

TOWN OF LONDONDERRY, NEW HAMPSHIRE

**Comprehensive Annual Financial Report
Annual Financial Statements**

For the Year Ended June 30, 2014



**Prepared by:
The Finance and Administration Department**

**Susan A. Hickey
Director of Finance and Administration**

**Doug Smith
Controller**

Town of Londonderry, New Hampshire
Comprehensive Annual Financial Report
For the Year Ended June 30, 2014

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INTRODUCTORY SECTION

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Town of Londonderry
268 B Mammoth Road
Londonderry, NH 03053
(603) 432-1100

October 10, 2014

To the Citizens and Members of the Town Council:

The Comprehensive Annual Financial Report (CAFR) of the Town of Londonderry, New Hampshire for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the following data, including the financial statements, supporting schedules, and statistical tables, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is responsible for establishing and maintaining adequate internal controls. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the benefits of control systems must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance; however, we believe that the Town's existing internal control systems are adequate.

Town management's narrative on the financial activities of the Town for the fiscal year ended June 30, 2014 is in the Management's Discussion and Analysis (MD&A) section of this report, immediately following the Independent Auditors' Report. This 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 Town's CAFR.

The Town's CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the Town's organizational chart, and a list of principal officials. The financial section includes the basic

financial statements and schedules, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the Town. The Town provides a full range of services including police and fire protection, public works operations, planning, zoning and code enforcement, health and welfare, library and recreation. The Town has a sewer utility that is accounted for as a special revenue fund. This report does not include the funds of the Londonderry 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. The independent auditors' report appears on page 15 of this report. 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 Londonderry is located in Rockingham County in southern New Hampshire, approximately 40 minutes northwest of Boston via Route 93, and is situated between Salem and Derry. The Town has a population of 24,269 (according to the 2012 Census) and occupies 42.12 square miles of land.

Londonderry was incorporated in 1722 and since 1996 has operated under a charter with a Council-Manager form of local government. In 2012, the charter was amended to have all budgetary items voted on at the first session of Town Meeting, which is all voting by ballot.

Londonderry has a diverse character, combining residential, commercial, industrial and recreational activities. Over the past decade, the Town has experienced significant tax base growth, with an increasing amount of the growth occurring in commercial and industrial property. This is due to Londonderry's proximity to two of New Hampshire's major north/south highways, as well as the presence of Manchester-Boston Regional Airport (MHT) within the community. MHT offers direct flights to many major cities around the nation.

Governing Boards. The Town Council consists of five members elected to staggered three-year terms. The Council acts as the legislative body of the Town (except for the adoption of the annual budget) and appoints a Town Manager to serve an indefinite term as the Town's chief executive. A Budgetary Town Meeting approves long-term debt, in addition to the annual budget. The funds approved at the Budgetary Town Meeting include General Fund Operations, Special Revenue Funds, and Capital Project Funds.

Services. The Town provides a full-range of services to residents including waste water treatment; refuse collection and disposal; highway construction and maintenance, including snow plowing; storm sewer system and related infrastructure maintenance and construction; police and fire protective services; library and recreational facilities and services; human services; and planning, economic and community development, and code enforcement services.

Administration. Administrative functions of the Town are carried out by the Town Manager. The Town Manager is responsible for the administrative and financial affairs of the Town, overseeing the day-to-day operations, and implementing policies established by the Town Council. The Town Manager is responsible for appointing the heads of the various departments, for negotiating with the various bargaining units of the Town, and making recommendations to the Town Council on various issues.

Fiscal Year and Budget. The Town's fiscal year begins on July 1st of each year and ends the following June 30th. The Town's budget process commences in the fall of each year with the Capital Improvements Program budget. All capital spending of \$300,000 or more involving assets with useful lives of 3 years or longer is included in this budget. The Capital Improvement Committee reviews all projects and determines priority based on defined parameters. The plan is submitted to the Planning Board for approval. The approved plan is then presented to the Town Council. Based on the Town's administrative financing policy, items are identified for length of bonding or other type of financing by the Town Council.

Items identified for the annual operating budget are included in the Town Manager's recommended annual budget. Departments are responsible for submitting their annual budget requests to the Town Manager. After reviews with the departments, the Town Manager makes any final adjustments to his recommended budget. The Department Heads' and Town Manager's recommended budget is presented to the Town Council beginning in November of each year.

The Town Council may adjust the Town Manager's recommended annual budget by majority vote. The Council is required to hold two public hearings on the budget, and all budget adjustments and petition warrant articles are presented to the public at the Deliberative Session in February. The budget is then presented for voting by the taxpayers at the annual town meeting in March. The legal spending limit is at the department level, as voted by town meeting.

INFORMATION USEFUL IN ASSESSING THE GOVERNMENT'S ECONOMIC CONDITION

Local Economy

Local economic conditions are favorable when compared to other regions. The 2014 unemployment rate for Londonderry is 5.6%, which is slightly below the overall 2014 U.S. unemployment rate of 5.9%. Three major areas of complimentary development

are taking shape to provide unprecedented economic expansion within Londonderry that will benefit the entire State of New Hampshire.

The Town of Londonderry has proven to be a strong economic engine for the State of New Hampshire, absorbing over 1,000,000 square feet of new industrial development over the past 9 years, with an additional 1,000,000 square feet approved in 2014. Londonderry is accessible by US Route 3 and the FE Everett Turnpike, Interstate 93, and NH Route 101, providing access to points north and south, including the greater Boston market. The NH Department of Transportation's Manchester Airport Access Road has been operating since November 2011. As a result, Londonderry now enjoys direct access to the FE Everett Turnpike/Route 3. As part of the Manchester Airport Access Road project, the state constructed a signalized intersection for the future Pettengill Road, opening approximately 1,000 acres of undeveloped or underdeveloped land zoned for business use. In 2013, the Town Council approved a Tax Increment Financing (TIF) district for the Manchester Airport area, encompassing the undeveloped land around Pettengill Road. Since then, the Town has been working with land owners and business prospects to initiate construction of this important east-west link to the FE Everett Turnpike. With the recent approvals of new industrial facilities, two lanes of almost 2,000 feet of the western segment of Pettengill Road are slated to be constructed by developers over the next year as part of a new 600,000 square foot industrial project. Additionally, public sewer will be extended to the area in accordance with the Town's Sewer Facilities Plan, along with the other essential utilities for development, all in partnership with the landowners, developers and the Town.

Due to sound fiscal policies and land use/economic development planning efforts, the Town remains well positioned to maintain its strong financial position and capitalize on future economic growth. A number of economic development projects have begun to take shape over the past year. An existing service station is expanding into a travel center at the Route 93 exit 5 interchange, to include fuel service for autos and tractor trailers, a new restaurant, and a new 9,000 square foot NH State Liquor Store outlet. A popular cigar emporium is converting a former office building near Exit 5 to repurpose it into an elite facility.

Londonderry also welcomed several new businesses in 2014, including Prologis, UPS Logistics, Pratt and Whitney, and Milton CAT. Prologis is managing the construction of a 600,000 square foot facility on Pettengill Road for UPS Logistics. Pratt and Whitney will occupy the facility and assemble kits to be distributed to other Pratt and Whitney facilities on the east coast and Canada for airplane fabrication. FedEx Ground is currently constructing a new 300,000 square foot facility at the eastern end of Pettengill Road near Industrial Drive, with a scheduled opening date in the fall of 2015. Milton CAT is also planning a move to this same area in Londonderry, with the proposed construction of a 100,000 square foot facility to distribute and service their equipment within the region.

The significance of having existing businesses expanding within Londonderry and new businesses moving into town is a strong indication that these businesses are pleased with the service, location and workforce that Londonderry and the region

provides. The Town's Planning and Economic Development Department, along with the dedicated service of the individuals from the various land use and development boards, continues to make economic development its top priority. The intent behind this community effort is to create more job opportunities, expand the tax base and help make Londonderry an even better place to live, work and do business. The Town has also expanded its partnerships with local and regional Chambers of Commerce in an effort to maximize resources to attract and grow future enterprises.

Long-Term Financial Planning

The Town continues to revise its budget review process to insure 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 in light of current economic conditions and operational policies. These and other financial policies are summarized in a comprehensive Financial Management Policy adopted by the Town Council.

The Town has completed a 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.

In fiscal year 2003, the Town reviewed the adequacy of its fire, ambulance and highway equipment capital reserve programs and made adjustments to insure that sufficient funds will be available in the future to purchase equipment at appropriate intervals, without reliance upon long-term bonding mechanisms. In fiscal year 2010, Town voters appropriated \$225,000 for the public safety/highway equipment capital reserve funds; that investment was increased to \$325,000 in fiscal years 2011 and 2012. In fiscal year 2013, voters approved \$510,000 for fire, ambulance and highway equipment capital reserve programs, as well as \$150,000 designated for replacing various fire and emergency equipment such as medical needs and protective clothing. In fiscal year 2014, voters approved \$710,000 for fire, ambulance, and highway truck capital reserve programs, as well as \$100,000 for a newly established cable equipment fund. No funds were appropriated for capital reserves for fiscal year 2015, as the goal of the Town Council was to re-build the unassigned fund balance within the general fund.

In fiscal year 2004, the Town Council and Town Meeting established an Expendable Maintenance Trust Fund for buildings and grounds. This program is designed to systematically plan for the repair and improvements of Town facilities over a multi-year period, resulting in safe, efficient Town facilities funded by a constant level of taxpayer investment. For fiscal year 2014, Town voters appropriated \$200,000 for this program to ensure that all Town facilities, which represent a significant investment of taxpayer monies, remain in excellent condition.

In fiscal year 2013, the Town Council and Town Meeting established a Roadway Maintenance Trust Fund, with an initial appropriation of \$250,000, to assist in

lowering the amount of bonded debt issued each year for roadway infrastructure improvements. In fiscal year 2014, the Town appropriated an additional \$500,000 in funding for this program.

The Town's Planning and Economic Development Department is leading efforts to plan for new business development in three key areas of Town. Two of these areas were included as part of a 2003 Design Charette (the largest ever held in the State), to help the Town create a vision of its non-residential development opportunities. Both areas at full build out have the potential of creating approximately six million square feet of new commercial and industrial development. A third area was also included in the study, comprising a grand total of approximately 2,000 acres. The Town's goal is to position itself to accommodate appropriate development, which will build upon the recently opened Manchester Airport Access Road, and the ongoing widening of I-93. The Town is also in the process of reviewing current zoning and land use regulations, with a goal to revamp the development codes to be more cohesive, comprehensive, and flexible, while maintaining the standards that make Londonderry a highly desirable community. Additionally, staff is working on updating the land use approval process to be more responsive to a variety of development proposals, from small changes to existing businesses, to large mixed-use projects.

The Pettengill Road area is in the center of Southern New Hampshire, which is the state's most populous and commercially vibrant region. The project area borders the state's largest airport (the Manchester-Boston Regional Airport) and the state's largest city (Manchester). The site lies at the confluence of the Manchester, NH and Nashua NH-MA Census Urbanized Areas, with a combined 2010 population of 384,777. Situated at the crossroads of the New Hampshire highway system, Pettengill Road will provide a unique opportunity for the area to become an unparalleled economic center in the state over the next several years.

The Londonderry Housing and Redevelopment Authority commissioned an independent study in 2012 confirming the economic development potential for the Pettengill Road area, concluding that it is the "...most attractive business development opportunity in New Hampshire." The Pettengill Road area is an unprecedented economic opportunity to benefit the State, the region and the Town of Londonderry. Economic competitiveness is enhanced by better access to a key employment and educational center, with the daily services and amenities desired by the work force integrated into the development. Pettengill Road will provide the missing link between major transportation routes expanding business access to local markets and the airport. Just over a year later, the Town is experiencing unprecedented interest in the Pettengill Road area, with several large businesses committed to the development of over 1,000,000 square feet, with other developers conducting feasibility studies within the region for future proposals.

This area south of the Airport is poised to evolve as a premier sustainable research and industry center. This development and the associated infrastructure improvements will allow thousands of local residents to live closer to their jobs. Because it is in close proximity to a highly educated work force in the thousands, quality job creation in the Manchester Airport area would have a positive impact on the quality

of life for many people who currently commute to the Boston area. It would also expand employment opportunities for New Hampshire graduates. Well over 1,000 new jobs are anticipated at the 3 facilities already committed to the Pettengill Road area.

Updated Town regulations have also paved the way for mixed use development, with a 600 acre New Urbanist proposal planned near I-93 at Exit 4. Town staff continues to lead the local review of an ambitious plan by private property owners who propose to convert over 600 acres of mainly farmland into a mixed-use village concept consisting of office, commercial, retail, and medical facilities, along with approximately 1,300 residential units. The Woodmont Commons project is anticipated to be constructed over a 20 year period during which the owner/developer estimates a total economic impact of approximately \$1.0 billion.

Another mixed use commercial district is emerging near I-93 Exit 5 and one of two commuter bus stations in Londonderry, with adjacent, affordable multi-family housing both existing and recently approved. Both areas will offer walkable neighborhoods with access for residents to adjacent and integrated retail, service and office facilities, open space and a commuter bus terminal. More compact development will also improve the efficiency of public infrastructure and services.

Relevant Financial Policies

The Town of Londonderry developed and adopted into the Town's Administrative Code a comprehensive Financial Policy in June 2003. During fiscal year 2014, in accordance with the policy, excess funds over the prescribed level established for budgeting purposes were used as a one-time revenue source towards various capital projects. The total amount allocated was \$970,000 for general fund projects and \$320,000 for special revenue fund projects.

Major Initiatives

Throughout fiscal year 2014, many notable projects and initiatives took place in the Town including the following:

The Manchester/Boston Regional Airport completed a major expansion, which included the lengthening of MHT's main runway to over 9,000 feet, and construction of a new terminal building located in Londonderry. The terminal and expansion costs were between \$65-70 Million. This airport expansion includes a new state-of-the art terminal facility, increased cargo and commercial flights and the designation of the airport and surrounding 939 acres as a U. S. Customs foreign trade zone. Value added within the zone is not taxed upon entry into the U. S. market, and no duty is paid on foreign products entering the zone. The majority of this area is in Londonderry. MHT also continued its efforts to improve airline services and modernize airport facilities and infrastructure. Year-end passenger activity totals surpassed the three million mark, with nearly 3.5 million passengers using Manchester-Boston Regional Airport. Air travelers from throughout Northern New England and Massachusetts continue to discover

Manchester's easy access, competitive airfares, convenient jet service and inexpensive parking.

The Town and the City of Manchester renegotiated the Intermunicipal Agreement governing the operation of the airport; changes include a Payment-in-Lieu of Taxes to the Town in the amount of \$500,000 annually, adjusted each year by 2%. The Town received \$621,447 in fiscal year 2014.

The industrial area south of the airport holds significant opportunities for job creation and commercial and industrial development. The area consists of approximately 800 acres of industrial land. It is one of the largest contiguous pieces of industrial land in the state. The Manchester Airport Access Road, which links the FE Everett Turnpike/Route 3 in Bedford across the Merrimack River to the Manchester Airport, provides ready access to this industrial area.

In addition to the above, the Town of Londonderry was chosen, along with 9 municipalities in the United States, to participate in a new pilot project sponsored by the U. S. Environmental Protection Agency for small and medium sized government organizations to implement ISO 14001 Environmental Management Systems at a facility/organization of its choice. The Public Works Department, which includes the divisions of Sewer, Solid Waste, Highway and Engineering, was chosen for the project. Londonderry will also be able to encourage businesses located or hoping to locate in Town to become ISO 14001 certified and will be in the position to help them accomplish that goal.

In 2012, the Town engaged the services of the Town Planning and Urban Design Collaborative (TPUDC) to assist Londonderry in the update of its Master Plan. The update established new goals and objectives that work towards the new vision Londonderry has set for itself. The Planning Board adopted the new Master Plan in February 2013. This process was managed by the Planning and Economic Development Department, with the assistance of a citizen committee. Additional citizen input was encouraged through a comprehensive community engagement process designed to insure that the Town's development and preservation proceeds in accordance with the direction established by its citizenry. Public engagement was a key component of the 2012 Master Plan process. In addition to regular monthly meetings, several citizen workshops were incorporated into the schedule to ensure the public had the opportunity to participate at key times throughout the process.

The major public planning event was a nearly week long interactive workshop in early June called Planapalooza, where Londonderry citizens were invited to work with the Committee, Consultants from TPUDC and Town staff to provide input and develop a comprehensive community vision. Early in 2014, the Planning Board formed a Master Plan Implementation Committee, who meet monthly to oversee the goals of the Master Plan and manage the implementation tasks identified in the plan. The largest task undertaken to date is the Zoning Ordinance Audit. The Committee is also overseeing the creation of a Town Center Plan to address improvements to the Town Common and adjacent Town Forest.

Another tool being implemented to assist with the orderly development of the community and preservation of its natural and aesthetic resources is continued community support of Open Space Preservation. The Town has raised over \$12,035,000 for Open Space Preservation and managed growth strategies over the past seven years.

The Town Council recently passed zoning ordinance amendments to encourage workforce housing opportunities, which will further strengthen the Town's economic development effort. Two workforce housing projects were approved in 2014. The first is a 78 unit rental townhouse community on Mammoth Road, under construction and managed by NeighborWorks Southern NH. The second is a 240 unit rental apartment community near Exit 5 and the Park and Ride bus station, where 50 % of the units will be leased as workforce housing. Workforce units will be constructed to the same quality standards as the market rate units.

In fiscal year 2004 the Town issued a \$10 Million bond for the construction of a new Police Facility and Town Hall Facility, with \$4 Million being invested in the Town's Open Space Preservation Program. This bond has made great advancements towards updating our infrastructure. In fiscal year 2006, voters approved \$200,000 to design replacement fire substations in North and South Londonderry and in fiscal year 2007 approved a \$2,375,000 bond to construct a new substation in south Londonderry. Voters in 2007, 2008, 2009, 2010, and 2011 voted to bond a total of \$5,200,000 to reconstruct roads within the community. In 2010, the Town received a \$1,650,000 ARRA grant to construct a replacement North/West Fire Station. The Town and State have partnered to rebuild a major intersection on Route 28, which is key to broadening economic development efforts.

In fiscal year 2014, the Town continued its efforts to enhance its Geographical Information System (GIS). This system enables all departments and committees to better plan for the future needs of the Town and assists in making more informed land use and infrastructure improvement decisions. The public's access to the GIS system was updated significantly in 2014 with the introduction of MapGeo, an online mapping tool that replaced the earlier Town-hosted Londonderry MapTools. Town Hall meeting spaces were outfitted with updated projectors and conferencing hardware that enables better and more active use of the GIS tools during meetings. Both of these upgrades encouraged/enabled more utilizations of GIS and reinforced the importance of the Town-wide data layers that have been developed and maintained since the early 2000s.

