,187,085	-	-	2,187,085
Payment on behalf of School District	-	2,248	-	2,248
Benefits	-	-	-	-
Total deductions	63,221,872	2,248	-	63,224,120
Change in net position	-	281	-	281
Net Position				
Beginning of year	-	197,569	-	197,569
End of year	\$ -	\$ 197,850	\$ -	\$ 197,850

**STATISTICAL
SECTION**

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TOWN OF DERRY, NEW HAMPSHIRE

STATISTICAL SECTION

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

	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	125
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	129
<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.	133
<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.	137
<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.	140

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

TOWN OF DERRY, NEW HAMPSHIRE

Net Position by Components

Last Ten Fiscal Years

	<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>	<u>2021</u>
Government Activities										
Net investment in capital assets	\$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	\$108,268,697
Restricted	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	11,960,059
Unrestricted	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)	(36,686,677)
Total Governmental Activities Net Position	<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>	<u>\$83,542,079</u>
Business-type Activities										
Net investment in capital assets	\$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	\$36,438,314
Unrestricted	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	4,406,038
Total Business-type Activities Net Position	<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>	<u>\$40,844,352</u>
Primary Government										
Net investment in capital assets	\$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	\$144,707,011
Restricted	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	11,960,059
Unrestricted	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)	(32,280,639)
Total Primary Government Net Position	<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>	<u>\$124,386,431</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

	2012 ⁽¹⁾	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
<u>Governmental Activities</u>										
General government	\$ 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	\$ 10,297,926
Public safety	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	21,596,933
Highway & streets	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	4,165,466
Health & welfare	643,871	712,326	812,632	777,789	687,021	601,102	631,724	365,616	418,129	389,364
Sanitation	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	2,719,921
Culture & recreation	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	3,047,814
Conservation	9,120	24,136	12,149	22,172	9,760	17,982	765,435	7,140	14,089	6,093
Economic development	702,479	1,440,817	179,717	656,802	615,423	708,402	667,401	1,478,417	501,836	672,733
Interest on long-term debt	386,000	375,763	411,395	373,170	330,799	267,901	263,458	330,207	477,246	440,061
Total Governmental Activities Expenses	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	43,336,311
<u>Business-type Activities</u>										
Water	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	3,214,549
Sewer	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	2,356,661
Total Business-type Activities Expenses	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	5,571,210
Total Primary Government Expenses	\$ 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	\$ 48,907,521
Program Revenues										
<u>Governmental Activities</u>										
Charges for services:										
