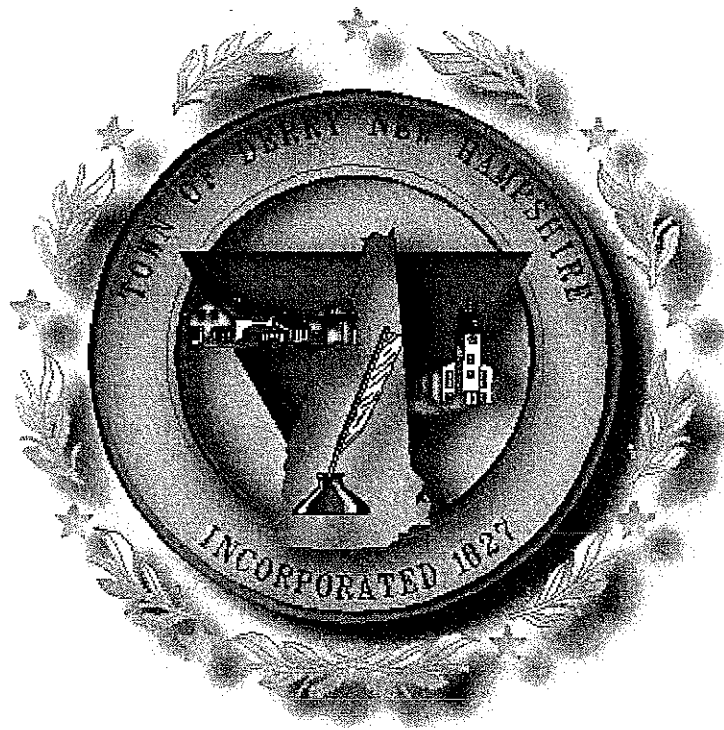


TOWN OF DERRY, NH



TOWN COUNCIL ADOPTED ANNUAL BUDGET FISCAL YEAR 2010

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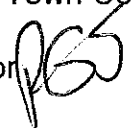
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TOWN OF DERRY, NH

To: The Citizens of Derry and the Derry Town Council
From: Gary Stenhouse, Town Administrator 
Date: June 3, 2009
Re: FY 2010 Budget Message

The Town of Derry FY10 Budget was approved by the Derry Town Council at its meeting of May 26, 2009 by a vote of 5-2-0. The Capital Improvement Plan for FY10 was approved on a 7-0-0 vote. The following are key points of the budget, as well as some concerns/issues going forward:

Key Points:

- Approved a Town Services budget of \$35,390,266, which net of revenues, is \$22,152,240. This budget equates to an estimated 2009 tax rate for Town Services that is \$0.18 below the 2008 rate set by the New Hampshire Department of Revenue Administration.
- Eliminated the Business Development department and its Coordinator. Added funding to the Town Administrator's budget for future business development support/initiatives.
- Eliminated 13 full-time positions, from 250 to 237. Eight had been purposefully kept vacant in anticipation of a tight budget process. Five employees have been displaced. Two of the vacant jobs were converted to 28 hour/week part-time positions. The elimination of these positions will reduce the level of services that the Town has been providing.
- Used unrestricted fund balance to pay off a bond anticipation note, but did not use fund balance to support day-to-day operations;
- Projected that three major revenue sources (investment income, building permits and motor vehicle registration fees) will be substantially below prior levels due to the downturn in the national economy. The possibility exists that revenue may decline below these projections, which will further reduce program spending.
- Reflected increased costs and reduced revenues based on the Governor's proposed state budget. NH Retirement System costs were increased to reflect

success sooner. In order to ensure progress, we need to expand our municipal infrastructure, which will result in increased debt service costs and correspondingly increase the pressure to reduce the cost of normal day-to-day services.

Lastly, I wish to thank the Town's staff for their tremendous effort during the preparation of the budget. Developing the budget scenario initially requested by the Council was a difficult process. Operating within the confines of the approved FY10 budget will present great challenges to them this year and in the future. Our staff will approach these challenges with a continued professional attitude towards providing municipal services to the citizens of Derry.

the shifting of some of the cost for Police and Firefighters from the State to municipalities, adding \$105,000 of costs to be borne by the Town. The budget excludes \$256,000 of NH Shared Revenue Block Grant funding that the Town had received for many years. The budget includes receipt of Rooms & Meals Tax distribution of \$1.53M as received in the past, although the Governor's budget initially proposed to eliminate this revenue for municipalities.

