



Photo by Doug Rathburn, IT/GIS Manager

TOWN OF DERRY, NEW HAMPSHIRE

Comprehensive Annual Financial Report

For the Fiscal Year Ending

June 30, 2019

TOWN OF DERRY, NEW HAMPSHIRE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

Prepared by:
The Finance Department

Susan Hickey
Chief Financial Officer

Mark Fleischer
Accounting Manager

Town of Derry, New Hampshire
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019

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INTRODUCTORY SECTION

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Town of Derry, NH



November 14, 2019

To the Citizens and Members of the Town Council:

The Comprehensive Annual Financial Report (CAFR) of the Town of Derry for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rest with the Town. To the best of our knowledge and belief, the following data, including the financial statements, supporting schedules, and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the Town. We also believe that the Town's existing internal control systems are adequate. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town management's narrative on the financial activities of the Town for the fiscal year ended June 30, 2019, is in the Management's Discussion and Analysis (MD&A) section of this report, immediately following the Report of Independent Auditors. The letter of transmittal is written to complement the MD&A and the financial statements, and should be read from that perspective and in conjunction with all other sections of the CAFR.

This report includes all funds and account groups of the Town. The Town provides a full range of services including police and fire emergency medical service and protection, sanitation services, the maintenance and construction of highways, streets, and related infrastructure, recreational activities, libraries, community access Cable TV, general welfare assistance, maintenance of land use records, raising and collection of taxes, community and economic development, health and code enforcement activities, land conservation and maintenance of vital records. In addition to general government activities the governing body exercises, or has the ability to exercise, oversight of the Water and Wastewater departments, and they are included in the reporting entity. This report does not include the funds of the Derry School District or Rockingham County. These governmental units are independent of the Town and do not meet the criteria for inclusion in this CAFR.

Independent Audit

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

PROFILE OF THE GOVERNMENT

Geography. The Town of Derry is located in Rockingham County in southern New Hampshire, approximately 40 minutes northwest of Boston via Route 93, and is situated between Salem and Londonderry. The Town has a population of 33,440 (according to the 2017 Census) 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

Local economic conditions are favorable when compared to other regions. The June 2019 unemployment rate for Derry is 2.4%, which is lower than the U.S. unemployment rate of 3.7%. Three major areas of complementary 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, the application of non-recurring revenues for one-time capital items, and the development of revenue estimates consistent with anticipated performance levels considering current economic conditions and operational policies.

The Town is continuing the process of completing a comprehensive Revenue Study to determine appropriate levels for its fee-for-service programs, including Emergency Medical Services, Building Inspection Programs, wastewater facilities, and other revenue programs. The revised program reflects actual costs and market rates for its services, thereby further solidifying the Town's financial position.

The Town's Planning Department and Economic Development

Fiscal Year 2019 activity continued at a steady pace similar to what we have seen over the last three years. Highlights of developments approved this year included an 18,000 sf medical office building on Tsienneto Road, a 30-unit, single-family, one-story, detached 55 and older housing development, Walmart grocery pick-up service and store façade improvements, expansion of Planet Fitness, expansion of Amphora Greek restaurant, new Fody's Tavern, a 25,000 sf self-storage warehouse building, a 25-seat outdoor patio at Halligan's tavern, a 13,000 sf new North Point Outdoor Service and Landscaping business on Ashleigh Drive, as well as several small single-family residential housing developments.

Additionally, the Planning Board worked on zoning amendments with the Planning and Economic Development Department staff to create a new mixed-use commercial/retail/housing zoning district called West Running Brook District at Webster's Corner/Route 28 area to allow for additional commercial development uses with a housing component. Other zoning amendments included allowing electric vehicle charging stations in all zoning districts with certain criteria and continued work on the Office/Business District along West Broadway from the Londonderry town line to Downtown Derry which has been designated as an Opportunity Zone by the Federal government and Governor of New Hampshire to spur reinvestment and development opportunities.

The Planning Department continues their work with the Southern New Hampshire Planning Commission, the Southern New Hampshire Regional Economic Development Corporation, Greater Derry-Salem Cooperative Alliance for Regional Transportation as well the Greater Derry-Londonderry Chamber of Commerce on regional planning, business, and transportation issues. The Department also works with the Southern New Hampshire Planning Commission, the New Hampshire Department of Transportation, and members of the Derry Heritage Commission on the Robert Frost/Old Stage Coach Scenic Byway. The Scenic Byway will celebrate and help protect historical features, rural character, and the natural and scenic qualities of the five corridor communities (Derry, Atkinson, Hampstead, Chester, Auburn) through which it passes.

The Planning Department continues work with three excellent committees that will have a significant impact on future Town policies and projects that will benefit the Town. Staff has enjoyed and continues to enjoy being a part of these groups which includes the Building & Property Maintenance Committee, the Derry Cooperative School District Facilities Study Committee, and the Town of Derry's Economic Development Advisory Committee. The Planning Department also closely interacts with the Economic Development Director on economic development initiatives.

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.

Activity in the Planning and Economic Development Departments has been steady over the course of the last two years. The Town added the position of Economic Development Director in the Spring of 2018. Work has begun on our 2019 Master Plan, as well as the update of several zoning amendments, allowing for mixed-use developments in some of our Commercial zoning districts. The successful Façade Improvement Program was completed, with over 25 applications from the business community for downtown properties. The Town has also increased funding in our Derry Economic Development Loan Fund program. There is currently a Request for Proposal out for the potential redevelopment of a 3.5-acre parcel of Town-owned land in downtown Derry, which is generating strong interest for mixed-use possibilities, especially

given its Opportunity Zone designation. We are also looking at zoning changes in the vicinity of the new Exit 4-A off I-93 that would open more land for potential industrial/commercial development and redevelopment in our existing Industrial District adjacent to the proposed exit and connector road.

The Town Council approved the expansion of the Rte. 28N Tax Increment Financing District to Crystal Avenue, Birch Street, and East/West Broadway. The expanded Derry Commerce Corridor will provide resources for the Town to further invest in its Downtown and infrastructure along the Corridor, further supporting private economic development.

Successful execution and progress on the Plan will increase opportunity, improve quality of life, and provide the catalyst for long term economic development consistent with community values.

Debt Management

The Town of Derry has adopted a debt management practice of issuing debt which restricts debt service payments to the amount budgeted in FY18; 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 2018 Standard & Poor's assigned a rating of AA to the \$4.75 million of general obligation bonds issued and the \$1.16 million of general obligation refunding bonds. In FY 2014, Standard & Poor's upgraded its rating to AA+ for the \$3.44 million of general obligation issued in April for the expansion of the Town's water and sewer infrastructure. The Town recently issued \$4.02M in bonds for Exit 4-A, Hood Pond Dam and Recreation Facilities. The Town received a Net Interest Cost rate of 2.36% for the 20-year bonds, which is equivalent to a AAA-rated 22-year issuance. A rating of Bonds issued through the New Hampshire Municipal Bond Bank (NHMBB) have an Aa3 rating from Moody's, an AA rating from Standard & Poor's, and an AA- rating from Fitch.

Awards and Acknowledgements

This report continues to refine the financial reporting of the Town. It is the twenty-first year the Town has produced a comprehensive annual financial report (CAFR). The Town received the Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Years beginning in 1998 through 2018. This recognized the Town Finance Department's efforts for full disclosure of the financial information of the Town. A CAFR is a much more detailed reporting of the Town's finances, as well as providing historical information in the statistical section of this report.

The Certificate of Achievement is valid for a period of one year only. The Town believes that the current CAFR continues to meet the Certificate of Achievement Program's requirements

and it will be submitted to the Government Finance Officers Association to determine its eligibility for another certificate.

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

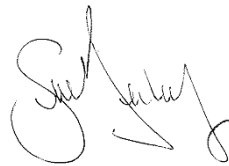
The publication of the CAFR requires many staff hours to accomplish and would not have been possible without the dedication of the entire staff of the Finance Department.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'David Caron', written in a cursive style.

David Caron
Town Administrator

A handwritten signature in black ink, appearing to read 'Susan A. Hickey', written in a cursive style.

Susan A. Hickey
Chief Financial Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

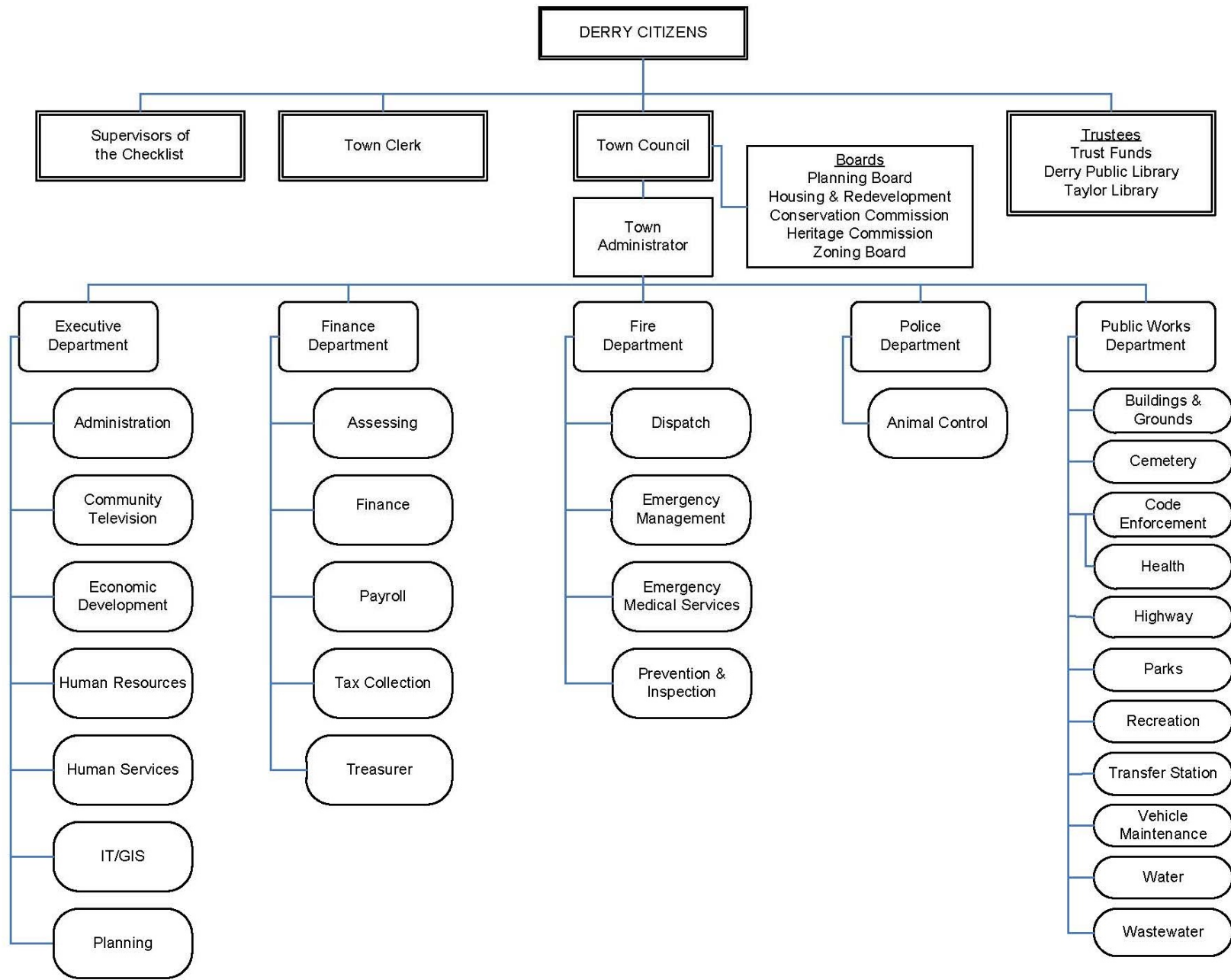
**Town of Derry
New Hampshire**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



**TOWN OF DERRY, NEW HAMPSHIRE
PRINCIPAL OFFICIALS
AS OF JUNE 30, 2019**

Town Council

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

Administration

Robin Bordonaro	Animal Control Officer
James Degnan	Chair, Conservation Commission
Karen Blandford-Anderson	Chair, Heritage Commission
John O'Connor	Chair, Planning Board
Jeff Moulton & Joan Crimlisk	Trustees of Trust Funds
Lynn Perkins	Chair, Zoning Board of Adjustment
Susan A. Hickey	Chief Financial Officer
Edward B. Garone	Chief of Police
Robert S. Mackey	Code Enforcement Officer
Cara Potter	Director, Derry Public Library
Michael A. Fowler	Director of Public Works
Linda L. Merrill	Director, Taylor Library
Michael Gagnon	Emergency Management Director
Michael Gagnon	Fire Chief
Eric H. Bodenrader	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
Mary Till	Town Moderator
Judith Strakalaitis, Chair	Supervisor of the Checklist
Patricia Dowling	Supervisor of the Checklist
Dina Bourassa	Supervisor of the Checklist

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Derry, New Hampshire

Additional Offices:
Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

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, 2019, 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 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the certain Pension and OPEB schedules and the Schedule of Condition Assessment and Maintenance Costs be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 2019 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.

Melanson Heath

November 14, 2019

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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, 2019.

A Brief Discussion of the Basic Financial Statements

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements follow. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the Town.

Reporting the Town as a Whole

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

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

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

Governmental activities – Most of the Town's basic services are reported here, including the police, fire, public works, finance, executive administration, and library department activities. Property taxes, fees, and state and federal grants finance most of these activities.

Business activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system activities are reported here.

Reporting the Town's Most Significant Funds

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

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

Governmental funds – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be converted readily to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

Proprietary funds – When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's Enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows for proprietary funds.

The Town as Trustee

The Town is the trustee, or fiduciary, responsible for other assets that can be used only for the trust beneficiaries because of the trust arrangements. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Condensed Financial Statements

Financial Highlights

- Total government-wide net position (assets, and deferred outflows minus liabilities and deferred inflows) for governmental and business activities increased by \$1,056,908 to \$117,060,825.

- The recognition of the net pension liability of \$40,377,753 has impacted the Town's unrestricted net position, which is reported as a deficit of \$(30,682,475).
- At the end of the current fiscal year, the total general fund balance was \$24,937,763, an increase of \$372,509 in comparison to the prior year. The unassigned general fund balance was \$9,873,327, a decrease of \$(25,969).

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.

Town of Derry, New Hampshire
Net Position (in thousands)
As of June 30,

	2019			2018		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Assets:						
Current and other assets	\$ 86,848	\$ 6,543	\$ 93,391	\$ 81,344	\$ 6,775	\$ 88,119
Capital assets	117,746	34,808	152,554	117,043	34,899	151,942
Total Assets	204,594	41,351	245,945	198,387	41,674	240,061
Deferred Outflows of Resources	8,529	360	8,889	8,721	386	9,107
Total Assets and Deferred Outflows of Resources	\$ 213,123	\$ 41,711	\$ 254,834	\$ 207,108	\$ 42,060	\$ 249,168
Liabilities:						
Current liabilities	\$ 2,690	\$ 231	\$ 2,921	\$ 2,813	\$ 609	\$ 3,422
Long-term debt	78,249	7,636	85,885	76,480	8,327	84,807
Total Liabilities	80,939	7,867	88,806	79,293	8,936	88,229
Deferred Inflows of Resources	48,497	470	48,967	44,675	261	44,936
Net Investment in capital assets	107,228	30,350	137,578	107,236	29,941	137,177
Restricted net position	10,166	-	10,166	9,167	-	9,167
Unrestricted net position	(33,707)	3,024	(30,683)	(33,263)	2,922	(30,341)
Total Net Position	83,687	33,374	117,061	83,140	32,863	116,003
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 213,123	\$ 41,711	\$ 254,834	\$ 207,108	\$ 42,060	\$ 249,168

Town of Derry, New Hampshire
Changes in Net Position (in thousands)
For the years ended June 30,

	2019			2018		
	Governmental Activities	Business-type Activities	Total Primary Government	Governmental Activities	Business-type Activities	Total Primary Government
Revenue						
<u>Program revenue:</u>						
Charges for services	\$ 2,817	\$ 4,820	\$ 7,637	\$ 2,692	\$ 4,870	\$ 7,562
<u>Grants:</u>						
Operating grants	491	23	514	478	22	500
Capital grants	1,417	58	1,475	1,518	1,107	2,625
<u>General revenue:</u>						
Property taxes	25,373	-	25,373	24,651	-	24,651
Other general revenue	12,014	402	12,416	10,305	179	10,484
Total revenue	42,112	5,303	47,415	39,644	6,178	45,822
<u>Program expenses:</u>						
Town:						
General government	9,962	-	9,962	8,329	-	8,329
Public safety	19,438	-	19,438	19,422	-	19,422
Highway and streets	4,379	-	4,379	4,425	-	4,425
Health, welfare & housing	366	-	366	632	-	632
Sanitation	2,323	-	2,323	1,828	-	1,828
Culture and recreation	3,262	-	3,262	3,116	-	3,116
Conservation	7	-	7	765	-	765
Economic development	1,478	-	1,478	667	-	667
Interest on long-term debt	330	-	330	263	-	263
Water	-	2,519	2,519	-	2,629	2,629
Sewer	-	2,293	2,293	-	2,162	2,162
Total Program expenses	41,545	4,812	46,357	39,447	4,791	44,238
Excess (deficiency), before transfers	567	491	1,058	197	1,387	1,584
Transfers in (out)	(20)	20	-	745	(745)	-
Change in net position	547	511	1,058	942	642	1,584
Net Position - beginning of year, as restated*	83,140	32,863	116,003	82,198	32,221	114,419
Net Position - end of year	\$ 83,687	\$ 33,374	\$ 117,061	\$ 83,140	\$ 32,863	\$ 116,003

Governmental Activities

The net position of \$83,686,829 for governmental activities includes \$107,227,846 of net investment in capital assets which is not available for future spending. Net investment in capital assets comprises depreciated property value of roadways, land, easements, buildings, vehicles, equipment, and software less the total amount of outstanding bonds or leases associated with these assets. Roadways, bridges, and sidewalks comprise most of the asset value and provide a function to citizens of Derry, but would not be sold to fund future Town obligations.

