

Bid opening on sale of land

Second Public Hearing per RSA 41:14-a: The Town of Barrington seeks to sell a piece of land (Map 223 lot 22) (0.33 acres) located on Route 125 at the junction of Substitute Road/Old Green Hill Road through the sealed bid process for the purpose of commercial development along Route 125 and increasing the tax base.

Public Hearing Barr property to agree to use of Conservation Funds for its purchase and to accept and expend other sources of revenue for its purchase. I would encourage the Board to make any purchase conditional upon the easements for construction and slope that may be necessary for the Green Hill Road Bridge if in fact that is the boundary of the property. (There is some question on the small piece the Town will need to encroach upon to rebuild Green Hill Road Bridge as to whether or not it is part of this parcel).

NEW FEMA grant for culvert on private road: Here is the comment from Jae on this subject, I have reviewed the attached "Grant Agreement" and understand from your email that a similar agreement would be required if the town were to apply for and receive funds for work on Topaz Drive, a private road in the town. The Agreement did not contain any language which changes my view that the town should not apply for the FEMA funds. Please let me explain. As you know, municipalities do not have the authority to expend monies to improve, maintain or otherwise perform work on a private road, unless the road is declared an emergency lane pursuant to RSA 231:59-a. I understand that Topaz Drive has not been so declared and there is no plan to declare it an emergency lane. The Grant Agreement requires the town to pay 25% of the total cost of the project; the town cannot meet this requirement. I considered whether the town could operate as a pass-through in the same way it does under the block grant program, but I do not believe it can because the block grant structure is established by statute and does not include this type of grant program. I did not see any language in the Grant Agreement which changes my recommendation below. I (Jae) recommend that the town not apply for funds for the work required on Topaz Drive. ***Does the Board want to take any action?***

Discussion on merger of Tamposi land and recently acquired lots that would also clear up a tax map issue regarding parcel Town wants to develop.

Discussion of the veteran's exemption to expand to all veterans instead of just those who fought in qualifying wars.

Default Budget: The law defines what is in the default budget. ***Does the Board agree on the proposed default budget?***

Water: The Public Safety Building this year used \$587 of bottled water, not counting the small bottles Fire also uses on trucks and at scenes. ***Does the Board wish to proceed with the project to remove Arsenic?***

Software: The Software Committee appointed by the Board of Selectmen went out to bid, reviewed the bids and recommends the Board immediately (2016 budget) purchase the Avitar system, data

conversion and encumber for the implementation and training at a cost of \$29,950. This would solve the issue with the Town Clerk not being able at times to do registrations because of MuniSmart problems (sometimes several times a day) and also much better integrate Assessing with Building and tax billing. This is a Committee recommended first step in upgrading the financial software. ***Does the Board wish to proceed?***

Dark Fiber: ***Does the Board wish to proceed with the Dark Fiber project?***

BUDGET: Budget discussion and decision on what goes forward to public hearing.

Summary of points raised by the **Advisory Budget Committee in bold** with comments from Town Administrator. Each of these topics should be addressed by the Board of Selectmen along with any other changes the Board wants to make as it goes through the budget in preparing for the public hearing. To be clear in the process, the numbers will only be changed in the budget if the Board of Selectmen votes to do so.

Executive Incident Fund 4130-09-4810 ABC recommend reduce from \$100,000 to \$50,000: A number of lines were reduced elsewhere in the budget with this being the area that would cover them. While this reduction would leave enough for these other lines, the one option that this would most impact is the proposal to go to a full time Town Administrator. If the Town is going to remain with a part-time administrator this cut would be acceptable. If the Town wants to go to a full time administrator I suggest the number needs to remain \$100,000.

Town Clerk increase Part time to full time for Clerk at a cost of \$7,600 with some in benefits and some in salary. This has not been put into the budget yet. If the Board wishes to proceed, it would need to vote to add it to the budget.

Town Clerk Equipment 4140-01-4740 remove computer from this line: I see no issue with reducing this line by \$1,000 given we have the Incident Fund.

Admin-Equipment 4150-01-4430 question why over-expended in relationship to budget: This was over expended in 2016 because our fire wall failed and we had to replace the firewall and at the same time upgraded our switches to increase speed to address slow response times. That expense should not reoccur in 2017.

Legal 4153-01-4395 reduces by \$5,000 to \$50,000. As long as there are adequate funds in the Incident fund this will work. In two of the previous three years the expenditures for this line exceeded \$73,000.

Land Use Postage 4190-01-4625 reduce by \$1,500: Marcia made the case that she would like to mail out the changes proposed in Zoning to everyone in Barrington. Most of this line is reimbursed by people having hearings before the Planning Board.

Land Use Forest, Trails and Easement Monitoring (4190-02-4682 & 4683 suggest that it comes out of Conservation Funds given they receive 75% of Land Use Change Tax: Some easements are owned by the Town and not the Conservation Commission with a monitoring requirement as one of the grant

acceptance terms. The other question is whether the Conservation Commission would want to use its fund to do this.