General government	\$ 125,387	\$ 128,466	\$ 127,748	\$ 159,877	\$ 132,818	\$ 118,916	\$ 141,615	\$ 162,632	\$ 132,370	\$ 132,663
Public safety	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	1,846,622
Highway & streets	92,982	41,149	27,958	36,364	57,285	41,611	32,655	77,400	47,710	46,101
Health & welfare	27,927	30,275	33,290	29,250	29,875	30,495	31,135	31,255	29,265	32,680
Sanitation	508,259	382,358	416,529	409,554	397,767	492,994	615,433	589,776	580,402	770,423
Culture & recreation	199,406	159,898	151,294	148,705	160,423	137,095	123,061	125,620	97,799	56,629
Operating grants & contributions	1,447,375	1,297,582	1,581,906	1,129,626	1,126,608	424,284	478,484	491,124	1,386,137	2,056,252
Capital grants & contributions	1,330,203	402,110	303,000	961,473	610,892	1,067,132	1,518,553	1,416,608	955,718	706,935
Total Governmental Activities Program Revenues	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	5,648,305
<u>Business-type Activities</u>										
Charges for services										
Water	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	3,193,010
Sewer	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	2,366,263
Operating grants & contributions	88,403	91,288	19,112	24,953	37,155	19,111	21,578	23,012	19,111	65,218
Capital grants & contributions	164,409	65,771	97,309	64,537	62,915	1,845,548	1,107,010	57,768	5,163,254	1,705,953
Total Business-type Activities Program Revenues	4,857,580	4,796,471	4,680,479	4,701,487	4,740,372	6,655,448	5,999,000	4,901,144	10,331,702	7,330,444
Total Primary Government Revenues	\$ 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	\$ 12,978,749
Net (Expense) Revenue										
Governmental activities	\$ (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)	\$ (37,688,006)
Business-type activities	606,553	472,936	224,122	258,683	132,753	1,858,078	1,208,514	89,137	5,434,534	1,759,234
Total Primary Government Net Expense	\$ (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)	\$ (35,928,772)
General Revenues & Other Changes in Net Position										
<u>Governmental Activities</u>										
Property & other taxes	\$ 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	\$ 27,537,110
Motor vehicle registration & franchise fees	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	7,065,514
Grants & contributions not restricted to specific programs	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	1,689,598
Interest & investment earnings	471,109	615,937	1,022,648	552,777	618,887	755,430	987,115	1,927,208	1,062,583	1,673,181
Miscellaneous	917,755	1,033,023	762,126	2,225,678	932,040	816,845	778,233	1,364,706	1,193,448	1,727,566
Transfers	(14,629)	15,330	-	(4,020)	(2,495,113)	1,784,298	745,035	(20,061)	55,434	(62,689)
Total Governmental Activities	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	39,755,658
<u>Business-type Activities</u>										
Income & investment earnings	17,884	18,886	30,679	40,409	35,196	47,498	76,409	133,957	92,846	17,752
Miscellaneous	133,363	55,118	93,193	67,187	83,925	93,684	102,751	267,394	157,897	126,216
Transfers	14,629	(15,330)	-	4,020	2,495,113	(1,784,298)	(745,035)	20,061	(55,434)	(62,689)
Total Business-type Activities	165,876	58,674	123,872	111,616	2,614,234	(1,643,116)	(565,875)	421,412	195,309	81,279
Total Primary Government Activities	\$ 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	\$ 39,836,937
Change in Net Position										
Governmental Activities	\$ 529,352	\$ (375,297)	\$ 1,044,658	\$ 2,220,746	\$ (938,556)	\$ 336,404	\$ 942,941	\$ 546,359	\$ (2,212,402)	\$ 2,067,652
Business-type Activities	772,429	531,610	347,994	370,299	2,746,987	214,962	642,639	510,549	5,629,843	1,840,513
Total Primary Government	\$ 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	\$ 3,908,165