The restricted net position of \$10,165,608 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 \$(30,682,475) primarily from recognizing the Town's net pension liability. The State of New Hampshire adopted legislation that reduced pension benefits and the NHRS has in recent years improved its funding mechanism to reduce their unfunded liability. Because Town officials do not have control to change or offset the pension system's long-term liability, the Town's unrestricted net position will continue to remain a deficit, despite favorable operating performance of the Town, until the NHRS pension system develops adequate reserves to fund its obligations.

Overall, the total net position of governmental activities increased by \$546,359. Key elements of this change are as follows:

General fund change in fund balance	\$ 372,509
Change in OPEB liability and related deferrals	(1,030,381)
Other	<u>1,204,231</u>
Total Changes	<u>\$ 546,359</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 48.6% of the net cost of the Town's local government.

Town of Derry, New Hampshire
Net Cost of Services (in thousands) Governmental Activities
For the years ended June 30,

	2019			2018		
	Total Cost of Services	Total Revenue	Net Cost of Services	Total Cost of Services	Total Revenue	Net Cost of Services
Town programs:						
General government	\$ 9,962	\$ 166	\$ 9,796	\$ 8,329	\$ 225	\$ 8,104
Public safety	19,438	2,293	17,145	19,422	2,220	17,202
Highway and streets	4,379	1,009	3,370	4,425	1,342	3,083
Culture and recreation	3,262	55	3,207	3,116	138	2,978
Sanitation	2,323	591	1,732	1,828	615	1,213
Health and welfare	366	126	240	632	123	509
Economic Development	1,478	-	1,478	667	-	667
All others	337	485	(148)	1,028	25	1,003
Total	<u>\$ 41,545</u>	<u>\$ 4,725</u>	<u>\$ 36,820</u>	<u>\$ 39,447</u>	<u>\$ 4,688</u>	<u>\$ 34,759</u>

The net cost of services for governmental activities increased by \$2,061 thousand. The increase primarily results from a 5.3% increase in the cost of services.

Business Type Activities

The net position of the water and sewer enterprises totals \$33,373,996. The capital assets of \$34,807,915 in water and sewer pipes, pump stations, and lagoon infrastructure capital assets, offset by related bonded debt of \$4,390,000, comprise most of the value in the net position

of the business type activities. The Net Investment in Capital Assets of \$30,349,846 is not available to pay for future activities and reflects an increase from the previous fiscal year of \$408,447.

The unrestricted net position totaling \$3,024,150 is available for future spending. This represents an increase of \$102,102.

Analysis of Balances and Transactions of Individual Funds

Governmental Funds

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

Governmental fund reporting reflects short-term inflows, outflows, and remaining balances of expendable resources. Fund Balance includes restricted funds that are non-spendable or are subject to restrictions external to local government control and unrestricted fund balances that are available for future use. Of the \$40,447,963 total fund balance for governmental funds, \$14,548,427 is non-spendable or restricted and \$25,899,536 is unrestricted (committed, assigned, and unassigned).

At the end of the current fiscal year, governmental funds reported combined ending fund balances of \$40,447,963, a change of \$4,577,267 in comparison to the prior year. The majority of the increase results from unspent bond proceeds in the capital project funds that will be utilized in early fiscal 2019. Our non-major fund report balanced results of operation for fiscal year 2019.

The governmental funds financial statements can be found on pages 37 to 41.

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 \$372,509 during 2019. Of the total \$24,937,763 general fund balance, \$9,873,327 was unassigned as of June 30, 2019.

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 2019, the unassigned fund balance of the general fund was over the 9.5% of the above appropriations. As a result, \$620,000 was applied to the fiscal year 2019 tax rate setting (which consisted of \$620,000 for tax rate stabilization), and the \$1,025,000 was transferred to the capital reserves.

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

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

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

Budgeted use of fund balance	\$ (2,622,888)
Revenues greater than budgeted	2,065,103
Expenditures lower than budgeted	1,548,311
Transfers in higher than budgeted	(20,185)
Change in reserve for appropriation carryforwards	(1,110,552)
Other	<u>512,720</u>
Total Changes	<u>\$ 372,509</u>

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

	Summary of Changes in Unassigned Fund Balance per Town's Policy
Available Fund Balance per CAFR July 1, 2018	\$ 11,136,296
Use of Fund balance at tax rate setting	(704,000)
Fiscal year 2019 bond premium assigned for future debt service	(415,135)
Revenues in excess of budget	1,602,114
Revenues in excess of budget, net of transfers to TIF fund	(702,213)
Revenues in excess of budget, net of transfers to capital reserve fund	(226,063)
Unspent appropriations	1,548,311
Other overall favorable budgetary results restricted for particular purposes	(313,854)
Fiscal year 2019 transfer of prior year surplus	<u>(1,025,000)</u>
Unassigned Fund Balance per Town's Policy	10,900,456
Required retention per Policy	<u>9,715,104</u>
Excess above policy	1,185,352
Subsequent events:	
Use of Fund balance at tax rate setting	<u>(620,000)</u>
Final Available Fund Balance Retained above Policy	<u>\$ 565,352</u>

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

	Reconciliation of Unassigned Fund Balance with <u>Town's Policy</u>
GAAP reporting, including MTBE reimbursement to date and planned FY19 use of fund balance to stabilize tax rate	\$ 9,873,327
Other amounts available per policy: Brady Ave Sewer Extension Loan	<u>407,129</u>
Total Available per Policy	10,280,456
Required Retention per Policy	<u>9,715,104</u>
Final Available Fund Balance Retained above Policy	\$ <u><u>565,352</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:

2019 Total Net Levy	\$ 102,264,254
Retention Percentage	<u>9.50%</u>
Required Retention per Policy	\$ <u><u>9,715,104</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>2019</u>	<u>2018</u>	<u>Change</u>
Compensated Absences	\$ 3,696,159	\$ 3,587,772	\$ 108,387
Derry Public Library	10,348	326	10,022
Emergency Management	11	10	1
Fire	1,674,819	1,619,735	55,084
Fire Facilities and Equipment	26,848	26,061	787
Hazardous & Dilapidated Building	12,380	-	12,380
Highway Winter Maintenance	42,952	1,974	40,978
Information Technology	59,127	71,129	(12,002)
Parks Facilities Fund	112,150	108,861	3,289
Police	1,018,744	1,033,436	(14,692)
Public Works	1,141,523	1,020,983	120,540
Taylor Library	319,393	272,616	46,777
EMT	370,376	249,195	121,181
Other (FBTFR)	33,236	47,596	(14,360)

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 remained consistent with prior years reporting a (4.10) % decrease in the water division and a 2.9% increase in the sewer division compared.

The Water division operating income of \$280,050 increased by 49.2% primarily from a decrease in personnel services and utilities costs.

The Sewer division operating income of \$159,773 increased 17.6% primarily from an increase in operating revenues.

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

Budgetary Highlights

The fiscal year 2019 budget was voted by the Town Council in May 2018 at a total of \$42,031,337 (\$41,402,138 for General Fund and \$629,199 for Cable Special Revenue Fund). The Town Council approved multiple supplemental resolutions during the year which increased the general fund budget by \$945,267 to \$42,347,405. Of the supplemental resolutions, the Town approved \$672,868 for Exit 4A, which was funded by the issuance of bonds.

The fiscal year closed with a general fund surplus of \$3,613,414, before considering other financing sources. The surplus is largely related to the following two items:

- \$471,098 of excess revenues received in the licenses and permits line, due to motor vehicle registrations and \$995,810 of excess property taxes mostly from our two TIF Districts.
- \$662,963 of expenditures under budget for the police and animal control department due to vacant positions, therefore salary, health insurance, and retirement contributions were lower than anticipated and \$425,010 in unspent funds (mostly capital) in the Executive department account for the majority of the expenditure surplus.

Other financing sources primarily include the use of committed fund balance of \$(1,917,888), and the use of unassigned fund balance of \$(704,000).

Capital Asset and Debt Administration

Capital Asset Activity

Town of Derry, New Hampshire
Capital Assets as of June 30,
(Net of Depreciation, in thousands)

	2019			2018		
	Governmental Activities	Business-type Activities	Totals	Governmental Activities	Business-type Activities	Totals
Land	\$ 9,162	\$ 195	\$ 9,357	\$ 9,162	\$ 195	\$ 9,357
Construction Work in Progress	2,028	437	2,465	508	839	1,347
Buildings & Improvements	13,429	98	13,527	14,277	102	14,379
Machinery, Equipment & Vehicles	6,408	413	6,821	6,223	440	6,663
Infrastructure & Improvements	83,657	32,986	116,643	83,796	32,633	116,429
Intangibles	3,063	679	3,742	3,077	689	3,766
Totals	<u>\$ 117,747</u>	<u>\$ 34,808</u>	<u>\$ 152,555</u>	<u>\$ 117,043</u>	<u>\$ 34,898</u>	<u>\$ 151,941</u>

Governmental Activities

The total investment in capital assets for governmental at year-end amounted to \$117,746,197 (net of accumulated depreciation), a change of \$703,497 from the prior year. This investment includes land, infrastructure, intangibles, buildings and improvements, equipment, and vehicles.

Additions were funded with a combination of funding by donations, grants, debt, and use of fund balance. Major acquisitions in 2019 are noted below:

- \$689,677 – 2019 Pierce Enforcer Fire Pumper
- \$560,000 – Public Safety Communication System Upgrades
- \$261,511 – 2019 CAT 938M Loader – Public Works
- \$205,796 – 2019 Mack GR64F 10 Wheel Dump Truck – Public Works
- \$170,377 – 2017 Dodge Ram 5500 Dump with Plow (2) – Public Works
- \$123,240 – 2019 Chevrolet Silverado with Plows (3) – Public Works
- \$93,399 – Fire Storage Building
- \$91,163 – North Shore Road – Island Pond Bridge Replacement

Business Type Activities

The total investment in capital assets for business-type activities at year-end amounted to \$34,807,915 (net of accumulated depreciation), a change of \$(90,614) from the prior year. This investment includes land, infrastructure, intangibles, buildings and improvements, equipment, and vehicles.

Primary capital investment in 2019 is reported to the nearest thousand as noted below:

- \$512,269 – 2019 Water Main Improvements
- \$173,728 – Wastewater Storage Building
- \$61,779 – Brady Ave Sewer Completion

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	
	2019	2018	2019	2018	2019	2018
General obligation bonds (Backed by the Town)	\$ 7,949	\$ 4,545	\$ 4,390	\$ 4,860	\$ 12,339	\$ 9,405
Tax increment financing bond	2,985	3,420	-	-	2,985	3,420
	<u>\$ 10,934</u>	<u>\$ 7,965</u>	<u>\$ 4,390</u>	<u>\$ 4,860</u>	<u>\$ 15,324</u>	<u>\$ 12,825</u>
Annual change (decrease)	\$ 2,969		\$ (470)		\$ 2,499	
Percent change	37.3%		-9.7%		19.5%	

On May 2, 2019, Moody's issued a 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 11 and 12 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 15 of the financial statements and required supplementary schedules found on pages 87-88. More detailed information about the Town's net OPEB liability is presented in Note 16 to the financial statements and required supplementary schedules found on pages 89-90.

Next Year's Budgets

The FY 2020 budget was voted by the Town Council in May 2019 at a total of \$47,479,117 for all funds. The Town Council's goal was to create a budget that was not a significant increase in taxes but also was in recognition of the services the town offers. Their goal had been achieved with their vote by using \$650,000 in undesignated fund balance to offset the tax rate.

Contacting the Town's Financial Management

This financial report is designed to provide Derry's citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Chief Financial Officer or the Accounting Manager at the Derry, NH Finance Department at (603) 432-6103. The Chief Financial Officer may be reached at susanhickey@derrynh.org.

TOWN OF DERRY, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	Government- Wide <u>Total</u>
Assets			
Current:			
Cash and cash equivalents	\$ 65,274,799	\$ 69,880	\$ 65,344,679
Investments	16,159,945	567,141	16,727,086
Taxes receivable	8,367,755	-	8,367,755
Accounts receivable, net	308,216	577,731	885,947
Due from other governments	227,655	122,796	350,451
Internal balances	(4,911,646)	4,911,646	-
Prepaid items	409,141	23,487	432,628
Property held for resale	192,855	-	192,855
Noncurrent:			
Accounts receivable, net	-	147,450	147,450
Advances	407,129	(407,129)	-
Loans receivable	411,967	-	411,967
Due from other governments	-	529,708	529,708
Capital assets:			
Non-depreciable capital assets	93,322,629	1,293,889	94,616,518
Depreciable capital assets, net	24,423,568	33,514,026	57,937,594
Deferred Outflows of Resources			
Related to pensions	7,027,019	286,695	7,313,714
Related to OPEB	<u>1,501,788</u>	<u>73,294</u>	<u>1,575,082</u>
Total Assets and Deferred Outflows of Resources	\$ 213,122,820	\$ 41,710,614	\$ 254,833,434

(continued)

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental <u>Activities</u>	Business- Type <u>Activities</u>	Government- Wide <u>Total</u>
Liabilities			
Current:			
Accounts payable	\$ 1,446,790	\$ 181,190	\$ 1,627,980
Accrued expenses	779,758	13,425	793,183
Retainage payable	-	36,165	36,165
Tax refunds liability	422,500	-	422,500
Due to other governments	9,513	-	9,513
Other liabilities	30,574	-	30,574
Current portion of long-term liabilities:			
General obligation bonds payable	577,500	422,500	1,000,000
Tax increment financing bonds payable	445,000	-	445,000
Capital leases payable	1,066,123	-	1,066,123
Compensated absences	778,641	44,368	823,009
Noncurrent:			
General obligation bonds payable	7,371,500	3,967,500	11,339,000
Tax increment financing bonds payable	2,540,000	-	2,540,000
Net pension liability	38,794,946	1,582,807	40,377,753
Net OPEB liability	19,931,642	1,470,758	21,402,400
Capital leases payable	3,384,672	-	3,384,672
Compensated absences	3,359,420	147,994	3,507,414
Deferred Inflows of Resources			
Related to pensions	3,482,935	142,102	3,625,037
Related to OPEB	2,871,680	259,741	3,131,421
Related to taxes	42,052,341	-	42,052,341
Related to refunding	90,456	68,068	158,524
Total Liabilities and Deferred Inflows of Resources	129,435,991	8,336,618	137,772,609
Net Position			
Net investment in capital assets	107,227,846	30,349,846	137,577,692
Restricted for:			
Permanent funds - permanently restricted	8,217,794	-	8,217,794
Permanent funds - expendable	437,412	-	437,412
Grants	144,847	-	144,847
Enabling legislation	1,365,555	-	1,365,555
Unrestricted	(33,706,625)	3,024,150	(30,682,475)
Total Net Position	\$ 83,686,829	\$ 33,373,996	\$ 117,060,825

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, 2019

		Program Revenues			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expenses) Revenues</u>
Primary Government					
Governmental Activities					
General government	\$ 9,962,121	\$ 162,632	\$ 4,300	\$ -	\$ (9,795,189)
Public safety	19,438,482	1,830,690	462,330	-	(17,145,462)
Highways and streets	4,378,673	77,400	-	931,215	(3,370,058)
Health and welfare	365,616	31,255	23,725	-	(310,636)
Sanitation	2,322,789	589,776	769	-	(1,732,244)
Culture and recreation	3,262,128	125,620	-	-	(3,136,508)
Conservation	7,140	-	-	-	(7,140)
Economic development	1,478,417	-	-	485,393	(993,024)
Interest on long-term debt	330,207	-	-	-	(330,207)
Total Governmental Activities	41,545,573	2,817,373	491,124	1,416,608	(36,820,468)
Business-Type Activities					
Water	2,518,606	2,623,958	23,012	-	128,364
Sewer	2,293,401	2,196,406	-	57,768	(39,227)
Total Business-Type Activities	4,812,007	4,820,364	23,012	57,768	89,137
Total primary government	\$ 46,357,580	\$ 7,637,737	\$ 514,136	\$ 1,474,376	\$ (36,731,331)

(continued)

TOWN OF DERRY, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

(continued)

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Change in Net Position:			
Net (expenses) revenue from previous page	\$ (36,820,468)	\$ 89,137	\$ (36,731,331)
General Revenues and Transfers			
Property taxes	25,373,049	-	25,373,049
Motor vehicle registration	6,677,077	-	6,677,077
Grants and contributions not restricted to specific programs	1,692,822	-	1,692,822
Interest and investment earnings	1,927,208	133,957	2,061,165
Miscellaneous	1,716,732	267,394	1,984,126
Transfers	<u>(20,061)</u>	<u>20,061</u>	<u>-</u>
Total general revenues and transfers	<u>37,366,827</u>	<u>421,412</u>	<u>37,788,239</u>
Change in Net Position	546,359	510,549	1,056,908
Net Position			
Beginning of year	<u>83,140,470</u>	<u>32,863,447</u>	<u>116,003,917</u>
End of year	<u>\$ 83,686,829</u>	<u>\$ 33,373,996</u>	<u>\$ 117,060,825</u>

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

TOWN OF DERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2019

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 64,250,099	\$ 1,024,700	\$ 65,274,799
Investments	7,850,444	8,309,501	16,159,945
Taxes receivable	8,284,175	83,580	8,367,755
Accounts receivable, net	196,074	112,142	308,216
Due from other governments	27,472	200,182	227,654
Due from other funds	-	6,031,400	6,031,400
Prepaid items	408,571	570	409,141
Property held for resale	192,855	-	192,855
Advances to other funds	407,130	-	407,130
Loans receivable	-	411,967	411,967
Total Assets	<u>\$ 81,616,820</u>	<u>\$ 16,174,042</u>	<u>\$ 97,790,862</u>
Liabilities			
Accounts payable	\$ 1,288,400	\$ 158,389	\$ 1,446,789
Accrued expenditures	670,548	2,542	673,090
Due to other governments	9,513	-	9,513
Due to other funds	10,805,312	137,734	10,943,046
Tax refunds liability	422,500	-	422,500
Other liabilities	30,577	-	30,577
Total Liabilities	13,226,850	298,665	13,525,515
Deferred Inflows of Resources			
Unavailable revenues	43,452,207	365,177	43,817,384
Fund Balances			
Nonspendable	1,008,556	8,218,364	9,226,920
Restricted	88,700	5,232,807	5,321,507
Committed	10,817,611	2,059,029	12,876,640
Assigned	3,149,569	-	3,149,569
Unassigned	9,873,327	-	9,873,327
Total Fund Balances	<u>24,937,763</u>	<u>15,510,200</u>	<u>40,447,963</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 81,616,820</u>	<u>\$ 16,174,042</u>	<u>\$ 97,790,862</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, 2019