ACKNOWLEDGEMENTS

This report continues to refine the Town's financial reporting. It is the eleventh 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 2003 through 2013. 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.LondonderryNH.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; and the funding support provided by the Londonderry community through actions at the Annual Town Meeting, all to whom we owe our sincere appreciation.

Respectfully submitted,



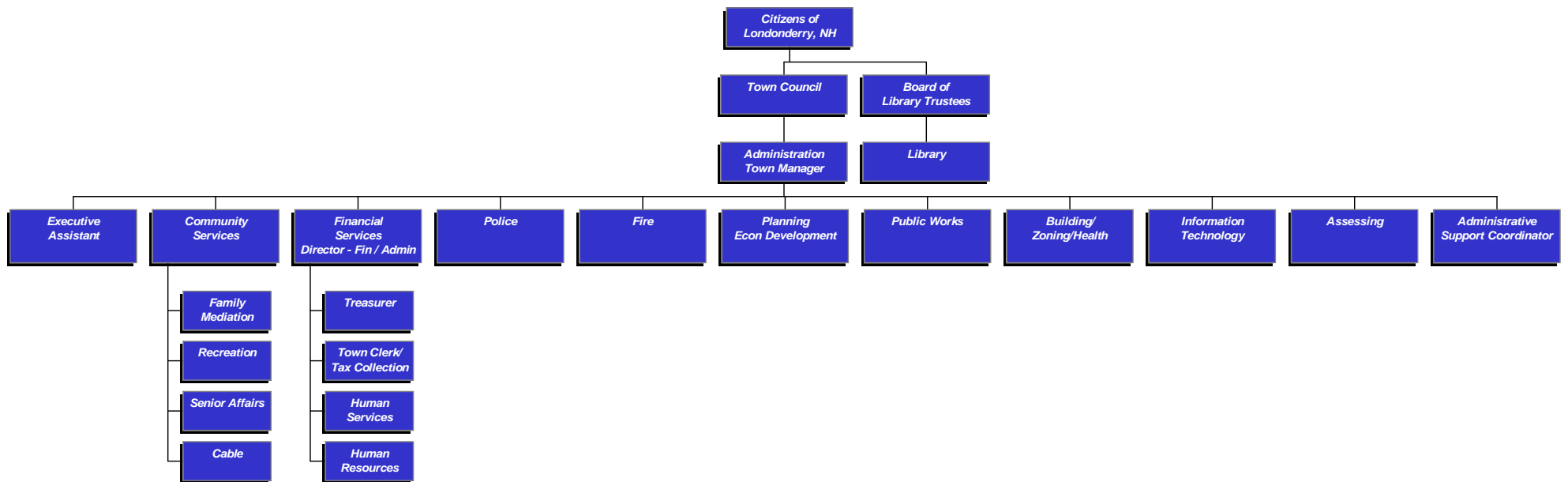
Kevin H. Smith
Town Manager



Susan Hickey
Director of Finance and
Administration

Town of Londonderry

Organizational Chart



TOWN OF LONDONDERRY

DIRECTORY OF OFFICIALS

June 30, 2014

TOWN COUNCIL

Tom Dolan
Joe Green
Tom Freda
Jim Butler
John Farrell

OTHER ELECTED OFFICIALS

Cindi Rice-Conley, Moderator
Sherry Farrell, Town Clerk/Tax Collector
Kathy Wagner, Treasurer

OTHER OFFICIALS

Kevin H. Smith, Town Manager
Susan Hickey, Director of Finance and Administration



Government Finance Officers Association

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

Presented to

**Town of Londonderry
New Hampshire**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Londonderry, 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, each major fund, and the aggregate remaining fund information of the Town of Londonderry, New Hampshire, as of and for the year ended June 30, 2014, 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.

Auditor's 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. 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 auditor's 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, each major fund, and the aggregate remaining fund information of the Town of Londonderry, New Hampshire as of June 30, 2014, and the respective changes in financial position and the respective budgetary comparison for the general and sewer funds 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 Management's Discussion and Analysis and Schedule of Funding Progress 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 accompanying Supplementary Statements and Schedules appearing on pages 68 through 89 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 of Londonderry's basic financial statements. The Introductory Section and Statistical Section 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.

Melanson Heath

October 10, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Londonderry, New Hampshire, we offer readers this narrative overview and analysis of the financial activities of the Town of Londonderry for the fiscal year ended June 30, 2014. We encourage readers to consider the information here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-10 of this report.

A. FINANCIAL HIGHLIGHTS

As of the close of the current fiscal year, total assets exceeded liabilities by \$76,279,811 (*total net position*), a change of \$615,601 in comparison with the prior year. Of this amount, \$6,486,720 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$15,634,084, a change of \$1,121,943 in comparison with the prior year. Approximately 23% of this amount, \$3,579,602, is available for spending at the government's discretion (*unassigned fund balance*).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,749,689, a change of \$1,397,364 in comparison to the prior year.

Total long-term debt (i.e., bonds payable and capital leases) at the close of the current fiscal year was \$15,798,728 a change of \$(2,231,272) in comparison to the prior year.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Londonderry's basic financial statements. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements summarize functions that are principally supported by taxes and intergovernmental revenues. The governmental activities include general government, public safety, highways and streets, sanitation, health and welfare, culture and recreation, conservation, and economic development. The government-wide financial statements can be found on pages 27-28 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Town's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts an annual appropriated budget for its general fund and sewer fund. Budgetary comparison statements have been provided for the general fund and sewer fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 29-34 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the

government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

The basic fiduciary fund financial statement can be found on page 35 of this report.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Financial Statements can be found on pages 36-61 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America. Required supplementary information can be found on page 62 of this report.

Additional combining statements and schedules are presented immediately following the required supplementary information. These Supplementary Statements and Schedules can be found on pages 68-89 of this report.

C. **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a summary of the Town's condensed government-wide financial data for the current and prior fiscal years. All amounts are presented in thousands.

<u>NET POSITION</u>				
Governmental				
<u>Activities</u>				
	<u>2014</u>	<u>2013</u>	<u>Amount</u> <u>Change</u>	<u>%</u> <u>Change</u>
Current and other assets	\$ 47,023	\$ 43,026	\$ 3,997	9.3%
Capital assets	<u>80,867</u>	<u>82,899</u>	<u>(2,032)</u>	<u>-2.5%</u>
Total assets	127,890	125,925	1,965	1.6%
Current liabilities	4,221	4,032	189	4.7%
Noncurrent liabilities	18,922	20,461	(1,539)	-7.5%
Deferred inflows of resources	<u>28,467</u>	<u>25,768</u>	<u>2,699</u>	<u>10.5%</u>
Total liabilities	51,610	50,261	1,349	2.7%
Net position:				
Net investment in capital assets	68,804	69,455	(651)	-0.9%
Restricted	989	847	142	16.8%
Unrestricted	<u>6,487</u>	<u>5,362</u>	<u>1,125</u>	<u>21.0%</u>
Total net position	<u>\$ 76,280</u>	<u>\$ 75,664</u>	<u>\$ 616</u>	<u>0.8%</u>

CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Amount Change</u>	<u>% Change</u>
	<u>2014</u>	<u>2013</u>		
Revenues:				
Program revenues:				
Charges for services	\$ 6,575	\$ 6,273	\$ 302	\$ 4.8%
Operating grants and contributions	904	864	40	4.6%
Capital grants and contributions	200	471	(271)	-57.5%
General revenues:				
Property taxes	17,646	15,836	1,810	11.4%
Interest, penalties and other taxes	1,072	1,079	(7)	-0.6%
Motor vehicle registrations	6,472	6,186	286	4.6%
Grants and contributions not restricted to specific programs	1,132	1,157	(25)	-2.2%
Investment income	3	5	(2)	-40.0%
Other	<u>368</u>	<u>89</u>	<u>279</u>	<u>313.5%</u>
Total revenues	34,372	31,960	2,412	7.5%
Expenses:				
General government	3,646	3,791	(145)	-3.8%
Public safety	18,304	17,217	1,087	6.3%
Highways and streets	5,377	6,309	(932)	-14.8%
Sanitation	3,525	3,674	(149)	-4.1%
Health and welfare	116	110	6	5.5%
Culture and recreation	1,806	1,809	(3)	-0.2%
Conservation	28	3	25	833.3%
Economic development	389	322	67	20.8%
Interest	<u>579</u>	<u>654</u>	<u>(75)</u>	<u>-11.5%</u>
Total expenses	<u>33,770</u>	<u>33,889</u>	<u>(119)</u>	<u>-0.4%</u>
Change in net position before permanent fund contributions	602	(1,929)	2,531	131.2%
Permanent fund contributions	<u>14</u>	<u>64</u>	<u>(50)</u>	<u>-78.1%</u>
Change in net position	616	(1,865)	2,481	133.0%
Net position - beginning of year	<u>75,664</u>	<u>77,529</u>	<u>(1,865)</u>	<u>-2.4%</u>
Net position - end of year	<u>\$ 76,280</u>	<u>\$ 75,664</u>	<u>\$ 616</u>	<u>\$ 0.8%</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$76,279,811, a change of \$615,601 from the prior year.

The largest portion of net position, \$68,804,443 (90.2%), reflects the Town's investment in capital assets (e.g., land, construction in progress, buildings and improvements, machinery, vehicles and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets

are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$988,648 (1.3%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$6,486,720 (8.5%), may be used to meet the Town's ongoing obligations to citizens and creditors.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$615,601. Key elements of this change are as follows:

General fund operations, as discussed further in Section D	\$ 470,376
Sewer fund revenues over expenditures and transfers out	595,604
Nonmajor governmental funds change in fund balance	55,963
Depreciation expense in excess of principal debt service	(574,900)
Increase in compensated absence and OPEB liabilities	(730,525)
Capital additions funded by operating revenues and fund balance reserves	774,488
Other GAAP accruals	<u>24,595</u>
Total	<u>\$ 615,601</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$15,634,084, a change of \$1,121,943 in comparison to the prior year. Key elements of this change are as follows:

General fund operations, as discussed further below	\$ 470,376
Sewer fund revenues over expenditures and transfers out	595,604
Nonmajor fund revenues and other financing sources over expenditures and transfers out	<u>55,963</u>
Total	<u>\$ 1,121,943</u>

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,749,689, while total fund balance was \$7,934,437. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The results of this comparison are summarized in the table below.

<u>General Fund</u>	<u>6/30/14</u>	<u>6/30/13</u>	<u>Change</u>	<u>% of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 4,749,689	\$ 3,352,325	\$ 1,397,364	16.5%
Total fund balance ¹	\$ 7,934,437	\$ 7,464,061	\$ 470,376	27.6%

¹Includes capital reserve and expendable trust funds.

The total fund balance of the general fund changed by \$470,376 during the current fiscal year. The primary underlying reasons for this change in fund balance are as follows:

Revenues in excess of budget	\$ 808,335 *
Expenditures less than budget	173,889 *
Use of fund balance as a funding source	(970,000)
Excess of prior year encumbrances over current year	(918,015)
Capital reserve fund operations	1,051,712
Other	<u>324,455</u>
Total	<u>\$ 470,376</u>

* See Section E below for additional information regarding these changes

The Town's capital reserve and expendable trust funds are included in total general fund balance as follows:

	<u>6/30/14</u>	<u>6/30/13</u>	<u>Change</u>
Capital reserve funds	\$ 1,604,098	\$ 1,073,957	\$ 530,141
Expendable trust funds	<u>771,571</u>	<u>250,000</u>	<u>521,571</u>
Total	<u>\$ 2,375,669</u>	<u>\$ 1,323,957</u>	<u>\$ 1,051,712</u>

E. GENERAL FUND BUDGETARY HIGHLIGHTS

There was no difference between the Town's total Original Budget and the total Final Budget.

Significant budget to actual variances for general fund revenues and expenditures include the following:

- Interest and penalties on taxes revenue was over budget by \$151,955. This was primarily due to increased collections of past due tax bills.

- Income from departments revenue was over budget by \$328,292, which was a combination of increases in ambulance revenues and cable franchise fees.
- Interest on deposits revenue was under budget by \$(72,279) due to continued Federal Reserve monetary policies to keep interest rates low to stimulate the economy and control inflation.
- Miscellaneous revenues were over budget by \$244,050, primarily due to the Town's portion of health and dental insurance premium refunds.
- Legal department expenditures were over budget by \$(100,097) due to ongoing legal issues primarily regarding impact fees.
- Police department expenditures were under budget by \$346,570, while fire department expenditures were over budget by \$(288,207) as the Town continues to restructure its public safety services in response to continued growth and development.
- Debt service expenditures were over budget by \$(123,937), primarily due to non-budgeted capital lease debt service payments funded by transfers from capital reserve funds.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year end amounted to \$80,866,921 (net of accumulated depreciation), a change of \$(2,031,684) from the prior year. This investment in capital assets includes land, construction in progress, buildings and improvements, machinery, vehicles and equipment, intangibles, improvements other than buildings, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- \$354,340 for machinery, vehicles, and equipment, including a rooftop HVAC system for the police station.
- \$359,653 for various projects, including the Senior Center roof and Lions Hall floor.
- \$60,495 for the purchase of conservation land.
- \$(2,806,172) in current year depreciation expense.

Additional information on the Town's capital assets can be found in Note 10 on page 50-51 of this report.

Long-term debt. At the end of the current fiscal year, total bonded debt outstanding was \$14,620,000, all of which was backed by the full faith and credit of the government. In addition, the Town has outstanding capital leases totaling \$1,178,728, which include both a purchase option and a non-appropriation clause.

Credit rating. As of June 30, 2014, the Town's credit rating on outstanding bonded debt was Aa2, which was unchanged from the prior year.

Additional information on the Town's long-term debt can be found in Note 15 and Note 16 on pages 51-53 of this report.

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The general outlook for the Town of Londonderry is positive. The 5.6% unemployment rate for the Manchester/Londonderry area, according to the New Hampshire Employment Security Bureau, is slightly under the overall U.S. unemployment rate of 5.9%. The Town, in partnership with the State of New Hampshire, continues to invest strongly in its public works infrastructure and is poised to benefit from continued improvements in the overall economy.

At the March 2014 Annual Budgetary Town Meeting, taxpayers approved an operating and capital improvement budget of \$31,978,018 for the upcoming fiscal year. During the coming fiscal year, the Town will be investing \$275,000 in its Roadway Maintenance Trust Fund, which was established in 2012 to minimize the amount of debt issued for road construction projects. In addition, the Town funded \$145,500 towards a commercial and industrial assessment update to bring assessments more in line with comparable parcels. The Town's citizens also approved infrastructure improvements of \$180,000 to upgrade the current public works department facilities, which will allow for greater protection of the Town's equipment and will also address the space and safety concerns of Town employees.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Londonderry's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance & Administration
Town of Londonderry
268B Mammoth Road
Londonderry, New Hampshire 03053

Basic Financial Statements

TOWN OF LONDONDERRY, NEW HAMPSHIRE

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities
ASSETS	
Current:	
Cash and short-term investments	\$ 42,603,272
Investments	1,923,165
Receivables, net of allowance for uncollectibles:	
Property taxes	1,292,844
User fees	498,861
Intergovernmental	31,864
Departmental and other	600,193
Due from agency funds	19,408
Other assets	30,832
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	22,845
Capital assets:	
Land and construction in progress	20,808,214
Other capital assets, net of accumulated depreciation	<u>60,058,707</u>
TOTAL ASSETS	127,890,205
LIABILITIES	
Current:	
Accounts payable	919,389
Accrued liabilities	719,744
Tax refunds payable	83,932
Other liabilities	211,021
Current portion of long-term liabilities:	
Capital leases	232,473
Bonds payable	1,910,000
Compensated absences	134,380
Landfill post-closure	10,000
Noncurrent:	
Capital leases, net of current portion	946,255
Bonds payable, net of current portion	12,710,000
Compensated absences, net of current portion	1,562,541
Landfill post-closure, net of current portion	110,000
Accrued other post-employment benefits	3,593,533
DEFERRED INFLOWS OF RESOURCES	<u>28,467,126</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	51,610,394
NET POSITION	
Net investment in capital assets	68,804,443
Restricted externally or constitutionally for:	
Permanent funds:	
Nonexpendable	879,580
Expendable	109,068
Unrestricted	<u>6,486,720</u>
TOTAL NET POSITION	<u>\$ 76,279,811</u>

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

TOWN OF LONDONDERRY, NEW HAMPSHIRE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:					
General government	\$ 3,645,908	\$ 99,727	\$ 204,234	\$ -	\$ (3,341,947)
Public safety	18,303,621	3,806,570	51,005	19	(14,446,027)
Highways and streets	5,377,821	-	504,841	99,653	(4,773,327)
Sanitation	3,524,997	2,205,667	74,485	-	(1,244,845)
Health and welfare	115,630	-	927	-	(114,703)
Culture and recreation	1,806,552	463,256	68,329	-	(1,274,967)
Conservation	27,689	-	130	100,509	72,950
Economic development	389,340	-	-	-	(389,340)
Interest	578,894	-	-	-	(578,894)
Total Governmental Activities	<u>\$ 33,770,452</u>	<u>\$ 6,575,220</u>	<u>\$ 903,951</u>	<u>\$ 200,181</u>	(26,091,100)
General Revenues:					
					17,646,027
Property taxes					1,072,140
Interest, penalties and other taxes					6,471,348
Motor vehicle registrations					1,131,823
Grants and contributions not restricted to specific programs					2,896
Investment income					368,367
Other					<u>26,692,601</u>
Total general revenues					
Change in net position before permanent fund contributions					601,501
Permanent fund contributions					<u>14,100</u>
Change in net position					615,601
Net Position:					
Beginning of year					<u>75,664,210</u>
End of year					<u>\$ 76,279,811</u>

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

TOWN OF LONDONDERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2014

	<u>General</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and short-term investments	\$ 40,741,834	\$ -	\$ 1,861,438	\$ 42,603,272
Investments	1,001,337	-	921,828	1,923,165
Receivables, net of allowance for uncollectibles:				
Property taxes	1,292,939	-	22,750	1,315,689
User fees	458,973	39,888	-	498,861
Intergovernmental	1,557	-	30,307	31,864
Other	139,761	-	460,432	600,193
Due from other funds	1,535,186	5,906,416	102,114	7,543,716
Other	30,832	-	-	30,832
TOTAL ASSETS	\$ 45,202,419	\$ 5,946,304	\$ 3,398,869	\$ 54,547,592
LIABILITIES				
Accounts payable	\$ 856,217	\$ 42,304	\$ 20,868	\$ 919,389
Accrued liabilities	492,119	-	-	492,119
Tax refunds payable	83,932	-	-	83,932
Due to other funds	6,008,530	-	1,515,778	7,524,308
Other liabilities	207,083	3,938	-	211,021
TOTAL LIABILITIES	7,647,881	46,242	1,536,646	9,230,769
DEFERRED INFLOWS OF RESOURCES	29,620,101	39,888	22,750	29,682,739
FUND BALANCES				
Nonspendable	-	-	879,580	879,580
Restricted	188,217	5,860,174	2,129,980	8,178,371
Committed	2,414,516	-	-	2,414,516
Assigned	582,015	-	-	582,015
Unassigned	4,749,689	-	(1,170,087)	3,579,602
TOTAL FUND BALANCES	7,934,437	5,860,174	1,839,473	15,634,084
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 45,202,419	\$ 5,946,304	\$ 3,398,869	\$ 54,547,592