⁽¹⁾As restated

Source: Statement of Activities

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

	<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>2021</u>
<u>General Fund:</u>										
Nonspendable	\$ 74,168	\$ 56,696	\$ 54,481	\$ 568,208	\$ 416,389	\$ 652,133	\$ 732,613	\$ 1,008,556	\$ 393,109	\$ 304,141
Restricted	571,271	433,634	97,984	93,789	6,525	123,069	136,885	88,700	93,187	88,804
Committed ⁽¹⁾	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	12,494,344
Assigned	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	2,774,089
Unassigned ⁽¹⁾	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	12,112,932
Total General Fund	<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>\$ 27,774,310</u>
<u>All Other Governmental Funds:</u>										
Nonspendable	\$ 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	\$ 9,544,892
Restricted	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	4,657,629
Committed	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	1,002,322
Unassigned	-	(75,846)	-	-	-	-	(24,930)	-	-	-
Total All Other Governmental Funds	<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>	<u>\$ 15,204,843</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

	<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>2021</u>
<u>Revenues</u>										
Taxes	\$ 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	\$ 27,571,919
Licenses & permits	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	8,034,339
Intergovernmental	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	4,452,787
Charges for services	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	2,401,435
Interest and investment income	471,108	615,937	1,022,647	552,777	618,886	755,429	987,119	1,927,209	1,062,586	1,673,181
Contributions	424,077	-	-	-	-	-	-	-	-	-
Miscellaneous	590,296	975,022	652,176	963,616	508,585	432,764	602,033	608,258	680,444	1,116,631
Total Revenues	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	45,250,292
<u>Expenditures</u>										
Current operations-										
General government	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	6,918,943
Public safety	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	20,531,053
Highways & streets	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	3,710,898
Health & welfare	604,040	663,639	763,935	727,628	637,269	547,627	589,604	367,300	379,554	374,048
Sanitation	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	2,404,941
Culture & recreation	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	2,772,780
Conservation	9,120	24,136	12,149	22,172	9,760	17,983	7,050	7,140	14,089	6,093
Economic Development	172,481	42,628	13,153	656,803	229,424	708,402	666,349	1,483,376	501,752	661,159
Capital outlay ⁽¹⁾	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	4,060,087
Debt service-										
Principal	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	1,989,819
Interest	379,504	401,483	408,797	387,214	376,303	259,714	254,110	293,102	425,667	451,859
Intergovernmental	10,369	10,074	12,485	51,074	50,980	10,747	-	-	-	-
Total Expenditures	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	43,881,680
Excess revenues over (under) expenditures	(250,316)	(754,691)	1,002,785	315,782	(2,352,316)	(2,198,435)	(1,327,015)	(1,744,842)	(2,216,396)	1,368,612
<u>Other financing sources (uses):</u>										
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	367,654	203,068	439,023	104,403	-	1,745,365	2,394,159	1,597,534	1,891,660	1,079,055
Proceeds from sale of capital assets	294,416	70,654	112,979	1,163,820	350,177	401,934	165,022	230,690	194,995	95,141
Payments to refunding escrow	-	(1,228,676)	-	-	(1,428,151)	-	-	-	-	-
Transfers in	1,289,095	598,621	1,307,611	560,218	288,769	2,626,382	1,985,527	676,201	977,956	972,661
Transfers out	(1,303,723)	(583,291)	(1,307,611)	(567,237)	(2,783,882)	(842,084)	(1,240,492)	(696,262)	(922,522)	(909,972)
Total other financing sources (uses)	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	1,236,885
Net change in fund balances	<u>\$ 3,797,126</u>	<u>\$ 3,559,472</u>	<u>\$ 1,554,787</u>	<u>\$ 1,576,986</u>	<u>\$ (4,450,403)</u>	<u>\$ 1,733,162</u>	<u>\$ 1,977,201</u>	<u>\$ 4,577,267</u>	<u>\$ (74,307)</u>	<u>\$ 2,605,497</u>
Debt service as a percentage of non-capital expenditures ⁽²⁾										
	3.9%	3.8%	4.6%	4.4%	5.7%	4.1%	4.9%	5.4%	6.1%	5.9%

⁽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				
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%
2021	2,956,213,825	575,535,303	143,644,304	28,074,400	3,647,319,032	7.15	3,943,498,023	92.49%

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)

	<u>Town Direct Rate</u>	<u>Total Overlapping Rates</u>				
<u>Fiscal Year</u>	<u>Town Rate</u>	<u>Derry School</u>	<u>State Education</u>	<u>Total School Rate</u>	<u>County Rate</u>	<u>Total Tax Rate ⁽¹⁾</u>
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
2021	7.15	14.45	1.88	16.33	0.86	24.34

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 2021			FY 2012		
		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	2.44%	\$55,327,080	1	2.22%
Campbell, Gilbert G., Trustee (Aladdin Village & Derry County Club Estates)	Real Estate - Apartments	46,623,200	2	1.28%	33,054,484	2	1.32%
Public Service Company of NH (PSNH)	Utility - Electric	36,484,277	3	1.00%	19,356,000	4	0.78%
HCA Health Services of NH, Inc. (Parkland Medical Center)	Healthcare - Hospital	35,037,100	4	0.96%	20,304,200	3	0.81%
SUSO 4 Derry LP	Commercial - Retail	20,299,000	5	0.56%			
Hood Commons BSD LLC (Hood Plaza)	Commercial - Retail	19,144,900	6	0.52%	15,168,800	6	0.61%
Wal-Mart Real Estate Business Trust (Wal-Mart Superstore, Ashleigh Dr.)	Commercial - Retail	15,566,000	7	0.43%			
Ventas Birch Heights, LLC	Commercial - Elderly Assisted Living	12,905,000	8	0.35%			
EKM Associates Ltd. Partnership	Real Estate - Apartments	12,324,600	9	0.34%	10,409,800	7	0.42%
Two Tsienneto Road Realty LLC	Medical Office Building	11,575,100	10	0.32%	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		8.20%	\$201,211,064		8.06%
Total Taxable Assessed Valuation is:		\$3,647,319,032			\$2,494,906,794		