Total governmental fund balances	\$ 40,447,963
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	117,746,197
• Property taxes and other revenues are recognized on an accrual basis in the statement of net position, not the modified accrual basis	1,765,045
• Deferred inflows and outflows of resources are not financial resources nor are they available to pay current-period expenditures. Deferred outflows and inflows consist of:	
Deferred outflows - Pension and OPEB related	8,528,807
Deferred inflows - Pension and OPEB related	(6,354,615)
Deferred inflows - Other	(90,456)
• Long-term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds. Long-term liabilities at year end consist of:	
General obligation bonds payable	(7,949,000)
Tax increment financing bonds payable	(2,985,000)
Net pension liability	(38,794,946)
Net other post-employment benefits liability	(19,931,642)
Capital leases payable	(4,450,795)
Accrued interest on long-term obligations	(106,668)
Compensated absences payable	<u>(4,138,061)</u>
Net position of governmental activities	<u><u>\$ 83,686,829</u></u>

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

TOWN OF DERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 25,276,413	\$ 111,948	\$ 25,388,361
Licenses and permits	7,099,638	354,076	7,453,714
Intergovernmental	2,819,327	781,227	3,600,554
Charges for services	2,202,268	190,494	2,392,762
Interest and investment income	1,019,266	907,943	1,927,209
Miscellaneous	508,717	99,541	608,258
Total Revenues	38,925,629	2,445,229	41,370,858
Expenditures			
General government	6,782,100	285,758	7,067,858
Public safety	19,184,142	180,622	19,364,764
Highways and streets	4,545,515	375	4,545,890
Health and welfare	366,212	1,088	367,300
Sanitation	2,107,306	669	2,107,975
Culture and recreation	2,943,443	84,940	3,028,383
Conservation	7,074	66	7,140
Economic development	883,301	600,075	1,483,376
Capital outlay	2,619,559	354,738	2,974,297
Debt service:			
Principal retirement	1,875,615	-	1,875,615
Interest and fiscal charges	293,102	-	293,102
Total Expenditures	41,607,369	1,508,331	43,115,700
Excess (deficiency) of revenues over expenditures	(2,681,740)	936,898	(1,744,842)
Other Financing Sources (Uses)			
Issuance of bonds	672,264	3,346,736	4,019,000
Bond premiums	494,946	-	494,946
Issuance of capital lease	1,597,534	-	1,597,534
Proceeds from sale of capital assets	230,690	-	230,690
Transfers in	371,339	304,862	676,201
Transfers out	(312,524)	(383,738)	(696,262)
Total Other Financing Sources (Uses)	3,054,249	3,267,860	6,322,109
Change in fund balance	372,509	4,204,758	4,577,267
Fund Balance at beginning of year	24,565,254	11,305,442	35,870,696
Fund Balance at end of year	\$ 24,937,763	\$ 15,510,200	\$ 40,447,963

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, 2019

Net changes in fund balances - total governmental funds **\$ 4,577,267**

Amounts reported for governmental activities in the
statement of activities are different because:

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

Capital asset purchases, net	2,902,778
Depreciation	(2,199,281)

- Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 57,783

- 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 bonds	(4,019,000)
Issuance of capital leases	(1,597,534)
Repayments of bonds	1,050,000
Repayments of capital leases	825,615
Other	6,856

- 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. (37,105)

- 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.

Net pension liability and related deferred outflows and inflows of resources	(5,021)
Net OPEB liability and related deferred outflows and inflows of resources	(1,030,381)
Compensated absences	14,382

Change in net position of governmental activities **\$ 546,359**

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

TOWN OF DERRY, NEW HAMPSHIRE

GENERAL FUND

**STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES -
BUDGET AND ACTUAL**

FOR THE YEAR ENDED JUNE 30, 2019

	<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	\$ 24,267,228	\$ 24,280,603	\$ 25,276,413	\$ 995,810
Licenses and permits	6,628,540	6,628,540	7,099,638	471,098
Intergovernmental	2,833,078	2,879,604	2,877,480	(2,124)
Charges for services	2,103,108	2,103,108	2,202,268	99,160
Miscellaneous	613,546	763,266	1,264,425	501,159
Total Revenues	36,445,500	36,655,121	38,720,224	2,065,103
Expenditures				
Prevention and emergency services	10,629,366	10,613,394	10,433,664	179,730
Emergency management	39,267	39,267	31,049	8,218
Police and animal control	8,938,354	9,088,074	8,425,111	662,963
Executive	4,378,602	4,420,102	3,995,092	425,010
Finance	5,780,759	6,471,387	6,235,604	235,783
Town clerk and elections	213,735	213,735	207,687	6,048
Libraries	1,502,401	1,502,401	1,495,687	6,714
Planning	379,638	388,138	388,049	89
Tax increment financing district	525,422	525,422	525,293	129
Public works	9,014,594	9,085,485	9,061,858	23,627
Total Expenditures	41,402,138	42,347,405	40,799,094	1,548,311
Excess (deficiency) of revenues over expenditures	(4,956,638)	(5,692,284)	(2,078,870)	3,613,414
Other Financing Sources/(Uses)				
Use of unassigned fund balance	705,000	705,000	-	(705,000)
Use of committed fund balance	1,812,782	1,917,888	-	(1,917,888)
Transfers in from other funds	333,371	333,371	313,186	(20,185)
Current bond proceeds transferred to capital project funds	-	(3,346,736)	(3,346,736)	-
Issuance of capital leases	1,760,000	1,717,672	1,597,534	(120,138)
Issuance of bonds	-	4,019,604	4,019,000	(604)
Other financing sources	345,485	345,485	725,636	380,151
Total Other Financing Sources	4,956,638	5,692,284	3,308,620	(2,383,664)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 1,229,750	\$ 1,229,750

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

TOWN OF DERRY, NEW HAMPSHIRE

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2019

	Business-Type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Assets			
Current:			
Cash and short-term investments	\$ 4,905	\$ 64,975	\$ 69,880
Investments	39,812	527,329	567,141
Accounts receivable, net	293,878	283,853	577,731
Due from other governments	51,786	71,010	122,796
Due from other funds	2,959,157	1,952,489	4,911,646
Prepaid items	<u>10,920</u>	<u>12,567</u>	<u>23,487</u>
Total current assets	3,360,458	2,912,223	6,272,681
Noncurrent:			
Accounts receivable, net	128,284	19,166	147,450
Due from other governments	-	529,708	529,708
Non-depreciable capital assets	301,539	992,350	1,293,889
Depreciable capital assets, net	<u>15,509,756</u>	<u>18,004,270</u>	<u>33,514,026</u>
Total noncurrent assets	15,939,579	19,545,494	35,485,073
Deferred Outflows of Resources			
Related to pensions	135,302	151,393	286,695
Related to OPEB	<u>42,342</u>	<u>30,952</u>	<u>73,294</u>
Total Assets and Deferred Outflows of Resources	19,477,681	22,640,062	42,117,743
Liabilities			
Current:			
Accounts payable	108,559	72,631	181,190
Accrued expenses	5,727	7,698	13,425
Retainage payable	25,574	10,591	36,165
Advances from other funds	-	407,129	407,129
Current portion of long-term liabilities:			
Bonds payable	98,178	324,322	422,500
Compensated absences	<u>22,184</u>	<u>22,184</u>	<u>44,368</u>
Total current liabilities	260,222	844,555	1,104,777
Noncurrent:			
Bonds payable, net of current portion	1,644,046	2,323,454	3,967,500
Net pension liability	746,988	835,819	1,582,807
Net OPEB liability	860,925	609,833	1,470,758
Compensated absences, net of current portion	<u>73,997</u>	<u>73,997</u>	<u>147,994</u>
Total noncurrent liabilities	3,325,956	3,843,103	7,169,059
Deferred Inflows of Resources			
Related to pensions	67,063	75,039	142,102
Related to OPEB	153,841	105,900	259,741
Other	<u>35,598</u>	<u>32,470</u>	<u>68,068</u>
Total Liabilities and Deferred Inflows of Resources	3,842,680	4,901,067	8,743,747
Net Position			
Net investment in capital assets	14,033,472	16,316,374	30,349,846
Unrestricted	<u>1,601,529</u>	<u>1,422,621</u>	<u>3,024,150</u>
Total Net Position	\$ <u>15,635,001</u>	\$ <u>17,738,995</u>	\$ <u>33,373,996</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, 2019

	Business-Type Activities Enterprise Funds		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 2,623,958	\$ 2,196,406	\$ 4,820,364
Miscellaneous	<u>127,606</u>	<u>139,788</u>	<u>267,394</u>
Total Operating Revenues	2,751,564	2,336,194	5,087,758
Operating Expenses			
Personnel services	893,627	1,020,307	1,913,934
Repairs and maintenance	207,826	123,761	331,587
Materials and supplies	80,910	94,730	175,640
Utilities	868,131	325,695	1,193,826
Depreciation	344,489	540,988	885,477
Miscellaneous	<u>76,531</u>	<u>70,940</u>	<u>147,471</u>
Total Operating Expenses	<u>2,471,514</u>	<u>2,176,421</u>	<u>4,647,935</u>
Operating Income	280,050	159,773	439,823
Nonoperating Revenues (Expenses)			
Interest revenue	70,587	63,370	133,957
Intergovernmental revenue	23,012	-	23,012
Interest expense	<u>(47,092)</u>	<u>(116,980)</u>	<u>(164,072)</u>
Total Nonoperating Revenues (Expenses), Net	<u>46,507</u>	<u>(53,610)</u>	<u>(7,103)</u>
Income Before Capital Contributions and Transfers	326,557	106,163	432,720
Transfers and Capital Contributions			
Capital contributions	-	57,768	57,768
Transfers in	8,100	64,500	72,600
Transfers out	<u>(18,710)</u>	<u>(33,829)</u>	<u>(52,539)</u>
Change in Net Position	315,947	194,602	510,549
Net Position at Beginning of Year	<u>15,319,054</u>	<u>17,544,393</u>	<u>32,863,447</u>
Net Position at End of Year	<u>\$ 15,635,001</u>	<u>\$ 17,738,995</u>	<u>\$ 33,373,996</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, 2019

	Business-Type Activities Enterprise Funds		
	Water Fund	Sewer Fund	Total
Cash Flows From Operating Activities			
Cash received from customers	\$ 2,539,506	\$ 2,123,551	\$ 4,663,057
Other operating cash receipts	127,606	139,786	267,392
Cash received (paid) for interfund services provided	191,474	250,856	442,330
Cash paid to suppliers	(1,375,370)	(852,492)	(2,227,862)
Cash paid to employees	<u>(888,933)</u>	<u>(988,328)</u>	<u>(1,877,261)</u>
Net Cash Provided by (Used For) Operating Activities	594,283	673,373	1,267,656
Cash Flows From Noncapital Financing Activities			
Intergovernmental revenue	<u>-</u>	<u>17,042</u>	<u>17,042</u>
Net Cash Provided by (Used For) Noncapital Financing Activities	-	17,042	17,042
Cash Flows From Capital and Related Financing Activities			
Capital contributions	27,747	57,768	85,515
Intergovernmental revenue	23,012	-	23,012
Purchases of capital assets	(500,924)	(293,939)	(794,863)
Principal paid on bonds payable	(144,848)	(325,152)	(470,000)
Principal paid on capital lease obligations	(11,559)	(11,559)	(23,118)
Interest paid on long-term debt	<u>(47,092)</u>	<u>(116,980)</u>	<u>(164,072)</u>
Net Cash Provided by (Used For) Capital and Related Financing Activities	(653,664)	(689,862)	(1,343,526)
Cash Flows From Investing Activities			
Purchase of investments	(6,301)	1,052	(5,249)
Interest on investments	<u>70,587</u>	<u>63,370</u>	<u>133,957</u>
Net Cash Provided By (Used For) Investing Activities	64,286	64,422	128,708
Cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u><u>\$ 4,905</u></u>	<u><u>\$ 64,975</u></u>	<u><u>\$ 69,880</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities			
Operating income	\$ 280,050	\$ 159,773	\$ 439,823
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	344,489	540,988	885,477
Changes in assets, liabilities, and deferred outflows/inflows:			
Accounts receivable, net	(84,452)	(72,856)	(157,308)
Due from other funds	191,474	330,727	522,201
Prepaid items	(888)	(927)	(1,815)
Deferred outflows - related to pensions	48,302	50,388	98,690
Deferred outflows - related to OPEB	(42,265)	(30,868)	(73,133)
Accounts payable	(104,577)	(219,030)	(323,607)
Accrued expenses	(1,584)	(975)	(2,559)
Retainage payable	(34,923)	(16,435)	(51,358)
Advances from other funds	-	(79,871)	(79,871)
Compensated absences	3,441	3,441	6,882
Other post-employment benefits	(4,297)	37,930	33,633
Net pension liability	(120,612)	(117,680)	(238,292)
Deferred inflows - related to pensions	7,568	9,654	17,222
Deferred inflows - related to OPEB	116,292	81,324	197,616
Deferred inflows - other	<u>(3,735)</u>	<u>(2,210)</u>	<u>(5,945)</u>
Net Cash Provided by (Used For) Operating Activities	<u><u>\$ 594,283</u></u>	<u><u>\$ 673,373</u></u>	<u><u>\$ 1,267,656</u></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, 2019

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 83,275	\$ 269,247
Investments:		
Federal agency securities	110,178	43,442
Corporate bonds	49,781	19,628
Corporate equities	296,217	116,794
Municipal bonds	8,580	3,383
Mutual funds	19,971	7,874
Total Investments	<u>484,727</u>	<u>191,121</u>
Total Assets	568,002	460,368
Liabilities		
Due to other governments	-	191,121
Deposits held for others	-	269,247
Total Liabilities	-	<u>\$ 460,368</u>
Net Position		
Restricted for other purposes	<u>568,002</u>	
Total Net Position	<u>\$ 568,002</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 POSTION

FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Funds
Additions	
Investment earnings:	
Investment income	\$ <u>56,807</u>
Total additions	56,807
Deductions	
Benefits	<u>11,903</u>
Total deductions	<u>11,903</u>
Change in net position	44,904
Net position restricted for pensions and other purposes	
Beginning of year	<u>523,098</u>
End of year	\$ <u><u>568,002</u></u>

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

TOWN OF DERRY, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town is a municipal corporation governed by an elected Town Council. As required by generally accepted accounting principles, these financial statements present the Town and applicable component units for which the Town is considered to be financially accountable. In fiscal year June 30, 2019, 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.

B. 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.

C. 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, Visiting Nurse Association, East Derry Improvements Society, and Memorial Day Flowers.
- The agency funds are established to account for fiduciary assets held by the Town in a custodial capacity as an agent on behalf of others. Agency funds report only assets and liabilities, and therefore, have no measurement focus. Agency funds held by the Town include the Derry Cooperative School fund and the performance bond fund.

D. Cash, Cash Equivalents and Investments

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

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

and short-term investments". The interest earnings attributable to each fund type are included under investment income.

The Town considers investments with original maturities of three months or less to be short-term investments. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U.S. Government or agencies that have a maturity of one year or less from the date of purchase.

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

Investments for the Trust Funds consist of marketable securities and bonds which are carried at market value based on quoted prices in an active market at June 30, 2019.

E. 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".

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items. Prepaid items are recognized using the consumption method.

G. 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.

H. 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets 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

I. 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.

J. 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.

K. Fund Equity

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

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

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

L. 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

A. 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.

B. 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.

C. 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.

D. 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.

E. 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 with budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources/(Uses)</u>
Revenues/expenditures/other financing sources(uses) (GAAP Basis)	\$ 38,925,629	\$ 41,607,369	\$ 3,054,249
Reverse expenditures of prior year appropriation carryforwards	-	(1,505,446)	-
To book current year appropriation carryforwards	-	394,894	-
To reverse effects of combining general fund and capital reserve funds (GASB 54)	(263,559)	(10,248)	-
To reclassify transfers for budgetary presentation	58,154	312,525	254,371
Budgetary Basis	<u>\$ 38,720,224</u>	<u>\$ 40,799,094</u>	<u>\$ 3,308,620</u>

3. Cash and Investments

The following is a summary of the Town's investments as of June 30, 2019:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposits	\$ 5,263,892
Corporate bonds	885,328
Corporate equities	5,270,034
Federal agency securities	5,475,446
Fixed income mutual funds	355,482
Municipal bonds	152,752
Total investments	<u>\$ 17,402,934</u>

A. Credit Risk

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

The Town's investment policy addresses credit risk by limiting investments to the safest types of securities and diversifying the investment portfolio. With the exception of U.S. Treasury securities, and U.S. Government agencies, no more than 75% of the Town total investment portfolio will be invested in a single security type or with a single financial institution, unless 100% collateralized.

Presented below (in thousands) 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>AA</u>	<u>A</u>	<u>BBB</u>	<u>BB</u>	<u>B</u>	<u>CCC</u>	<u>Unrated</u>
Corporate bonds	\$ 885	\$ 319	\$ 363	\$ 203	\$ -	\$ -	\$ -	\$ -	\$ -
Federal agency securities	5,476	5,476	-	-	-	-	-	-	-
Fixed income mutual funds	355	9	20	62	94	35	110	16	9
Municipal bonds	153	-	153	-	-	-	-	-	-
Subtotal	6,869	<u>\$ 5,804</u>	<u>\$ 536</u>	<u>\$ 265</u>	<u>\$ 94</u>	<u>\$ 35</u>	<u>\$ 110</u>	<u>\$ 16</u>	<u>\$ 9</u>
Certificates of deposit	5,264								
Corporate equities	5,270								
Total investments	\$ <u>17,403</u>								

B. Custodial Credit Risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a Town with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank."

As of June 30, 2019, \$62,435,450 of the Town's bank balance of \$64,719,748 was insured and/or collateralized.