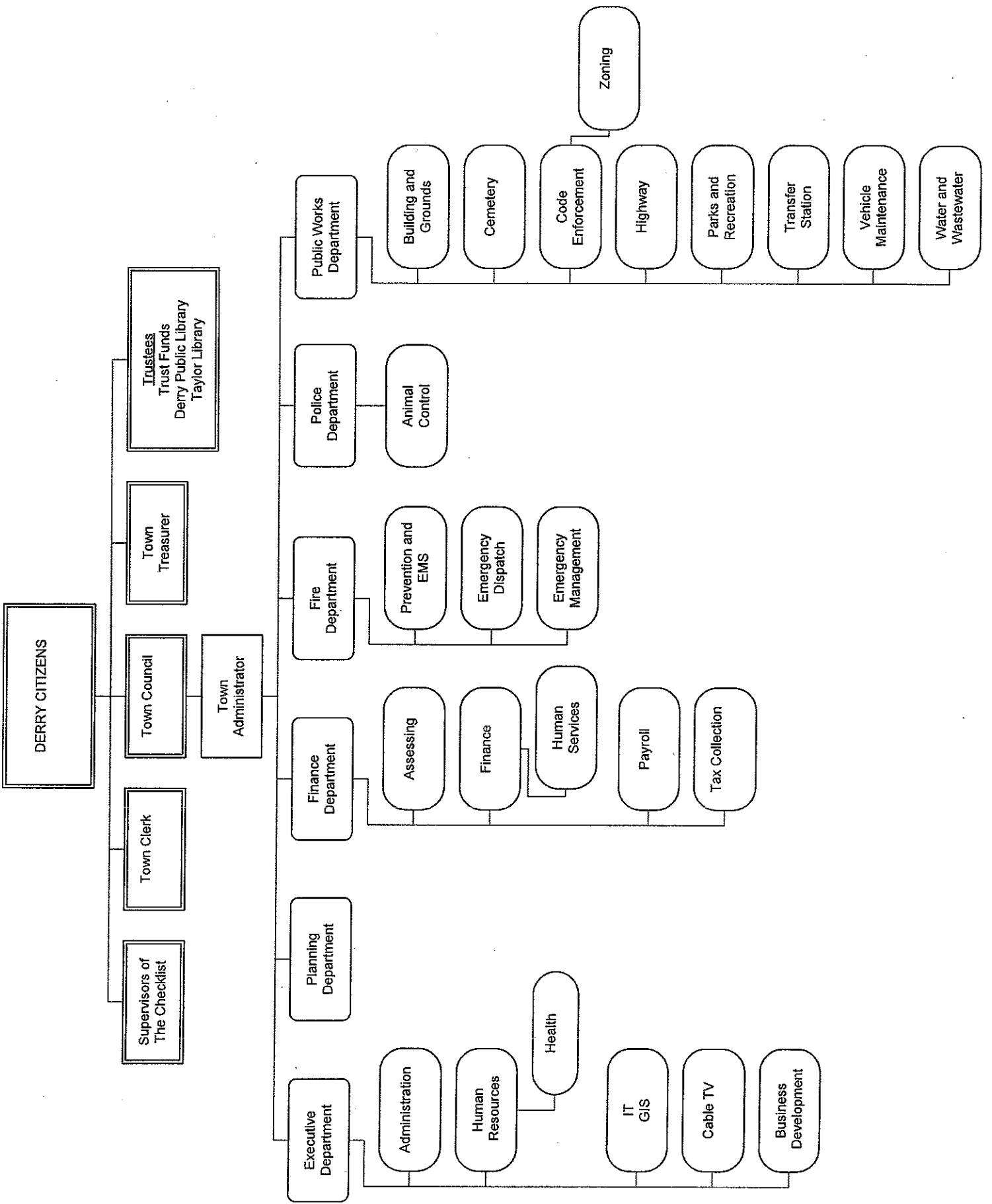
Concerns/Issues Going Forward:

- The national economy will continue to produce many challenges for the Town in FY10. Energy costs, though presently lower than in 2008, must be monitored closely as they impact the cost of operating Town facilities and equipment as well as of some purchased products, most notably paving materials.
- I believe that we will not be able to continue the high level of municipal services that have been provided in the past, primarily because of the elimination of positions in FY10. Because of the Town's tax cap and the projected 2009 Consumer Price Index, a stagnant economy, and the cost of existing labor agreements, we will likely need to further reduce operating costs in FY11. Should additional positions be considered for elimination next year, the Town's staff will evaluate the effect on service and response time of each proposed change so that the impact of each action is clearly understood by management and the Council.
- We should continue to consider increasing program service fees despite the unintended consequence of limiting access to activities to those with the scarcest resources.
- Debt service costs related to issuing a bond for the Route 28 corridor Tax Increment Financing (TIF) District infrastructure improvements were not included in the FY10 budget. I believe that forging ahead with this project will communicate to those contemplating the building or expanding of business along Route 28 that the Town is committed to supporting economic development. Furthermore, the project will remedy an existing failed section of highway, and encourage the development of undeveloped or under-utilized property that already has existing Town water and sewer service. Moving forward with this project in FY10 will now require a supplemental appropriation to cover interest costs of a bond, consequently reducing the Town's unrestricted fund balance. Additionally, authorization for an increased bonding amount above the \$4.9M bond previously authorized would be recommended to fully fund the project.
- As I stated last year, and compounded by the elimination of the Business Development Coordinator, future economic development will continue to be a challenge. We have the potential to create a tax base that relies less upon residents and more on commercial/industrial growth. Shifting this balance will not happen overnight. It is a 5 to 20 year effort, though we will see some

TOWN

ORGANIZATION

CHART



PERSONNEL

SUMMARY

EXPENDITURE

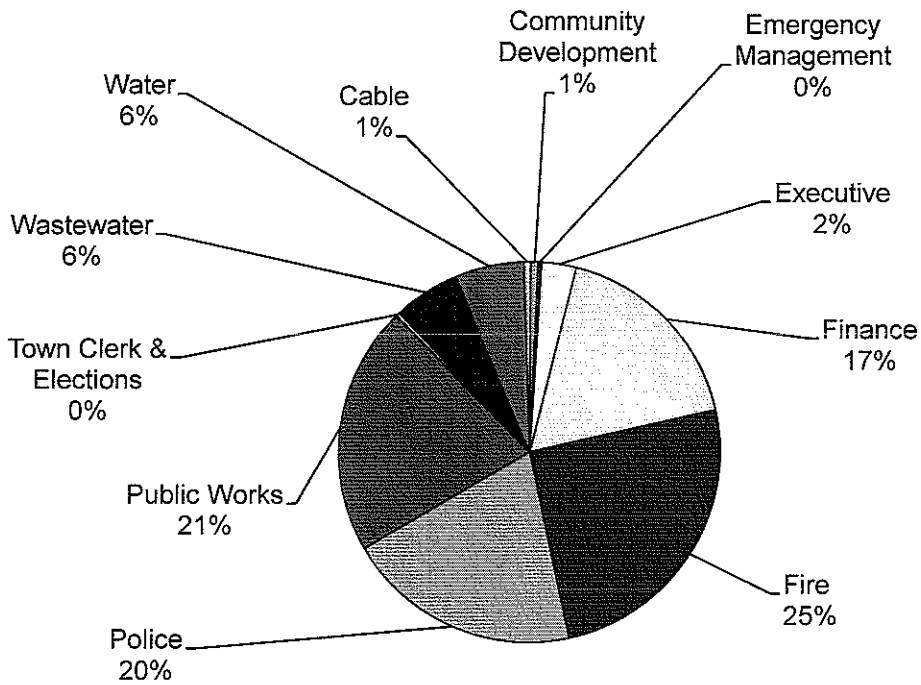
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REVENUE