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
2012	\$ 23,817,145	\$ 23,360,347	98.08%	\$ 395,022	\$ 57,469	\$ 23,812,838	99.98%
2013	24,408,192	24,022,106	98.42%	331,515	45,533	24,399,154	99.96%
2014	24,623,357	24,190,174	98.24%	382,893	41,367	24,614,434	99.96%
2015	24,385,259	24,025,628	98.53%	286,625	67,443	24,379,696	99.98%
2016	22,926,812	22,601,643	98.58%	277,320	43,848	22,922,811	99.98%
2017	23,159,016	22,891,876	98.85%	231,455	30,000	23,153,331	99.98%
2018	23,909,072	23,634,966	98.85%	230,815	33,976	23,899,757	99.96%
2019	24,359,106	24,115,815	99.00%	167,909	30,697	24,314,421	99.82%
2020	24,927,688	24,677,513	99.00%	111,052	25,160	24,813,725	99.54%
2021	25,958,148	25,717,773	99.07%	-	19,042	25,736,815	99.15%

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
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
2021	6,730,000	-	5,214,638	2,325,000	1,543,374	-	-	1,996,626	-	17,809,638	0.21%	519

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		
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
2021	6,730,000	2,325,000	9,055,000	0.25%	264

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, 2021

<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	\$6,730,000	100.00%	\$6,730,000
Town of Derry - Tax Increment Financing Bonds	\$2,325,000	100.00%	2,325,000
Town of Derry - Capital Leases	\$5,214,638	100.00%	<u>5,214,638</u>
Sub Total - Direct Debt			14,269,638
Overlapping:			
Rockingham County	\$7,162,373	6.2427%	447,125
Derry Cooperative School District	\$12,412,113	100.00%	<u>12,412,113</u>
Sub Total - Overlapping Debt			<u>12,859,238</u>
Total Direct and Overlapping Debt			<u><u>\$27,128,876</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 2021

Estimated full value	\$3,943,498,023
General Fund debit limit (3% of equalized Valuation)	118,304,941
Water Fund debit limit (10% of equalized Valuation)	394,349,802

	<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>2021</u>
General Fund										
Debt Limit	\$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	\$118,304,941
Total debt applicable to limit ⁽¹⁾	<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>	<u>6,730,000</u>
Legal debt margin	<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>	<u>\$111,574,941</u>
Total debt applicable to limit as a percentage of debt limit	5.89%	10.90%	9.15%	7.88%	7.14%	5.68%	5.68%	7.65%	6.69%	5.69%
Water Fund										
Debt Limit	\$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	\$394,349,802
Total debt applicable to limit	<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>	<u>1,543,374</u>
Legal debt margin	<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>	<u>\$392,806,428</u>
Total debt applicable to limit as a percentage of debt limit	1.02%	1.03%	0.93%	0.84%	0.80%	0.67%	0.67%	0.49%	0.45%	0.39%

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
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%
2021	34,317	1,253,634,327	36,531	4,757	3.7%

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 2021			Fiscal Year 2012		
		Employees	Rank	% of Total Town Employment	Employees	Rank	% of Total Town Employment
Derry Cooperative School District	Education	620	1	3.14%	620	1	3.50%
HCA Health Services of NH	Healthcare/Hospital	532	2	2.68%	531	2	3.08%
Pinkerton Academy	Education	462	3	2.34%	477	3	2.48%
Town of Derry	Municipal services	364	4	1.84%	364	4	1.69%
Wal-Mart Store	Retail chain	265	5	1.34%	200	5	1.04%
Hannaford Supermarket	Supermarket	142	6	0.72%	142	6	0.77%
Shaw's Supermarket	Supermarket	105	7	0.53%	116	8	0.78%
Fireye	Fire Equipment	100	8	0.51%	125	7	0.65%
Benson's Hardware	Home improvement center	50	9	0.25%			
Total Air Supply	Light Manufacturer	40	10	0.20%			
Biosan Laboratories	Vitamin, supplements & minerals				115	9	0.73%
Sanmina/Hadco	Electronics				100	10	0.52%

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

Note:

Fiscal Year 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>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>2021</u>
<u>Governmental Activities</u>										
General Government	24	24	25	26	23	22	21	21	21	21
Public Safety	152	150	149	149	148	146	146	148	149	149
Highway & Streets	27	27	27	27	27	30	30	30	31	31
Health & Welfare	3	3	4	4	2	2	2	0		
Sanitation	5	5	5	5	5	5	5	6	6	6
Culture & Recreation	8	8	8	8	8	8	8	8	8	8
Economic Development	2	2	2	2	2	2	3	3	3	3
<u>Business-Type Activities</u>										
Water	6	6	7	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>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>	<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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Number of police calls answered	26,939	26,607	26,034	22,960	23,785	26,298	30,126	29,132	23,194	22,499
Physical arrests	1,412	1,330	1,433	1,186	1,231	1,196	1,164	1,238	1,186	1,162
Traffic violations	1,052	1,008	991	627	701	919	756	706	542	555
Parking violations	1,182	966	866	529	382	1,070	652	697	477	434
Total offenses reported (prior calendar year basis)										
Group A	3,033	2,880	2,520	2,758	2,396	2,307	2,157	2,087	2,087	1,847
Group B	1,071	1,051	919	971	827	937	1,182	1,092	1,224	1,131
Fire & rescue calls dispatched (5 towns)	7,930	7,930	7,294	7,290	7,513	7,704	8,226	7,755	7,716	7,642
Total fire & rescue responses	4,282	4,193	4,281	4,586	4,722	4,836	5,091	5,021	4,805	4,735
Fire emergency services	1,396	1,445	1,447	1,607	1,683	1,730	1,868	1,747	1,183	1,314
False alarms	393	387	412	452	403	412	421	423	344	330
EMS/Rescue	2,886	2,886	3,081	3,302	3,321	3,298	3,516	3,553	3,622	3,091
Patients treated & transported	2,247	2,299	2,398	2,477	2,467	2,477	2,589	2,714	2,496	2,417
Patients treated only	22	29	21	18	19	21	57	47	33	52
Inspections conducted										
Fire code	713	744	862	858	969	1,213	1,114	1,867	1,731	1,524
Permits	627	773	721	689	723	770	749	897	1,022	842
Fire permits	2,495	2,114	1,412	1,952	2,016	1,787	1,928	2,009	1,634	1,277
Public safety education programs	61	72	32	51	51	35	47	135	104	30
Program attendees	2,179	815	819	1,267	1,780	2,823	3,090	3,067	4,205	770
Water										
Daily average water consumption	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	1.56 MGD
Maximum daily capacity in gallons	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD	3.32 MGD
Sewer										
Daily average treatment in gallons	1.72 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	1.46 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	3.0 MGD	3.0 MGD

Source: Various Town departments

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	163.2	163.2	163.2	163.74	164.57	165.39	165.39	165.39	165.39	165
Number of street lights	923	923	923	923	923	923	923	923	923	923
Miles of sidewalks	19.3	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7
Culture & recreation										
Community centers	6	6	6	6	6	6	6	6	6	6
Parks	6	6	6	6	6	6	6	6	6	6
Park acreage	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1	132.1
Multi-purpose fields	9	9	9	9	9	9	9	9	9	9
Baseball/softball fields	8	8	8	8	8	8	8	8	8	8
Beaches	2	2	2	2	2	2	2	2	2	2
Tennis courts	5	5	5	5	5	5	5	5	5	5
Libraries	2	2	2	2	2	2	2	2	2	2
Water										
Miles of water mains	70.31	70.31	70.31	71.62	71.62	71.94	70.31	85.96	88.13	90
Service connections	4,041	4,050	4,071	4,075	4,094	4,115	4,050	4,250	4,220	4,307
Fire hydrants	614	614	614	629	629	638	614	659	678	693
Sewer										
Miles of sanitary sewers	48.9	48.9	48.9	50.44	50.44	50.44	48.9	53.12	54.68	66.30
Miles of storm sewers	19	19	19	19.25	19.25	19.35	19.00	19.14	19.10	19.10
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	3,082	3,087	3,096	3,100	3,116	3,130	3,087	3,209	3,252	3,303

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, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 3, 2021.

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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Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

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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.



Merrimack, New Hampshire
December 3, 2021