As of June 30, 2019, the Trust cash equivalent bank balance of \$1,894,298 was exposed to custodial credit risk as uninsured and/or uncollateralized.

Custodial Credit Risk - Investments. Custodial credit risk for investments is the risk that in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of another party.

The Town's investment policy for governmental and business-type funds requires that deposits and investments be made in New Hampshire based financial institutions that are participants in one of the federal depository insurance programs. The Town limits its investments to demand deposits, money market accounts, certificates of deposit and repurchase agreements in accordance with New Hampshire State law (RSA 41:29) or the New Hampshire Public Deposit Investment Pool (NHPDIP), an external investment pool, in accordance with New Hampshire State law (RSA 197:23-a). Responsibility for the investments of the Trust Funds is with the Board of Trustees, who have employed professional banking assistance in accordance with New Hampshire State law (RSA 31:38a).

In accordance with the Town's investment policy, all security transactions, including collateral for repurchase agreements, shall be conducted on a "delivery vs. payment" basis. Securities will be held by a third-party custodian, or trust department designated by the Treasurer and evidenced by safekeeping receipts. The collateral

shall only consist of securities in which Towns may invest, as provided in New Hampshire State law (RSA 48:16).

The Town's policy for investments under the custodianship of the Trustees of Trust Funds follow the prudent investor guidelines which allow for various investments as long as these investments would be acquired by prudent persons of discretion and intelligence in investment matters, who are seeking a reasonable income and the preservation of capital. Upon advice of the contracted, qualified external money management company, the Town may invest in corporate stocks, bonds or other debentures subject to limitations in New Hampshire State law (RSA 383:22).

Of the total investments of \$17,402,934, \$5,263,893 is collateralized by FDIC insurance. The Town's remaining investments of \$12,139,041 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.

C. Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer. There are no investments in any one issuer that represent 5% or more of total investments at June 30, 2019.

D. Interest Rate Risk

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

It is the Town's policy to invest all funds, other than Trust Fund investments, in a manner which will provide safety of principal with a market rate of return while maintaining a sufficient level of liquidity to meet the daily cash flows of the Town. In order to maintain liquidity, investments of operating funds shall have maturities of one year or less. Certain long-term reserve funds such as capital projects may be invested in securities exceeding one year if the maturity of such investments is made to coincide with the expected use of the funds.

One of the ways that the Town manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time.

Not more than 5% of the Town's investment portfolio, other than Trust fund investments, is to be invested in securities with maturities greater than one year. The Town's investments include certificates of deposits.

Information about the sensitivity of the fair values of the Town's investments (in thousands) 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>
Certificates of deposits	\$ 5,264	\$ 2,746	\$ 2,518	\$ -	\$ -
Corporate bonds	885	100	203	582	-
Federal agency securities	5,476	948	4,121	407	-
Fixed income mutual funds	355	-	174	120	61
Municipal bonds	<u>153</u>	<u>-</u>	<u>153</u>	<u>-</u>	<u>-</u>
Subtotal	12,133	<u>\$ 3,794</u>	<u>\$ 7,169</u>	<u>\$ 1,109</u>	<u>\$ 61</u>
Corporate equities	<u>5,270</u>				
Total investments	<u>\$ 17,403</u>				

E. Foreign Currency Risk

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

F. 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, 2019:

		Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Investment Type</u>	<u>Amount</u>			
Investments by fair value level:				
Debt securities:				
Corporate bonds	\$ 885,328	\$ -	\$ 885,328	\$ -
Federal agency securities	5,475,446	-	5,475,446	-
Fixed income mutual funds	355,482	-	355,482	-
Municipal bonds	152,752	-	152,752	-
Equity securities:				
Consumer discretionary	504,462	504,462	-	-
Consumer staples	407,278	407,278	-	-
Energy	257,776	257,776	-	-
Financials	570,342	570,342	-	-
Health care	657,931	657,931	-	-
Industrials	578,644	578,644	-	-
Information technology	1,059,164	1,059,164	-	-
Materials	320,933	320,933	-	-
Utilities	345,331	345,331	-	-
Other	568,173	568,173	-	-
Total	\$ 12,139,042			

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, after annually reviewing delinquent accounts and making recommendations to the Town Council, records the asset at a value including all the delinquent accounts,

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, 2019 consist of the following:

Real estate taxes	\$ 6,788,675
Tax liens	1,396,353
Elderly and disabled deferred	99,147
Land use change	<u>83,580</u>
Total property taxes	<u>\$ 8,367,755</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 \$1,191,756 for ambulance, welfare liens, and other accounts receivable while business-type activities reflect an allowance for \$2,894 for user fees.

6. Due From Other Governments

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2019.

7. Interfund Fund Receivables/Payables and Transfers

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the June 30, 2019 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
Major Fund:		
General fund	\$ -	\$ 10,805,312
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	106,887	-
Taylor Public Library	19,641	-
Cable Television	602,855	-
Conservation Commission	468,088	-
Public Safety Grants	24,677	-
Miscellaneous Grants	97,790	-
Waste Tire Reclamation	10,100	-
Police Detail	96,353	-
Rockingham Economic Development	-	136,438
Capital Project Funds:		
Rail Trail	120,305	-
Bridge Improvements	1,202,309	-
Recreational Facility	1,804,967	-
Exit 4A	1,300,313	-
Hood Pond Dam	177,115	-
Permanent Funds:		
Parks and Playgrounds	-	1,296
Subtotal Nonmajor Funds	<u>6,031,400</u>	<u>137,734</u>
Total Governmental Funds	6,031,400	10,943,046
Business-Type Activities:		
Water Fund	2,959,157	-
Sewer Fund	<u>1,952,489</u>	<u>-</u>
Total Business-Type Activities	<u>4,911,646</u>	<u>-</u>
Grand Total	<u>\$ 10,943,046</u>	<u>\$ 10,943,046</u>

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

The Town reports interfund transfers between various funds. Most transfers result from budgetary or statutory actions, whereby funds are moved to accomplish various expenditure purposes. The following is an analysis of interfund transfers made in fiscal year 2019.

<u>Governmental Funds:</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 371,339	\$ 312,524
Nonmajor Funds:		
Special Revenue Funds:		
Derry Public Library	438	-
Cable Television	-	5,614
Public Safety Grants	299	-
Miscellaneous Grants	11,000	-
Waste Tire Reclamation	278,450	201,995
REDC	-	65,047
Permanent Funds:		
General Cemetery Care	14,675	55,000
Parks and Playgrounds	-	52,322
Libraries	-	2,260
Human Services	-	1,500
Subtotal Nonmajor Funds	<u>304,862</u>	<u>383,738</u>
Total Governmental Funds	676,201	696,262
Business-Type Activities:		
Water Fund	8,100	18,710
Wastewater Fund	<u>64,500</u>	<u>33,829</u>
Total Business-Type Activities	<u>72,600</u>	<u>52,539</u>
Grand Total	<u>\$ 748,801</u>	<u>\$ 748,801</u>

The \$201,995 transfer into the General fund, from the Waste Tire Reclamation fund, represents budgeted expenditures for hazardous waste removal. The \$278,450 transfer into the Waste Tire Reclamation Fund from the General Fund represents tax revenue collected for hazardous waste removal.

8. Capital Assets

Capital asset activity for the year ended June 30, 2019 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	79,114	1	(12)	79,103
Construction in progress	508	2,151	(631)	2,028
Intangibles	3,030	-	-	3,030
Total capital assets, not being depreciated	91,814	2,152	(643)	93,323
Other capital assets:				
Land improvements	6,508	-	-	6,508
Buildings and improvements	20,210	22	-	20,232
Machinery and equipment	8,114	423	(197)	8,340
Vehicles	8,935	999	(591)	9,343
Improvements other than buildings	6,431	-	-	6,431
Intangibles	755	-	-	755
Total other capital assets	50,953	1,444	(788)	51,609
Less accumulated depreciation for:				
Land improvements	(3,833)	(307)	-	(4,140)
Buildings and improvements	(8,608)	(563)	-	(9,171)
Machinery and equipment	(5,380)	(501)	194	(5,687)
Vehicles	(5,446)	(686)	544	(5,588)
Improvements other than buildings	(1,749)	(128)	-	(1,877)
Intangibles	(708)	(14)	-	(722)
Total accumulated depreciation	(25,724)	(2,199)	738	(27,185)
Total other capital assets, net	25,229	(755)	(50)	24,424
Total capital assets, net	\$ 117,043	\$ 1,397	\$ (693)	\$ 117,747
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 195	\$ -	\$ -	\$ 195
Construction in progress	839	816	(1,218)	437
Intangibles	662	-	-	662
Total capital assets, not being depreciated	1,696	816	(1,218)	1,294
Other capital assets:				
Buildings and improvements	160	-	-	160
Machinery and equipment	295	102	(57)	340
Vehicles	1,017	12	-	1,029
Infrastructure	50,333	1,173	(83)	51,423
Intangibles	48	-	-	48
Total other capital assets	51,853	1,287	(140)	53,000
Less accumulated depreciation for:				
Buildings and improvements	(58)	(4)	-	(62)
Machinery and equipment	(178)	(27)	-	(205)
Vehicles	(694)	(82)	25	(751)
Infrastructure	(17,700)	(762)	25	(18,437)
Intangibles	(21)	(10)	-	(31)
Total accumulated depreciation	(18,651)	(885)	50	(19,486)
Total other capital assets, net	33,202	402	(90)	33,514
Total capital assets, net	\$ 34,898	\$ 1,218	\$ (1,308)	\$ 34,808

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

Governmental Activities	
General government	\$ 413,331
Public safety	756,853
Highway	437,050
Health and welfare	1,787
Sanitation	251,869
Culture and recreation	<u>338,391</u>
Total governmental activities	\$ <u>2,199,281</u>
Business-Type Activities	
Water	\$ 344,489
Sewer	<u>540,988</u>
Total business-type activities	\$ <u>885,477</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 and Accrued Expenditures/Expenses

Accounts payable and accrued expenses represent 2019 expenditures paid after fiscal 2019.

11. Capital Lease Obligations

The Town is the lessee of certain equipment under capital and operating leases expiring in various years through 2025. Future minimum lease payments under the capital and operating leases consisted of the following as of June 30, 2019:

	Governmental
	<u>Activities</u>
2020	\$ 1,190,582
2021	970,691
2022	970,691
2023	686,889
2024	552,006
2025	<u>483,370</u>
Total minimum lease payments	4,854,229
Less amounts representing interest	<u>(403,434)</u>
Present Value of Minimum Lease Payments	\$ <u>4,450,795</u>

The following is an analysis for the leased assets included in capital assets at June 30, 2019:

	Governmental <u>Activities</u>
Machinery, vehicles and equipment	\$ 5,038,778
Less: accumulated depreciation	<u>(595,834)</u>
Equipment under capital leases, net	<u>\$ 4,442,944</u>

12. **Long-Term Debt**

A. Long-Term Debt Supporting Governmental Activities

General obligation bonds, issued by the Town for various municipal improvements, are approved by the voters and repaid with property taxes recorded in the general fund. These bonds are required to be fully paid within 20 years from the date of issue and are backed by the full faith and credit of the Town. The Town's borrowing capacity is restrained by State law. Compensated absences are repaid from the funds that the costs relate to, mostly general fund, and also water and sewer funds.

B. General Obligation Bonds and Tax Increment Financing Bonds

The Town issues general obligation bonds 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 \$2,000,000 in tax increment bonds issued in April 2004 to finance the economic development of Ash Street Corporate Park. The bonds are payable solely from the tax increment financing taxes generated by businesses in the commercial/light industrial park.

The Town has pledged a portion of future tax increment financing (TIF) revenues to repay \$3,400,000 in tax increment bonds issued in November 2011 to finance the road reconstruction within the Route 28 Corridor. The bonds are payable solely from the tax increment financing taxes generated by businesses in the Route 28 district between the Londonderry town line and Tsienneto/Folsom Roads.

General obligation bonds currently outstanding are as follows:

<u>Governmental Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Issued</u>	<u>Amount Outstanding as of 6/30/19</u>
Humphrey Field House	01/15/20	5.375 - 5.75%	\$ 1,890,000	\$ 90,000
Humphrey Road Complex	01/15/21	4.75 - 5.25%	\$ 489,605	40,000
Municipal Services Infrastructure	03/15/24	3.45 - 4.00%	\$ 1,500,000	375,000
Transfer Station & Rockingham Rd	05/01/33	2.00 - 2.80%	\$ 4,000,000	2,800,000
Municipal Center - Refunding	06/30/21	1.00 - 1.30%	\$ 1,250,000	275,000
Police Station Addition - Refunding	06/15/26	1.99%	\$ 525,000	350,000
General Obligation Bonds	06/30/40	2.51%	\$ 4,019,000	<u>4,019,000</u>
Total Governmental Activities, excluding TIF				<u>\$ 7,949,000</u>

<u>Governmental Activities TIF</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Issued</u>	<u>Amount Outstanding as of 6/30/19</u>
Route 28 Corridor	11/15/31	2.00 - 3.50%	\$ 3,400,000	\$ 2,755,000
Ash Street - Refunding	04/15/20	1.63%	\$ 950,000	<u>230,000</u>
Total Governmental Activities TIF				<u>\$ 2,985,000</u>

<u>Business-Type Activities</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Issued</u>	<u>Amount Outstanding as of 6/30/19</u>
Water Fund:				
Woodlands and Route 28	05/01/33	2.00 - 2.80%	\$ 500,000	\$ 380,000
Water Expansions Route 28	06/30/34	2.00 - 3.50%	\$ 1,718,500	1,362,224
Sewer Fund:				
Wastewater Force Main	05/15/23	3.50 - 4.00%	\$ 3,700,000	740,000
Wastewater Extension Route 28	05/01/33	2.00 - 2.80%	\$ 250,000	190,000
Wastewater Expansions Route 28	06/30/34	2.00 - 3.50%	\$ 1,725,500	1,367,776
Wastewater Effluent Upgrade - Refunding	06/15/26	1.99%	\$ 525,000	<u>350,000</u>
Total Business-Type Activities				<u>\$ 4,390,000</u>

C. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2019 are as follows:

<u>Governmental (non-TIF)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 577,500	\$ 218,673	\$ 796,173
2021	641,500	239,975	881,475
2022	522,500	220,351	742,851
2023	525,000	202,431	727,431
2024	535,000	184,186	719,186
2025-2029	2,237,500	667,761	2,905,261
2030-2034	2,020,000	283,150	2,303,150
2035-2039	755,000	69,075	824,075
2040	135,000	2,025	137,025
Total	<u>\$ 7,949,000</u>	<u>\$ 2,087,627</u>	<u>\$ 10,036,627</u>

Debt service requirements to retire tax increment financing bonds for governmental activities at June 30, 2019 are as follows:

<u>Governmental TIF</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 445,000	\$ 82,537	\$ 527,537
2021	215,000	73,950	288,950
2022	215,000	68,575	283,575
2023	215,000	63,200	278,200
2024	215,000	57,556	272,556
2025-2029	1,050,000	193,200	1,243,200
2030-2033	630,000	33,075	663,075
Total	<u>\$ 2,985,000</u>	<u>\$ 572,093</u>	<u>\$ 3,557,093</u>

Debt Service requirements to retire business-type activities bonds payable at June 30, 2019 are as follows:

<u>Business-Type</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 422,500	\$ 129,503	\$ 552,003
2021	427,500	117,728	545,228
2022	427,500	105,668	533,168
2023	430,000	93,036	523,036
2024	255,000	80,341	335,341
2025-2029	1,197,503	304,916	1,502,419
2030-2034	1,229,997	123,775	1,353,772
Total	<u>\$ 4,390,000</u>	<u>\$ 954,967</u>	<u>\$ 5,344,967</u>

D. Changes in General Long-Term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Governmental Activities						
General obligation bonds payable	\$ 4,545	\$ 4,019	\$ (615)	\$ 7,949	\$ (577)	\$ 7,372
Tax increment financing bonds payable	3,420	-	(435)	2,985	(445)	2,540
Net pension liability	41,129	-	(2,334)	38,795	-	38,795
Net OPEB liability	19,554	378	-	19,932	-	19,932
Capital leases payable	3,679	1,598	(826)	4,451	(1,066)	3,385
Compensated absences	4,152	44	(58)	4,138	(779)	3,359
Totals	<u>\$ 76,479</u>	<u>\$ 6,039</u>	<u>\$ (4,268)</u>	<u>\$ 78,250</u>	<u>\$ (2,867)</u>	<u>\$ 75,383</u>
Business-Type Activities						
General obligation bonds payable	\$ 4,860	\$ -	\$ (470)	\$ 4,390	\$ (422)	\$ 3,968
Net pension liability	1,821	-	(238)	1,583	-	1,583
Net OPEB liability	1,437	34	-	1,471	-	1,471
Capital leases payable	23	-	(23)	-	-	-
Compensated absences	186	6	-	192	(44)	148
Totals	<u>\$ 8,327</u>	<u>\$ 40</u>	<u>\$ (731)</u>	<u>\$ 7,636</u>	<u>\$ (466)</u>	<u>\$ 7,170</u>

E. Long-Term Debt Supporting Governmental and Business-Type Activities

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

13. 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, 2019:

	Entity-wide Basis		Fund Basis			
	Governmental	Business-type	Governmental Funds		Proprietary Funds	
	Activities	Activities	General Fund	Nonmajor	Water	Sewer
Taxes collected in advance	\$ 42,052,341	\$ -	\$ 42,052,341	\$ -	\$ -	\$ -
Unavailable revenues, property taxes	-	-	1,399,866	83,580	-	-
Unavailable revenues, loans	-	-	-	281,597	-	-
Deferred amount on refunding	90,456	68,068	-	-	35,598	32,470
Total deferred inflows	<u>\$ 42,142,797</u>	<u>\$ 68,068</u>	<u>\$ 43,452,207</u>	<u>\$ 365,177</u>	<u>\$ 35,598</u>	<u>\$ 32,470</u>

14. **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, 2019:

Nonspendable - Represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This fund balance classification includes general fund reserves for prepaid expenditures and nonmajor governmental fund reserves for the principal portion of permanent trust funds.

Restricted - Represents amounts that are restricted to specific purposes by constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. This fund balance classification includes general fund encumbrances funded by bond issuances, various special revenue and capital project funds, and the income portion of permanent trust funds.