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

TOWN OF LONDONDERRY, NEW HAMPSHIRE
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

JUNE 30, 2014

Total governmental fund balances	\$ 15,634,084
<ul style="list-style-type: none">• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	80,866,921
<ul style="list-style-type: none">• Revenues are reported on the accrual basis of accounting and are not deferred until collection.	1,215,613
<ul style="list-style-type: none">• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(227,625)
<ul style="list-style-type: none">• Long-term liabilities, including bonds, capital leases, compensated absences, landfill post-closure, and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(21,209,182)</u>
Net position of governmental activities	<u><u>\$ 76,279,811</u></u>

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

TOWN OF LONDONDERRY, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>General</u>	<u>Sewer Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 17,655,870	\$ -	\$ -	\$ 17,655,870
Interest, penalties and other taxes	1,072,139	-	100,509	1,172,648
Licenses and permits	6,743,798	-	74,445	6,818,243
Intergovernmental	1,740,978	-	99,653	1,840,631
Charges for services	1,288,487	2,083,513	2,930,854	6,302,854
Investment income	2,897	-	145,862	148,759
Other revenues	<u>368,367</u>	<u>-</u>	<u>86,109</u>	<u>454,476</u>
Total Revenues	28,872,536	2,083,513	3,437,432	34,393,481
Expenditures:				
Current:				
General government	3,069,495	-	720	3,070,215
Public safety	14,451,707	-	2,809,690	17,261,397
Highways and streets	3,012,365	-	99,653	3,112,018
Sanitation	1,836,212	1,167,909	730	3,004,851
Health and welfare	115,179	-	451	115,630
Culture and recreation	1,570,995	-	168,730	1,739,725
Conservation	5,985	-	21,704	27,689
Economic development	346,104	-	-	346,104
Capital outlay	1,517,846	-	249,545	1,767,391
Debt service	<u>2,826,518</u>	<u>-</u>	<u>-</u>	<u>2,826,518</u>
Total Expenditures	<u>28,752,406</u>	<u>1,167,909</u>	<u>3,351,223</u>	<u>33,271,538</u>
Excess (deficiency) of revenues over (under) expenditures	120,130	915,604	86,209	1,121,943
Other Financing Sources (Uses):				
Transfers in	436,896	-	86,650	523,546
Transfers out	<u>(86,650)</u>	<u>(320,000)</u>	<u>(116,896)</u>	<u>(523,546)</u>
Total Other Financing Sources (Uses)	<u>350,246</u>	<u>(320,000)</u>	<u>(30,246)</u>	<u>-</u>
Net changes in fund balances	470,376	595,604	55,963	1,121,943
Fund Balances, beginning of year	<u>7,464,061</u>	<u>5,264,570</u>	<u>1,783,510</u>	<u>14,512,141</u>
Fund Balances, end of year	<u>\$ 7,934,437</u>	<u>\$ 5,860,174</u>	<u>\$ 1,839,473</u>	<u>\$ 15,634,084</u>

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

TOWN OF LONDONDERRY, 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, 2014

Net changes in fund balances - total governmental funds	\$ 1,121,943
<ul style="list-style-type: none"> 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 outlay purchases	774,488
Depreciation	(2,806,172)
<ul style="list-style-type: none"> Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (e.g., property taxes) differ between the two statements. This amount represents the net change in deferred revenue. 	(7,428)
<ul style="list-style-type: none"> The issuance of long-term debt (e.g., bonds and leases) provides 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: 	
Repayments of debt	2,231,272
<ul style="list-style-type: none"> In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. 	22,023
<ul style="list-style-type: none"> Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental funds. 	
Compensated absences	(154,654)
Landfill post-closure liability	10,000
OPEB liability	(575,871)
Change in net position of governmental activities	\$ 615,601

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

TOWN OF LONDONDERRY, NEW HAMPSHIRE

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues and other sources:				
Property taxes	\$ 17,318,682	\$ 17,318,682	\$ 17,318,682	\$ -
Interest, penalties, and other taxes	924,248	924,248	1,073,390	149,142
Licenses and permits	6,667,000	6,667,000	6,754,598	87,598
Intergovernmental	1,696,551	1,696,551	1,737,442	40,891
Charges for services	960,300	960,300	1,288,592	328,292
Investment income	75,000	75,000	2,721	(72,279)
Other revenues	125,000	125,000	369,050	244,050
Other financing sources:				
Transfers in	646,500	646,500	677,141	30,641
Use of fund balance	970,000	970,000	970,000	-
Total Revenues and other sources	29,383,281	29,383,281	30,191,616	808,335
Expenditures and other uses:				
Current:				
General government	3,060,580	3,060,580	3,060,185	395
Public safety	14,467,255	14,467,255	14,407,408	59,847
Highways and streets	3,177,878	3,177,878	3,140,793	37,085
Sanitation	1,926,351	1,926,351	1,864,212	62,139
Health and welfare	172,132	172,132	115,179	56,953
Culture and recreation	1,697,255	1,697,255	1,653,290	43,965
Conservation	3,300	3,300	5,985	(2,685)
Economic development	418,949	418,949	383,322	35,627
Capital outlay	247,000	247,000	242,500	4,500
Debt service	2,702,581	2,702,581	2,826,518	(123,937)
Other financing uses:				
Transfers out	1,510,000	1,510,000	1,510,000	-
Total Expenditures and other uses	29,383,281	29,383,281	29,209,392	173,889
Excess of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 982,224	\$ 982,224

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

TOWN OF LONDONDERRY, NEW HAMPSHIRE

SEWER FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Original <u>Budget</u>	Final <u>Budget</u>	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues and other sources:				
Charges for services	\$ <u>2,661,129</u>	\$ <u>2,661,129</u>	\$ <u>2,085,930</u>	\$ <u>(575,199)</u>
Total Revenues and other sources	2,661,129	2,661,129	2,085,930	(575,199)
Expenditures and other uses:				
Current:				
Sanitation	2,341,129	2,341,129	1,476,050	865,079
Other financing uses:				
Transfers out	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	<u>-</u>
Total Expenditures and other uses	<u>2,661,129</u>	<u>2,661,129</u>	<u>1,796,050</u>	<u>865,079</u>
Excess of revenues and other sources over expenditures and other uses	\$ <u>-</u>	\$ <u>-</u>	\$ <u>289,880</u>	\$ <u>289,880</u>

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

TOWN OF LONDONDERRY, NEW HAMPSHIRE

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

	Agency Funds
<u>ASSETS</u>	
Cash and short term investments	\$ 1,343,030
Total Assets	\$ 1,343,030
<u>LIABILITIES</u>	
Due to general fund	\$ 19,408
Escrow deposits	1,011,783
School funds	311,839
Total Liabilities	\$ 1,343,030

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

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Notes to Financial Statements June 30, 2014

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Londonderry (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 a 5-member elected Town Council. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In fiscal year 2014, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

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, interfund services provided and used was not eliminated by the process of consolidation. Governmental activities are supported primarily by taxes and intergovernmental revenues.

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 and fiduciary funds, even though the latter are excluded from the government-

wide financial statements. Major individual governmental 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 are 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. Sewer user fees are recognized as revenue when billed. Other charges, including ambulance, police detail and police airport services, are recognized as revenue after services have been performed and billed. 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 only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

- The *general fund* is the government'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 *sewer fund* is used to account for all of the activity associated with the management and operation of the Town's sewer systems, which are funded by sewer use charges and sewer connection fees.

Additionally, the Town reports the following fund type:

- The *agency fund* is used to account for resources legally held in trust for impact fees, construction escrows and school district capital reserves. Agency funds, unlike other funds, have no measurement focus, reporting only assets and liabilities.

D. Cash and Short-Term 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 and fiduciary funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand 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.

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Deposits in any financial institution may not exceed certain levels within the financial institution. 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 and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

Investments consist of certificates of deposit, marketable securities, bonds, mutual funds, and short-term money market investments. Investments are carried at fair value.

F. 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).

G. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$1,000 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 estimated fair market value at the date of donation.

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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Infrastructure	30 - 75
Vehicles	5
Office equipment	5
Computer equipment	5

H. Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide 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.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

The governmental fund financial statements recognize the proceeds of debt as other financing sources in the current period, while debt issuance costs are reported as expenditures.

J. 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 – In general, fund balance represents the difference between current assets and current liabilities. The Town reserves those portions of fund balance that are legally segregated for a specific use or which do not represent available, spendable resources and therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town's fund balance classifications are as follows:

- 1) *Nonspendable funds* are either unspendable in the current form (i.e., prepaid items) or can never be spent (i.e., cemetery perpetual care principal).
- 2) *Restricted funds* are restricted to specific purposes by external constraints imposed by laws, creditors, or grantors, or others outside of the Town's organization. The Town reports restricted fund balance in the general fund for the encumbered, unspent proceeds of bond issuances and in the capital project funds for the unspent proceeds of capital lease issuances. The Town also reports restricted fund balances in the sewer fund and other special revenue funds for funds that have been created by statute or have other external constraints on how the monies held in these funds may be expended.
- 3) *Committed funds* can only be used for specific purposes pursuant to binding constraints imposed by formal action of the Town's highest decision-making authority, which is the official ballot results from the annual Budgetary Town Meeting. These commitments can be established, modified, or rescinded only by majority ballot vote. The Town reports committed fund balance in the general fund for the encumbered, unspent portion of non-lapsing special article appropriations approved for a specific purpose, as well as for capital reserves and expendable trust funds appropriated by Budgetary Town Meeting vote for future capital acquisitions and improvements.
- 4) *Assigned funds* are intended to be used for specific purposes as established by the approved Town Council budget. The Town reports assigned fund balance in the general fund for year-end departmental encumbrances for goods and services that have been ordered but not yet received. The Town also reports assigned fund balance for general fund surplus fund balance that has been appropriated as a funding source for the subsequent fiscal period.
- 5) *Unassigned funds* are available to be spent 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, consists 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.

K. *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*

At the annual town meeting, the Town Council presents an operating and capital budget for the proposed expenditures of the fiscal year commencing the following July 1. The budget, as enacted by town meeting, establishes the legal level of control and specifies that certain appropriations are to be funded by particular revenue sources. The original budget can be amended during the fiscal year by special town meetings as required by changing conditions.

The Town's legal spending limit is at the department level, as voted by Town Meeting.

Formal budgetary integration is employed as a management control device during the year for the General Fund and certain Special Revenue Funds (i.e., sewer division fund).

At year end, appropriation balances lapse, except for certain unexpended capital items and encumbrances which will be honored during the subsequent fiscal year.

B. Budgetary Basis

The general fund and sewer fund final appropriation appearing on the "Budget and Actual" pages of the fund financial statements represents the final amended budget after all transfers and supplemental appropriations.

C. Budget/GAAP Reconciliation

The budgetary data for the general fund and the sewer 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 and the sewer fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

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

	Revenues and Other <u>Financing Sources</u>	Expenditures and Other <u>Financing Uses</u>
<u>General Fund</u>		
Revenues/Expenditures (GAAP basis)	\$ 28,872,536	\$ 28,752,406
Other financing sources/uses (GAAP basis)	<u>436,896</u>	<u>86,650</u>
Subtotal (GAAP Basis)	29,309,432	28,839,056
Adjust tax revenue to accrual basis	(337,187)	-
Subtract beginning of year appropriation carryforwards from expenditures	-	(1,727,094)
Add end-of-year appropriation carryforwards to expenditures	-	809,079
Recognize use of fund balance as funding source	970,000	-
Reverse effect of combining general fund and capital reserve funds (GASB 54)	240,069	1,291,781
Reverse various timing differences	<u>9,302</u>	<u>(3,430)</u>
Budgetary basis	\$ <u><u>30,191,616</u></u>	\$ <u><u>29,209,392</u></u>

(continued)

(continued)

<u>Sewer Fund</u>	Revenues and Other <u>Financing Sources</u>	Expenditures and Other <u>Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 2,083,513	\$ 1,167,909
Other financing sources/uses (GAAP basis)	<u>-</u>	<u>320,000</u>
Subtotal (GAAP Basis)	2,083,513	1,487,909
Subtract beginning of year appropriation carryforwards from expenditures	-	(101,859)
Add end-of-year appropriation carryforwards to expenditures	-	410,000
Remove deferred revenue	<u>2,417</u>	<u>-</u>
Budgetary basis	<u>\$ 2,085,930</u>	<u>\$ 1,796,050</u>

D. Excess of Expenditures Over Appropriations

Expenditures exceeding appropriations during the current fiscal year were as follows:

General Fund:

Town Council	\$ (1,825)
Finance	\$ (28,037)
Legal	\$ (100,097)
Zoning	\$ (8,160)
General Services	\$ (15,651)
Fire Department	\$ (288,207)
Conservation	\$ (2,685)
Debt Service	\$ (123,937)

Nonmajor Governmental Funds:

Police Outside Detail	\$ (75,664)
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E. Deficit Fund Equity

The following funds had deficits as of June 30, 2014:

Nonmajor Governmental Funds:

Police airport fund	\$ (14,193)
Exit 4A	\$ (1,155,894)

The deficit in the police airport fund will be eliminated through future reimbursements from the City of Manchester. The deficit in the Exit 4A

project will most likely be eliminated through future bond proceeds, which have been authorized but not yet issued.

3. Cash and Short-Term Investments

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. New Hampshire RSA 41:29 stipulates that Town funds be deposited "in participation units in the public deposit investment pool established pursuant to RSA 383:22 or in federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, except that funds may be deposited in federally insured banks outside the state if such banks pledge and deliver to a third party custodial bank or the federal reserve bank collateral security of the following types:

- (a) United States governmental obligations
- (b) United States government agency obligations; or
- (c) Obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case."

In addition, RSA 41:29 allows excess funds "which are not immediately needed for the purpose of expenditure" to be invested in the "public deposit investment pool established pursuant to RSA 383:22, or in deposits, including money market accounts, or certificates of deposit, or repurchase agreements, and all other types on interest bearing accounts, of federally insured banks chartered under the laws of New Hampshire or the federal government with a branch within the state, or in obligations fully guaranteed as to principal and interest by the United States government."

The Town's deposit policy for custodial credit risk requires a comprehensive review of the credit worthiness and capital ratios of the institutions. The Town's deposit policy limits the investment of Town assets to U.S. Treasury Securities maturing in less than one year, fully insured or collateralized certificates of deposits at commercial banks of the State of New Hampshire, New England Region and the State of New York, repurchase agreements fully collateralized by the U.S. Treasury Securities or agencies, and any state approved pool or instrument. The Town's policy further stipulates that all Town assets be secured through third-party custody and safekeeping procedures.

As of June 30, 2014, none of the Town's bank balance of \$39,879,044 was exposed to custodial credit risk as uninsured, uncollateralized, or collateral held by pledging bank's trust department not in the Town's name.

The Town also maintains various trust funds that are managed by the Trustees of Trust Funds (Trustees). As of June 30, 2014, none of the Trustees' short-term cash and investment balances of \$66,937 was exposed to custo-

dial credit risk as uninsured, uncollateralized, or collateral held by pledging bank's trust department not in the Town's name.

4. Investments

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 investor 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. Neither the Town's nor the Trustees' policies specifically address investment credit risk.

Presented below (in thousands) is the actual rating as of year-end for each of the Town's and Trustees' investments (All federal agency securities have an implied credit rating of AAA.):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating AAA</u>
Federal agencies	\$ 28	\$ 28
Subtotal	28	\$ 28
Certificates of deposit	1,013	
Equities	334	
Mutual funds	548	
Total investments	\$ 1,923	

B. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Both the Town's and Trustees' investment policies follow the guidelines of New Hampshire RSA 31.

As of June 30, 2014, the Town had one investment in a 2-year certificate of deposit held in the Town's name. This investment is not exposed to custodial credit risk.

As of June 30, 2014, none of the Trustees' investments of \$921,828 were exposed to custodial credit risk.

C. Concentration of Credit Risk

Neither the Town nor the Trustees place limits on the amount that may be invested in any one issuer.

As of June 30, 2014, the Town held all of its investments in a single 2-year bank certificate of deposit valued at \$1,001,337.

As of June 30, 2014, the Trustees did not have investments (other than mutual funds) in any one issuer greater than 5% of total investments.

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. Neither the Town nor the Trustees have a formal investment policy that limits investment maturities as a means of managing their exposure to fair value losses arising from changing interest rates.

Information about the sensitivity of the fair values of the Trustees' investments to market interest rate fluctuations is as follows (in thousands):

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>1-5</u>	<u>Varies</u>
Certificates of deposit	\$ 1,013	\$ 1,013	\$ -
Fixed income mutual funds	161	-	161
Federal agencies	<u>28</u>	<u>28</u>	<u>-</u>
Total	<u>\$ 1,202</u>	<u>\$ 1,041</u>	<u>\$ 161</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. Neither the Town nor the Trustees have policies for foreign currency risk.

5. Taxes Receivable

The Town bills property taxes on a semi-annual basis, with property taxes due in July and December. Property tax revenues are recognized in the fiscal year for which taxes have been levied (budgeted) to the extent that they become available, i.e., due or receivable within the current fiscal year and collected within the current period or within 60 days of year end. Property taxes collected

before the due date and in advance of the year for which they are levied are recorded as a *taxes collected in advance* liability, as they are intended to finance the Town's subsequent year's operations.

Delinquent taxes are typically liened at the Registrar of Deeds on February 28 of the next year. If the liened property taxes (redemptions) are not paid within two years of the tax lien date, the property is conveyed to the Town by tax deed and could subsequently be sold at a public sale.

The Town annually budgets an amount (overlay) for residential and business property tax abatements and refunds. All abatements and refunds are charged to this overlay account and are classified as a contra-tax revenue in the general fund. The overlay account also includes probable abatements accrued to be paid.