SUMMARY

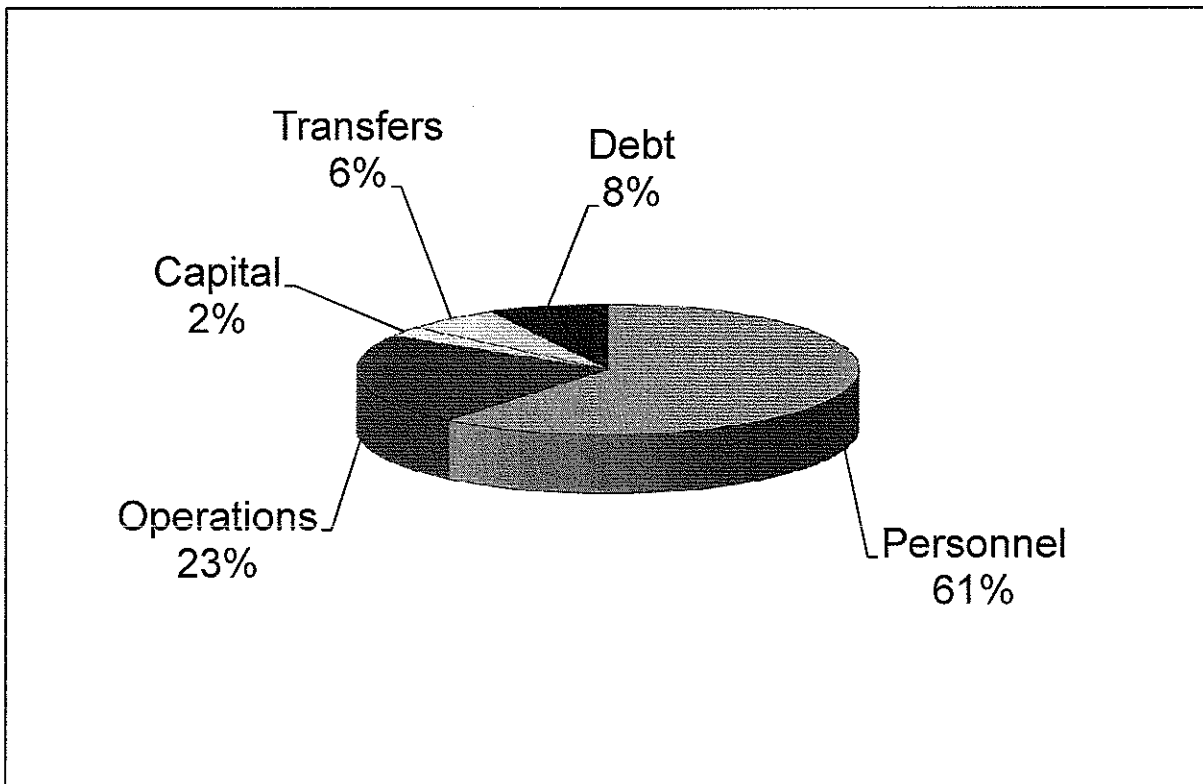
**Town of Derry, NH
Town Council Adopted Expenses by Department
FY 2010**

Community Development	243,241
Emergency Management	120,899
Executive	1,197,510
Finance	7,049,873
Fire	10,104,937
Police	8,030,228
Public Works	8,509,844
Town Clerk & Elections	133,734
Wastewater	2,251,886
Water	2,343,309
Cable	228,143
Total	<u><u>40,213,604</u></u>



Town of Derry, NH
Town Council Adopted Expenses by Category
FY 2010

Personnel	\$ 24,467,499
Operations	9,170,131
Capital	1,010,078
Transfers	2,502,084
Debt	3,063,812
Total Budget	<u>\$ 40,213,604</u>



**TOWN OF DERRY, NH
BOND PAYMENTS
FISCAL YEAR 2010**

GENERAL FUND BONDS	PRINCIPAL	INTEREST
1989 SERIES A LIBRARY ADDITION/ASH ST BY	\$ 110,000	\$ 3,740
1995 SERIES A COURTHOUSE	\$ 90,000	\$ 32,400
1999 SERIES A LAND & ROADS	\$ 25,000	\$ 11,294
1999 SERIES C FACILITIES HUMPHREY & ADAMS	\$ 95,000	\$ 57,826
2000 SERIES B HUMPHREY RD COMPLEX	\$ 25,000	\$ 14,788
2001 CITIZENS BANK BOND MUNICIPAL CTR	\$ 150,000	\$ 84,150
2004 NEW SCHOOL INFRASTRUCTURE	\$ 75,000	\$ 39,975
2006 POLICE STATION ADDITION	\$ 50,000	\$ 36,750
SUBTOTAL GENERAL FUND DEBT	\$ 620,000	\$ 280,923

ASH ST TIF DISTRICT (1)	PRINCIPAL	INTEREST
2004 ASH ST TIF BOND	\$ 80,000.00	\$ 90,000.00

WATER FUND BONDS	PRINCIPAL	INTEREST
1990 4M GALLON WATER TANK	\$ 113,140	\$ 8,526
1998 SERIES A WATER MAINS	\$ 50,000	\$ 23,688
SUBTOTAL WATER FUND DEBT	\$ 163,140	\$ 32,214