Committed - Represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Town Meeting, capital reserve funds set aside by Town Meeting vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54), and various special revenue and capital project funds. Subsequent Town Meeting action is necessary to modify or rescind a fund balance commitment.

Assigned - Represents amounts that are constrained by the Town's intent to use these resources for a specific purpose. This fund balance classification includes general fund

encumbrances that have been established by various Town departments for the expenditure of current year budgetary financial resources upon vendor performance in the subsequent budgetary period, as authorized by the Town Administrator per the Fund Balance Policy.

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

Following is a breakdown of the Town's fund balances at June 30, 2019:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Nonspendable			
Prepaid expenditures	\$ 408,571	\$ 570	\$ 409,141
Property held for resale	192,855	-	192,855
Advance to sewer fund	407,130	-	407,130
Nonexpendable permanent funds:			
General cemetery care	-	3,390,532	3,390,532
Parks and playgrounds	-	4,596,933	4,596,933
All remaining	-	230,329	230,329
Total Nonexpendable	1,008,556	8,218,364	9,226,920
Restricted			
Bonded projects	-	3,246,748	3,246,748
Library donations	88,700	-	88,700
Special revenue funds:			
Derry public library	-	106,373	106,373
Taylor library	-	19,991	19,991
Waste tire reclamation	-	686,953	686,953
Conservation commission	-	468,088	468,088
All remaining	-	267,242	267,242
Expendable permanent funds:			
General cemetery care	-	77,922	77,922
Parks and playgrounds	-	350,002	350,002
All remaining	-	9,488	9,488
Total Restricted	88,700	5,232,807	5,321,507
Committed			
Ash Street TIF	60,614	-	60,614
Route 28 TIF	2,003,931	-	2,003,931
Capital reserves	5,056,907	-	5,056,907
Compensated absences	3,696,159	-	3,696,159
Cable television	-	641,096	641,096
Economic development loan	-	159,240	159,240
Rail trail	-	120,305	120,305
Bridge improvements	-	1,138,388	1,138,388
Total Committed	10,817,611	2,059,029	12,876,640

(continued)

(continued)

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assigned			
Encumbered for:			
General government	331,995	-	331,995
Public safety	56,116	-	56,116
Public works	6,783	-	6,783
Capital	639,109	-	639,109
Next year's expenditures	1,035,135	-	1,035,135
Capital reserves	1,025,000		1,025,000
Forest management	40,585	-	40,585
Tax Increment	<u>14,846</u>	<u>-</u>	<u>14,846</u>
Total Assigned	3,149,569	-	3,149,569
Unassigned	<u>9,873,327</u>	<u>-</u>	<u>9,873,327</u>
Total Fund Balances	<u>\$ 24,937,763</u>	<u>\$ 15,510,200</u>	<u>\$ 40,447,963</u>

15. 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).

A. Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost-sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

B. 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%

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 11.08% to 27.79% of covered compensation. The Town's contributions to NHRS for the year ended June 30, 2019 was \$3,544,185 which was equal to its annual required contribution.

D. 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.

E. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the Town reported a liability of \$40,377,753 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. 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, 2019, the Town's proportion was 0.839%.

For the year ended June 30, 2019, the Town recognized pension expense of \$3,152,756. 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>
Pension contributions after measurement date	\$ 3,737,441	\$ -
Differences between expected and actual experience	322,287	(326,940)
Net difference between projected and actual earnings on pension plan investments	-	(934,377)
Changes in assumptions	2,794,340	-
Changes in proportion	<u>459,646</u>	<u>(2,363,720)</u>
Total	<u>\$ 7,313,714</u>	<u>\$ (3,625,037)</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 2019. 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>
2020	\$ 879,007
2021	554,657
2022	(1,073,806)
2023	<u>(408,622)</u>
Total	<u>\$ (48,764)</u>

F. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per year
Salary increases	5.60% average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Weighted Average Average Long- Term Expected Real Rate of Return</u>
Large Cap Equities	22.50 %	4.25%
Small/Mid Cap Equities	<u>7.50</u>	4.50%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.50%
Emerging Int'l Equities	<u>7.00</u>	6.00%
Total international equities	20.00	
Core Bonds	4.50	0.50%
Short Duration	2.50	-0.25%
Global Multi-Sector Fixed Income	11.00	1.80%
Absolute Return Fixed Income	<u>7.00</u>	1.14%
Total fixed income	25.00	
Private Equity	5.00	6.25%
Private Debt	5.00	4.25%
Opportunistic	<u>5.00</u>	2.15%
Total alternative investments	15.00	
Real Estate	<u>10.00</u>	3.25%
Total	<u><u>100.00</u></u> %	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
\$ 29,194,086	\$ 40,377,753	\$ 53,722,931

I. Pension Plan Fiduciary Net Position

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

16. 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.

A. Town OPEB Plan

All the following OPEB disclosures for the Town OPEB Plan are based on a measurement date of June 30, 2019.

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 Medcomp premium.
- Non-represented employees hired after July 1, 2016 reaching age 65 and qualifying for retirement under the rules and regulations of NHRS will be provided this benefit if such employee worked for the Town for a minimum of 20 years. The amount of the subsidy for employees hired after contract signing (January 8, 2017) shall be limited to the amount of the July 1, 2016 Medcomp premium.

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

Plan Membership

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

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

Actuarial Assumptions and Other Inputs

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

Inflation	3.25%
Salary increases	Service-related increases for Group I employees: 13.25% decreasing over 9 years to an ultimate level of 3.75% Service-related increases for Group II employees: 25.25% decreasing over 8 years to an ultimate level of 4.25%
Discount rate	3.50%
Healthcare cost trend rates	Medical/Prescription Drug: 7.00% decreasing by 0.25% for 10 years to an ultimate level of 4.5% per year Contributions: Retiree contributions are expected to increase with the trend shown above
Participation rate	80% of active employees and 100% of retirees over the age of 65

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

of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index (3.87% as of June 30, 2018 and 3.50% as of June 30, 2019).

Mortality rates were based on:

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

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

Discount Rate

Because the plan is not funded, the discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index (3.87% as of June 30, 2018 and 3.50% as of June 30, 2019).

Total OPEB Liability

The Town's total OPEB liability of \$16,854,050 was measured as of June 30, 2019, and was determined by an actuarial valuation as of June 30, 2018.

Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balances, beginning of year	\$ 17,856,417
Changes for the year:	
Service cost	672,019
Interest or other inputs	710,488
Differences between expected and actual experience	939,510
Changes in assumptions	(2,985,248)
Benefit payments	<u>(339,136)</u>
Net Changes	<u>(1,002,367)</u>
Balances, end of year	\$ <u>16,854,050</u>

Changes of assumptions and 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 3.87% in 2018 to 3.50% in 2019.

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:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
\$ 20,358,644	\$ 16,854,050	\$ 14,128,857

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>
\$ 13,839,478	\$ 16,854,050	\$ 20,820,851

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

For the year ended June 30, 2019, the Town recognized an OPEB expense of \$884,232. At June 30, 2019, 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	\$ -	\$ (3,116,969)
Differences between expected and actual experience	<u>782,925</u>	<u>-</u>
Total	<u>\$ 782,925</u>	<u>\$ (3,116,969)</u>

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

<u>Fiscal Year Ended:</u>	
2020	\$ (498,273)
2021	(498,273)
2022	(498,273)
2023	(498,269)
2024	<u>(340,956)</u>
Total	\$ <u>(2,334,044)</u>

B. New Hampshire Retirement System Medical Subsidy Plan Description

General Information about the OPEB Plan

Plan Description

In addition to the OPEB plan discussed in Note 16 A, 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 gross payroll. The Town contributed 0.30% of gross payroll for Group I employees, 1.66% of gross payroll for Group I teachers, and 4.10% of gross payroll for Group II fire and police department members. 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

The Town's proportionate share of the NHRS Medical Subsidy as of June 30, 2019 is based upon an actuarial valuation performed as of June 30, 2017 (rolled forward to June 30, 2018). The actuarial valuation used the following actuarial assumptions:

Price inflation	2.50%
Wage inflation	3.25%
Salary increases	5.60%
Investment rate of return	7.25%
Mortality	RP-2014 healthy annuitant and employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using scale MP-2015, based on the last experience study.
Discount rate	7.25%

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, 2018 was \$4,548,350.

For the year ended June 30, 2019, the Town recognized an OPEB expense related to the NHRS Medical Subsidy of \$1,548,741. At June 30, 2019, 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	\$ 465,920	\$ -
Change in proportion	299,539	-
Differences between expected and actual experience	26,698	-
Net difference between projected and actual OPEB investment earnings	<u>-</u>	<u>(14,452)</u>
Total	<u>\$ 792,157</u>	<u>\$ (14,452)</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, 2020.

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

<u>Fiscal Year Ended:</u>	
2020	\$ 321,728
2021	(4,509)
2022	(4,509)
2023	<u>(925)</u>
Total	<u>\$ 311,785</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:

<u>1%</u>	Current	<u>1%</u>
<u>Decrease</u>	Discount	<u>Increase</u>
	<u>Rate</u>	
\$ 4,733,942	\$ 4,548,350	\$ 4,028,472

Healthcare Cost Trend Rate

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

C. 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, 2019:

	<u>Total/Net OPEB Liability</u>	<u>Total Deferred Outflows of Resources</u>	<u>Total Deferred (Inflows) of Resources</u>	<u>Total Pension Expense</u>
Town OPEB Plan	\$ 16,854,050	\$ 782,925	\$ (3,116,969)	\$ 884,232
Proportionate share of NHRS Medical Subsidy Plan	<u>4,548,350</u>	<u>792,157</u>	<u>(14,452)</u>	<u>1,548,741</u>
Total	<u>\$ 21,402,400</u>	<u>\$ 1,575,082</u>	<u>\$ (3,131,421)</u>	<u>\$ 2,432,973</u>

17. 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 \$2,929,732 of project costs, with an additional \$113,861 encumbered in the general fund and \$1,264,666 unexpended bond proceeds in the capital project fund.

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

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

Abatements – There are several cases pending before the NH Board of Tax and Land Appeals in regard to alleged discrepancies in property assessments. According to the Town's counsel, the probable outcome of these cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Encumbrances – At year-end the Town's general fund has \$1,034,003 in encumbrances that will be honored in the next fiscal year.

18. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 84, *Fiduciary Activities*, effective for the Town beginning with its fiscal year ending June 30, 2020. This statement establishes guidance on how to address the categorization of fiduciary activities for financial reporting and how fiduciary activities are to be reported, and may require reclassification of certain funds.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 87, *Leases*, effective for the Town beginning with its fiscal year ending June 30, 2021. This statement establishes new reporting and disclosure requirements, including the recording of various operating leases in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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TOWN OF DERRY, NEW HAMPSHIRE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (GASB 68)

JUNE 30, 2019
(Unaudited)

New Hampshire Retirement System						
<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 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%

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

See Independent See Independent Auditors' Report.

TOWN OF DERRY, NEW HAMPSHIRE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS (GASB 68)

JUNE 30, 2019
(Unaudited)

New Hampshire Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2019	June 30, 2019	\$ 3,544,185	\$ 3,544,185	\$ -	\$ 19,172,219	18.5%
June 30, 2018	June 30, 2018	\$ 3,199,399	\$ 3,199,399	\$ -	\$ 18,454,822	17.3%
June 30, 2017	June 30, 2017	\$ 3,083,813	\$ 3,083,813	\$ -	\$ 17,801,398	17.3%
June 30, 2016	June 30, 2016	\$ 3,076,182	\$ 3,076,182	\$ -	\$ 17,339,518	17.7%
June 30, 2015	June 30, 2015	\$ 2,932,804	\$ 2,932,804	\$ -	\$ 18,197,458	16.1%

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

See Independent Auditors' Report.

TOWN OF DERRY, NEW HAMPSHIRE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF PROPORTIONATE SHARE AND CONTRIBUTIONS
OF THE NET OPEB LIABILITY (GASB 75)
JUNE 30, 2019
(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, 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, 2019	June 30, 2019	\$465,920	\$465,920	\$ -	\$19,172,219	2.43%
June 30, 2018	June 30, 2018	\$439,421	\$439,421	\$ -	\$18,454,822	2.38%

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

See Independent Auditors' Report.

TOWN OF DERRY, NEW HAMPSHIRE
OTHER POST-EMPLOYMENT BENEFITS (OPEB)
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN THE TOTAL OPEB LIABILITY AND CONTRIBUTIONS (GASB 75)
(Unaudited)

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 672,019	\$ 767,608
Interest on unfunded liability - time value of \$	710,488	654,556
Changes of benefit terms	-	-
Differences between expected and actual experience	939,510	-
Changes of assumptions	(2,985,248)	(943,898)
Benefit payments, including refunds of member contributions	<u>(339,136)</u>	<u>(273,464)</u>
Net change in total OPEB liability	(1,002,367)	204,802
Total OPEB liability - beginning	<u>17,856,417</u>	<u>17,651,615</u>
Total OPEB liability - ending	<u><u>\$ 16,854,050</u></u>	<u><u>\$ 17,856,417</u></u>

Does not include New Hampshire Retirement System Medical Subsidy.

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

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

See Independent Auditors' Report.

TOWN OF DERRY, NEW HAMPSHIRE
REQUIRED SUPPLEMENTARY INFORMATION
MODIFIED APPROACH FOR INFRASTRUCTURE
CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule of Condition Assessment

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

Comparison of Estimated to Actual Maintenance/Preservation

<u>Year Ending June 30,</u>	<u>Estimated Costs</u>	<u>Actual Costs</u>
2019	\$ 1,450,479	\$ 1,731,581
2018	\$ 1,449,625	\$ 1,422,083
2017	\$ 1,454,273	\$ 1,186,108
2016	\$ 1,448,938	\$ 1,534,567
2015	\$ 1,456,663	\$ 1,276,827
2014	\$ 1,459,764	\$ 1,493,108
2013	\$ 1,407,266	\$ 1,315,482
2012	\$ 1,401,837	\$ 1,374,690
2011	\$ 1,177,443	\$ 1,078,191
2010	\$ 1,557,983	\$ 1,484,929

See Independent Auditors' Report.

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TOWN OF DERRY, NEW HAMPSHIRE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2019

MODIFIED APPROACH FOR INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Town is required to account for and report infrastructure capital assets. The Town's infrastructure consists of roads, bridges, sidewalks, and similar items. The Town has elected to use the "modified approach" for infrastructure reporting on its roadways and sidewalks. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The Town manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amounts to maintain and preserve at the established condition assessment level.
- The Town documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed assessment level.

Condition assessment ratings are being used to determine the level of annual funding required to maintain the value of the roadway systems. The Town uses an engineer-developed Pavement Condition Index (PCI) to determine the conditions of its roadways. The analysis includes: inventory information to define the size and characteristics of each roadway; distress information to determine existence, severity and extent of physical problems; and drainage and roadway cross-section characteristics, particularly with respect to deficiencies.

The following conditions were defined and associated to a rating within the asset management system:

<u>Condition</u>	<u>Rating</u>	<u>Remedial Action</u>
Excellent	100-80	Crack Seal or Defer Action
Good	79-68	Chip Seal or Crack Seal
Fair	67-63	Shim and Overlay
Poor	62-58	Reclaim
Failed	57-0	Reconstruct and Reclaim

See Independent Auditors' Report.

Each road is surveyed and graded on its condition and given a rating. This helps the Town prioritize which roads should be treated and the assessment of what type of treatment is necessary in the development of a long-range repair and maintenance plan.

The last three assessments effective in 2018, 2015, and 2012 reflected a good to excellent PCI rating of 82, 79, and 75, respectively.

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

The current PCI of 82 exceeds the council’s goal of preserving the network in the range between 68 and 80. The currently defined system of roadway and sidewalk networks is not depreciated because the Town’s conditional assessment rating falls within or above its adopted range.