Taxes receivable at June 30, 2014 consist of the following:

Property Taxes:

2013	\$	79,957
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Tax Liens:

2013	594,465
2012	426,318
2011	92,072
Prior	<u>76,031</u>

1,188,886

Elderly Deferrals

22,845

Land Use Change Tax

22,750

Excavation Tax

1,251

Total

\$ 1,315,689

Taxes Collected for Others

The Town collects property taxes for the Londonderry School District and for Rockingham County. Payments to the school district are normally made throughout the year and payment to the County is normally made in December. However, ultimate responsibility for the collection of these taxes rests with the Town.

6. User Fees Receivable and Allowance for Doubtful Accounts

User fees receivable include amounts due from customers for ambulance and sewer services. Ambulance receivables are recorded in the general fund and are reported net of an allowance for doubtful accounts; the allowance amount is estimated using receivables that are more than 120 days past due. Sewer

receivables are reported in special revenue funds; delinquent sewer receivables are lienied in a manner similar to property taxes, as described in Note 5.

User fees receivable and related allowance for doubtful accounts at June 30, 2014 consist of the following:

	<u>Ambulance</u>	<u>Sewer</u>	<u>Total</u>
Gross receivable	\$ 605,602	\$ 39,888	\$ 645,490
Less: allowance for doubtful accounts	<u>(146,629)</u>	<u>-</u>	<u>(146,629)</u>
Total	<u>\$ 458,973</u>	<u>\$ 39,888</u>	<u>\$ 498,861</u>

7. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in fiscal 2014.

8. Other Receivables

Other receivables consist of:

General fund:		
Cable franchise fees	\$ 106,377	
Other	<u>33,384</u>	
Subtotal		<u>139,761</u>
Nonmajor governmental funds:		
Police outside detail	171,015	
Police airport division	<u>289,417</u>	
Subtotal		<u>460,432</u>
Total		<u>\$ 600,193</u>

9. Interfund Fund Receivables/Payables and Interfund 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, 2014 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 1,535,186	\$ 6,008,530
Sewer Fund	5,906,416	-
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Police outside detail	37,013	-
Police airport division	-	301,154
Conservation commission	-	29,740
Reclamation fund	1,261	-
Other special funds	63,840	26,886
Capital Project Funds:		
Exit 4A	-	1,157,998
Subtotal Nonmajor Funds	102,114	1,515,778
Agency Funds	-	19,408
Total	\$ <u>7,543,716</u>	\$ <u>7,543,716</u>

Following is an analysis of interfund transfers during fiscal year 2014. The primary purpose of these transfers is to ensure budgetary compliance. Most transfers are budgeted in the general fund and transferred to/from other funds. The Town annually budgets transfers from the sewer fund to the general fund to cover their share of general fund costs.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 436,896	\$ 86,650
Sewer Fund	-	320,000
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Police airport division	-	99,396
Leach Library	80,000	-
Other special funds	6,650	
Permanent Fund	-	17,500
Subtotal Nonmajor Funds	86,650	116,896
Total	\$ <u>523,546</u>	\$ <u>523,546</u>

Following is a summary of fiscal year 2014 budgeted transfers between the Town's general fund and capital reserve funds, which have been eliminated from the governmental fund financial statements in accordance with the reporting requirements of GASB 54.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 240,244	\$ 1,510,000
Capital Reserve Funds:		
Fire department	335,000	178,631
Ambulance	75,000	33,367
Highway trucks	150,000	-
Fire department equipment	150,000	28,246
Cable division equipment	100,000	-
Expendable Trust Funds:		
Expendable maintenance trust	200,000	-
Roadway maintenance trust	500,000	-
Total	<u>\$ 1,750,244</u>	<u>\$ 1,750,244</u>

10. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and building improvements	\$ 14,548	\$ 63	\$ -	\$ 14,611
Machinery, vehicles, and equipment	10,716	355	-	11,071
Intangibles	1,468	58	-	1,526
Infrastructure	84,722	-	-	84,722
Improvements other than buildings	583	49	-	632
Total capital assets, being depreciated	112,037	525	-	112,562
Less accumulated depreciation for:				
Buildings and building improvements	(3,277)	(362)	-	(3,639)
Machinery, vehicles, and equipment	(8,877)	(679)	-	(9,556)
Intangibles	(1,412)	(37)	-	(1,449)
Infrastructure	(35,884)	(1,670)	-	(37,554)
Improvements other than buildings	(247)	(58)	-	(305)
Total accumulated depreciation	(49,697)	(2,806)	-	(52,503)
Total capital assets, being depreciated, net	62,340	(2,281)	-	60,059
Capital assets, not being depreciated:				
Land and land improvements	12,501	60	-	12,561
Construction in progress	8,058	189	-	8,247
Total capital assets, not being depreciated	20,559	249	-	20,808
Governmental activities capital assets, net	<u>\$ 82,899</u>	<u>\$ (2,032)</u>	<u>\$ -</u>	<u>\$ 80,867</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

Governmental Activities:	
General government	\$ 189
Public safety	583
Highways and streets	1,348
Sanitation	533
Culture and recreation	116
Economic development	<u>37</u>
Total depreciation expense - governmental activities	\$ <u>2,806</u>

11. Accounts Payable

Accounts payable represent 2014 expenditures paid after June 30, 2014.

12. Accrued Liabilities

Accrued liabilities on the governmental fund balance sheet primarily consist of accrued payroll and accrued benefit leave payable, while accrued liabilities on the Statement of Net Position include these same liabilities as well as accrued interest on long-term debt at June 30, 2014.

13. Tax Refunds Payable

This balance consists of an estimate of refunds due to property tax payers for potential future abatements. These cases are currently in litigation or pending with the state Board of Tax and Land Appeals.

14. Other Liabilities

This balance consists of miscellaneous Town obligations, including payroll withholdings and unclaimed property resulting from uncashed payroll and accounts payable checks that have been voided and segregated pending future resolution.

15. Capital Leases

The Town is the lessee of certain equipment under a capital lease agreement issued in the current fiscal year. Future minimum lease payments under this capital lease consisted of the following at June 30, 2014:

<u>Fiscal Year</u>	<u>Capital Leases</u>
2015	\$ 249,366
2016	248,253
2017	246,127
2018	244,001
2019	<u>241,873</u>
Total minimum lease payments	1,229,620
Less amounts representing interest	<u>(50,892)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 1,178,728</u></u>

The Town has designated various capital reserve funds as the primary source to repay the obligations incurred under this capital lease agreement.

16. Long-Term Debt

A. Long-Term Debt Supporting Governmental Activities

General obligation bonds, issued by the Town of Londonderry for various municipal projects, are approved by voters and repaid with property taxes recorded in the general fund.

B. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	<u>Serial Maturities Through</u>	<u>Interest Rate(s) %</u>	<u>Amount Outstanding as of 6/30/14</u>
Open space conservation	12/01/14	3.31%	\$ 100,000
Multi-purpose refunding bonds	10/15/15	2.74%	230,000
Roadway improvements	01/15/18	3.07%	480,000
Roadway improvements	02/01/18	1.24%	400,000
Roadway improvements	11/15/18	3.58%	750,000
Roadway improvements	07/15/19	2.43%	600,000
Roadway improvements	12/01/20	2.38%	700,000
Roadway improvements	07/15/21	2.48%	800,000
Mammoth Road sewer	11/01/21	4.39%	960,000
Multi-purpose bond	07/01/23	3.83%	6,800,000
Open space & fire station	08/15/26	4.02%	<u>2,800,000</u>
Total Governmental Activities:			<u><u>\$ 14,620,000</u></u>

C. Future Debt Service

The annual payments to retire all general obligation long-term debt outstanding as of June 30, 2014 are as follows:

<u>Governmental</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,910,000	\$ 516,912	\$ 2,426,912
2016	1,810,000	453,251	2,263,251
2017	1,695,000	391,403	2,086,403
2018	1,695,000	331,302	2,026,302
2019	1,475,000	270,258	1,745,258
2020 - 2024	5,435,000	581,770	6,016,770
2025 - 2029	600,000	80,180	680,180
Total	<u>\$ 14,620,000</u>	<u>\$ 2,625,076</u>	<u>\$ 17,245,076</u>

D. Bond Authorizations/Unissued

Long term debt authorizations which have not been issued or rescinded as of June 30, 2014 are as follows:

<u>Purpose</u>	<u>Amount</u>
Mammoth Road Sewer	\$ 225,000
Auburn Road Water Line	49,600
Exit 4A Construction	4,500,000
Auburn Road Landfill Site	<u>900,000</u>
Total Unissued Bond Authorizations	<u>\$ 5,674,600</u>

E. Changes in General Long-Term Liabilities

During the year ended June 30, 2014, the following changes occurred in long-term liabilities (in thousands):

	Total Balance <u>7/1/13</u>	<u>Additions</u>	<u>Reductions</u>	Total Balance <u>6/30/14</u>	Less Current Portion <u>Portion</u>	Equals Long-Term Portion <u>6/30/14</u>
<u>Governmental Activities</u>						
Capital leases	\$ 1,405	\$ -	\$ (226)	\$ 1,179	\$ (233)	\$ 946
Bonds payable	16,625	-	(2,005)	14,620	(1,910)	12,710
Other:						
Compensated absences	1,542	164	(9)	1,697	(134)	1,563
Landfill post-closure	130	-	(10)	120	(10)	110
OPEB liability	<u>3,018</u>	<u>576</u>	<u>-</u>	<u>3,594</u>	<u>-</u>	<u>3,594</u>
Totals	<u>\$ 22,720</u>	<u>\$ 740</u>	<u>\$ (2,250)</u>	<u>\$ 21,210</u>	<u>\$ (2,287)</u>	<u>\$ 18,923</u>

The general fund has been designated as the primary source to repay all governmental-type long-term debt with the exception of capital leases, which will be repaid from various capital reserve funds.

17. Landfill Post-closure Costs

The Town's landfill has been closed and capped. However, State and Federal laws and regulations require the Town to perform certain maintenance and monitoring functions at its capped landfill site for a period of thirty years after closure. These *post-closure care* costs are reported as a long-term liability in the government-wide financial statements, and a portion of the liability is expensed each year. The amount of the post-closure care liability and the portion of costs expensed each year are based on estimates provided by management. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

18. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of June 30, 2014:

	Entity-wide Basis	Fund Basis		
	Governmental	Governmental Funds		
	Activities	General Fund	Sewer Fund	Nonmajor Funds
Taxes paid in advance	\$ 28,467,126	\$ 28,467,126	\$ -	\$ -
Unearned revenues	-	1,152,975	39,888	22,750
Total	\$ <u>28,467,126</u>	\$ <u>29,620,101</u>	\$ <u>39,888</u>	\$ <u>22,750</u>

19. Restricted Net Position

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted principal contribution, and the expendable represents accumulated earnings which are available to be spent based on donor restrictions.

20. **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, 2014:

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 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, sewer funds, special revenue funds, capital projects funded by capital lease proceeds, 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 (Budgetary Town Meeting). This fund balance classification includes general fund encumbrances for non-lapsing, special article appropriations approved at Budgetary Town Meeting, and capital reserve and expendable trust funds set aside by Budgetary Town Meeting vote for future capital acquisitions and improvements (now reported as part of the general fund per GASB 54).

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.

Unassigned - Represents amounts that are available to be spent in future periods, net of temporary deficit balances.

Following is a breakdown of the Town's fund balances at June 30, 2014:

	General Fund	Sewer Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Nonexpendable permanent funds	\$ -	\$ -	\$ 879,580	\$ 879,580
Total Nonspendable	-	-	879,580	879,580
Restricted				
Projects funded by borrowing:				
Road bonds	188,217	-	-	188,217
Capital leases	-	-	6,250	6,250
Special revenue funds:				
Sewer fund	-	5,860,174	-	5,860,174
Police outside detail	-	-	193,489	193,489
Conservation	-	-	1,277,862	1,277,862
Leach Library	-	-	41,017	41,017
Reclamation fund	-	-	438,906	438,906
Other special funds	-	-	63,388	63,388
Expendable permanent funds	-	-	109,068	109,068
Total Restricted	188,217	5,860,174	2,129,980	8,178,371
Committed				
Non-lapsing capital appropriations	38,847	-	-	38,847
Capital reserve funds:				
Fire department	656,260	-	-	656,260
Highway trucks	187,535	-	-	187,535
Ambulance	214,306	-	-	214,306
Highway heavy equipment	196,162	-	-	196,162
Cemetery land	33,370	-	-	33,370
Pillsbury cemetery	50,068	-	-	50,068
Fire department equipment	130,516	-	-	130,516
Cable division equipment	100,009	-	-	100,009
Expendable trust funds				
ECO park trust	31,350	-	-	31,350
Master plan	4,522	-	-	4,522
Expendable maintenance trust	21,571	-	-	21,571
Roadway maintenance trust	750,000	-	-	750,000
Total Committed	2,414,516	-	-	2,414,516
Assigned				
Budgetary encumbrances	582,015	-	-	582,015
Total Assigned	582,015	-	-	582,015
Unassigned				
General fund	4,749,689	-	-	4,749,689
Temporary deficit balances	-	-	(1,170,087)	(1,170,087)
Total Unassigned	4,749,689	-	(1,170,087)	3,579,602
Total Fund Balances	\$ 7,934,437	\$ 5,860,174	\$ 1,839,473	\$ 15,634,084

21. **General Fund Unassigned Fund Balance**

The unassigned general fund balance reported on the governmental funds balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how undesignated fund balance is reported in accordance with the budgetary basis for reporting to the State of New Hampshire for tax rate setting purposes. The major difference is the State of New Hampshire considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

The following summarizes the specific differences between the GAAP basis and the budgetary basis of reporting the general fund unassigned fund balance:

GAAP basis balance	\$ 4,749,689
Deferred inflows of resources	1,152,975
Tax refund estimate	<u>83,932</u>
Tax Rate Setting Balance	<u>\$ 5,986,596</u>

22. **Commitments and Contingencies**

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.

23. **Post-Employment Healthcare and Life Insurance Benefits**

Other Post-Employment Benefits

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use them. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

In addition to providing the retirement system benefits described in Note 24, the Town indirectly provides post-employment healthcare for retired employees through an implicit rate covered by current year employees. Retirees of the Town that participate in this single employer plan, pay to participate in the Town's healthcare program. Since they are included in the same pool as current employees, the insurance rates are higher for current employees due to the age consideration. This increased rate is an implicit rate the Town covers for the retirees. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of July 1, 2013, the actuarial valuation date, approximately 26 retirees and 160 active employees meet the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

Retirees and their covered dependents are eligible to participate in the Town's medical, prescription drug, mental health/substance abuse programs. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Retirees contribute 100% of the cost of the health plan, as determined by the Town. The Town contributes its implicit rate subsidy of the health plan costs on a pay-as-you-go basis.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's fiscal 2014 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending June 30, 2014, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of July 1, 2013.

Annual Required Contribution (ARC)	\$ 809,764
Interest on net OPEB obligation	135,795
Adjustment to ARC	<u>(128,623)</u>
Annual OPEB cost	816,936
Contributions made	<u>(241,065)</u>
Increase in net OPEB obligation	575,871
Net OPEB obligation - beginning of year	<u>3,017,662</u>
Net OPEB obligation - end of year	<u><u>\$ 3,593,533</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014	\$ 816,936	29.5%	\$ 3,593,533
2013	\$ 887,689	35.5%	\$ 3,017,662
2012	\$ 886,258	32.1%	\$ 2,445,348

E. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 7,781,390
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 7,781,390</u></u>
Funded ratio (actuarial value of plan assets/AAL)	<u><u>0%</u></u>
Covered payroll (active plan members)	<u><u>\$ 10,556,099</u></u>
UAAL as a percentage of covered payroll	<u><u>73.7%</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented on page 62, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the Projected Unit Credit with linear proration to decrement cost method was used. The actuarial value of assets was \$0, as the Town has not advance-funded its obligation. The actuarial assumptions included a 4.5% investment rate of return and an initial annual healthcare cost trend rate of 9.0%, which decreases to a 5.0% long-term rate for all healthcare benefits after eight years. The amortization costs for the initial UAAL is a level percentage of payroll over thirty years based on an open group, with an overall estimated annual inflation rate of 3.0% and total payroll growth estimated at 3.0% per year.

24. Retirement System

The Town follows the provisions of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, (as amended by GASB 50) with respect to its employees' retirement funds.

A. Plan Description

The Town contributes to the New Hampshire Retirement System (the System), a cost-sharing, multiple-employer, contributory public employee defined benefit pension plan qualified under Section 401(a) of the Internal Revenue Code and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The System was established in 1967 and is governed by New Hampshire RSA 100-A, rules and regulations, federal laws, and policies adopted by its Board of Trustees. Membership in the System may be mandatory or optional, depending on employment position. Members are required to make regular contributions to the System. Member contribution rates are established and may be amended by the New Hampshire State Legislature.

System membership is divided into two groups. *Group I* includes full-time state employees (except police officers and firefighters) and teachers, as well as employees of a political subdivision (i.e., school district, county, town, or other unit of local government) that has elected to participate in the System. *Group II* includes permanent firefighters and permanent police officers. Membership is a condition of employment and System

contributions are mandatory for both *Group I* and *Group II* employees who meet specific eligibility requirements.

Additional information on the System's eligibility requirements, group membership parameters, funding policies, benefits, and the System's annual financial report can be obtained from the New Hampshire Retirement System, 54 Regional Drive, Concord, New Hampshire, 03301-8507, or from the System's website at www.nhrs.org.

B. Funding Policy

The System is supported by member contributions, employer contributions, and net earnings on the investments of the trust fund. Member contribution rates are set by statute at 7.00% of member's compensation for *Group I* members (employees and teachers), 11.55% of member's compensation for *Group II* Police members, and 11.80% for *Group II* Fire members. Employer contributions are set by the System's Board of Trustees based on biennial actuarial valuations prepared as of June 30th on the odd numbered years (2011, 2013, etc.).

For fiscal year 2014, the Town was required to contribute 10.77% to the System for its eligible *Group I* employees, 25.30% for its eligible *Group II* Police employees, and 27.74% for its eligible *Group II* Fire employees. The Town's contributions to the System for the years ended June 30, 2014, 2013, and 2012 were \$2,823,247, \$2,241,412, and \$2,188,559, respectively, which equaled its annual required contributions for each of these years.

25. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three fiscal years.

26. Implementation of New GASB Standards

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which the Town is required to implement in fiscal year 2015. Management's assessment is that this pronouncement will have a significant impact on the Town's basic financial statements, as the Town will have to report its proportional share of the New Hampshire Retirement System's unfunded pension liability in the financial statements for fiscal years beginning after June 15, 2014.

TOWN OF LONDONERRY, NEW HAMPSHIRE
SCHEDULE OF FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014
(Unaudited)

Other Post-Employment Benefits						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
07/01/08	\$ -	\$ 7,392,805	\$ 7,392,805	0.0%	\$ 11,346,987	65.2%
07/01/10	\$ -	\$ 8,173,280	\$ 8,173,280	0.0%	\$ 10,437,881	78.3%
07/01/13	\$ -	\$ 7,781,390	\$ 7,781,390	0.0%	\$ 10,556,099	73.7%

See Independent Auditors' Report.