WASTEWATER FUND BONDS	PRINCIPAL	INTEREST
1989 SERIES C BEAVER LAKE SEWER	\$ 80,000	\$ 5,500
1990 SERIES A BEAVER LAKE SEWER	\$ 31,860	\$ 1,624
1990 SERIES BGTD BEAVER LAKE SEWER	\$ 100,000	\$ 6,800
1993 SERIES C LAGOON UPGRADE	\$ 115,000	\$ 30,403
1993 BEAVER BROOK III ST REVOLVING LOAN	\$ 70,811	\$ 15,077
1994 HORNE BROOK INTERCEPTOR ST REVOLVING LOAN	\$ 78,948	\$ 14,008
2004 EFFLUENT FORCE MAIN UPGRADE	\$ 185,000	\$ 89,448
2006 EFFLUENT FORCE MAIN UPGRADE	\$ 50,000	\$ 36,750
SUBTOTAL WASTEWATER FUND DEBT	\$ 711,619	\$ 199,610

TOTALS \$ 1,574,759 \$ 602,747

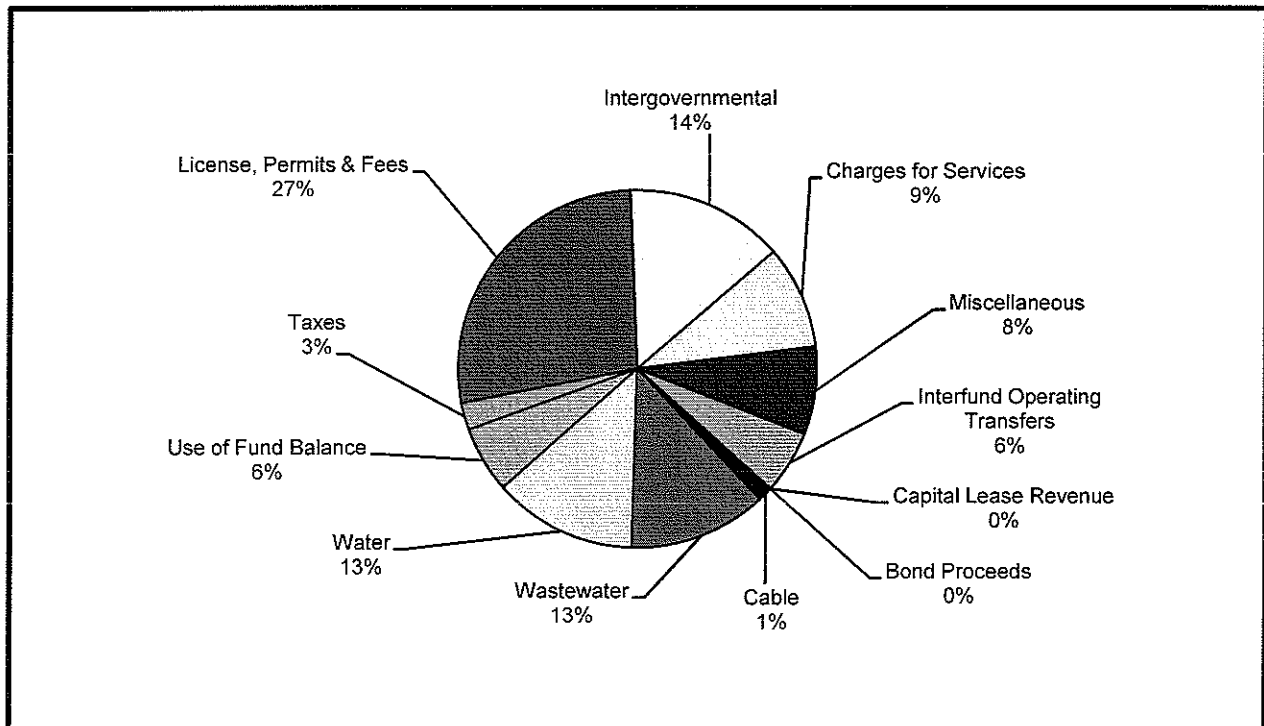
TOTAL PRINCIPAL & INTEREST FY2010 \$ 2,177,506

(1) Not included in budget. Fully funded by Ash Street TIF District.

