



TOWN OF BARRINGTON

NEW HAMPSHIRE



Town Hall 2019

Detailed Financial Explanation and Schedule

Summary

The \$1.9 million Town Hall will be paid for with fund balance (\$1,025,000) and a bond (\$875,000). The bond repayment will be equal to the current cost of renting the Town Hall (\$65,000). This structure will ensure that this project will have NO impact on the tax rate.

Use of \$1,025,000 from Fund Balance

The Town currently holds approximately \$5,066,752 in unassigned fund balance, which is \$1,383,626 over the midpoint (12.5%) of the New Hampshire Department of Revenue Administration (NH DRA) recommended range (8%-17% of the regular general fund operating expenditures). The Select Board regularly recommends using fund balance as the funding source for capital projects in order to meet the Town's needs without an impact on the tax rate. Using \$1,025,000 of fund balance on a new Town Hall (and approving the additional \$295,000 of warrant articles from fund balance) will still leave the Town at the midpoint of the NH DRA recommended range. Using cash to cover more than 50% of the project cost is a financially responsible way to limit borrowing and fund a project with NO tax impact.

Use of an \$875,000 Bond

The New Hampshire Municipal Bond Bank estimates that a 20-year, \$875,000 bond, at 4% interest, will require annual repayments in the amount of \$65,000. The Select Board purposefully structured the project to ensure that the bond repayment would be perfectly offset by the money currently budgeted for rented Town Hall space. This structure allows the Town to build a New Town Hall with NO tax impact.

Including a bond for this project also requires 60% approval from voters. Successful passage of this project will mean there is widespread support from the community. Additionally, the philosophical argument for bonding municipal infrastructure projects is that the residents benefitting from the project are the ones bearing the cost. Splitting this project into a cash expenditure and a bond also splits the burden from previous tax payers and future tax payers.

Annual Rented Town Hall Budget and Expenditures - \$64,300 (Over \$411,000 since 2011)

- Town Hall Rent - \$40,800 (\$3,400/month)
 - The current lease for the property at 333 Calef Hwy. is month to month and the landlord end the lease with 60 days' notice.
 - The Town has paid over \$285,000 since 2011 renting this building with nothing lasting to show for it.
- Town Hall Property Taxes - \$12,959
 - The Town has paid over \$90,000 since 2011 for the commercial property taxes on the rented property at 333 Calef Hwy.
- Off Site Storage - \$9,000 (\$750/month)

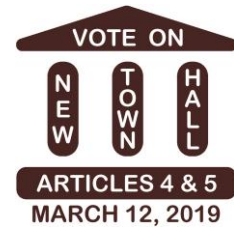


This proposed project has **NO Tax Impact!**
Vote on Articles 4 & 5



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- The Town has paid over \$36,000 since 2014 renting additional storage space for mandatory records storage.
- Other Budgeted Expenses - \$1,541

Schedule (If project is approved)

- Spring 2019 Begin design-build process using the approved Capital Reserve
- December 2019 Municipal Bond Bank bond sale
- July 2020 First interest payment due (~\$20,000)
- 2021 – 2040 \$65,000 annual payments for bond

Conclusion

The Select Board has demonstrated a commitment to meeting the needs within the Town of Barrington with little or no impact on the tax rate. The Town has been renting the Town Hall for nearly eight years and needs a permanent location to serve the residents for decades to come. The proposed project is structured in a financially responsible way that will have NO tax impact.



This proposed project has **NO Tax Impact!**
Vote on Articles 4 & 5