**SUPPLEMENTARY STATEMENTS
AND SCHEDULES**

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Combining Financial Statements

NON-MAJOR 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:

- Police Outside Detail: To account for revenues and expenditures related to police outside special detail activities.
- Police Airport Division: To account for charges to the City of Manchester Department of Aviation for security at the Manchester-Boston Regional Airport provided by the Londonderry Police Department.
- Conservation Commission: To account for monies received through taxes, donations and bonds and expended for the conservation of local land and resources.
- Leach Library: To account for monies collected by and transferred to the library for the purchase of books and periodicals.
- Reclamation Fund: To account for revenues and expenditures related to motor vehicle parts disposal costs and capital improvements at the Drop-off Center.
- Other Special Funds: To account for the revenues and expenditures associated with various local activities supported by general fund appropriations, rental fees, grants, participant donations, and other miscellaneous revenue sources.

CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for resources obtained and expended for the acquisition of major capital facilities or equipment.

The current funds were established for the following purposes:

- Exit 4A: To account for the architectural and engineering costs associated with the development of a new on/off ramp from Route 93.
- Capital Equipment: To account for public safety capital acquisitions funded by a capital lease.

PERMANENT FUNDS

Permanent Funds are established to account for certain assets held by the Town in a fiduciary capacity as trustee for cemetery, library, welfare, and other purposes.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2014

	Special Revenue Funds		
	Police Outside <u>Detail</u>	Police Airport <u>Division</u>	Conservation <u>Commission</u>
ASSETS			
Cash and short-term investments	\$ -	\$ -	\$ 1,307,602
Investments	-	-	-
Receivables, net of allowance for uncollectibles:			
Property taxes	-	-	22,750
Intergovernmental	-	-	-
Other	171,015	289,417	-
Due from other funds	<u>37,013</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 208,028</u>	<u>\$ 289,417</u>	<u>\$ 1,330,352</u>
LIABILITIES			
Accounts payable	\$ 14,539	\$ 2,456	\$ -
Due to other funds	<u>-</u>	<u>301,154</u>	<u>29,740</u>
TOTAL LIABILITIES	14,539	303,610	29,740
DEFERRED INFLOWS OF RESOURCES	-	-	22,750
FUND BALANCES			
Nonspendable	-	-	-
Restricted	193,489	-	1,277,862
Unassigned	<u>-</u>	<u>(14,193)</u>	<u>-</u>
TOTAL FUND BALANCES	<u>193,489</u>	<u>(14,193)</u>	<u>1,277,862</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 208,028</u>	<u>\$ 289,417</u>	<u>\$ 1,330,352</u>

Special Revenue Funds			
<u>Leach Library</u>	<u>Reclamation Fund</u>	<u>Other Special Funds</u>	<u>Subtotals</u>
\$ 41,017	\$ 437,645	\$ -	\$ 1,786,264
-	-	-	-
-	-	-	22,750
-	-	30,307	30,307
-	-	-	460,432
-	1,261	63,840	102,114
<u>\$ 41,017</u>	<u>\$ 438,906</u>	<u>\$ 94,147</u>	<u>\$ 2,401,867</u>
\$ -	\$ -	\$ 3,873	\$ 20,868
-	-	26,886	357,780
-	-	30,759	378,648
-	-	-	22,750
-	-	-	-
41,017	438,906	63,388	2,014,662
-	-	-	(14,193)
<u>41,017</u>	<u>438,906</u>	<u>63,388</u>	<u>2,000,469</u>
<u>\$ 41,017</u>	<u>\$ 438,906</u>	<u>\$ 94,147</u>	<u>\$ 2,401,867</u>

(continued)

(continued)

	Capital Project Funds		
	<u>Exit 4A</u>	<u>Capital Equipment</u>	<u>Subtotals</u>
ASSETS			
Cash and short-term investments	\$ 2,104	\$ 6,250	\$ 8,354
Investments	-	-	-
Receivables, net of allowance for uncollectibles:			
Property taxes	-	-	-
Intergovernmental	-	-	-
Other	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	<u>\$ 2,104</u>	<u>\$ 6,250</u>	<u>\$ 8,354</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	<u>1,157,998</u>	<u>-</u>	<u>1,157,998</u>
TOTAL LIABILITIES	<u>1,157,998</u>	<u>-</u>	<u>1,157,998</u>
DEFERRED INFLOWS OF RESOURCES	-	-	-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	6,250	6,250
Unassigned	<u>(1,155,894)</u>	<u>-</u>	<u>(1,155,894)</u>
TOTAL FUND BALANCES	<u>(1,155,894)</u>	<u>6,250</u>	<u>(1,149,644)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,104</u>	<u>\$ 6,250</u>	<u>\$ 8,354</u>

Permanent Funds	Total Nonmajor Governmental Funds
\$ 66,820	\$ 1,861,438
921,828	921,828
-	22,750
-	30,307
-	460,432
-	102,114
<u>\$ 988,648</u>	<u>\$ 3,398,869</u>
\$ -	\$ 20,868
-	1,515,778
<u>-</u>	<u>1,536,646</u>
-	22,750
879,580	879,580
109,068	2,129,980
-	(1,170,087)
<u>988,648</u>	<u>1,839,473</u>
<u>\$ 988,648</u>	<u>\$ 3,398,869</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Combining Statement of Revenues, Expenditures
and Changes in Fund Equity

Nonmajor Governmental Funds

For the Year Ended June 30, 2014

	Special Revenue Funds		
	Police Outside <u>Detail</u>	Police Airport <u>Division</u>	Conservation <u>Commission</u>
Revenues:			
Interest, penalties and other taxes	\$ -	\$ -	\$ 100,509
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	629,717	2,301,137	-
Investment income	-	-	130
Other	-	-	-
Total Revenues	629,717	2,301,137	100,639
Expenditures:			
Current:			
General government	-	-	-
Public safety	598,041	2,211,649	-
Highways and streets	-	-	-
Sanitation	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Conservation	-	-	21,704
Capital outlay	-	-	60,496
Total Expenditures	598,041	2,211,649	82,200
Excess (deficiency) of revenues over (under) expenditures	31,676	89,488	18,439
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	(99,396)	-
Total Other Financing Sources (Uses)	-	(99,396)	-
Net changes in fund balances	31,676	(9,908)	18,439
Fund Balances, beginning of year	161,813	(4,285)	1,259,423
Fund Balances, end of year	\$ 193,489	\$ (14,193)	\$ 1,277,862

Special Revenue Funds			
<u>Leach Library</u>	<u>Reclamation Fund</u>	<u>Other Special Funds</u>	<u>Subtotals</u>
\$ -	\$ -	\$ -	\$ 100,509
-	74,445	-	74,445
-	-	99,653	99,653
-	-	-	2,930,854
6	40	-	176
<u>29,977</u>	<u>-</u>	<u>42,032</u>	<u>72,009</u>
29,983	74,485	141,685	3,277,646
-	-	129	129
-	-	-	2,809,690
-	-	99,653	99,653
-	730	-	730
-	-	448	448
112,810	-	55,914	168,724
-	-	-	21,704
-	-	-	60,496
<u>112,810</u>	<u>730</u>	<u>156,144</u>	<u>3,161,574</u>
(82,827)	73,755	(14,459)	116,072
80,000	-	6,650	86,650
-	-	-	(99,396)
<u>80,000</u>	<u>-</u>	<u>6,650</u>	<u>(12,746)</u>
(2,827)	73,755	(7,809)	103,326
<u>43,844</u>	<u>365,151</u>	<u>71,197</u>	<u>1,897,143</u>
\$ <u><u>41,017</u></u>	\$ <u><u>438,906</u></u>	\$ <u><u>63,388</u></u>	\$ <u><u>2,000,469</u></u>

(continued)

(continued)

	Capital Project Funds		
	<u>Exit 4A</u>	<u>Capital Equipment</u>	<u>Subtotals</u>
Revenues:			
Interest, penalties and other taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment income	-	19	19
Other	-	-	-
Total Revenues	-	19	19
Expenditures:			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and streets	-	-	-
Sanitation	-	-	-
Health and welfare	-	-	-
Culture and recreation	-	-	-
Conservation	-	-	-
Capital outlay	-	189,049	189,049
Total Expenditures	-	189,049	189,049
Excess (deficiency) of revenues over (under) expenditures	-	(189,030)	(189,030)
Other Financing Sources (Uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net changes in fund balances	-	(189,030)	(189,030)
Fund Balances, beginning of year	(1,155,894)	195,280	(960,614)
Fund Balances, end of year	\$ (1,155,894)	\$ 6,250	\$ (1,149,644)

Permanent <u>Funds</u>	Total Nonmajor Governmental <u>Funds</u>
\$ -	\$ 100,509
-	74,445
-	99,653
-	2,930,854
145,667	145,862
<u>14,100</u>	<u>86,109</u>
159,767	3,437,432
591	720
-	2,809,690
-	99,653
-	730
3	451
6	168,730
-	21,704
<u>-</u>	<u>249,545</u>
<u>600</u>	<u>3,351,223</u>
159,167	86,209
-	86,650
<u>(17,500)</u>	<u>(116,896)</u>
<u>(17,500)</u>	<u>(30,246)</u>
141,667	55,963
<u>846,981</u>	<u>1,783,510</u>
<u>\$ 988,648</u>	<u>\$ 1,839,473</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2014

	Balance July 1, <u>2013</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2014</u>
<u>Town Escrows:</u>				
Assets - cash and short-term investments	\$ <u>1,396,381</u>	\$ <u>371,083</u>	\$ <u>(736,273)</u>	\$ <u>1,031,191</u>
Liabilities - other liabilities	\$ <u>1,396,381</u>	\$ <u>371,083</u>	\$ <u>(736,273)</u>	\$ <u>1,031,191</u>
 <u>School Capital Reserve:</u>				
Assets - cash and short-term investments	\$ <u>316,316</u>	\$ <u>400,062</u>	\$ <u>(404,539)</u>	\$ <u>311,839</u>
Liabilities - other liabilities	\$ <u>316,316</u>	\$ <u>400,062</u>	\$ <u>(404,539)</u>	\$ <u>311,839</u>
 <u>Totals:</u>				
Assets - cash and short-term investments	\$ <u>1,712,697</u>	\$ <u>771,145</u>	\$ <u>(1,140,812)</u>	\$ <u>1,343,030</u>
Liabilities - other liabilities	\$ <u>1,712,697</u>	\$ <u>771,145</u>	\$ <u>(1,140,812)</u>	\$ <u>1,343,030</u>

**Detail and Combining Budget
and Actual Statements**

GENERAL FUND

The General Fund is established to account for all resources obtained and used for those services commonly provided by the Town which are not accounted for in any other fund. These services include among other items: General Government, Public Safety, Highways and Streets, Sanitation, Health and Welfare, Culture and Recreation, Conservation, and Economic Development. The primary sources of revenue of the General Fund are: property taxes, unrestricted state revenue sharing grants, certain restricted grants and fees for services rendered.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Detail Schedule of Revenues and Other Financing Sources -
Budget and Actual - General Fund

For the Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
<u>Taxes</u>				
Property taxes	\$ 17,318,682	\$ 17,318,682	\$ 17,318,682	\$ -
Total Taxes	17,318,682	17,318,682	17,318,682	-
<u>Interest, Penalties, and Other Taxes</u>				
Yield taxes	7,800	7,800	1,934	(5,866)
Excavation taxes	10,000	10,000	13,053	3,053
Payment in lieu of taxes	621,448	621,448	621,448	-
Interest and penalties on taxes	285,000	285,000	436,955	151,955
Total Interest, Penalties, and Other Taxes	924,248	924,248	1,073,390	149,142
<u>Licenses and Permits</u>				
Business licenses and permits	9,000	9,000	8,274	(726)
Motor vehicle registrations	6,395,000	6,395,000	6,471,348	76,348
Building permits	225,000	225,000	229,844	4,844
Other licenses, permits and fees	38,000	38,000	45,132	7,132
Total Licenses and Permits	6,667,000	6,667,000	6,754,598	87,598
<u>Intergovernmental</u>				
Meals and room distribution	1,074,295	1,074,295	1,074,295	-
Highway block grant	503,020	503,020	504,841	1,821
Water pollution grants	44,236	44,236	44,236	-
Other grants	75,000	75,000	114,070	39,070
Total Intergovernmental Revenues	1,696,551	1,696,551	1,737,442	40,891
<u>Charges for Services</u>				
Income from departments	960,300	960,300	1,288,592	328,292
Total Charges for Services	960,300	960,300	1,288,592	328,292
<u>Investment Income</u>				
Interest on deposits	75,000	75,000	2,721	(72,279)
Total Investment Income	75,000	75,000	2,721	(72,279)
<u>Other Revenues</u>				
Other miscellaneous revenue	125,000	125,000	369,050	244,050
Total Miscellaneous Revenues	125,000	125,000	369,050	244,050
Total Revenues	27,766,781	27,766,781	28,544,475	777,694

(continued)

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Detail Schedule of Revenues and Other Financing Sources -
Budget and Actual - General Fund

For the Year Ended June 30, 2014

(continued)

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Other Financing Sources</u>				
Operating Transfers In:				
Sewer fund	320,000	320,000	320,000	-
Police airport division fund	150,000	150,000	99,397	(50,603)
Capital reserve funds	159,000	159,000	240,244	81,244
Permanent fund	17,500	17,500	17,500	-
Total Transfers In	<u>646,500</u>	<u>646,500</u>	<u>677,141</u>	<u>30,641</u>
Use of Fund Balance	<u>970,000</u>	<u>970,000</u>	<u>970,000</u>	<u>-</u>
Total Other Financing Sources	<u>1,616,500</u>	<u>1,616,500</u>	<u>1,647,141</u>	<u>30,641</u>
 Total Revenues and Other Financing Sources	 \$ <u>29,383,281</u>	 \$ <u>29,383,281</u>	 \$ <u>30,191,616</u>	 \$ <u>808,335</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Detail Schedule of Expenditures and Other Financing Uses
Budget and Actual - General Fund

For the Year Ended June 30, 2014

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Expenditures</u>				
<u>General Government</u>				
Town Council	\$ 12,097	\$ 12,097	\$ 13,922	\$ (1,825)
Town Manager	412,609	387,884	345,420	42,464
Moderator	300	300	-	300
Budget Committee	1	1	-	1
Town Clerk/Tax Collector	438,020	462,745	407,955	54,790
Checklist	8,090	8,090	4,221	3,869
Finance	529,315	529,315	557,352	(28,037)
Assessing	380,022	380,022	375,110	4,912
Information Technology	351,310	351,310	350,858	452
Legal	104,500	104,500	204,597	(100,097)
Zoning	42,000	42,000	50,160	(8,160)
General Services	508,015	508,015	523,666	(15,651)
Cemetery	32,974	32,974	32,520	454
Insurance	241,327	241,327	194,404	46,923
Total General Government	<u>3,060,580</u>	<u>3,060,580</u>	<u>3,060,185</u>	<u>395</u>
<u>Public Safety</u>				
Police Department	7,869,366	7,869,366	7,522,796	346,570
Fire Department	6,297,622	6,297,622	6,585,829	(288,207)
Building Department	<u>300,267</u>	<u>300,267</u>	<u>298,783</u>	<u>1,484</u>
Total Public Safety	<u>14,467,255</u>	<u>14,467,255</u>	<u>14,407,408</u>	<u>59,847</u>
<u>Highways and Streets</u>				
Highway Department	<u>3,177,878</u>	<u>3,177,878</u>	<u>3,140,793</u>	<u>37,085</u>
Total Highways and Streets	<u>3,177,878</u>	<u>3,177,878</u>	<u>3,140,793</u>	<u>37,085</u>
<u>Sanitation</u>				
Solid Waste	<u>1,926,351</u>	<u>1,926,351</u>	<u>1,864,212</u>	<u>62,139</u>
Total Sanitation	<u>1,926,351</u>	<u>1,926,351</u>	<u>1,864,212</u>	<u>62,139</u>
<u>Health and Welfare</u>				
Social Service Agencies	50,864	50,864	50,864	-
General Assistance	<u>121,268</u>	<u>121,268</u>	<u>64,315</u>	<u>56,953</u>
Total Health and Welfare	<u>172,132</u>	<u>172,132</u>	<u>115,179</u>	<u>56,953</u>
<u>Culture and Recreation</u>				
Cable	266,422	266,422	251,956	14,466
Recreation	147,421	147,421	140,469	6,952
Library	1,233,276	1,233,276	1,214,824	18,452
Senior Affairs	<u>50,136</u>	<u>50,136</u>	<u>46,041</u>	<u>4,095</u>
Total Culture and Recreation	<u>1,697,255</u>	<u>1,697,255</u>	<u>1,653,290</u>	<u>43,965</u>

(continued)

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Detail Schedule of Expenditures and Other Financing Uses
Budget and Actual - General Fund

For the Year Ended June 30, 2014

(continued)				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<u>Conservation</u>				
Conservation	<u>3,300</u>	<u>3,300</u>	<u>5,985</u>	<u>(2,685)</u>
	3,300	3,300	5,985	(2,685)
<u>Economic Development</u>				
Community Development	<u>418,949</u>	<u>418,949</u>	<u>383,322</u>	<u>35,627</u>
	418,949	418,949	383,322	35,627
<u>Capital Outlay</u>				
Capital outlay	<u>247,000</u>	<u>247,000</u>	<u>242,500</u>	<u>4,500</u>
Total Capital Outlay	<u>247,000</u>	<u>247,000</u>	<u>242,500</u>	<u>4,500</u>
<u>Debt Service</u>				
Debt service	<u>2,702,581</u>	<u>2,702,581</u>	<u>2,826,518</u>	<u>(123,937)</u>
Total Debt Service	<u>2,702,581</u>	<u>2,702,581</u>	<u>2,826,518</u>	<u>(123,937)</u>
Total Expenditures	<u>27,873,281</u>	<u>27,873,281</u>	<u>27,699,392</u>	<u>173,889</u>
<u>Other Financing Uses</u>				
Operating Transfers Out:				
Capital reserve funds	<u>1,510,000</u>	<u>1,510,000</u>	<u>1,510,000</u>	<u>-</u>
Total Other Financing Uses	<u>1,510,000</u>	<u>1,510,000</u>	<u>1,510,000</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 29,383,281</u>	<u>\$ 29,383,281</u>	<u>\$ 29,209,392</u>	<u>\$ 173,889</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Schedule of Revenues and Expenditures
Budget and Actual