**Town of Derry, NH
Town Council Adopted Revenue Budget
FY 2010**

Taxes	\$	449,347	(1)
License, Permits & Fees		4,954,550	
Intergovernmental		2,574,649	
Charges for Services		1,697,993	
Miscellaneous		1,433,347	
Interfund Operating Transfers		1,032,807	
Capital Lease Revenue		12,000	
Bond Proceeds		0	
Cable		228,143	
Wastewater		2,251,886	
Water		2,343,309	
Use of Fund Balance		1,083,333	
Total Revenue & Transfers	\$	18,061,364	

(1) Excluding Property Taxes



TOWN OF DERRY, NEW HAMPSHIRE

Town Council Adopted Budget for FY2010

<u>Calculation of Projected Town Tax Rate</u>		
Appropriation for Town Services (1)		\$35,390,266
Add: Veterans' Credits		385,800
Overlay		750,000
Less: Projected Revenue (1)		12,154,693
Business Profits Tax		202,569
Use of Fund Balance for Compensated Absences Funding		311,217
Use of Fund Balance for BAN Payoff		772,116
		\$23,085,471
Amount to be Raised by Taxation via Town Rate		\$23,085,471
Estimated Valuation for setting Town Tax Rate (2)		\$2,675,715,995
Projected 2009 Town Tax Rate/\$1,000 of Valuation		\$8.63
Tax Rate Increase over 2008		-\$0.18

<u>Calculation of Allowable Town Tax Rate</u>		
Prior Year Tax Rate (2008)		\$8.81
CPI Increase Allowed by Town Charter	3.8% (3)	0.33
Maximum Tax Rate Allowed by Charter		\$9.14
Variance from Maximum Allowed Tax Rate		-\$0.51
Amount over/(under) tax cap		(\$1,370,573)

(1) Excludes Wastewater, Water and Cable Appropriations & Revenues, Use of Fund Balance and Business Profits Tax

(2) Valuation reflects actual amount to be used in 2009 preliminary tax billing.
Excludes assessed valuation of Ash Street Corporate Park TIF District.

(3) Based on the Annual Average of the CPI-U for 2008 as reported by the U.S. Department of Labor,
Bureau of Labor Statistics.

5/27/09

**Town of Derry, NH
FY2010 Town Council Adopted Budget
Department Totals Summary**

Department/Activity Center	FY 2007 Revised Budget	FY 2008 Revised Budget	FY 2009 Revised Budget	FY 2010 Department Recommended	FY 2010 Town Administrator Recommended	FY 2010 Town Council Adopted
Community Development (Planning)	\$357,315	\$255,291	\$267,460	\$260,409	\$260,409	\$243,241
Emergency Management	\$65,892	\$98,888	\$75,711	\$138,988	\$139,106	\$120,899
Executive Administration	\$1,291,840	\$1,468,963	\$1,535,133	\$1,277,041	\$1,272,050	\$1,197,510
Business Development	\$589,426	\$566,599	\$775,572	\$539,524	\$534,524	\$609,524
Health	\$0	\$135,000	\$131,067	\$126,307	\$126,307	\$0
Information Technology	\$165,813	\$152,455	\$157,773	\$116,409	\$116,418	\$103,185
	\$536,601	\$614,909	\$470,721	\$494,801	\$494,801	\$484,801
Finance	\$8,472,644	\$7,398,103	\$6,152,313	\$7,267,899	\$7,252,294	\$7,049,873
Human Services	\$721,084	\$609,976	\$538,932	\$525,264	\$525,264	\$487,764
Assessor	\$629,220	\$667,227	\$612,636	\$612,655	\$612,655	\$612,655
Finance	\$680,631	\$699,401	\$652,453	\$697,251	\$692,251	\$688,787
Tax Collector	\$740,718	\$720,001	\$714,104	\$738,681	\$728,076	\$722,821
Other Municipal Obligations	\$5,700,991	\$4,701,498	\$3,634,188	\$4,694,048	\$4,694,048	\$4,537,846
Fire Prevention & Emergency Services	\$12,255,414	\$10,383,600	\$10,202,444	\$10,554,523	\$10,586,051	\$10,104,937
Prevention & Emergency Services	\$11,561,589	\$9,691,793	\$9,465,750	\$9,828,279	\$9,859,263	\$9,399,201
Dispatch	\$693,825	\$691,807	\$736,694	\$726,244	\$726,788	\$705,736
Police	\$7,910,054	\$8,061,478	\$7,797,111	\$8,386,509	\$8,407,642	\$8,030,228
Police	\$7,775,962	\$7,923,320	\$7,664,453	\$8,245,782	\$8,266,915	\$7,952,302
Animal Control	\$134,092	\$138,158	\$132,658	\$140,727	\$140,727	\$77,926
Public Works	\$9,908,496	\$9,312,958	\$9,025,625	\$12,966,598	\$12,951,598	\$8,509,844
Highway	\$4,052,172	\$4,020,034	\$3,989,765	\$3,895,439	\$3,895,439	\$3,780,004
Transfer Station	\$1,724,123	\$1,676,845	\$1,576,744	\$1,620,777	\$1,620,777	\$1,553,104
Vehicle Maintenance	\$417,898	\$422,239	\$444,745	\$440,583	\$440,583	\$437,067
Buildings & Grounds	\$734,977	\$850,539	\$790,789	\$753,650	\$753,650	\$721,170
Cemetery	\$805,556	\$269,959	\$192,595	\$202,961	\$202,961	\$191,486
Code Enforcement	\$425,248	\$419,462	\$416,061	\$427,626	\$427,626	\$297,509
Recreation	\$564,183	\$569,294	\$577,870	\$4,587,025	\$4,587,025	\$573,772
Parks	\$1,184,339	\$1,084,586	\$1,037,046	\$1,038,537	\$1,023,537	\$955,732

