

# Town of Derry, NH

## Fiscal Committee Meeting — December 20, 2022

**Present:** Doug Flood, David Caron, Allan Virr, Mark Fleischer and Craig Corbett

**Guests:** Zackary Fentross of Melanson CPA'S and Town Clerk-Tina Guilford

**Opened Meeting:** 5:06pm - Mark Fleischer taking the minutes.

**Approval of Minutes:** Approval of the minutes from the April 19, 2022 meeting – Motion by Dave Caron, Second by Doug Flood.

**Review of the June 30, 2022 Financial Report-Melanson-** Zack Fentross, Manager, of Melanson CPA'S reviewed the results of the FY22 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, management report or side letter.

Zack discussed some key points in the ACFR.

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

Page 34-35-Statement of Net Position (Balance Sheet)- With regard to governmental activity bonds, 88% will be paid off in 10 years and 93% 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, which is based on 6/30/21 balances, decreased due to favorable NHRS investment returns.

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 38-Governmental Funds Consolidated Balance Sheet shows Tax receivables of \$7.7m. Zack mentioned the Town does a good job with collecting current and lien taxes. Unassigned Fund Balance was \$10,151,226. That is about 23.8% of the town's budget and is within the range recommended by the NHDR and NHGFOA of at least 17%. This is a healthy fund balance.

Page 89-Schedule of Revenues and Other Sources and Expenditures and Other Uses-Budget and Actual- General Fund-Revenues exceeded budget by \$1,568,211 and Expenditures were under budget by \$1,238,563. Total excess after Other Financing Sources such as issuance of capital leases was \$2,288,908. This would also be viewed favorably by bond rating agencies and financial institutions.

Zackary emphasized that not having a management letter is a reflection of 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, 2022. November 30<sup>th</sup> represents a target of 41.66% of the fiscal year that has been completed. Revenues and expenditures from operations in the General Fund are at 69% and 59%, respectively compared to 45% and 51% 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. Also, ambulance revenues are trending above 42% of budget. Motor Vehicle revenues are slightly above the benchmark at 44.5% of budget. Planning applications are currently 220% of budget. Code enforcement revenues are 74% of budget as building permits and zoning fees are trending above budget and a \$50K fine was collected earlier in the 2<sup>nd</sup> quarter. Recreation concessions are trending above budget. In reviewing expenditures, Fire has vacant positions however, overtime expenses are 68.3% of budget. Police is lower due to vacant positions and SRO details are 27.7% 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 therefore Cable revenues are below budget. Expenses for Cable are at 47% of budget. Water revenues and expenses are at 13% and 26% and Wastewater is at 25% and 48%, respectively. In Water, the annual purchased water budget has been encumbered. In Wastewater the annual electricity budget has also been encumbered.

**Treasurers Report** - Allan Virri reviewed the cash balances through 09/30/22 which were about \$26.5M higher than 09/30/21 (\$48.7M). Of the increase, \$20.1M is comprised of bond funds for the new fire station and (3) culvert replacements. Rates have increased since a year ago. TD is currently paying 1.51% compared to Citizens which is paying .82%. New Hampshire Public Deposit Investment Pool (NHPDIP) was paying 2.55%. The bond funds mentioned above are in a separate account with NHPDIP and had earned \$87K since July. Looking at November 2022, the cash balances fell to \$64M due to a large payment to the Derry Cooperative School District in October however, rates are now over 2% with NHPDIP at 3.8%. After allocations to other funds such as Water and Wastewater, as well as unspent bond proceeds, Municipal Obligation interest revenues was 224.4% of budget as of 11/30/22. (Total received \$224.4K.). Not included in that number is \$202K earned on 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 1/23/23.

September 30, 2022 Market Value

Trust Funds \$9,321,287 – (55.8% in Equities, 36.6% Fixed Income and Cash)

Capital Reserves \$12,126,130- (All Fixed Income and Cash)

Expendable Fund \$1,236,824-(All Fixed Income and Cash)

Total return for the Quarter Ending September 30, 2022-Managed by Cambridge Trust Co.

Trust Funds (3.08)%

Capital Reserves (8.53) %


Expendable Fund (5.65) %

The negative returns are a function of short-term rates increasing due to the Fed's monetary policy as they try to control inflation. All securities in the fund(s) are high quality government securities maturing in 2024 and the decline in price will come back to par level as we get closer to the maturity date.

**Next meeting Date:** February 7, 2023

Meeting adjourned at 5:59pm

Approved 2/2/23

 CFO