Annually Budgeted Nonmajor Governmental Funds

For the Year Ended June 30, 2014

	Police Outside Detail			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for services	\$ 490,423	\$ 490,423	\$ 629,716	\$ 139,293
Total Revenues	490,423	490,423	629,716	139,293
Expenditures:				
Public safety	490,423	490,423	566,087	(75,664)
Total Expenditures	490,423	490,423	566,087	(75,664)
Excess of revenues over expenditures	\$ -	\$ -	\$ 63,629	\$ 63,629

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**Capital Assets Used in Operation
Governmental Funds**

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Schedule of Capital Assets By Source

June 30, 2014

CAPITAL ASSETS

Buildings and building improvements	\$ 10,971,981
Machinery, vehicles, and equipment	1,514,142
Intangibles	77,227
Infrastructure	47,167,624
Improvements other than buildings	327,733
Land and land improvements	12,561,195
Construction in progress	<u>8,247,019</u>
Total General Capital Assets	<u>\$ 80,866,921</u>

INVESTMENTS IN CAPITAL ASSETS

General fund	\$ 50,161,585
Special revenue funds	21,604,955
Capital project funds	<u>9,100,381</u>
Total Investments in General Capital Assets	<u>\$ 80,866,921</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Schedule of Changes in Capital Assets
By Function and Activity

For the Year Ended June 30, 2014

	Capital Assets <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	Capital Assets <u>June 30, 2014</u>
General Government:				
Town manager	\$ 53,607	\$ -	\$ 17,092	\$ 36,515
Finance	54,475	-	25,447	29,028
Information technology	76,298	101,946	30,944	147,300
Planning and zoning	640	-	452	188
General services	<u>16,977,251</u>	<u>110,147</u>	<u>114,946</u>	<u>16,972,452</u>
Total General Government	17,162,271	212,093	188,881	17,185,483
Public Safety:				
Police	4,764,767	136,149	232,810	4,668,106
Fire	<u>6,405,340</u>	<u>261,223</u>	<u>350,251</u>	<u>6,316,312</u>
Total Public Safety	11,170,107	397,372	583,061	10,984,418
Highways and Streets:				
Public works	<u>32,975,452</u>	<u>21,176</u>	<u>1,347,822</u>	<u>31,648,806</u>
Total Highways and Streets	32,975,452	21,176	1,347,822	31,648,806
Sanitation				
Sewer	<u>18,272,319</u>	<u>5,630</u>	<u>533,711</u>	<u>17,744,238</u>
Total Sanitation	18,272,319	5,630	533,711	17,744,238
Culture and Recreation:				
Parks and recreation	1,734,416	-	7,452	1,726,964
Library	1,256,447	31,369	72,227	1,215,589
Cable	243,947	43,448	32,101	255,294
Senior affairs	<u>22,720</u>	<u>63,400</u>	<u>4,114</u>	<u>82,006</u>
Total Culture and Recreation	3,257,530	138,217	115,894	3,279,853
Economic Development	<u>60,926</u>	<u>-</u>	<u>36,803</u>	<u>24,123</u>
Total Economic Development	<u>60,926</u>	<u>-</u>	<u>36,803</u>	<u>24,123</u>
Total General Capital Assets	<u>\$ 82,898,605</u>	<u>\$ 774,488</u>	<u>\$ 2,806,172</u>	<u>\$ 80,866,921</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Schedule of Capital Assets
By Function and Category

June 30, 2014

	<u>Buildings and Improvements</u>	<u>Machinery, Vehicles, and Equipment</u>	<u>Intangibles</u>
General Government:			
Town manager	\$ -	\$ 36,515	\$ -
Finance	-	29,028	-
Information technology	-	85,461	57,553
Planning and zoning	-	188	-
General services	<u>2,867,054</u>	<u>1,938</u>	<u>-</u>
Total General Government	2,867,054	153,130	57,553
Public Safety:			
Police department	4,350,872	210,091	-
Fire department	<u>2,200,113</u>	<u>497,690</u>	<u>-</u>
Total Public Safety	6,550,985	707,781	-
Highways and Streets:			
Public Works	<u>178,365</u>	<u>498,771</u>	<u>-</u>
Total Highways and Streets	178,365	498,771	-
Sanitation			
Sewer	<u>-</u>	<u>5,348</u>	<u>-</u>
Total Sanitation	-	5,348	-
Culture and Recreation:			
Recreation department	-	1,043	-
Library	1,131,905	73,840	-
Cable	181,065	74,229	-
Senior affairs	<u>62,607</u>	<u>-</u>	<u>-</u>
Total Culture and Recreation	1,375,577	149,112	-
Economic Development	<u>-</u>	<u>-</u>	<u>19,674</u>
Total Economic Development	<u>-</u>	<u>-</u>	<u>19,674</u>
Total General Capital Assets	<u>\$ 10,971,981</u>	<u>\$ 1,514,142</u>	<u>\$ 77,227</u>

<u>Infrastructure</u>	Improvements other than <u>Buildings</u>	<u>Land</u>	Construction in Progress	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 36,515
-	-	-	-	29,028
-	4,286	-	-	147,300
-	-	-	-	188
<u>91,261</u>	<u>78,116</u>	<u>12,309,235</u>	<u>1,624,848</u>	<u>16,972,452</u>
91,261	82,402	12,309,235	1,624,848	17,185,483
-	107,143	-	-	4,668,106
<u>860</u>	<u>52,712</u>	<u>-</u>	<u>3,564,937</u>	<u>6,316,312</u>
860	159,855	-	3,564,937	10,984,418
<u>29,481,003</u>	<u>33,935</u>	<u>251,960</u>	<u>1,204,772</u>	<u>31,648,806</u>
29,481,003	33,935	251,960	1,204,772	31,648,806
<u>17,590,051</u>	<u>2,374</u>	<u>-</u>	<u>146,465</u>	<u>17,744,238</u>
17,590,051	2,374	-	146,465	17,744,238
-	19,924	-	1,705,997	1,726,964
-	9,844	-	-	1,215,589
-	-	-	-	255,294
<u>-</u>	<u>19,399</u>	<u>-</u>	<u>-</u>	<u>82,006</u>
-	49,167	-	1,705,997	3,279,853
<u>4,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,123</u>
<u>4,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,123</u>
<u>\$ 47,167,624</u>	<u>\$ 327,733</u>	<u>\$ 12,561,195</u>	<u>\$ 8,247,019</u>	<u>\$ 80,866,921</u>

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STATISTICAL SECTION

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TOWN OF LONDONDERRY, NEW HAMPSHIRE

STATISTICAL SECTION

The Town of Londonderry'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 government's overall financial health.

	<u>Pages</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being, have changed over time.</i>	92-99
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	100-104
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	105-108
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	109-110
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the service the government provides and the activities it performs.</i>	111-113

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Net Assets/Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013⁽¹⁾</u>	<u>2014</u>
Governmental Activities:										
Net investment in capital assets	\$ 63,373,228	\$ 64,953,187	\$ 64,992,645	\$ 66,322,703	\$ 65,478,547	\$ 69,168,086	\$ 70,406,443	\$ 69,947,258	\$ 69,454,537	\$ 68,804,443
Restricted	589,622	598,187	663,039	645,183	566,002	611,742	743,524	734,465	846,981	988,648
Unrestricted	<u>9,970,885</u>	<u>10,836,397</u>	<u>12,491,720</u>	<u>11,733,839</u>	<u>12,824,164</u>	<u>9,778,247</u>	<u>6,685,269</u>	<u>6,847,135</u>	<u>5,362,692</u>	<u>6,486,720</u>
Total net position	<u>\$ 73,933,735</u>	<u>\$ 76,387,771</u>	<u>\$ 78,147,404</u>	<u>\$ 78,701,725</u>	<u>\$ 78,868,713</u>	<u>\$ 79,558,075</u>	<u>\$ 77,835,236</u>	<u>\$ 77,528,858</u>	<u>\$ 75,664,210</u>	<u>\$ 76,279,811</u>

Notes:

- (1) In 2013, the Town began reporting net position, rather than net assets, in conformity with GASB Statement No. 63.
Prior to that time, net investment in capital assets was labeled "invested in capital assets, net of related debt".

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Changes in Net Assets/Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending									
	2005	2006	2007	2008	2009	2010	2011	2012	2013 ⁽¹⁾	2014
Governmental Activities:										
Expenses										
General government	\$ 3,021,855	\$ 2,776,708	\$ 2,922,857	\$ 3,934,902	\$ 5,139,243	\$ 3,958,532	\$ 4,022,647	\$ 3,963,149	\$ 3,791,015	\$ 3,645,908
Public safety	10,965,243	11,577,220	13,762,946	13,762,995	15,473,889	16,121,622	16,350,045	16,560,271	17,216,243	18,303,621
Highways and streets	4,055,649	5,311,941	5,570,348	5,074,427	3,892,894	4,276,080	6,279,279	4,405,364	6,308,705	5,377,821
Sanitation	2,775,629	3,334,611	3,109,377	3,702,251	4,073,017	3,440,061	4,491,804	3,599,659	3,674,373	3,524,997
Health and welfare	281,960	278,625	307,796	178,496	159,825	165,490	175,417	126,106	109,492	115,630
Culture and recreation	1,733,731	1,809,430	2,280,477	2,001,143	1,889,678	1,578,831	1,596,464	1,910,707	1,809,452	1,806,552
Conservation	-	-	-	-	-	3,426	2,406	3,156	2,571	27,689
Economic development	383,894	382,881	418,691	420,413	440,869	470,697	425,783	430,689	322,399	389,340
Interest	1,050,508	769,362	768,978	896,326	802,585	743,540	705,234	683,447	654,240	578,894
Total expenses	24,268,469	26,240,778	29,141,470	29,970,953	31,872,000	30,758,279	34,049,079	31,682,548	33,888,490	33,770,452
Program Revenues										
Charges for services										
General government	105,539	104,910	100,797	98,425	75,788	433,522	378,670	62,748	61,230	99,727
Public Safety	877,921	1,240,672	3,750,817	3,383,247	3,923,272	3,577,429	3,678,903	3,642,174	3,605,505	3,806,570
Highways and streets	60,683	70,045	74,255	69,503	5,314	-	-	-	-	-
Sanitation	1,045,003	1,894,540	1,630,125	2,273,247	1,864,968	2,221,087	2,331,359	2,169,312	2,156,276	2,205,667
Health and welfare	-	-	-	10,070	9,767	-	-	-	-	-
Culture and recreation	355,492	397,426	503,848	401,348	401,468	9,843	6,820	306,152	449,673	463,256
Total charges for services	2,444,638	3,707,593	6,059,842	6,235,840	6,280,577	6,241,881	6,395,752	6,180,386	6,272,684	6,575,220
Operating grants and contributions	315,764	416,026	378,830	734,657	846,877	850,265	923,042	778,220	863,544	903,951
Capital grants and contributions	677,759	1,687,078	716,096	582,909	627,826	1,332,518	1,490,155	65,205	471,424	200,181
Total program revenues	3,438,161	5,810,697	7,154,768	7,553,406	7,755,280	8,424,664	8,808,949	7,023,811	7,607,652	7,679,352
Net (Expenses) Revenues	(20,830,308)	(20,430,081)	(21,986,702)	(22,417,547)	(24,116,720)	(22,333,615)	(25,240,130)	(24,658,737)	(26,280,838)	(26,091,100)
General Revenues and Other Changes in Net Position										
Property taxes	12,321,459	13,665,446	13,685,209	13,661,626	14,300,221	14,829,912	15,257,216	15,439,921	15,836,304	17,646,027
Interest, penalties and other taxes	862,921	769,467	1,634,295	848,179	1,227,157	870,500	894,631	908,627	1,078,924	1,072,140
Motor vehicle registrations	6,404,091	6,309,859	5,915,524	6,023,616	5,910,220	5,736,360	5,711,807	6,392,231	6,185,807	6,471,348
Grants and contributions not restricted to specific programs	1,094,177	1,175,993	1,250,709	1,333,129	1,395,230	1,199,451	1,247,462	1,295,153	1,157,512	1,131,823
Investment income	427,774	675,545	867,176	605,702	196,401	102,261	37,105	37,797	4,799	2,896
Other	425,370	281,206	386,972	488,916	646,877	267,073	355,890	265,480	89,244	368,367
Total general revenues before permanent fund contributions	21,535,792	22,877,516	23,739,885	22,961,168	23,676,106	23,005,557	23,504,111	24,339,209	24,352,590	26,692,601
Permanent fund contributions	21,200	6,601	6,450	10,700	607,602	17,420	13,180	13,150	63,600	14,100
Change in Net Position	\$ 726,684	\$ 2,454,036	\$ 1,759,633	\$ 554,321	\$ 166,988	\$ 689,362	\$ (1,722,839)	\$ (306,378)	\$ (1,864,648)	\$ 615,601

Notes:

(1) In 2013, the Town began reporting net position, rather than net assets, in conformity with GASB Statement No. 63.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending					
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
All Governmental Funds						
Reserved for encumbrances	\$ 2,025,837	\$ 3,209,825	\$ 3,077,071	\$ 3,304,418	\$ 3,882,636	\$ 6,331,745
Reserved for perpetual permanent funds	480,931	589,622	598,186	545,217	465,605	513,729
Reserved for prepaid expenditures	-	-	-	-	-	409,581
Unreserved	10,733,716	9,079,385	10,930,309	9,759,496	11,125,971	8,949,791
Total all governmental funds	<u><u>\$ 13,240,484</u></u>	<u><u>\$ 12,878,832</u></u>	<u><u>\$ 14,605,566</u></u>	<u><u>\$ 13,609,131</u></u>	<u><u>\$ 15,474,212</u></u>	<u><u>\$ 16,204,846</u></u>
General Fund						
Reserved for encumbrances	\$ 1,980,498	\$ 3,157,776	\$ 2,525,847	\$ 2,509,562	\$ 3,438,842	\$ 5,071,226
Reserved for prepaid expenditures	-	-	-	-	-	409,581
Unreserved	3,826,115	3,886,856	4,375,300	4,363,212	4,786,216	3,969,850
Total General Fund	<u><u>\$ 5,806,613</u></u>	<u><u>\$ 7,044,632</u></u>	<u><u>\$ 6,901,147</u></u>	<u><u>\$ 6,872,774</u></u>	<u><u>\$ 8,225,058</u></u>	<u><u>\$ 9,450,657</u></u>
Special Revenue Funds						
Reserved for encumbrances	\$ 45,339	\$ 52,049	\$ 551,224	\$ 794,856	\$ 443,794	\$ 1,260,519
Unreserved	5,933,244	5,003,500	6,302,967	5,580,561	6,605,909	5,597,742
Total Special Revenue Funds	<u><u>\$ 5,978,583</u></u>	<u><u>\$ 5,055,549</u></u>	<u><u>\$ 6,854,191</u></u>	<u><u>\$ 6,375,417</u></u>	<u><u>\$ 7,049,703</u></u>	<u><u>\$ 6,858,261</u></u>
Capital Project Funds						
Reserved for encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	865,666	180,464	187,189	(284,243)	(366,551)	(715,814)
Total Capital Project Funds	<u><u>\$ 865,666</u></u>	<u><u>\$ 180,464</u></u>	<u><u>\$ 187,189</u></u>	<u><u>\$ (284,243)</u></u>	<u><u>\$ (366,551)</u></u>	<u><u>\$ (715,814)</u></u>
Permanent Funds						
Reserved for perpetual permanent funds	\$ 480,931	\$ 589,622	\$ 598,186	\$ 545,217	\$ 465,605	\$ 513,729
Unreserved	108,691	8,565	64,853	99,966	100,397	98,013
Total Permanent Funds	<u><u>\$ 589,622</u></u>	<u><u>\$ 598,187</u></u>	<u><u>\$ 663,039</u></u>	<u><u>\$ 645,183</u></u>	<u><u>\$ 566,002</u></u>	<u><u>\$ 611,742</u></u>

	(1)	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
All Governmental Funds					
Nond spendable	\$	767,819	\$ 629,771	\$ 740,138	\$ 879,580
Restricted		2,198,055	9,084,146	8,572,118	8,164,178
Committed		7,472,879	1,174,261	1,517,090	2,414,516
Assigned		1,256,156	1,568,412	1,486,364	582,015
Unassigned		2,515,200	2,939,228	2,196,431	3,593,795
Total all governmental funds		<u>\$ 14,210,109</u>	<u>\$ 15,395,818</u>	<u>\$ 14,512,141</u>	<u>\$ 15,634,084</u>
General Fund					
Nond spendable	\$	125,900	\$ -	\$ -	\$ -
Restricted		1,937,169	2,474,373	1,108,282	188,217
Committed		1,765,261	1,138,645	1,517,090	2,414,516
Assigned		1,256,156	1,568,412	1,486,364	582,015
Unassigned		3,845,070	4,084,022	3,352,325	4,749,689
Total General Fund		<u>\$ 8,929,556</u>	<u>\$ 9,265,452</u>	<u>\$ 7,464,061</u>	<u>\$ 7,934,437</u>
Special Revenue Funds					
Nond spendable	\$	-	\$ -	\$ -	\$ -
Restricted		5,749,612	6,505,079	7,161,713	7,860,643
Committed		-	-	-	-
Assigned		-	-	-	-
Unassigned		-	-	-	-
Total Special Revenue Funds		<u>\$ 5,749,612</u>	<u>\$ 6,505,079</u>	<u>\$ 7,161,713</u>	<u>\$ 7,860,643</u>
Capital Project Funds					
Nond spendable	\$	-	\$ -	\$ -	\$ -
Restricted		117,287	-	195,280	6,250
Committed		-	35,616	-	-
Assigned		-	-	-	-
Unassigned		(1,329,870)	(1,144,794)	(1,155,894)	(1,155,894)
Total Capital Project Funds		<u>\$ (1,212,583)</u>	<u>\$ (1,109,178)</u>	<u>\$ (960,614)</u>	<u>\$ (1,149,644)</u>
Permanent Funds					
Nond spendable	\$	641,919	\$ 629,771	\$ 740,138	\$ 879,580
Restricted		101,605	104,694	106,843	109,068
Total Permanent Funds		<u>\$ 743,524</u>	<u>\$ 734,465</u>	<u>\$ 846,981</u>	<u>\$ 988,648</u>