The Town has expended an average of \$1,389,757 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.
- 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. These projects qualify 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, 2019

	<u>Special Revenue Funds</u>				
	Derry Public Library Fund	Taylor Library Fund	Cable Television Fund	Conservation Commission Fund	Public Safety Grants Fund
Assets					
Cash and cash equivalents	\$ 496	\$ 350	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Taxes receivable	-	-	-	83,580	-
Accounts receivable, net	-	-	86,842	-	-
Due from other governments	-	-	-	-	26,590
Due from other funds	106,887	19,641	602,855	468,088	24,677
Prepaid items	570	-	-	-	-
Loans receivable	-	-	-	-	-
Total Assets	<u>\$ 107,953</u>	<u>\$ 19,991</u>	<u>\$ 689,697</u>	<u>\$ 551,668</u>	<u>\$ 51,267</u>
Liabilities					
Accounts payable	\$ 1,010	\$ -	\$ 48,601	\$ -	\$ 3,549
Accrued expenditures	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	1,010	-	48,601	-	3,549
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	83,580	-
Fund Balances					
Nonspendable	570	-	-	-	-
Restricted	106,373	19,991	-	468,088	47,718
Committed	-	-	641,096	-	-
Total Fund Balances	<u>106,943</u>	<u>19,991</u>	<u>641,096</u>	<u>468,088</u>	<u>47,718</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 107,953</u>	<u>\$ 19,991</u>	<u>\$ 689,697</u>	<u>\$ 551,668</u>	<u>\$ 51,267</u>

Special Revenue Funds

Miscellaneous Grants Fund	Waste Tire and Transportation Fund	Police Revolving Fund	Rockingham Economic Development Corporation	Total Nonmajor Special Revenue Funds
\$ -	\$ 74,250	\$ -	\$ -	\$ 75,096
-	602,603	-	-	602,603
-	-	-	-	83,580
-	-	25,300	-	112,142
-	-	742	172,850	200,182
97,790	10,100	96,353	-	1,426,391
-	-	-	-	570
-	-	-	411,967	411,967
<u>\$ 97,790</u>	<u>\$ 686,953</u>	<u>\$ 122,395</u>	<u>\$ 584,817</u>	<u>\$ 2,912,531</u>
\$ 661	\$ -	\$ -	\$ 5,000	\$ 58,821
-	-	-	2,542	2,542
-	-	-	136,438	136,438
<u>661</u>	<u>-</u>	<u>-</u>	<u>143,980</u>	<u>197,801</u>
-	-	-	281,597	365,177
-	-	-	-	570
97,129	686,953	122,395	-	1,548,647
-	-	-	159,240	800,336
<u>97,129</u>	<u>686,953</u>	<u>122,395</u>	<u>159,240</u>	<u>2,349,553</u>
<u>\$ 97,790</u>	<u>\$ 686,953</u>	<u>\$ 122,395</u>	<u>\$ 584,817</u>	<u>\$ 2,912,531</u>

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	Capital Project Funds			
	Rail Trail Fund	Bridge Improvements Fund	Recreational Facility Fund	Exit 4A Fund
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Taxes receivable	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	120,305	1,202,309	1,804,967	1,300,313
Prepaid items	-	-	-	-
Loans receivable	-	-	-	-
Total Assets	<u>\$ 120,305</u>	<u>\$ 1,202,309</u>	<u>\$ 1,804,967</u>	<u>\$ 1,300,313</u>
Liabilities				
Accounts payable	\$ -	\$ 63,921	\$ -	\$ 35,647
Accrued expenditures	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	-	63,921	-	35,647
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	1,804,967	1,264,666
Committed	120,305	1,138,388	-	-
Total Fund Balances	<u>120,305</u>	<u>1,138,388</u>	<u>1,804,967</u>	<u>1,264,666</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 120,305</u>	<u>\$ 1,202,309</u>	<u>\$ 1,804,967</u>	<u>\$ 1,300,313</u>

Capital Project Funds		Permanent Funds		
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>
\$ -	\$ -	\$ 380,541	\$ 542,752	\$ 13,712
-	-	3,087,913	4,405,479	111,264
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
177,115	4,605,009	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 177,115</u>	<u>\$ 4,605,009</u>	<u>\$ 3,468,454</u>	<u>\$ 4,948,231</u>	<u>\$ 124,976</u>
\$ -	\$ 99,568	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	1,296	-
-	99,568	-	1,296	-
-	-	-	-	-
-	-	3,390,532	4,596,933	124,247
177,115	3,246,748	77,922	350,002	729
-	1,258,693	-	-	-
<u>177,115</u>	<u>4,505,441</u>	<u>3,468,454</u>	<u>4,946,935</u>	<u>124,976</u>
<u>\$ 177,115</u>	<u>\$ 4,605,009</u>	<u>\$ 3,468,454</u>	<u>\$ 4,948,231</u>	<u>\$ 124,976</u>

(continued)

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	<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	\$ 4,650	\$ 7,949	\$ 949,604	\$ 1,024,700
Investments	37,741	64,501	7,706,898	8,309,501
Taxes receivable	-	-	-	83,580
Accounts receivable, net	-	-	-	112,142
Due from other governments	-	-	-	200,182
Due from other funds	-	-	-	6,031,400
Prepaid items	-	-	-	570
Loans receivable	-	-	-	411,967
Total Assets	<u>\$ 42,391</u>	<u>\$ 72,450</u>	<u>\$ 8,656,502</u>	<u>\$ 16,174,042</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 158,389
Accrued expenditures	-	-	-	2,542
Due to other funds	-	-	1,296	137,734
Total Liabilities	-	-	1,296	298,665
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	365,177
Fund Balances				
Nonspendable	41,278	64,804	8,217,794	8,218,364
Restricted	1,113	7,646	437,412	5,232,807
Committed	-	-	-	2,059,029
Total Fund Balances	<u>42,391</u>	<u>72,450</u>	<u>8,655,206</u>	<u>15,510,200</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 42,391</u>	<u>\$ 72,450</u>	<u>\$ 8,656,502</u>	<u>\$ 16,174,042</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, 2019

	<u>Special Revenue Funds</u>				
	<u>Derry Public Library Fund</u>	<u>Taylor Library Fund</u>	<u>Cable Television Fund</u>	<u>Conservation Commission Fund</u>	<u>Public Safety Grants Fund</u>
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 111,948	\$ -
Licenses and permits	2,050	-	352,026	-	-
Intergovernmental	-	-	-	-	59,978
Charges for services	1,307	14	-	-	-
Investment income (loss)	2,503	418	-	8,671	388
Miscellaneous	<u>29,300</u>	<u>220</u>	<u>297</u>	<u>24,817</u>	<u>385</u>
Total Revenues	35,160	652	352,323	145,436	60,751
Expenditures					
General government	-	-	265,383	-	-
Public safety	-	-	-	-	47,837
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	30,962	-	4,122	-	-
Conservation	-	-	-	66	-
Economic development	-	-	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>161,125</u>	<u>-</u>	<u>8,469</u>
Total Expenditures	<u>30,962</u>	<u>-</u>	<u>430,630</u>	<u>66</u>	<u>56,306</u>
Excess (deficiency) of revenues over expenditures	4,198	652	(78,307)	145,370	4,445
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	-	-
Transfers in	438	-	-	-	299
Transfers out	<u>-</u>	<u>-</u>	<u>(5,614)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>438</u>	<u>-</u>	<u>(5,614)</u>	<u>-</u>	<u>299</u>
Change in fund balance	4,636	652	(83,921)	145,370	4,744
Fund Balances, at beginning of year	<u>102,307</u>	<u>19,339</u>	<u>725,017</u>	<u>322,718</u>	<u>42,974</u>
Fund Balances, at end of year	<u>\$ 106,943</u>	<u>\$ 19,991</u>	<u>\$ 641,096</u>	<u>\$ 468,088</u>	<u>\$ 47,718</u>

(continued)

(continued)

	Special Revenue Funds				
	Miscellaneous Grants Fund	Waste Tire and Transportation Fund	Police Revolving Fund	Rockingham Economic Development Corporation	Total Nonmajor Special Revenue Funds
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 111,948
Licenses and permits	-	-	-	-	354,076
Intergovernmental	-	-	-	485,393	545,371
Charges for services	-	-	189,173	-	190,494
Investment income (loss)	2,227	20,204	-	1,295	35,706
Miscellaneous	2,551	-	-	41,971	99,541
Total Revenues	4,778	20,204	189,173	528,659	1,337,136
Expenditures					
General government	-	-	-	-	265,383
Public safety	-	-	132,785	-	180,622
Highways and streets	-	126	-	-	126
Health and welfare	706	-	-	-	706
Sanitation	-	669	-	-	669
Culture and recreation	21,724	-	-	-	56,808
Conservation	-	-	-	-	66
Economic development	-	-	-	600,075	600,075
Capital outlay	840	-	-	-	170,434
Total Expenditures	23,270	795	132,785	600,075	1,274,889
Excess (deficiency) of revenues over expenditures	(18,492)	19,409	56,388	(71,416)	62,247
Other Financing Sources (Uses)					
Issuance of bonds	-	-	-	-	-
Transfers in	11,000	278,450	-	-	290,187
Transfers out	-	(201,995)	-	(65,047)	(272,656)
Total Other Financing Sources (Uses)	11,000	76,455	-	(65,047)	17,531
Change in fund balance	(7,492)	95,864	56,388	(136,463)	79,778
Fund Balances, at beginning of year	104,621	591,089	66,007	295,703	2,269,775
Fund Balances, at end of year	\$ 97,129	\$ 686,953	\$ 122,395	\$ 159,240	\$ 2,349,553

Capital Project Funds

<u>Rail Trail Fund</u>	<u>Bridge Improvements Fund</u>	<u>Recreational Facility Fund</u>	<u>Exit 4A Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	235,856	-	-
-	-	-	-
-	-	4,967	3,577
-	-	-	-
-	235,856	4,967	3,577
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,750	98,465	-	35,647
1,750	98,465	-	35,647
(1,750)	137,391	4,967	(32,070)
-	-	1,800,000	1,296,736
-	-	-	-
-	-	-	-
-	-	1,800,000	1,296,736
(1,750)	137,391	1,804,967	1,264,666
122,055	1,000,997	-	-
\$ 120,305	\$ 1,138,388	\$ 1,804,967	\$ 1,264,666

(continued)

(continued)

	<u>Capital Project Funds</u>		<u>Permanent Funds</u>		
	<u>Hood Pond Dam Reconstruction Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>General Cemetery Care</u>	<u>Parks and Playgrounds</u>	<u>Libraries</u>
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	235,856	-	-	-
Charges for services	-	-	-	-	-
Investment income (loss)	487	9,031	350,849	488,452	12,641
Miscellaneous	-	-	-	-	-
Total Revenues	<u>487</u>	<u>244,887</u>	<u>350,849</u>	<u>488,452</u>	<u>12,641</u>
Expenditures					
General government	-	-	20,375	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Health and welfare	-	-	-	-	-
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	27,381	751
Conservation	-	-	-	-	-
Economic development	-	-	-	-	-
Capital outlay	<u>48,442</u>	<u>184,304</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>48,442</u>	<u>184,304</u>	<u>20,375</u>	<u>27,381</u>	<u>751</u>
Excess (deficiency) of revenues over expenditures	(47,955)	60,583	330,474	461,071	11,890
Other Financing Sources (Uses)					
Issuance of bonds	250,000	3,346,736	-	-	-
Transfers in	-	-	14,675	-	-
Transfers out	-	-	(55,000)	(52,322)	(2,260)
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>3,346,736</u>	<u>(40,325)</u>	<u>(52,322)</u>	<u>(2,260)</u>
Change in fund balance	202,045	3,407,319	290,149	408,749	9,630
Fund Balances, at beginning of year	<u>(24,930)</u>	<u>1,098,122</u>	<u>3,178,305</u>	<u>4,538,186</u>	<u>115,346</u>
Fund Balances, at end of year	<u>\$ 177,115</u>	<u>\$ 4,505,441</u>	<u>\$ 3,468,454</u>	<u>\$ 4,946,935</u>	<u>\$ 124,976</u>

<u>Permanent Funds</u>			Grand Total Nonmajor Governmental Funds
<u>Highways and Streets</u>	<u>Human Services</u>	<u>Total Nonmajor Permanent Funds</u>	
\$ -	\$ -	\$ -	\$ 111,948
-	-	-	354,076
-	-	-	781,227
-	-	-	190,494
4,349	6,915	863,206	907,943
-	-	-	99,541
<u>4,349</u>	<u>6,915</u>	<u>863,206</u>	<u>2,445,229</u>
-	-	20,375	285,758
-	-	-	180,622
249	-	249	375
-	382	382	1,088
-	-	-	669
-	-	28,132	84,940
-	-	-	66
-	-	-	600,075
-	-	-	354,738
<u>249</u>	<u>382</u>	<u>49,138</u>	<u>1,508,331</u>
4,100	6,533	814,068	936,898
-	-	-	3,346,736
-	-	14,675	304,862
-	(1,500)	(111,082)	(383,738)
<u>-</u>	<u>(1,500)</u>	<u>(96,407)</u>	<u>3,267,860</u>
4,100	5,033	717,661	4,204,758
<u>38,291</u>	<u>67,417</u>	<u>7,937,545</u>	<u>11,305,442</u>
<u>\$ 42,391</u>	<u>\$ 72,450</u>	<u>\$ 8,655,206</u>	<u>\$ 15,510,200</u>

TOWN OF DERRY, NEW HAMPSHIRE

CABLE TELEVISION FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	
Revenues and Other Sources				
Licenses and permits	\$ 400,000	\$ 400,000	\$ 352,026	\$ (47,974)
Charges for services	200	200	-	(200)
Sale of town property	1,500	1,500	297	(1,203)
Use of fund balance	<u>227,499</u>	<u>227,499</u>	<u>227,499</u>	<u>-</u>
Total Revenues	629,199	629,199	579,822	(49,377)
Expenditures and Other Uses				
Current operations:				
General government	362,951	362,951	275,142	87,809
Capital outlay	207,000	207,000	180,786	26,214
Intergovernmental	<u>59,248</u>	<u>59,248</u>	<u>5,614</u>	<u>53,634</u>
Total Expenditures	<u>629,199</u>	<u>629,199</u>	<u>461,542</u>	<u>167,657</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,280</u>	<u>\$ 118,280</u>

PRIVATE PURPOSE FUNDS

Private purpose trust funds are used to account for assets held by the Town of Derry, New Hampshire in trust for individuals, private organizations or other governmental units. These funds have been established for the provisions of the Derry Public Schools, Derry Visiting Nurse Association, Inc., East Derry Improvements, and Memorial Day Flowers.

<u>Trust Name</u>	<u>Trust Purpose</u>
Derry Public Schools	Support public schools in Derry
Derry Visiting Nurse Association, Inc.	To care and treat elderly women and men who are 55 or more and reside in the Towns of Derry, Windham, or Londonderry
East Derry Improvements Society	East Derry Improvements
Memorial Day Flowers	To place flowers each Memorial Day upon Helen Noyes' lot in Forest Hills

TOWN OF DERRY, NEW HAMPSHIRE

COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS - ALL PRIVATE-PURPOSE TRUST FUNDS

JUNE 30, 2019

	<u>Derry Public Schools</u>	<u>Derry Visiting Nurses</u>	<u>East Derry Improvements Society</u>	<u>Memorial Day Flowers</u>	<u>Total Private-Purpose Trust Funds</u>
Assets					
Cash	\$ 12,525	\$ 67,281	\$ 3,034	\$ 435	\$ 83,275
Investments:					
Federal agency securities	16,572	89,017	4,014	575	110,178
Corporate bonds	7,487	40,220	1,814	260	49,781
Corporate equities	44,554	239,326	10,792	1,545	296,217
Municipal bonds	1,290	6,932	313	45	8,580
Mutual funds	<u>3,004</u>	<u>16,135</u>	<u>728</u>	<u>104</u>	<u>19,971</u>
Total Investments	<u>72,907</u>	<u>391,630</u>	<u>17,661</u>	<u>2,529</u>	<u>484,727</u>
Total Assets	<u>\$ 85,432</u>	<u>\$ 458,911</u>	<u>\$ 20,695</u>	<u>\$ 2,964</u>	<u>\$ 568,002</u>
Net Position					
Held in trust	<u>\$ 85,432</u>	<u>\$ 458,911</u>	<u>\$ 20,695</u>	<u>\$ 2,964</u>	<u>\$ 568,002</u>
Total Liabilities and Net Position	<u>\$ 85,432</u>	<u>\$ 458,911</u>	<u>\$ 20,695</u>	<u>\$ 2,964</u>	<u>\$ 568,002</u>

TOWN OF DERRY, NEW HAMPSHIRE

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - ALL PRIVATE-PURPOSE TRUST FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Derry Public Schools</u>	<u>Derry Visiting Nurses</u>	<u>East Derry Improvements Society</u>	<u>Memorial Day Flowers</u>	<u>Total Private-Purpose Trust Funds</u>
Additions					
Net investment earnings	\$ <u>8,144</u>	\$ <u>46,416</u>	\$ <u>1,987</u>	\$ <u>260</u>	\$ <u>56,807</u>
Total additions	8,144	46,416	1,987	260	56,807
Deductions					
Benefits	<u>721</u>	<u>11,056</u>	<u>103</u>	<u>23</u>	<u>11,903</u>
Total deductions	<u>721</u>	<u>11,056</u>	<u>103</u>	<u>23</u>	<u>11,903</u>
Change in net position	7,423	35,360	1,884	237	44,904
Net Position Held in Trust					
Beginning of year	<u>78,009</u>	<u>423,551</u>	<u>18,811</u>	<u>2,727</u>	<u>523,098</u>
End of year	\$ <u><u>85,432</u></u>	\$ <u><u>458,911</u></u>	\$ <u><u>20,695</u></u>	\$ <u><u>2,964</u></u>	\$ <u><u>568,002</u></u>

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FIDUCIARY FUNDS

AGENCY FUNDS

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

1. Derry Cooperative School Agency Funds are funds held by the Town of Derry, New Hampshire's Trustees of Trust Funds on behalf of the Derry Cooperative School District, an independent governmental unit. New Hampshire state law requires that these funds be held by the Trustees of Trust Funds in the Town that the school district operates.
2. Performance Bond Agency Funds are escrow funds held by the Town of Derry, New Hampshire to ensure that improvements affecting public infrastructure are completed in accordance with approved plans.