Town of Derry, NH
 FY2010 Town Council Adopted Budget
 Department Totals Summary

Department/Activity Center	FY 2007 Revised Budget	FY 2008 Revised Budget	FY 2009 Revised Budget	FY 2010 Department Recommended	FY 2010 Town Administrator Recommended	FY 2010 Town Council Adopted
Town Clerk & Elections	\$117,847	\$137,777	\$151,791	\$143,285	\$143,285	\$133,734
Town Clerk	\$69,929	\$95,957	\$90,870	\$109,748	\$109,748	\$98,887
Elections	\$47,918	\$41,820	\$60,921	\$33,537	\$33,537	\$36,847
Total for Town Services	\$40,379,502	\$37,117,058	\$35,207,588	\$40,995,252	\$41,012,435	\$35,390,266
Wastewater	\$2,338,946	\$2,419,513	\$2,287,656	\$2,335,288	\$2,334,525	\$2,251,886
Water	\$2,534,864	\$2,450,358	\$2,459,415	\$2,586,264	\$2,585,501	\$2,343,309
Cable	\$214,700	\$191,307	\$212,459	\$238,643	\$238,643	\$228,143
Total for Other Services	\$5,088,510	\$5,061,178	\$4,959,530	\$5,160,195	\$5,158,669	\$4,823,338
Grand Totals	\$45,468,012	\$42,178,236	\$40,167,118	\$46,155,447	\$46,171,104	\$40,213,604

5/19/09

Town of Derry, NH
 FY2009 Town Council Proposed Budget
 Net Increase / (Decrease) Comparison