(1) With the implementation of GASB 54 in fiscal year 2011, the presentation of fund balance classifications has changed and is shown prospectively.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Changes in Fund Balances, Total Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Property taxes	\$ 12,491,926	\$ 13,737,247	\$ 13,625,893	\$ 13,569,699	\$ 14,157,575	\$ 14,739,367	\$ 15,191,178	\$ 15,401,672	\$ 15,655,987	\$ 17,655,870
Interest, penalties and other taxes	862,921	773,347	1,637,971	848,179	1,227,157	1,031,385	917,702	939,230	1,205,440	1,172,648
Licenses and permits	6,682,683	6,613,897	6,186,242	6,294,434	5,970,111	5,793,928	6,424,678	6,745,216	6,518,022	6,818,243
Intergovernmental	1,968,126	2,845,981	2,168,019	2,538,562	2,755,321	3,005,215	3,339,857	1,879,000	2,147,871	1,840,631
Charges for services	2,421,151	3,098,295	5,617,281	5,757,916	6,723,820	6,072,627	5,987,588	5,915,288	6,023,313	6,302,854
Investment income	427,776	675,546	867,177	605,702	196,401	153,326	176,214	35,203	72,877	148,759
Other revenues	800,098	723,699	575,756	611,748	772,389	606,437	432,014	413,732	229,126	454,476
Total revenues	25,654,681	28,468,012	30,678,339	30,226,240	31,802,774	31,402,285	32,469,231	31,329,341	31,852,636	34,393,481
Expenditures										
Current:										
General government	6,605,675	4,914,456	4,832,993	4,650,824	3,360,704	4,500,995	3,558,605	3,389,761	3,078,007	3,070,215
Public safety	11,062,970	11,323,017	15,583,706	13,500,753	14,612,788	14,570,939	15,245,071	15,401,489	16,314,094	17,261,397
Highways and streets	4,197,445	4,061,864	4,211,039	3,752,042	3,369,085	3,333,082	3,042,461	2,554,791	3,095,221	3,112,018
Sanitation	2,570,067	2,807,984	2,991,411	3,112,440	3,743,357	2,898,257	3,954,443	3,062,331	3,130,905	3,004,851
Health and welfare	277,614	292,607	307,333	177,474	163,733	164,853	175,417	126,106	109,492	115,630
Culture and recreation	1,599,418	1,888,868	1,808,476	1,867,375	1,800,392	1,874,563	1,538,117	1,807,695	1,716,200	1,739,725
Conservation	-	-	-	-	-	-	2,407	3,156	1,571	27,689
Economic development	371,907	373,737	414,538	414,561	449,867	453,087	422,655	408,499	484,711	346,104
Capital outlay ⁽¹⁾										
Capitalized	1,531,153	512,657	507,788	2,043,955	1,304,419	1,034,107	2,831,410	836,061	1,944,740	774,488
Noncapitalized	-	-	-	-	374,781	-	1,895,081	699,180	1,876,851	992,903
Debt service:										
Principal	1,992,761	1,883,498	1,865,000	2,075,000	2,055,000	2,065,000	2,065,000	2,150,000	2,245,000	2,225,601
Interest	858,827	770,976	804,321	828,251	800,269	776,768	733,301	704,563	644,521	600,917
Total expenditures	31,067,837	28,829,664	33,326,605	32,422,675	32,034,395	31,671,651	35,463,968	31,143,632	34,641,313	33,271,538
Excess (deficiency) of revenues over (under) expenditures	(5,413,156)	(361,652)	(2,648,266)	(2,196,435)	(231,621)	(269,366)	(2,994,737)	185,709	(2,788,677)	1,121,943
Other Financing Sources (Uses)										
Issuance of bonds	1,000,000	-	4,375,000	1,200,000	1,500,000	1,000,000	1,000,000	1,000,000	500,000	-
Issuance of capital leases	-	-	-	-	-	-	-	-	1,405,000	-
Transfers in	1,130,168	938,223	5,059,702	931,064	1,304,360	1,192,756	1,239,325	825,555	567,662	523,546
Transfers out	(1,130,168)	(938,223)	(5,059,702)	(931,064)	(1,304,360)	(1,192,756)	(1,239,325)	(825,555)	(567,662)	(523,546)
Total other financing sources (uses)	1,000,000	-	4,375,000	1,200,000	1,500,000	1,000,000	1,000,000	1,000,000	1,905,000	-
Special Items:										
Return of settlement liability	-	-	-	-	596,702	-	-	-	-	-
Total special items	-	-	-	-	596,702	-	-	-	-	-
Net changes in fund balances	<u>\$ (4,413,156)</u>	<u>\$ (361,652)</u>	<u>\$ 1,726,734</u>	<u>\$ (996,435)</u>	<u>\$ 1,865,081</u>	<u>\$ 730,634</u>	<u>\$ (1,994,737)</u>	<u>\$ 1,185,709</u>	<u>\$ (883,677)</u>	<u>\$ 1,121,943</u>
Debt Service as a percentage of non-capital expenditures	9.65%	9.37%	8.13%	9.56%	9.29%	9.28%	8.58%	9.42%	8.84%	8.70%

(1) Includes noncapitalized appropriations reported as capital outlay expenditures in order to be consistent with budgetary classifications approved by Town meeting vote.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Changes in Fund Balances, General Fund
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property taxes	\$ 12,491,926	\$ 13,737,247	\$ 13,625,893	\$ 13,569,699	\$ 14,157,575	\$ 14,739,367	\$ 15,191,178	\$ 15,401,672	\$ 15,655,987	\$ 17,655,870
Interest, penalties and other taxes	862,921	769,452	789,174	840,286	854,527	870,500	894,631	908,627	1,078,924	1,072,139
Licenses and permits	6,682,683	6,613,897	6,186,242	6,294,434	5,970,111	5,917,550	5,890,687	6,669,255	6,444,286	6,743,798
Intergovernmental	1,830,461	2,586,076	2,148,993	2,538,562	2,549,893	2,934,709	1,849,703	1,879,000	2,147,871	1,740,978
Charges for services	433,508	554,473	862,419	802,420	1,188,733	852,862	929,255	1,063,337	1,179,355	1,288,487
Investment income	384,339	619,149	769,844	599,574	256,008	100,165	37,105	37,797	4,800	2,897
Other revenues	378,644	203,725	378,683	168,950	531,998	196,413	343,795	265,480	80,573	368,367
Total revenues	23,064,482	25,084,019	24,761,248	24,813,925	25,508,845	25,611,566	25,136,354	26,225,168	26,591,796	28,872,536
Expenditures										
Current:										
General government	2,842,400	2,940,412	2,948,169	3,204,130	3,012,487	2,929,828	3,264,043	3,386,765	3,075,912	3,069,495
Public Safety	9,785,664	10,430,161	10,478,279	11,169,578	11,932,980	12,291,199	12,642,797	12,814,322	13,592,017	14,451,707
Highways and streets	3,942,857	3,581,685	4,007,119	3,518,334	3,364,600	3,082,476	3,042,461	2,554,791	3,095,221	3,012,365
Sanitation	1,471,600	1,864,448	1,875,281	1,896,988	1,804,100	1,882,694	1,811,568	1,902,722	1,877,215	1,836,212
Health and welfare	277,614	292,607	307,333	177,474	163,733	164,853	174,928	125,816	109,142	115,179
Culture and recreation	1,176,759	1,261,314	1,345,309	1,385,091	1,385,987	1,445,295	1,351,525	1,653,577	1,575,818	1,570,995
Conservation	-	-	-	-	-	3,416	2,011	3,156	1,571	5,985
Economic development	371,907	373,737	414,538	414,561	449,867	453,087	422,655	408,499	484,711	346,104
Capital outlay ⁽¹⁾										
Capitalized	1,531,153	512,657	507,788	2,043,955	1,304,419	1,034,107	1,053,728	575,744	722,870	524,943
Noncapitalized	-	-	-	-	374,781	-	1,895,081	699,180	1,876,851	992,903
Debt service	2,851,588	2,654,474	2,669,321	2,903,251	2,855,269	2,841,768	2,798,301	2,854,563	2,889,521	2,826,518
Total expenditures	24,251,542	23,911,495	24,553,137	26,713,362	26,648,223	26,128,723	28,459,098	26,979,135	29,300,849	28,752,406
Excess (deficiency) of revenues over (under) expenditures	(1,187,060)	1,172,524	208,111	(1,899,437)	(1,139,378)	(517,157)	(3,322,744)	(753,967)	(2,709,053)	120,130
Other Financing Sources (Uses)										
Issuance of bonds	-	-	4,375,000	1,200,000	1,500,000	1,000,000	1,000,000	1,000,000	500,000	-
Transfers in	470,576	401,110	166,553	801,064	872,160	967,756	958,869	457,709	487,662	436,896
Transfers out	(659,592)	(335,615)	(4,893,149)	(130,000)	(477,200)	(225,000)	(280,456)	(367,846)	(80,000)	(86,650)
Total other financing sources (uses)	(189,016)	65,495	(351,596)	1,871,064	1,894,960	1,742,756	1,678,413	1,089,863	907,662	350,246
Special Items:										
Return of settlement liability	-	-	-	-	596,702	-	-	-	-	-
Total special items	-	-	-	-	596,702	-	-	-	-	-
Net change in fund balances	\$ (1,376,076)	\$ 1,238,019	\$ (143,485)	\$ (28,373)	\$ 1,352,284	\$ 1,225,599	\$ (1,644,331)	\$ 335,896	\$ (1,801,391)	\$ 470,376
Debt service as a percentage of non-capital expenditures	12.55%	11.34%	11.10%	11.77%	11.27%	11.32%	10.21%	10.81%	10.11%	10.01%

(1) Includes noncapitalized appropriations reported as capital outlay expenditures in order to be consistent with budgetary classifications approved by Town meeting vote.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Changes in Fund Balances, Special Revenue Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Interest, penalties and other taxes	\$ -	\$ 3,895	\$ 848,797	\$ 7,893	\$ 372,630	\$ 160,885	\$ 23,071	\$ 30,603	\$ 126,516	\$ 100,509
Licenses and permits	-	-	-	-	-	453,230	533,991	75,961	73,736	74,445
Intergovernmental	109,476	-	19,026	-	205,428	-	-	-	-	99,653
Charges for services	1,961,550	2,543,822	4,754,862	4,955,496	5,535,087	4,752,698	5,058,333	4,851,951	4,843,958	5,014,367
Investment income	23,826	24,116	19,979	15,539	11,500	6,476	1,773	664	459	177
Other revenues	400,254	512,577	187,941	382,098	229,491	188,059	75,039	69,899	84,953	72,009
Total revenues	2,495,106	3,084,410	5,830,605	5,361,026	6,354,136	5,561,348	5,692,207	5,029,078	5,129,622	5,361,160
Expenditures										
Current:										
General government	1,409,504	1,377,793	1,882,308	1,158,966	265,906	272,250	293,342	1,569	957	129
Public safety	301,383	603,482	2,780,137	2,331,175	2,679,808	2,530,346	2,602,274	2,587,167	2,722,077	2,809,690
Highways and streets	-	-	-	-	4,485	-	-	-	-	99,653
Sanitation	1,090,696	943,536	1,116,130	1,215,452	1,939,257	1,015,563	2,142,875	1,159,609	1,253,690	1,168,639
Health and welfare	-	-	-	-	-	637	485	283	345	448
Culture and recreation	420,953	622,953	461,728	480,643	412,934	174,050	186,583	154,103	140,373	168,724
Conservation	-	-	-	-	-	10	396	-	-	21,704
Economic development	-	-	-	-	-	5	-	-	-	-
Capital outlay	-	-	-	-	-	1,034,673	8,137	7,868	1,000	60,496
Total expenditures	3,222,536	3,547,764	6,240,303	5,186,236	5,302,390	5,027,534	5,234,092	3,910,599	4,118,442	4,329,483
Excess (deficiency) of revenues over (under) expenditures	(727,430)	(463,354)	(409,698)	174,790	1,051,746	533,814	458,115	1,118,479	1,011,180	1,031,677
Other Financing Sources (Uses)										
Issuance of bonds	1,000,000	-	-	-	-	-	-	-	-	-
Transfers in	157,393	107,393	2,357,393	130,000	432,200	225,000	117,000	77,197	80,000	86,650
Transfers out	(453,076)	(567,073)	(149,053)	(783,564)	(809,660)	(950,256)	(560,535)	(440,209)	(434,546)	(419,396)
Total other financing sources (uses)	704,317	(459,680)	2,208,340	(653,564)	(377,460)	(725,256)	(443,535)	(363,012)	(354,546)	(332,746)
Net change in fund balances	\$ (23,113)	\$ (923,034)	\$ 1,798,642	\$ (478,774)	\$ 674,286	\$ (191,442)	\$ 14,580	\$ 755,467	\$ 656,634	\$ 698,931

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Changes in Fund Balances, Capital Projects Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Intergovernmental	\$ 28,189	\$ 259,905	\$ -	\$ -	\$ -	\$ 165,517	\$ 1,490,154	\$ -	\$ -	\$ -
Charges for services	26,093	-	-	-	-	-	-	-	-	-
Investment income	732	181	13	4	3	1	1	1	50	19
Other revenues	-	796	2,682	50,000	-	-	-	65,204	-	-
Total revenues	55,014	260,882	2,695	50,004	3	165,518	1,490,155	65,205	50	19
Expenditures										
Current:										
General government	2,353,771	596,251	2,516	287,728	82,311	-	-	-	-	-
Public safety	975,923	289,374	2,325,290	-	-	-	-	-	-	-
Highways and streets	254,588	480,179	203,920	233,708	-	-	-	-	-	-
Sanitation	7,771	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	514,781	1,769,545	252,449	1,220,870	189,049
Total expenditures	3,592,053	1,365,804	2,531,726	521,436	82,311	514,781	1,769,545	252,449	1,220,870	189,049
Excess (deficiency) of revenues over (under) expenditures	(3,537,039)	(1,104,922)	(2,529,031)	(471,432)	(82,308)	(349,263)	(279,390)	(187,244)	(1,220,820)	(189,030)
Other Financing Sources (Uses)										
Issuance of capital leases	-	-	-	-	-	-	-	-	1,405,000	-
Transfers in	502,199	429,720	2,535,756	-	-	-	163,456	290,649	-	-
Transfers out	-	(10,000)	-	-	-	-	(380,834)	-	(35,616)	-
Total other financing sources (uses)	502,199	419,720	2,535,756	-	-	-	(217,378)	290,649	1,369,384	-
Net change in fund balances	<u>\$ (3,034,840)</u>	<u>\$ (685,202)</u>	<u>\$ 6,725</u>	<u>\$ (471,432)</u>	<u>\$ (82,308)</u>	<u>\$ (349,263)</u>	<u>\$ (496,768)</u>	<u>\$ 103,405</u>	<u>\$ 148,564</u>	<u>\$ (189,030)</u>

TOWN OF LONDONDERRY, NEW HAMPSHIRE

General Government Tax Revenues by Source Last Ten Fiscal Years

Fiscal Year	Property Taxes	Payment in Lieu of Taxes	Yield Taxes	Excavation Taxes	Interest, Penalties and Other Taxes	Total
2005	\$ 12,580,255	\$ 520,200	\$ 5,283	\$ 14,908	\$ 322,530	\$ 13,443,176
2006	13,737,247	530,604	18,888	10,090	209,870	14,506,699
2007	13,625,893	541,216	14,536	11,184	222,238	14,415,067
2008	13,569,699	551,828	11,466	9,264	267,728	14,409,985
2009	14,157,575	563,081	9,700	15,058	266,688	15,012,102
2010	14,739,367	574,122	974	10,816	445,473	15,770,752
2011	15,191,178	585,825	16,819	8,152	284,772	16,086,746
2012	15,401,672	597,316	3,574	8,273	330,067	16,340,902
2013	15,655,987	609,263	122	10,038	586,017	16,861,427
2014	17,655,870	621,448	1,934	13,053	536,213	18,828,518

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Property Tax Levied for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Balance at Fiscal Year End of Levy Year	Delinquent Tax Collections	Delinquent Balance at end of Current Fiscal Year	Total Collections to Date		Number of Parcels		
		Amount	% of Levy				Amount	% of Levy	In Levy	Liened	% Liened
2005	\$ 55,130,236	\$ 53,168,196	96.4%	\$ 1,962,040	\$ 1,327,748	\$ 634,292	\$ 54,495,944	98.8%	9,506	223	2.35%
2006	57,067,122	56,326,597	98.7%	740,525	161,711	578,814	56,488,308	99.0%	9,610	227	2.36%
2007	59,122,596	58,572,792	99.1%	549,804	75,364	474,440	58,648,156	99.2%	9,609	324	3.37%
2008	59,029,250	58,244,149	98.7%	785,101	274,802	510,299	58,518,951	99.1%	9,606	278	2.89%
2009	61,326,245	60,783,858	99.1%	609,773	480,349	293,977	61,264,207	99.9%	9,609	236	2.46%
2010	63,549,682	62,971,895	99.1%	703,313	526,188	371,628	63,498,083	99.9%	9,658	323	3.34%
2011	65,885,833	64,970,290	98.6%	607,412	623,125	417,967	65,593,415	99.6%	9,658	357	3.70%
2012	67,056,882	66,457,354	99.1%	599,528	576,864	442,281	67,034,218	99.9%	9,706	324	3.34%
2013	68,407,455	67,703,880	99.0%	703,575	479,662	467,038	68,183,542	99.6%	9,802	330	3.37%
2014	71,682,381	71,007,959	99.1%	674,422	559,463	594,421	71,567,422	99.7%	9,962	329	3.30%

Source:

Town of Londonderry Annual Town Report
Town of Londonderry Tax Collector

Notes:

(1) Includes taxes collected for the Londonderry School District and Rockingham County

Tax liens are placed within 60 days after the end of the fiscal year. Taxpayers have 2 years to redeem liens prior to property being tax deeded.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Assessed and Estimated Full Value of Real Property
Last Ten Fiscal Years

Fiscal Year	Local Assessed Value				Less Exemptions to Assessed Value	Total Net Taxable Assessed Value	Total Direct Tax Rate per \$1,000 of Value	Estimated Full Value	Ratio of Total Net Taxable Assessed Value to Total Estimated Value
	Residential	Commercial/ Industrial	Utilities	Total Assessed Value					
2005	\$ 2,479,609,162	\$ 336,023,677	\$ 344,743,200	\$ 3,160,376,039	\$ 296,295,600	\$ 2,864,080,439	\$ 20.46	\$ 3,291,493,812	87.0%
2006	2,896,242,641	349,576,134	344,743,200	3,590,561,975	339,916,000	3,250,645,975	18.87	3,274,163,075	99.3%
2007	2,899,570,144	350,861,934	355,557,000	3,605,989,078	338,204,200	3,267,784,878	17.42	3,346,869,655	97.6%
2008	2,616,156,685	369,102,678	349,557,000	3,334,816,363	346,682,050	2,988,134,313	17.36	3,323,828,044	89.9%
2009	2,636,484,995	385,083,538	394,757,000	3,416,325,533	418,540,150	2,997,785,383	17.62	3,343,051,059	89.7%
2010	2,469,243,134	383,432,206	481,207,000	3,333,882,340	505,119,150	2,828,763,190	18.74	3,317,787,719	85.3%
2011	2,477,756,918	381,999,026	481,957,000	3,341,712,944	365,467,400	2,976,245,544	19.39	3,147,464,465	94.6%
2012	2,486,519,949	388,910,266	523,377,304	3,398,807,519	375,894,780	3,022,912,739	19.39	3,374,318,239	89.6%
2013	2,310,126,608	582,255,169	554,420,304	3,446,802,081	377,569,480	3,069,232,601	19.59	3,421,793,401	89.7%
2014	2,320,844,807	587,113,619	596,615,304	3,504,573,730	378,295,580	3,126,278,150	20.19	3,479,439,650	89.9%