TOWN OF DERRY, NEW HAMPSHIRE

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2019

	Balance July 1, <u>2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2019</u>
Derry Cooperative School Agency Fund				
Assets - investments	\$ <u>185,517</u>	\$ <u>6,550</u>	\$ <u>(946)</u>	\$ <u>191,121</u>
Liabilities - due to other governments	\$ <u>185,517</u>	\$ <u>6,550</u>	\$ <u>(946)</u>	\$ <u>191,121</u>
 Performance Bond Agency Fund				
Assets - cash and cash equivalents	\$ <u>308,772</u>	\$ <u>620,093</u>	<u>(659,618)</u>	\$ <u>269,247</u>
Liabilities - deposits held for others	\$ <u>308,772</u>	\$ <u>620,093</u>	\$ <u>(659,618)</u>	\$ <u>269,247</u>
 Totals				
Cash and cash equivalents	\$ 308,772	\$ 620,093	\$ (659,618)	\$ 269,247
Investments	<u>185,517</u>	<u>6,550</u>	<u>(946)</u>	<u>191,121</u>
Total Assets	\$ <u>494,289</u>	\$ <u>626,643</u>	\$ <u>(660,564)</u>	\$ <u>460,368</u>
Liabilities - due to other governments	\$ 185,517	\$ 6,550	\$ (946)	\$ 191,121
Liabilities - deposits held for others	<u>308,772</u>	<u>620,093</u>	<u>(659,618)</u>	<u>269,247</u>
Total Liabilities	\$ <u>494,289</u>	\$ <u>626,643</u>	\$ <u>(660,564)</u>	\$ <u>460,368</u>

**STATISTICAL
SECTION**

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TOWN OF DERRY, NEW HAMPSHIRE

STATISTICAL SECTION

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

	<u>Page</u>
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	120
<i>Revenue Capacity</i>	
These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	124
<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.	128
<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.	132
<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.	135

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

TOWN OF DERRY, NEW HAMPSHIRE
NET POSITION BY COMPONENTS
LAST TEN FISCAL YEARS

	<u>2010⁽¹⁾⁽²⁾</u>	<u>2011⁽¹⁾</u>	<u>2012⁽¹⁾</u>	<u>2013</u>	<u>2014</u>	<u>2015⁽³⁾</u>	<u>2016</u>	<u>2017</u>	<u>2018⁽⁴⁾</u>	<u>2019</u>
Government Activities										
Net investment in capital assets	\$101,530,681	\$104,936,447	\$104,697,003	\$105,780,715	\$105,790,237	\$104,467,968	\$106,506,853	\$106,931,617	\$107,236,300	\$107,227,846
Restricted	6,301,664	6,559,454	7,003,800	7,124,996	7,468,675	7,740,061	7,580,311	9,243,246	9,167,442	10,165,608
Unrestricted	16,440,924	14,771,367	15,095,817	13,515,612	14,207,069	(18,553,655)	(21,371,346)	(23,122,641)	(33,263,272)	(33,706,625)
Total Governmental Activities Net Position	<u>\$124,273,269</u>	<u>\$126,267,268</u>	<u>\$126,796,620</u>	<u>\$126,421,323</u>	<u>\$127,465,981</u>	<u>\$93,654,374</u>	<u>\$92,715,818</u>	<u>\$93,052,222</u>	<u>\$83,140,470</u>	<u>\$83,686,829</u>
Business-type Activities										
Net investment in capital assets	\$24,472,039	\$25,544,919	\$26,024,107	\$26,070,283	\$26,033,422	\$25,797,236	\$26,040,747	\$28,611,229	\$29,941,399	\$30,349,846
Unrestricted	3,842,923	3,964,008	4,257,248	4,742,682	5,127,537	4,189,764	6,693,240	4,337,720	2,922,048	3,024,150
Total Business-type Activities Net Position	<u>\$28,314,962</u>	<u>\$29,508,927</u>	<u>\$30,281,355</u>	<u>\$30,812,965</u>	<u>\$31,160,959</u>	<u>\$29,987,000</u>	<u>\$32,733,987</u>	<u>\$32,948,949</u>	<u>\$32,863,447</u>	<u>\$33,373,996</u>
Primary Government										
Net investment in capital assets	\$126,002,720	\$130,481,366	\$130,721,110	\$131,850,998	\$131,823,659	\$130,265,204	\$132,547,600	\$135,542,846	\$137,177,699	\$137,577,692
Restricted	6,301,664	6,559,454	7,003,800	7,124,996	7,468,675	7,740,061	7,580,311	9,243,246	9,167,442	10,165,608
Unrestricted	20,283,847	18,735,375	19,353,065	18,258,294	19,334,606	(14,363,891)	(14,678,106)	(18,784,921)	(30,341,224)	(30,682,475)
Total Primary Government Net Position	<u>\$152,588,231</u>	<u>\$155,776,195</u>	<u>\$157,077,975</u>	<u>\$157,234,288</u>	<u>\$158,626,940</u>	<u>\$123,641,374</u>	<u>\$125,449,805</u>	<u>\$126,001,171</u>	<u>\$116,003,917</u>	<u>\$117,060,825</u>

⁽¹⁾As restated

⁽²⁾Beginning in FY10, the Town began reporting internally restricted capital reserve funds as a component of unrestricted net position rather than as restricted net position as it had done in prior years.

⁽³⁾First year of implementation of GASB 68. Prior periods have not been restated.

⁽⁴⁾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

	2010 ⁽¹⁾	2011 ⁽¹⁾	2012 ⁽¹⁾	2013	2014	2015	2016	2017	2018	2019
Expenses										
<u>Governmental Activities</u>										
General government	\$ 5,415,866	\$ 5,772,403	\$ 5,241,472	\$ 5,770,858	\$ 5,941,095	\$ 6,620,989	\$ 5,244,746	\$ 6,415,503	\$ 8,329,288	\$ 9,962,121
Public safety	19,220,474	19,716,889	20,088,167	19,705,078	20,004,575	19,175,876	18,972,353	20,910,725	19,421,896	19,438,482
Highway & streets	4,291,377	4,368,205	4,039,962	4,550,329	4,868,843	5,021,892	4,444,365	4,747,643	4,425,318	4,378,673
Health & welfare	813,431	735,916	643,871	712,326	812,632	777,789	687,021	601,102	631,724	365,616
Sanitation	1,591,142	1,579,299	1,634,394	1,632,599	1,620,297	1,757,139	1,963,583	2,106,923	1,827,450	2,322,789
Culture & recreation	2,908,787	2,940,331	3,351,764	3,062,131	3,301,712	3,157,056	3,136,458	3,234,986	3,115,494	3,262,128
Conservation	12,252	16,577	9,120	24,136	12,149	22,172	9,760	17,982	765,435	7,140
Redevelopment & housing	177,750	-	-	-	-	-	-	-	-	-
Economic development	405,316	1,437,987	702,479	1,440,817	179,717	656,802	615,423	708,402	667,401	1,478,417
Debt service	389,331	365,191	386,000	375,763	411,395	373,170	330,799	267,901	263,458	330,207
Total Governmental Activities Expenses	35,225,726	36,932,798	36,097,229	37,274,037	37,152,415	37,562,885	35,404,508	39,011,167	39,447,464	41,545,573
<u>Business-type Activities</u>										
Water	2,089,938	2,337,353	2,313,232	2,345,410	2,423,251	2,354,975	2,374,976	2,514,734	2,628,904	2,518,606
Sewer	1,948,520	1,944,450	1,937,795	1,978,125	2,033,106	2,087,829	2,232,643	2,282,636	2,161,582	2,293,401
Total Business-type Activities Expenses	4,038,458	4,281,803	4,251,027	4,323,535	4,456,357	4,442,804	4,607,619	4,797,370	4,790,486	4,812,007
Total Primary Government Expenses	\$ 39,264,184	\$ 41,214,601	\$ 40,348,256	\$ 41,597,572	\$ 41,608,772	\$ 42,005,689	\$ 40,012,127	\$ 43,808,537	\$ 44,237,950	\$ 46,357,580
Program Revenues										
<u>Governmental Activities</u>										
Charges for services:										
General government	\$ 93,207	\$ 129,549	\$ 125,387	\$ 128,466	\$ 127,748	\$ 159,877	\$ 132,818	\$ 118,916	\$ 141,615	\$ 162,632
Public safety	1,611,004	1,690,832	1,410,038	1,307,973	1,834,499	1,548,557	1,589,881	1,839,087	1,747,645	1,830,690
Highway & streets	21,772	40,214	92,982	41,149	27,958	36,364	57,285	41,611	32,655	77,400
Health & welfare	22,932	26,959	27,927	30,275	33,290	29,250	29,875	30,495	31,135	31,255
Sanitation	397,267	450,465	508,259	382,358	416,529	409,554	397,767	492,994	615,433	589,776
Culture & recreation	170,374	194,859	199,406	159,898	151,294	148,705	160,423	137,095	123,061	125,620
Operating grants & contributions	2,210,538	1,819,782	1,447,375	1,297,582	1,581,906	1,129,626	1,126,608	424,284	478,484	491,124
Capital grants & contributions	1,200,803	2,695,727	1,330,203	402,110	303,000	961,473	610,892	1,067,132	1,518,553	1,416,608
Total Governmental Activities Program Revenues	5,727,897	7,048,387	5,141,577	3,749,811	4,476,224	4,423,406	4,105,549	4,151,614	4,688,581	4,725,105
<u>Business-type Activities</u>										
Charges for services										
Water	2,270,130	2,458,522	2,533,351	2,546,316	2,502,674	2,535,847	2,573,530	2,664,892	2,735,457	2,623,958
Sewer	2,012,193	2,071,878	2,071,417	2,093,096	2,061,384	2,076,150	2,066,772	2,125,897	2,134,955	2,196,406
Operating grants & contributions	643,106	205,444	88,403	91,288	19,112	24,953	37,155	19,111	21,578	23,012
Capital grants & contributions	97,496	661,175	164,409	65,771	97,309	64,537	62,915	1,845,548	1,107,010	57,768
Total Business-type Activities Program Revenues	5,022,925	5,397,019	4,857,580	4,796,471	4,680,479	4,701,487	4,740,372	6,655,448	5,999,000	4,901,144
Total Primary Government Revenues	\$ 10,750,822	\$ 12,445,406	\$ 9,999,157	\$ 8,546,282	\$ 9,156,703	\$ 9,124,893	\$ 8,845,921	\$ 10,807,062	\$ 10,687,581	\$ 9,626,249
Net (Expense) Revenue										
Governmental activities	\$ (29,497,829)	\$ (29,884,411)	\$ (30,955,652)	\$ (33,524,226)	\$ (32,676,191)	\$ (33,139,479)	\$ (31,298,959)	\$ (34,859,553)	\$ (34,758,883)	\$ (36,820,468)
Business-type activities	984,467	1,115,216	606,553	472,936	224,122	258,683	132,753	1,858,078	1,208,514	89,137
Total Primary Government Net Expense	\$ (28,513,362)	\$ (28,769,195)	\$ (30,349,099)	\$ (33,051,290)	\$ (32,452,069)	\$ (32,880,796)	\$ (31,166,206)	\$ (33,001,475)	\$ (33,550,369)	\$ (36,731,331)
General Revenues & Other Changes in Net Position										
<u>Governmental Activities</u>										
Property & other taxes	\$ 23,360,148	\$ 23,962,310	\$ 23,668,700	\$ 24,818,369	\$ 24,918,410	\$ 25,097,755	\$ 23,441,027	\$ 23,514,876	\$ 24,650,888	\$ 25,373,049
Motor vehicle registration & franchise fees	4,669,813	4,717,598	4,899,562	5,072,002	5,444,800	5,800,062	6,186,019	6,620,752	6,842,926	7,029,103
Grants & contributions not restricted to specific programs	1,694,458	1,780,356	1,542,507	1,594,268	1,572,865	1,687,973	1,677,543	1,703,756	1,697,627	1,692,822
Interest & investment earnings	523,509	784,714	471,109	615,937	1,022,648	552,777	618,887	755,430	987,115	1,927,208
Miscellaneous	687,969	633,431	917,755	1,033,023	762,126	2,225,678	932,040	816,845	778,233	1,364,706
Contributions to permanent fund principal	-	-	-	-	-	-	-	-	-	-
Special items-gain on sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(31,272)	-	(14,629)	15,330	-	(4,020)	(2,495,113)	1,784,298	745,035	(20,061)
Total Governmental Activities	30,904,625	31,878,409	31,485,004	33,148,929	33,720,849	35,360,225	30,360,403	35,195,957	35,701,824	37,366,827
<u>Business-type Activities</u>										
Income & investment earnings	11,012	9,166	17,884	18,886	30,679	40,409	35,196	47,498	76,409	133,957
Miscellaneous	52,071	69,583	133,363	55,118	93,193	67,187	83,925	93,684	102,751	267,394
Transfers	31,272	-	14,629	(15,330)	-	4,020	2,495,113	(1,784,298)	(745,035)	20,061
Total Business-type Activities	94,355	78,749	165,876	58,674	123,872	111,616	2,614,234	(1,643,116)	(565,875)	421,412
Total Primary Government Activities	\$ 30,998,980	\$ 31,957,158	\$ 31,650,880	\$ 33,207,603	\$ 33,844,721	\$ 35,471,841	\$ 32,974,637	\$ 33,552,841	\$ 35,135,949	\$ 37,788,239
Change in Net Position										
Governmental Activities	\$ 1,406,796	\$ 1,993,998	\$ 529,352	\$ (375,297)	\$ 1,044,658	\$ 2,220,746	\$ (938,556)	\$ 336,404	\$ 942,941	\$ 546,359
Business-type Activities	1,078,822	1,193,965	772,429	531,610	347,994	370,299	2,746,987	214,962	642,639	510,549
Total Primary Government	\$ 2,485,618	\$ 3,187,963	\$ 1,301,781	\$ 156,313	\$ 1,392,652	\$ 2,591,045	\$ 1,808,431	\$ 551,366	\$ 1,585,580	\$ 1,056,908

⁽¹⁾As restated

Source: Statement of Activities

TOWN OF DERRY, NEW HAMPSHIRE
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2011 ⁽¹⁾</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>
General Fund:										
Reserved	\$ 566,455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	10,330,675	-	-	-	-	-	-	-	-	-
Nonspendable	-	47,666	74,168	56,696	54,481	568,208	416,389	652,133	732,613	1,008,556
Restricted	-	620,550	571,271	433,634	97,984	93,789	6,525	123,069	136,885	88,700
Committed ⁽²⁾	-	5,530,589	5,203,971	8,114,454	9,669,390	11,633,161	11,476,393	11,742,223	9,775,005	10,817,611
Assigned	-	349,130	1,092,965	916,653	878,530	1,007,253	1,192,987	1,268,051	4,021,455	3,149,569
Unassigned ⁽²⁾	-	10,244,689	12,806,496	11,332,187	11,174,926	11,319,369	8,976,586	9,070,775	9,899,296	9,873,327
Total General Fund	<u>\$ 10,897,130</u>	<u>\$ 16,792,624</u>	<u>\$ 19,748,871</u>	<u>\$ 20,853,624</u>	<u>\$ 21,875,311</u>	<u>\$ 24,621,780</u>	<u>\$ 22,068,880</u>	<u>\$ 22,856,251</u>	<u>\$ 24,565,254</u>	<u>\$ 24,937,763</u>
All Other Governmental Funds:										
Reserved	\$ 6,785,990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	6,419,871	-	-	-	-	-	-	-	-	-
Capital project funds	2,018,817	-	-	-	-	-	-	-	-	-
Permanent funds	419,344	-	-	-	-	-	-	-	-	-
Nonspendable	-	5,038,112	5,304,598	5,368,609	5,574,790	5,792,133	6,388,842	6,464,840	6,561,551	8,218,364
Restricted	-	2,171,234	3,287,736	2,721,806	5,186,410	4,070,836	1,768,444	2,780,799	2,625,049	5,232,807
Committed	-	2,117,395	1,575,289	4,607,773	2,394,239	2,125,987	1,934,167	1,791,605	2,143,772	2,059,029
Unassigned	-	-	-	(75,846)	-	-	-	-	(24,930)	-
Total All Other Governmental Funds	<u>\$ 15,644,022</u>	<u>\$ 9,326,741</u>	<u>\$ 10,167,623</u>	<u>\$ 12,622,342</u>	<u>\$ 13,155,439</u>	<u>\$ 11,988,956</u>	<u>\$ 10,091,453</u>	<u>\$ 11,037,244</u>	<u>\$ 11,305,442</u>	<u>\$ 15,510,200</u>

⁽¹⁾Beginning with FY 2011, the presentation of Fund Balance conforms with Government Accounting Standards Board Statement No. 54.

⁽²⁾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

Source: Governmental Funds Balance Sheet

TOWN OF DERRY, NEW HAMPSHIRE
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 23,452,828	\$ 23,451,834	\$ 23,610,788	\$ 24,848,384	\$ 24,875,060	\$ 25,819,686	\$ 23,151,016	\$ 23,494,016	\$ 24,579,220	\$ 25,388,361
Licenses & permits	5,065,518	5,107,026	5,190,764	5,392,415	5,842,408	6,126,213	6,697,822	7,082,591	6,949,520	7,453,714
Intergovernmental	4,507,678	5,326,913	3,677,367	3,297,746	3,154,771	3,527,634	2,833,415	3,195,173	3,616,291	3,600,554
Charges for services	1,920,850	2,143,450	2,072,796	1,729,707	2,193,710	2,006,157	1,856,269	2,198,361	2,424,949	2,392,762
Interest & investment income	523,510	784,712	471,108	615,937	1,022,647	552,777	618,886	755,429	987,119	1,927,209
Contributions	-	-	424,077	-	-	-	-	-	-	-
Miscellaneous	563,107	504,729	590,296	975,022	652,176	963,616	508,585	432,764	602,033	608,258
Total Revenues	36,033,491	37,318,664	36,037,196	36,859,211	37,740,772	38,996,083	35,665,993	37,158,334	39,159,132	41,370,858
Expenditures										
Current operations-										
General government	4,662,711	5,051,656	4,919,263	4,993,375	5,008,945	5,228,059	5,199,448	5,585,350	6,326,743	7,067,858
Public safety	17,872,831	18,334,892	18,592,809	18,491,033	18,726,144	19,249,577	18,386,108	19,133,623	18,875,439	19,364,764
Highways & streets	4,103,297	3,802,837	3,885,826	3,875,348	4,350,830	4,196,320	3,984,241	4,114,218	4,164,610	4,545,890
Health & welfare	801,740	716,642	604,040	663,639	763,935	727,628	637,269	547,627	589,604	367,300
Sanitation	1,510,116	1,559,847	1,576,299	1,558,825	1,554,347	1,698,273	1,809,678	1,883,093	1,962,208	2,107,975
Culture & recreation	2,697,540	2,679,467	2,953,589	2,647,311	2,707,141	2,726,284	2,767,850	2,800,428	2,840,240	3,028,383
Conservation	12,252	16,148	9,120	24,136	12,149	22,172	9,760	17,983	7,050	7,140
Redevelopment & housing	177,750	-	-	-	-	-	-	-	-	-
Economic Development	332,133	365,399	172,481	42,628	13,153	656,803	229,424	708,402	666,349	1,483,376
Capital outlay ⁽¹⁾	1,620,455	4,905,502	2,246,600	3,975,511	2,005,736	2,548,866	2,982,780	3,072,016	3,217,297	2,974,297
Debt service-										
Principal retirement	1,447,116	953,863	937,612	930,539	1,174,325	1,188,031	1,584,468	1,223,568	1,582,497	1,875,615
Interest & fiscal charges	678,112	368,055	379,504	401,483	408,797	387,214	376,303	259,714	254,110	293,102
Intergovernmental	9,983	10,009	10,369	10,074	12,485	51,074	50,980	10,747	-	-
Total Expenditures	35,926,036	38,764,317	36,287,512	37,613,902	36,737,987	38,680,301	38,018,309	39,356,769	40,486,147	43,115,700
Excess revenues over (under) expenditures	107,455	(1,445,653)	(250,316)	(754,691)	1,002,785	315,782	(2,352,316)	(2,198,435)	(1,327,015)	(1,744,842)
Other financing sources (uses):										
Issuance of long-term bonds	-	-	3,400,000	4,000,000	-	-	-	-	-	4,019,000
Bond premium	-	-	-	3,787	-	-	-	-	-	494,946
Issuance of refunding debt	-	-	-	1,250,000	-	-	1,475,000	-	-	-
Issuance of capital leases	-	898,394	367,654	203,068	439,023	104,403	-	1,745,365	2,394,159	1,597,534
Proceeds from sale of capital assets	129,354	125,472	294,416	70,654	112,979	1,163,820	350,177	401,934	165,022	230,690
Payments to refunding escrow	-	-	-	(1,228,676)	-	-	(1,428,151)	-	-	-
Transfers in	4,764,888	3,595,665	1,289,095	598,621	1,307,611	560,218	288,769	2,626,382	1,985,527	676,201
Transfers out	(4,796,160)	(3,595,665)	(1,303,723)	(583,291)	(1,307,611)	(567,237)	(2,783,882)	(842,084)	(1,240,492)	(696,262)
Premium paid on asset exchange	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	98,082	1,023,866	4,047,442	4,314,163	552,002	1,261,204	(2,098,087)	3,931,597	3,304,216	6,322,109
Net change in fund balances	\$ 205,537	\$ (421,787)	\$ 3,797,126	\$ 3,559,472	\$ 1,554,787	\$ 1,576,986	\$ (4,450,403)	\$ 1,733,162	\$ 1,977,201	\$ 4,577,267
Debt service as a percentage of non-capital expenditures ⁽²⁾										
	6.2%	3.9%	3.9%	3.8%	4.6%	4.4%	5.7%	4.1%	4.9%	5.4%