Department/Activity Center	FY 2009 REVISED BUDGET			FY 2010 TOWN COUNCIL ADOPTED BUDGET			VARIANCE FROM PRIOR YEAR	
	Expenditures	Revenue	Net Expense (Revenue)	Expenditures	Revenue	Net Expense (Revenue)	Increase (Decrease) from Prior Year	% Variance from Prior Year
Community Development (Planning)	\$267,460	\$41,700	\$225,760	\$243,241	\$26,700	\$216,541	(\$9,219)	-4.08%
Emergency Management	\$75,711	\$0	\$75,711	\$120,899	\$0	\$120,899	\$45,188	59.68%
Executive	\$1,535,133	\$61,737	\$1,473,396	\$1,197,510	\$37,631	\$1,159,879	(\$313,517)	-21.28%
Administration	\$775,572	\$4,200	\$771,372	\$609,524	\$3,200	\$606,324	(\$165,048)	-21.40%
Business Development	\$131,067	\$0	\$131,067	\$0	\$0	\$0	(\$131,067)	-100.00%
Health	\$157,773	\$41,048	\$116,725	\$103,185	\$27,660	\$75,525	(\$41,200)	-35.30%
Information Technology	\$470,721	\$16,489	\$454,232	\$484,801	\$6,771	\$478,030	\$23,798	5.24%
Finance	\$6,152,313	\$8,942,709	(\$2,790,396)	\$7,049,873	\$9,423,539	(\$2,373,666)	\$416,730	-14.93%
Human Services	\$538,932	\$23,000	\$515,932	\$487,764	\$26,000	\$461,764	(\$54,168)	-10.50%
Assessor	\$612,636	\$66,429	\$546,207	\$612,655	\$112,847	\$499,808	(\$46,399)	-8.49%
Finance	\$652,453	\$610	\$651,843	\$688,787	\$4,250	\$684,537	\$32,694	5.02%
Tax Collector	\$714,104	\$5,355,650	(\$4,641,546)	\$722,821	\$5,083,350	(\$4,360,529)	\$281,017	-6.05%
Other Municipal Obligations	\$3,634,188	\$3,497,020	\$137,168	\$4,537,846	\$4,197,092	\$340,754	\$203,586	148.42%
Fire Prevention & Emergency Services	\$10,202,444	\$1,183,525	\$9,018,919	\$10,104,937	\$1,481,356	\$8,623,581	(\$395,338)	-4.38%
Prevention & Emergency Services	\$9,465,750	\$1,045,337	\$8,420,413	\$9,399,201	\$1,333,693	\$8,065,508	(\$354,905)	-4.21%
Dispatch	\$736,694	\$138,188	\$598,506	\$705,736	\$147,663	\$558,073	(\$40,433)	-6.76%
Police	\$7,797,111	\$385,281	\$7,411,830	\$8,030,228	\$315,480	\$7,714,748	\$302,918	4.09%
Police	\$7,664,453	\$375,681	\$7,288,772	\$7,952,302	\$302,880	\$7,649,422	\$360,650	4.95%
Animal Control	\$132,658	\$9,600	\$123,058	\$77,926	\$12,600	\$65,326	(\$57,732)	-46.91%
Public Works	\$9,025,625	\$2,231,075	\$6,794,550	\$8,509,844	\$1,907,895	\$6,601,949	(\$192,601)	-2.83%
Highway	\$3,989,765	\$1,025,426	\$2,964,339	\$3,780,004	\$804,687	\$2,975,317	\$10,978	0.37%
Transfer Station	\$1,576,744	\$478,881	\$1,097,863	\$1,553,104	\$375,000	\$1,178,104	\$80,241	7.31%
Vehicle Maintenance	\$444,745	\$0	\$444,745	\$437,067	\$0	\$437,067	(\$7,678)	-1.73%
Buildings & Grounds	\$790,799	\$71,209	\$719,590	\$721,170	\$149,209	\$571,961	(\$147,629)	-20.52%
Cemetery	\$192,595	\$112,000	\$80,595	\$191,486	\$112,000	\$79,486	(\$1,109)	-1.38%
Code Enforcement	\$416,061	\$281,675	\$134,386	\$297,509	\$134,675	\$162,834	\$8,448	5.47%
Recreation	\$577,870	\$202,725	\$375,145	\$573,772	\$205,745	\$368,027	(\$7,118)	-1.90%
Parks	\$1,037,046	\$79,159	\$957,887	\$955,732	\$126,579	\$829,153	(\$128,734)	-13.44%

Town of Derry, NH
 FY2009 Town Council Proposed Budget
 Net Increase / (Decrease) Comparison

Department/Activity Center	FY 2009 REVISED BUDGET			FY 2010 TOWN COUNCIL ADOPTED BUDGET			VARIANCE FROM PRIOR YEAR	
	Expenditures	Revenue	Net Expense (Revenue)	Expenditures	Revenue	Net Expense (Revenue)	Increase (Decrease) from Prior Year	% Variance from Prior Year
Town Clerk & Elections	\$151,791	\$36,700	\$115,091	\$133,734	\$45,425	\$88,309	(\$26,782)	-23.27%
Town Clerk	\$90,870	\$36,200	\$54,670	\$96,887	\$45,326	\$51,561	(\$3,109)	-5.69%
Elections	\$60,921	\$500	\$60,421	\$36,847	\$99	\$36,748	(\$23,673)	-39.18%
Total for Town Services	\$35,207,588	\$12,882,727	\$22,324,861	\$35,390,266	\$13,238,026	\$22,152,240	(\$172,621)	-0.77%

Wastewater	\$2,287,656	\$2,287,656	\$0	\$2,251,886	\$2,251,886	\$0	\$0	N/A
Water	\$2,459,415	\$2,459,415	\$0	\$2,343,309	\$2,343,309	\$0	\$0	N/A
Cable	\$212,459	\$212,459	\$0	\$228,143	\$228,143	\$0	\$0	N/A
Total for Other Services	\$4,959,530	\$4,959,530	\$0	\$4,823,338	\$4,823,338	\$0	\$0	N/A

Grand Totals	\$40,167,118	\$17,842,257	\$22,324,861	\$40,213,604	\$18,061,364	\$22,152,240	(\$172,621)	-0.77%
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5/19/09