Source:

Town of Londonderry Annual Town Report
Town of Londonderry Tax Collector

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2014 Assessed Value	2014 Rank	Percentage of net Assessed Value	2005 Assessed Value	2004 Rank	Percentage of net Assessed Value
GRANITE RIDGE ENERGY, LLC (AES)	Utility	\$ 430,000,000	1	13.75%	\$ 240,159,578	1	8.39%
PUBLIC SERVICE CO. OF NH	Electric Utility	114,695,704	2	3.67%	32,713,500	2	1.14%
INSIGHT TECHNOLOGY, INC.	Manufacturing	23,928,000	3	0.77%	-	-	-
COCA-COLA OF NORTHERN NE, INC.	Bottling Plant	20,185,700	4	0.65%	18,850,400	3	0.66%
TENNECO INCORPORATED	Gas Utility	18,250,000	7	0.58%	10,127,000	6	0.35%
HARVEY INDUSTRIES, INC.	Window Manufacturer	19,838,900	5	0.63%	-	-	-
LIEVENS ROBERT D. & STEPHEN R.	Retail	19,628,900	6	0.63%	9,376,230	7	0.33%
HOME DEPOT USA, INC.	Retail	16,161,100	8	0.52%	12,818,500	4	0.45%
APPLETREE MALL ASSOCIATES, INC	Retail Mall Plaza	15,605,800	9	0.50%	12,238,200	5	0.43%
LONDONDERRY FREEZER WAREHOUSE	Warehouse	14,768,400	10	0.47%	-	-	-
GLENBERVIE INC	Manufacturing	-			7,214,900	8	0.25%
VISTA RIDGE, LLC	Residential Development	-			8,106,800	9	0.28%
GILCREAST REALTY HOLDINGS II, LLC	Residential Development	-			6,695,900	10	0.23%
Total Principal Taxpayers		<u>\$ 693,062,504</u>		22.17%	<u>\$ 358,301,008</u>		12.51%
Total Net Assessed Taxable Value		<u>\$ 3,126,278,150</u>			<u>\$ 2,864,080,439</u>		

Source:
Town of Londonderry Assessors Office

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Property Tax Rates per \$1,000 of Assessed Value
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Town Direct Rates						Overlapping Rates *		Total
	Town	Budgetary Use of Fund Balance	Total Town	Local School	State School	Total School	Total Direct	County	
2005	\$ 5.53	\$ (0.26)	\$ 5.27	\$ 11.88	\$ 3.31	\$ 15.19	\$ 20.46	\$ 1.10	\$ 21.56
2006	5.23	(0.20)	5.03	11.06	2.78	13.84	18.87	0.98	19.85
2007	4.67	(0.23)	4.44	10.55	2.43	12.98	17.42	0.86	18.28
2008	4.60	(0.22)	4.38	10.67	2.31	12.98	17.36	0.86	18.22
2009	4.71	(0.33)	4.38	11.03	2.21	13.24	17.62	0.86	18.48
2010	4.93	(0.28)	4.65	11.79	2.30	14.09	18.74	0.94	19.68
2011	5.01	(0.27)	4.74	12.29	2.36	14.65	19.39	0.94	20.33
2012	4.89	(0.15)	4.74	12.45	2.20	14.65	19.39	0.95	20.34
2013	5.05	(0.20)	4.85	12.44	2.30	14.74	19.59	0.91	20.50
2014	5.47	(0.28)	5.19	12.82	2.18	15.00	20.19	0.91	21.10

* The County overlapping tax rate is established annually by the NH Department of Revenue Administration based on the Town's assessed property values.

Source:
Town of Londonderry Tax Collector

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	
				Median Family Income (1)	Per Capita Income (1)
2005	\$ 22,445,000	\$ 301,349	\$ 22,746,349	0.36%	0.13%
2006	20,570,000	-	20,570,000	0.41%	0.15%
2007	23,080,000	426,058	23,506,058	0.31%	0.11%
2008	22,205,000	113,060	22,318,060	0.33%	0.12%
2009	21,650,000	-	21,650,000	0.34%	0.12%
2010	20,585,000	-	20,585,000	0.36%	0.13%
2011	19,520,000	-	19,520,000	0.45%	0.18%
2012	18,370,000	-	18,370,000	0.56%	0.20%
2013	16,625,000	1,405,000	18,030,000	0.59%	0.21%
2014	14,620,000	1,178,728	15,798,728	0.67%	0.24%

Notes:

(1) See the Schedule of Demographic Statistics on page 110 for personal income and population data.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Percentage of Per Capita Income (2)</u>
2005	\$ 22,445,000	0.68%	0.13%
2006	20,570,000	0.63%	0.15%
2007	23,080,000	0.69%	0.11%
2008	22,205,000	0.67%	0.12%
2009	21,650,000	0.65%	0.12%
2010	20,585,000	0.62%	0.13%
2011	19,520,000	0.62%	0.18%
2012	18,370,000	0.54%	0.20%
2013	16,625,000	0.49%	0.23%
2014	14,620,000	0.42%	0.26%

Notes:

- (1) See the Schedule of Assessed and Estimated Full Value of Real Property on page 102 for property value data.
- (2) See the Schedule of Demographic Statistics on page 110 for population data.

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Computation of Direct and Overlapping Debt

Jurisdiction		Net General Obligation Bonded Debt and Capital Leases Outstanding	Percentage Applicable To Town of Londonderry	Amount Applicable To Town of Londonderry
Direct:	Town of Londonderry	\$ 15,798,728	100.00%	\$ 15,798,728
Overlapping:	Rockingham County	-	6.86%	-
	Londonderry School District	<u>18,600,000</u>	100.00%	<u>18,600,000</u>
Total Direct and Overlapping Debt		<u>\$ 34,398,728</u>		<u>\$ 34,398,728</u>

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 Londonderry's share of those overlapping charges, which are assessed to taxpayers through a portion of the approved tax rate. The percentage applicable to the Town of Londonderry for Rockingham County, based on 2013 town allocations, is provided by the County. Since the Londonderry School District is strictly confined to the Town of Londonderry, 100% of its outstanding debt is overlapping and applicable to the governmental unit.

Source:

Town Finance Department

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 92,048,298	\$ 99,700,251	\$ 100,913,325	\$ 100,913,325	\$ 104,740,690	\$ 99,288,135	\$ 99,288,135	\$ 77,310,691	\$ 87,404,003	\$ 87,404,003
Total net debt applicable to limit	<u>24,754,600</u>	<u>23,264,600</u>	<u>26,154,600</u>	<u>25,654,600</u>	<u>25,444,600</u>	<u>24,594,600</u>	<u>23,649,600</u>	<u>21,179,600</u>	<u>21,494,600</u>	<u>19,609,600</u>
Legal debt margin	<u>\$ 67,293,698</u>	<u>\$ 76,435,651</u>	<u>\$ 74,758,725</u>	<u>\$ 75,258,725</u>	<u>\$ 79,296,090</u>	<u>\$ 74,693,535</u>	<u>\$ 75,638,535</u>	<u>\$ 56,131,091</u>	<u>\$ 65,909,403</u>	<u>\$ 67,794,403</u>
Total net debt applicable to the limit as a percentage of debt limit	26.89%	23.33%	25.92%	25.42%	24.29%	24.77%	23.82%	27.40%	24.59%	22.44%

Source:
Town Finance Department

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Principal Employers
Current Year and Nine Years Ago

Employer	Type of Business	2014			2005		
		Number of Employees	Rank	Percentage of Total Town Employment	Number of Employees	Rank	Percentage of Total Town Employment
Insight Technologies	Manufacturing	1,300	1	9.65%	300	3	2.18%
Harvey Industry	Window Manufacturing	500	2	3.71%			
Londonderry School District	Education	493	3	3.66%	450	1	3.26%
Stonyfield Farms	Yogurt	375	4	2.78%	120	9	0.87%
United Parcel Service Inc.	Parcel Delivery	288	5	2.14%	288	4	2.09%
Coca Cola	Beverage Manufacturer	200	6	1.48%			
Vibro-meter	Manufacturer	188	7	1.40%			
Continental Paving	Road Construction	165	8	1.22%			
Shaw's Supermarket	Supermarket	140	9	1.04%	200	5	1.45%
CTS, Corp.	Electronic Manufacturer	130	10	0.96%			
Federal Express	Parcel Delivery				100	10	0.73%
Town of Londonderry	Municipality				177	6	1.28%
K Mart	Department Store				150	7	1.09%
Summit Packaging	Manufacturer				320	2	2.32%
Wire Belt	Manufacturer				128	8	0.93%

Source:
NH Employment Security, Economic & Labor Market Information Bureau

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Demographic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Median Family Income	Per Capita Income	Town		Unemployment Rates		
				Unemployed	Labor Force	Town	State of NH	United States
2005	24,469	\$ 82,473	\$ 30,293	588	14,374	4.1%	7.7%	8.5%
2006	24,777	84,264	31,053	587	14,577	3.3%	3.7%	4.9%
2007	24,837	73,513	26,491	555	14,446	3.5%	3.6%	4.8%
2008	24,879	73,513	26,491	428	12,248	3.5%	3.6%	4.6%
2009	24,567	73,513	26,491	919	14,592	6.3%	6.5%	9.4%
2010	24,567	73,513	26,491	919	14,592	7.7%	7.7%	10.4%
2011	24,129	86,962	35,045	872	14,538	6.0%	5.2%	9.2%
2012	24,129	102,500	36,096	836	14,538	4.8%	4.9%	7.9%
2013	24,211	107,060	38,492	730	14,135	4.9%	5.5%	7.5%
2014	24,269	105,540	37,865	795	14,269	5.6%	4.3%	5.9%

Source:

Bond Official Statements
NH Employment Security Division

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Full-time Equivalent Town Employees by Function
Last Ten Fiscal Years

Function

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government										
Executive	3	3	3	3	3	3	3	3	3	3
Assessing	5	5	5	4	4	4	4	3	3	3
Building	4	4	4	4	4	3	3	3	3	3
Cable	3	3	3	3	3	3	3	3	2	2
Family Mediation	1	1	1	1	1	1	1	-	-	-
Finance	5	5	5	5	5	5	5	5	5	5
Information Technologies	-	-	-	-	-	-	-	-	-	-
Planning	4	4	4	4	4	4	4	4	3	3
Zoning	1	1	1	1	1	1	1	-	-	-
Town Clerk/Tax Collector	6	5	5	5	5	5	5	4	4	4
Total General Government	32	31	31	30	30	29	29	25	23	23
Human Services										
Welfare	1	1	1	-	-	-	-	-	-	-
Total Human Services	1	1	1	-	-	-	-	-	-	-
Public Safety										
Fire										
Administration	2	2	2	2	2	2	2	2	2	2
Captains	5	4	4	4	4	4	4	4	4	4
Lieutenants	9	9	9	9	12	11	11	12	12	12
Firefighters	27	27	27	27	24	25	25	24	24	24
Communication	4	4	4	4	4	4	4	4	4	4
Prevention	2	2	2	2	2	2	1	1	1	1
Total Fire	49	48	48	48	48	48	47	47	47	47
Police										
Administration	4	4	4	4	4	4	4	4	4	4
Captains	2	2	3	3	3	3	3	3	3	3
Lieutenants	5	5	4	4	4	4	4	4	4	4
Sergeants	8	8	11	11	11	11	12	12	12	12
Officers	22	23	39	39	39	39	38	38	37	38
Support Services	5	5	4	3	3	3	3	3	3	2
Detectives	4	4	4	4	4	4	4	4	5	5
Communications	7	7	7	7	7	7	7	7	7	7
Records	3	3	3	3	3	3	4	4	4	4
Animal Control Officer	1	1	1	1	1	1	1	-	-	-
Building Maintenance	1	1	1	1	1	1	1	1	1	1
Total Police	62	63	81	80	80	80	81	80	80	80
Total Public Safety	111	111	129	128	128	128	128	127	127	127
Public Works										
Administration	4	4	4	3	3	3	3	3	3	3
Highway	2	2	2	2	2	2	2	2	2	2
Equipment Operators	3	3	3	3	3	3	3	3	3	3
Truck Drivers/Laborers	5	5	5	5	4	4	5	5	5	5
Mechanic	1	1	1	1	2	2	1	1	1	1
Environmental Services	1	1	1	1	1	1	1	1	1	1
Total Public Works	16	16	16	15	15	15	15	15	15	15
Cultural and Recreation										
Library	17	17	17	16	16	16	16	14	14	15
Recreation	1	1	1	1	1	1	1	1	1	1
Total Culture and Recreation	18	18	18	17	17	17	17	15	15	16
Total All Functions	<u>178</u>	<u>177</u>	<u>195</u>	<u>190</u>	<u>190</u>	<u>189</u>	<u>189</u>	<u>182</u>	<u>180</u>	<u>181</u>
Percent of Total										
General Government	18.0%	17.5%	15.9%	15.8%	15.8%	15.3%	15.3%	13.7%	12.8%	12.7%
Human Services	0.6%	0.6%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Public Safety	62.4%	62.7%	66.2%	67.4%	67.4%	67.7%	67.7%	69.8%	70.6%	70.2%
Public Works	9.0%	9.0%	8.2%	7.9%	7.9%	7.9%	7.9%	8.2%	8.3%	8.3%
Cultural and Recreation	10.1%	10.2%	9.2%	8.9%	8.9%	9.0%	9.0%	8.2%	8.3%	8.8%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source:

Annual Town Reports

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of patrol units	27	27	27	27	27	27	27	27	27	27
Fire										
Number of stations	3	3	3	3	3	3	3	3	3	3
Number of pumpers	4	4	4	4	4	4	4	4	4	4
Number of ladder trucks	1	1	1	1	1	1	1	1	1	1
Number of ambulances	2	2	2	2	2	2	3	3	3	3
Number of command vehicles	1	1	1	1	1	1	1	1	1	2
Number of rescue trucks	1	1	1	1	1	1	1	1	1	1
Number of staff vehicles	3	3	3	3	3	3	3	3	3	2
Public Works										
Miles of streets	180	180	180	180	180	180	180	180	180	180
Number of street lights	134	143	143	142	142	142	142	142	142	142
Number of traffic lights	1	1	1	1	1	1	1	1	1	1
Miles of sanitary sewers	34	40	40	40	40	40	40	40	40	40
Number of service connections	1,119	1,280	1,441	1,510	1,554	1,554	1,594	1,605	1,615	1,760
Daily average treatment in gallons	1,486,000	1,500,000	1,500,000	1,500,000	1,700,000	1,700,000	1,700,000	1,700,000	1,400,000	1,400,000
Number of pump stations	5	5	5	5	5	5	5	5	5	5
Maximum daily capacity in gallons	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	3,200,000	4,000,000	4,000,000
Culture and Recreation										
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of community centers	2	2	2	2	2	2	2	2	2	2
Number of parks										
Tennis	4	4	4	4	4	4	4	4	4	4
Ball fields	6	8	8	8	8	8	8	8	8	8
Basketball courts	2	2	2	2	2	2	2	2	2	2
Skateboard	1	1	1	1	1	1	1	1	1	1
Soccer fields	3	7*	7*	7*	7*	7*	7*	7*	7*	7*
Schools (not included in this reporting entity)										
High Schools	1	1	1	1	1	1	1	1	1	1
Middle Schools	1	1	1	1	1	1	1	1	1	1
Elementary Schools	3	3	3	3	3	3	3	3	3	3
Kindergartens	1	1	1	1	1	1	1	1	1	1

*Includes multipurpose fields

Source:

Annual Town Reports
Various Town Departments

TOWN OF LONDONDERRY, NEW HAMPSHIRE

Operating Indicators by Function
Last Ten Fiscal Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Taxable property parcels assessed	9,506	9,610	9,609	9,606	9,609	9,658	9,658	10,002	10,087	9,962
Motor vehicles registered	38,861	36,287	35,645	37,978	37,600	35,281	34,942	37,707	35,547	36,452
Building permits issued	592	605	594	492	465	381	319	401	427	459
Human service contacts	419	318	398	271	589	268	512	667	692	703
Human service applications granted	161	168	163	103	54	80	42	65	54	56
Registered voters	14,863	14,867	15,007	15,772	16,000	16,989	17,286	14,736	15,944	15,862
Fire										
Fires extinguished	92	95	75	64	98	79	78	59	52	47
Non fire responses	1,160	1,062	1,261	1,164	1,586	1,165	1,178	1,492	1,357	1,687
Rescue EMS responses	1,500	1,598	1,585	1,724	1,810	1,855	1,875	1,739	1,630	1,354
Inspections and plan/permit review	1,097	1,142	1,258	1,435	1,742	1,580	1,671	1,010	1,045	1,186
Police										
Total incidents dispatched	19,654	19,919	25,222	28,613	24,838	24,252	25,527	25,654	27,215	23,735
Total traffic accidents and violations	6,863	8,168	10,157	12,818	10,583	9,921	10,911	10,846	10,634	11,547
Total physical arrests	618	593	801	820	696	698	756	741	706	847
Total crimes investigated	1,861	1,919	2,332	2,678	2,321	2,183	2,282	2,431	2,543	2,380
Total animal control contacts	1,922	1,350	1,495	471	544	113	377	349	364	420
Public Works										
Streets resurfaced (LF)	47,000	46,132	36,720	42,520	53,096	33,981	24,600	42,289	17,092	18,504
Refuse collected (tons)	10,290	10,404	9,951	9,631	9,290	8,862	8,873	8,945	8,659	9,085
Recycling (tons)	1,676	1,950	1,935	1,736	1,795	2,264	2,302	2,348	2,256	2,255
Library										
Total circulation	237,559	249,408	255,563	282,360	321,585	336,750	341,274	345,015	376,277	395,847
Total volumes in collection	85,277	82,921	88,251	90,118	85,269	86,913	87,341	89,541	89,762	90,011
Total registered borrowers	17,988	18,180	17,323	14,313	15,076	16,239	16,353	16,380	16,518	15,209
Total program attendance	4,934	5,188	6,611	6,820	11,400	12,963	13,557	12,061	16,088	18,841

Source:

Annual Town Reports

Various Town Departments

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