

Town of Derry, NH

Fiscal Committee Meeting — December 14, 2021

Present: Erin Spencer, David Caron, Allan Virr, Mark Fleischer and Joan Crimlisk

Guests: Zackary Fentross of Melanson CPA'S

Opened Meeting: 4:30pm - Mark Fleischer taking the minutes.

Approval of Minutes: Approval of the minutes from the April 19, 2021 meeting – Motion by Dave Caron, Second by Erin Spencer.

Review of the June 30, 2021 Financial Report-Melanson- Zackary Fentross, Manager, of Melanson CPA'S reviewed the results of the FY21 audit and Annual Comprehensive Financial Report (ACFR). It was mentioned that the Finance Department employees responded well to all questions and provided requested information in a timely manner. The books are in good shape. There were no recommended adjusting entries.

Zackary discussed some key points in the ACFR.

Page 13-Independent Auditors Report-Clean Opinion which is the highest that can be obtained.

Page 35-36-Statement of Net Position (Balance Sheet)- With regard to governmental activity bonds, 75% will be paid off in 10 years and 90% of business type activities bonds will be paid off in 10 years. A good financial indicator is if 70-75% of debt is being paid off in 10 years. Bond rating agencies would view this favorably.

The Town's proportional share of the NHRS pension liability increased due to a reduction in NHRS's investment return and the decrease in the discount rate assumptions.

The Town's OPEB liability (Other Post Employment Benefits) decreased from the previous year due to change in assumptions of future salary and health premium costs.

Page 39-Governmental Funds Consolidated Balance Sheet shows Tax receivables of \$6m. Zachary mentioned the Town does a good job with collecting current and liened taxes. Unassigned Fund Balance of \$12,112,932. That is about 11% of the town's budget and is within the range recommended the NHDRA and NHGFOA. This is a healthy fund balance.

Page 88-Schedule of Revenues and Other Sources and Expenditures and Other Uses-Budget and Actual- General Fund-Revenues exceeded budget by \$1,992,959 and Expenditures were under budget by \$3,082,134. Total excess after Other Financing Sources such as issuance of capital leases was \$4,164,028. This would also be viewed favorably by bond rating agencies and financial institutions.

Page 46-47-Fiduciary Funds Statement of Net Positions- GASB 84 was implemented in FY21. Previously this was called "Agency Funds". The Town collects taxes and fees for the state, school

district and county and we are now required to report the details of any payments received and remitted to those agencies.

For FY21, a formal management letter or side letter will not be issued. Zackary mentioned internal controls were extensively reviewed and any recommendations of improvements did not reach the level to be included in a published letter.

CFO Report - Mark Fleischer reviewed the revenue and expenditure reports through November 30, 2021. November 30th represents a target of 41.6% of the fiscal year that has been completed. Revenues and expenditures from operations in the General Fund are at 45% and 51%, respectively compared to 41% and 45% for the same period last year. A review of revenue highlights included Fire exceeding budget due to receipts of intergovernmental payments for contracted ambulance and dispatch services. Timer Tax and Payment in Lieu of Taxes (PILOT) collections in Assessing are trending above budget. Motor Vehicle revenues are slightly above the benchmark at 43.9% of budget. Planning applications are currently greater than 41.6% of budget. Transfer Station recycling revenues are also trending above budget as market prices have recently seen increases. Recreation seasonal revenues as well as expenses continue to be impacted by the pandemic as both are trending below budget. In reviewing expenditures, Fire has vacant positions however, overtime expenses are 68% of budget. Police is lower due to vacant positions and SRO details are 11.4% of budget. Information Technology is higher due to annual software support payments. Human Services is high due to reservation of funds paid quarterly to outside supportive agencies. Highway and Streets is high due to reservation of funds designated to our roadway maintenance program and Transfer Station is high due to reservation of funds for annual contractual services.

Also reviewed were revenues and expenditures in the other funds; Cable, Water and Wastewater. The next quarterly franchise payment from Comcast will be received in January 2022 so Cable revenues are below budget. Expenses for Cable are at 19% of budget. Water revenues and expenses are at 36% and 48% and Wastewater is at 28% and 50%, respectively. In Water, the annual purchased water budget has been encumbered. In Wastewater the annual electricity budget has also been encumbered.

Treasurers Report - Allan Virr reviewed the cash balances through 09/30/21 which were about the same as 09/30/20 (\$48M). Rates continue to be low and stagnant. TD is currently paying .15% compared to Citizens which is paying .10%. Looking at October 2021, the cash balances fell to \$36M due to a large payment to the Derry Cooperative School District. With the 2021 tax bills going out in early November, the cash balances should recover quickly in December. In November, Century Bank was acquired by Eastern Bank and they have indicated rates will continue to be low for the foreseeable future. Receipts at Eastern are from lockbox collections and the low rate has forced Allan to move any Eastern funds to other institutions on a weekly basis. After allocations to other funds such as Water and Wastewater, as well as unspent bond proceeds, Municipal Obligation interest revenues was 23.5% of budget as of 11/30/21.

Trustee of Trust Funds – Trustee Joan Crimlisk reported trustees last met on 10/18/21 and will meet next on 1/18/22.

September 30, 2021 Market Value

Trust Funds \$10,618,915 – (53.4% in Equities, 46.6% Fixed Income and Cash and Alternatives)

Capital Reserves \$14,522,352 - (All Fixed Income and Cash)

Expendable Fund \$1,133,991-(All Fixed Income and Cash)

Total return for the Quarter Ending September 30, 2021-Managed by Cambridge Trust
Co.

Trust Funds (.45)%

Capital Reserves .02%

Expendable Fund (.03)%

Next meeting Date: January 18, 2022

Meeting adjourned at 5:15pm