

Town of Derry, NH

Fiscal Committee Meeting — December 19, 2023

Present: Jim MacEachern, David Caron, Stacey Beliveau, Mark Fleischer. Craig Corbett via phone.

Guests: Zack Fentross of Marcum and Town Clerk-Tina Guilford

Opened Meeting: 4:36pm - Mark Fleischer taking the minutes.

Approval of Minutes: Approval of the minutes from the April 18, 2023 meeting – Motion by Jim MacEachern, Second by Dave Caron.

Review of the June 30, 2023 Financial Report-Marcum- Zack Fentross, Director, of Marcum formerly Melanson, reviewed the results of the FY23 audit and Annual Comprehensive Financial Report (ACFR). It was mentioned that the Finance Department employees responded well to all questions and provided the requested information in a timely manner. The books are in good shape. There were no recommended adjusting entries or management report.

Zack discussed some key points in the ACFR.

Page 14-Independent Auditors Report-Clean Opinion which is the highest that can be obtained.

Page 35-37-Cash was \$97.7M. Large balance due to unspent bond proceeds.

Capital Assets-Non-Depreciable increased due to Fire Station construction in progress and Fire Pumper paid for but not in service.

Unearned Income- Represents unspent ARPA funds. Need to be obligated by 12/31/24 and spent by 12/31/26.

Statement of Net Position (Balance Sheet)- Regarding governmental activity bonds, 64% will be paid off in 10 years and 97% 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. At 6/30/22, That percentage was 88% for governmental activity bonds. The issuance of the 2022 bonds have terms greater than 10 years and that is the cause for the decrease.

The Town's proportional share of the NHRS pension liability, which is based on 6/30/22 balances, increased \$9.6M due to unfavorable NHRS investment returns. Zack will provide Councilor MacEachern additional NHRS investment information.

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

Page 39-Governmental Funds Consolidated Balance Sheet shows Unassigned Fund Balance was \$13,431,008. That is about 12.3% of the town's budget and is outside the range recommended by the NHDRA and NHGFOA of at least 17%. Still a healthy fund balance.

Page 90-Schedule of Revenues and Other Sources and Expenditures and Other Uses-Budget and Actual- General Fund-Revenues exceeded budget by \$3,004,225 and Expenditures were under budget by \$1,122,369. Total excess after Other Financing Sources such as issuance of capital leases was \$4,364,313. This would be viewed favorably by bond rating agencies and financial institutions.

Zack emphasized that not having a management letter reflects the good job management is doing with making sure internal controls are being followed.

CFO Report - Mark Fleischer reviewed the revenue and expenditure reports through November 30, 2023. November 30th represents a target of 41.67% for the fiscal year that has been completed. Revenues and expenditures from operations in the General Fund are at 44% and 49%, respectively compared to 69% and 59% for the same period last year. A review of revenue highlights included Fire exceeding the 41.67% benchmark due to receipts of intergovernmental payments for contracted ambulance and dispatch services. Also, ambulance revenues are trending above 48.9% of budget. Motor Vehicle revenues are slightly above the benchmark at 43.5% of budget. Planning applications are currently 141% of budget. Code enforcement revenues are 89% of budget as building permits and zoning fees are trending above budget. Recreation concessions are trending above budget. In reviewing expenditures, Derry Public Library is trending above budget due to repairs of their fire suppression system and storage room expansion. Fire has vacant positions however; overtime expenses are 75.9% of budget. Police is lower due to vacant positions and SRO detail expenses are less than 41.67% 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 2024 therefore Cable revenues are below budget. Expenses for Cable are 31% of budget. Water revenues and expenses are at 39% and 55% and Wastewater is at 28% and 36%, respectively. In Water, the annual purchased water budget has been encumbered. In Wastewater the annual electricity budget has also been encumbered.

Treasurers Report – Stacey Beliveau reviewed the cash balances through 09/30/23 (\$77.4 which were about \$2.2M higher than 09/30/22 (\$75.2M). Higher interest revenue on investments is a portion of the increase. Rates have increased since a year ago. TD is currently paying 3.87% compared to Citizens which is paying 2.91%. New Hampshire Public Deposit Investment Pool (NHPDIP) was paying 5.45%. Our unspent bonds funds for the Fire Station/Culverts are in a separate account with NHPDIP and just for the Fire Station, those funds have \$1.1M since July 2022. Looking at November 2023, the cash balances fell to \$61M due to a large payment to the Derry Cooperative School District in October. Rates have increased slowly NHPDIP at 5.49 %. After allocations to other funds such as Water and Wastewater, as well as unspent bond proceeds,

Municipal Obligation interest revenues was 157.16% of budget as of 11/30/23. (Total received \$785.8K.). Not included in that number is \$446K earned on the 2022 bond funds.

Trustee of Trust Funds – Trustees of the Trust Funds Chair Craig Corbett reported the trustees last met on 10/24/22 and will meet next on 1/23/24.

September 30, 2023 Market Value

Trust Funds \$10,136,176 – (57.6% in Equities, 34.6% Fixed Income and Cash and Alternative Assets)

Capital Reserves \$17,911,624- (All Fixed Income and Cash)

Expendable Fund \$1,545,783-(All Fixed Income and Cash)

Total return for the Quarter Ending September 30, 2023-Managed by Cambridge Trust Co.

Trust Funds 10.38%

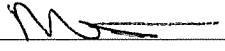
Capital Reserves 3.63 %

Expendable Fund 4.11 %

Comments from Cambridge: “Futures are good for the moment however there is some thought that interest rates will begin to come down in mid-late 2024. The Town has planned cash flow needs well which enables better investment results.”

Next meeting Date: February 6, 2024

Meeting adjourned at 5:35pm by Councilor MacEachern and Dave Caron.

Approved  2/6/2024
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