⁽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				
2010	\$2,041,836,522	\$409,283,343	\$67,359,800	\$28,739,420	\$2,489,740,245	\$9.39	\$2,620,779,205	95.000%
2011	2,044,021,314	406,511,108	68,917,300	29,023,053	2,490,426,669	9.41	2,485,455,757	100.200%
2012	2,047,409,452	399,299,617	77,978,400	29,780,675	2,494,906,794	9.52	2,355,908,210	105.900%
2013	1,891,691,991	446,126,677	78,549,100	29,122,507	2,387,245,261	10.39	2,428,530,276	98.300%
2014	1,905,452,576	405,159,727	84,415,817	28,835,371	2,366,192,749	10.39	2,517,226,329	94.000%
2015	2,025,529,201	423,374,237	85,977,274	30,265,466	2,504,615,246	9.72	2,808,357,314	89.184%
2016	2,033,365,986	427,667,634	86,088,174	31,323,700	2,515,798,094	9.16	2,764,420,315	91.006%
2017	2,438,583,950	338,874,095	97,706,000	35,094,300	2,840,069,745	8.30	3,098,756,240	94.800%
2018	2,766,028,336	378,889,103	109,708,867	29,380,766	3,225,245,540	8.44	3,512,714,295	92.600%
2019	2,799,845,173	382,588,804	112,068,773	28,732,766	3,265,769,984	7.60	3,530,698,545	99.186%

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

Notes:

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

TOWN OF DERRY, NEW HAMPSHIRE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

Total Overlapping Rates						
Fiscal Year	Town Rate	Derry School	State Education	Total School Rate	County Rate	Total Tax Rate ⁽¹⁾
2010	\$ 9.39	\$ 14.85	\$ 2.59	\$ 17.44	\$ 1.05	\$ 27.88
2011	9.41	15.51	2.48	17.99	1.08	28.48
2012	9.52	14.22	2.49	16.71	1.04	27.27
2013	10.39	16.35	2.59	18.94	1.15	30.48
2014	10.39	17.34	2.62	19.96	1.14	31.49
2015	9.72	16.11	2.44	18.55	1.15	29.42
2016	9.16	16.37	2.61	18.98	1.09	29.23
2017	8.30	15.52	2.23	17.75	1.01	27.06
2018	8.44	17.14	2.23	19.37	1.05	28.86
2019	7.60	15.43	2.04	17.47	0.96	26.03

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 2019			FY 2010		
		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.	\$76,499,288	1	2.34%	\$55,327,080	1	2.22%
Campbell, Gilbert G., Trustee (Aladdin Village & Derry County Club Estates)	Real Estate - Apartments	39,106,200	2	1.20%	39,487,500	2	1.59%
Public Service Company of NH (PSNH)	Utility - Electric	33,628,963	3	1.03%	14,318,700	6	0.58%
HCA Health Services of NH, Inc. (Parkland Medical Center)	Healthcare - Hospital	28,783,100	4	0.88%	20,304,200	3	0.82%
SUSO 4 Derry LP	Commercial - Retail	22,269,500	5	0.68%			0.00%
Hood Commons BSD LLC (Hood Plaza)	Commercial - Retail	17,732,200	6	0.54%	15,169,800	5	0.61%
Wal-Mart Real Estate Business Trust (Wal-Mart Superstore, Ashleigh Dr.)	Commercial - Retail	15,361,400	7	0.47%			
Ventas Birch Heights, LLC	Commercial - Elderly Assisted Living	12,632,200	8	0.39%			
EKMK Associates Ltd. Partnership	Real Estate - Apartments	11,493,600	9	0.35%	10,409,800	7	0.42%
Two Tsienneto Road Realty LLC	Medical Office Building	10,642,800	10	0.33%	9,482,100	9	0.38%
Wal-Mart Realty Co (Wal-Mart Store, Manchester Road)	Commercial - Retail w/Fueling Station				9,185,700	10	0.37%
Mariner Derry Meadows LLC	Commercial - Retail				19,137,300	4	0.77%
Derry Retirement Residence, LLC	Commercial - Elderly Assisted Living				9,896,100	8	
Totals		\$268,149,251		8.21%	\$202,718,280		7.74%
Total Taxable Assessed Valuation is:		\$3,265,769,984			\$2,489,740,245		

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
2010 ⁽¹⁾	\$ 23,037,481	\$22,505,738	97.69%	\$ 459,843	\$ 68,333	\$ 23,033,914	99.98%
2011	23,477,396	23,019,793	98.05%	394,994	55,649	23,470,436	99.97%
2012	23,817,145	23,360,347	98.08%	384,750	61,112	23,806,210	99.95%
2013	24,408,192	24,022,106	98.42%	316,633	52,195	24,390,934	99.93%
2014	24,623,357	24,190,174	98.24%	335,464	49,600	24,575,238	99.80%
2015	24,382,679	23,716,617	97.27%	486,946	37,291	24,240,853	99.42%
2016	24,266,054	22,823,346	94.05%	1,164,898	36,589	24,024,834	99.01%
2017	23,121,180	22,855,905	98.85%	83,807	51,504	22,991,216	99.44%
2018	23,908,193	23,638,459	98.87%	-	29,603	23,668,062	99.00%
2019	24,600,677	24,114,120	98.02%	-	27,596	24,141,716	98.13%

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.

⁽¹⁾Taxes levied for the Fiscal Years and thereafter include additional lien levy

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		
	General Obligation Bonds ⁽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
2010	\$ 5,470,000	\$ 600,000	\$ 282,672	\$ 1,840,000	\$ 450,000	\$ 681	-	\$ 4,156,280	\$ 681	\$ 12,800,314	N/A	\$ 373
2011	4,960,000	-	814,225	1,760,000	400,000	1,058	-	3,649,730	1,059	11,586,072	0.26%	350
2012	4,450,000	-	836,286	5,080,000	350,000	-	-	3,136,078	-	13,852,364	0.22%	420
2013	7,990,000	-	698,815	5,000,000	800,000	-	-	2,865,000	-	17,353,815	0.18%	522
2014	7,374,738	-	783,506	4,920,000	2,502,772	-	-	4,274,020	-	19,855,036	0.16%	602
2015	6,637,881	-	509,885	4,840,000	2,362,173	44,770	-	3,959,674	44,770	18,399,153	0.17%	554
2016	5,921,025	-	215,418	4,285,000	2,218,580	33,938	-	3,657,322	33,938	16,365,221	0.19%	493
2017	5,279,168	-	1,802,214	3,855,000	2,072,493	22,870	-	3,332,465	22,870	16,387,080	0.19%	494
2018	4,545,000	-	3,678,876	3,420,000	1,887,072	11,559	-	2,972,928	11,559	16,526,994	0.19%	497
2019	7,949,000	-	4,450,795	2,985,000	1,742,224	-	-	2,647,776	-	19,774,795	0.17%	591

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
	General Obligation Bonds	Tax Increment Financing Bonds	Total		
2010	\$5,470,000	\$1,840,000	\$7,310,000	0.29%	\$213
2011	4,960,000	1,760,000	6,720,000	0.27%	203
2012	4,450,000	5,080,000	9,530,000	0.38%	289
2013	7,990,000	5,000,000	12,990,000	0.55%	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	0.34%	327

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 132 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, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Direct & Overlapping Debt</u>
Direct:			
Town of Derry - Bonds	\$7,949,000	100.00%	\$7,949,000
Town of Derry - Tax Increment Financing Bonds	\$2,985,000	100.00%	<u>2,985,000</u>
Town of Derry - Capital Leases	\$4,450,795	100.00%	<u>4,450,795</u>
Sub Total - Direct Debt			15,384,795
Overlapping:			
Rockingham County	\$10,121,868	6.4055%	<u>648,356</u>
Derry Cooperative School District	\$18,441,242	100.00%	<u>18,441,242</u>
Sub Total - Overlapping Debt			<u>19,089,598</u>
Total Direct and Overlapping Debt			<u><u>\$34,474,393</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 2019

Estimated full value	\$3,530,698,545
General Fund debit limit (3% of equalized Valuation)	105,920,956
Water Fund debit limit (10% of equalized Valuation)	353,069,855

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund										
Debt Limit	\$79,472,053	\$75,472,246	\$75,570,494	\$73,292,846	\$80,561,177	\$84,250,719	\$105,920,956	\$92,962,687	\$92,962,687	\$103,868,217
Total debt applicable to limit ⁽¹⁾	<u>5,470,000</u>	<u>4,960,000</u>	<u>4,450,000</u>	<u>7,990,000</u>	<u>7,374,738</u>	<u>6,637,881</u>	<u>5,921,025</u>	<u>5,279,168</u>	<u>5,279,168</u>	<u>7,949,000</u>
Legal debt margin	<u>\$74,002,053</u>	<u>\$70,512,246</u>	<u>\$71,120,494</u>	<u>\$65,302,846</u>	<u>\$73,186,439</u>	<u>\$77,612,838</u>	<u>\$99,999,931</u>	<u>\$87,683,519</u>	<u>\$87,683,519</u>	<u>\$95,919,217</u>
Total debt applicable to limit as a percentage of debt limit	6.88%	6.57%	5.89%	10.90%	9.15%	7.88%	5.59%	5.68%	5.68%	7.65%
Water Fund										
Debt Limit	\$264,906,843	\$251,574,153	\$251,901,647	\$244,309,487	\$268,537,258	\$280,835,731	\$353,069,855	\$309,875,624	\$309,875,624	\$346,227,390
Total debt applicable to limit	<u>450,000</u>	<u>400,000</u>	<u>2,568,500</u>	<u>2,518,500</u>	<u>2,502,772</u>	<u>2,362,173</u>	<u>2,218,580</u>	<u>2,072,493</u>	<u>2,072,493</u>	<u>1,742,224</u>
Legal debt margin	<u>\$264,456,843</u>	<u>\$251,174,153</u>	<u>\$249,333,147</u>	<u>\$241,790,987</u>	<u>\$266,034,486</u>	<u>\$278,473,558</u>	<u>\$350,851,275</u>	<u>\$307,803,131</u>	<u>\$307,803,131</u>	<u>\$344,485,166</u>
Total debt applicable to limit as a percentage of debt limit	0.17%	0.16%	1.02%	1.03%	0.93%	0.84%	0.63%	0.67%	0.67%	0.50%

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
2010	34,318	N/A	N/A	6,161	6.4%
2011	33,109	\$ 997,673,497	\$30,133	6,018	5.5%
2012	33,008	993,177,712	30,089	5,900	6.5%
2013	33,220	1,038,257,880	31,254	5,863	5.6%
2014	32,988	1,031,171,892	31,259	5,690	4.9%
2015	33,211	1,009,514,767	30,397	6,586	4.3%
2016	33,180	1,014,312,600	30,570	6,937	5.1%
2017	33,202	1,044,103,294	31,447	6,630	2.9%
2018	33,246	1,062,774,882	31,967	6,809	3.3%
2019	33,440	1,110,475,520	33,208	6,798	2.4%

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.

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 2019			Fiscal Year 2010		
		Employees	Rank	% of Total Town Employment	Employees	Rank	% of Total Town Employment
Derry Cooperative School District	Education	620	1	3.31%	670	1	3.62%
HCA Health Services of NH	Healthcare/hospital	532	2	2.84%	589	2	3.18%
Pinkerton Academy	Education	462	3	2.46%	474	3	2.56%
Town of Derry	Municipal services	364	4	1.94%	324	4	1.75%
Wal-Mart Store	Retail chain	265	5	1.41%	200	5	1.08%
Hannaford Supermarket	Supermarket	142	6	0.76%	147	7	0.79%
Shaw's Supermarket	Supermarket	105	7	0.56%	150	6	0.81%
Fireye	Fire equipment	100	8	0.53%	125	9	0.67%
Benson's Hardware	Hardware supply store	50	9	0.27%			
Total Air Supply	Light manufacturer	40	10	0.21%			
Cedar Point Communications	Voice-multimedia switch networks				140	8	0.76%
Sanmina/Hadco	Electronics				100	10	0.54%

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 2019 and 2010 information is from the 2018 and 2009 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

Function/Program	2010 ⁽¹⁾	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Governmental Activities</u>										
General Government	26	25	24	24	25	26	23	22	21	21
Public Safety	153	153	152	150	149	149	148	146	146	148
Highway & Streets	28	27	27	27	27	27	27	30	30	30
Health & Welfare	3	3	3	3	4	4	2	2	2	0
Sanitation	5	5	5	5	5	5	5	5	5	6
Culture & Recreation	8	8	8	8	8	8	8	8	8	8
Economic Development	2	2	2	2	2	2	2	2	3	3
<u>Business-Type Activities</u>										
Water	6	6	6	6	7	7	7	7	7	7
Sewer	7	7	7	7	7	7	7	7	7	7
Totals	<u>238</u>	<u>236</u>	<u>234</u>	<u>232</u>	<u>234</u>	<u>235</u>	<u>229</u>	<u>229</u>	<u>229</u>	<u>230</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.

⁽¹⁾A full-time position originally removed in the FY2010 budget was restored by the Town Council early in the fiscal year and has been included in the information shown.

TOWN OF DERRY, NEW HAMPSHIRE
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Number of police calls answered	24,690	26,663	26,939	26,607	26,034	22,960	23,785	26,298	30,126	29,132
Physical arrests	1,363	1,272	1,412	1,330	1,433	1,186	1,231	1,196	1,164	1,238
Traffic violations	960	1,144	1,052	1,008	991	627	701	919	756	706
Parking violations	482	534	1,182	966	866	529	382	1,070	652	697
Total offenses reported (prior calendar year basis)										
Group A	2,691	2,854	3,033	2,880	2,520	2,758	2,396	2,307	2,157	2,087
Group B	1,107	1,048	1,071	1,051	919	971	827	937	1,182	1,092
Fire & rescue calls dispatched (5 towns)	8,127	7,804	7,930	7,930	7,294	7,290	7,513	7,704	8,226	7,755
Total fire & rescue responses	4,546	4,393	4,282	4,193	4,281	4,586	4,722	4,836	5,091	5,021
Fire emergency services	1,513	1,405	1,396	1,445	1,447	1,607	1,683	1,730	1,868	1,747
False alarms	407	422	393	387	412	452	403	412	421	423
EMS/Rescue	3,033	2,939	2,886	2,886	3,081	3,302	3,321	3,298	3,516	3,553
Patients treated & transported	2,327	2,360	2,247	2,299	2,398	2,477	2,467	2,477	2,589	2,714
Patients treated only	25	10	22	29	21	18	19	21	57	47
Inspections conducted										
Fire code	705	697	713	744	862	858	969	1,213	1,114	1,867
Permits	648	198	627	773	721	689	723	770	749	897
Fire permits	3,691	4,012	2,495	2,114	1,412	1,952	2,016	1,787	1,928	2,009
Public safety education programs	122	138	61	72	32	51	51	35	47	135
Program attendees	4,877	4,965	2,179	815	819	1,267	1,780	2,823	3,090	3,067
Water										
Daily average water consumption	1.24 MGD	1.34 MGD	1.41 MGD	1.42 MGD	1.47 MGD	1.45 MGD	1.56 MGD	1.60 MGD	1.48 MGD	1.45 MGD
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	1.80 MGD	1.59 MGD	1.72 MGD	1.54 MGD	1.54 MGD	1.58 MGD	1.47 MGD	1.54 MGD	1.60 MGD	1.80 MGD
Maximum daily capacity	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD	3.00 MGD

Source: Various Town departments

TOWN OF DERRY, NEW HAMPSHIRE
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	30	30	30	30	30	30	30	30	30
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire/EMS response apparatus	30	30	30	30	30	30	30	30	30	30
Highways & streets										
Miles of streets	162.4	162.8	163.2	163.2	163.2	163.74	164.57	165.39	165.39	165.39
Number of street lights	921	921	923	923	923	923	923	923	923	923
Miles of sidewalks	19.3	19.3	19.3	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	68.7	70.31	70.31	70.31	70.31	71.62	71.62	71.94	70.31	85.96
Service connections	4,005	4,028	4,041	4,050	4,071	4,075	4,094	4,115	4,050	4,250
Fire hydrants	592	614	614	614	614	629	629	638	614	659
Sewer										
Miles of sanitary sewers	48.9	48.9	48.9	48.9	48.9	50.44	50.44	50.44	48.9	53.12
Miles of storm sewers	18	19	19	19	19	19.25	19.25	19.35	19.00	19.14
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	3,049	3,064	3,082	3,087	3,096	3,100	3,116	3,130	3,087	3,209

Source: Various Town departments

Additional Offices:

Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 14, 2019.

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

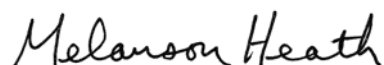
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in cursive script that reads "Melanson Heath".

November 14, 2019