Government Buildings Heating Oil 4194-01-4411 reduce by \$10,000: This seems reasonable with the Executive Incident Fund adequately funded since the price of Oil is projected to rise.

Government Buildings Maintenance 4194-01-4431 reduce by \$7,000 removing the improvements to accommodate an AA at the Fire Department: This depends upon the Board's decision on the Fire AA.

Government Buildings Vehicle Fuel 4194-01-4635 reduce by \$10,000: This seems reasonable with the Executive Incident Fund adequately funded since the price of fuel is projected to rise.

Government Buildings Operating Supplies 4194-01-4680 Why is year-to-date a negative number? A \$10,000 item was incorrectly charged to this account. A correction was made moving the expenditure to the correct line, but it happened twice, looking like the line was over expended. It was then reversed so the line now reads \$904.64 expended, but that change occurred after the budget run with the negative number. It is expected we will have additional year-end expenditures out of this line, but it is not a negative number.

Fire Part Time Hourly 4225-01-0112 and benefit line reduce by \$13,000: While I believe the Fire Department would benefit from an Administrative Assistant, particularly in chasing after nonpayment for ambulance calls, there are other items more important in the Fire Department Budget.

Fire Department Emergency Management Grant remove \$17,499 eliminating the proposed sign: The sign would be useful by Police, Highway and the Fire Department, especially for road closures, detours, etc. I encourage the Board to keep this as it could be extensively used and provide valuable information to the public.

Building Inspection Equipment 4240-01-4740 remove \$1,000 computer: While the current computer is old, it is still working adequately. This cut works as long as the Executive Incident line is adequately funded.

Highway Department Overtime 4311-01-0140 reduce by \$10,000: This line, like several others in highway has a high degree of variability based upon conditions beyond the control of the department. As long as the Capital Reserve for road emergencies is adequately funded and the Board is willing to use it, this should be acceptable.

Highway Building Improvements 4311-01-4730: The question was raised as to expenditures year to date and what was still planned. Still planned is work on the building over the fuel tanks. \$10,075 of the expenditure went to LED lights conversion, which saves money in the long run. The balance was mostly supplies from Brock's Plywood

Highway Paved Roads 4312-01-4631 two questions from the ABC, should some of the balance in the account be spent on the floor for the garage this year and secondly was it the intention of the Board of Selectmen to have a net increase of \$40,000 since there is the new rental line that in the past came

from this account: There is not enough time left to bid out the floor and have a contract in place by 12/31/16. Another option would be journal entry some of the expense now from the \$125,000 non-lapsing warrant article back to this line, leaving funds in the non-lapsing warrant article that could be spent on paving next year. That would have the effect of leaving \$80,000 for paving next year in the nonlapsing 2016 warrant article, with this line budget then reduced by the \$40,000. The amount for paving would still be higher for next year.

Transfer Station Recycling lines 4324-04-4850, 06-4830, 06-4831 as to whether the balance of expenditures is correct; The year to date expenditures are not properly allocated at this time. It would appear that less should be in the Recycling line than projected and more in electronics removal since the current expenditure for the first recycling line contains \$3,300 for a container for electronic waste and a \$904 bill for electronic waste disposal. My suggestion is reduce the 4850 line \$5,000 back to \$24,000, and increase the electronic recycling line by \$5,000 to \$16,000.

Transfer Station Bulky Waste Disposal 4324-09-4395 reduce by \$5,000: This line, like several others in highway has a high degree of variability based upon conditions beyond the control of the department.

Recreation Benefits line 4520-01-4155 question why it is currently overspent for 2016 and the request for 2017 is below 2016 expenditure: The reason the Recreation Benefit line for 2016 is over-expended is that the entire Recreation Worker's Compensation bill came out of the operating budget, whereas 58.1% of the bill is incurred by the Revolving Fund. We will plan to make the following adjustment of the \$6,343 bill, moving \$3688 from the operating budget and adding it to the adjustment for the fourth quarter revolving fund. We will not make an adjustment to the requested 2017 budget, but when the bill is paid in 2017 will make a similar adjustment (the percentage might change slightly based upon audited payroll).

Warrant Articles and Fund Balance use: I suggest that before proceeding to the ABC recommendation on warrant articles or the software Committee recommendations that the Board consider fund balance. The Board policy for Fund Balance is included below. This was required to be compliant with a Government Accounting standard so in some respects is standard boilerplate. The key local decision relates to # 8 on targeted amount of fund balance. After setting the local tax rate our fund balance target was between 8 % and 17% which in our case is \$2,117,836 and \$4,500,401. Treasurer Peter Royce has done a cash flow spread sheet in the past that demonstrated we needed to be at or above the midpoint to reduce the likelihood of needing to borrow money (a complex and difficult process for a TAN, a Tax Anticipation Note). The midpoint is \$3,309,119. Barrington's fund balance is \$3,578,208, or \$269,090 above the midpoint. We anticipate adding to this at the end of year from \$125,000 in unspent overlay, \$210,000 in revenue in excess of projections when the tax rate was set and unexpended appropriations of \$350,000. That would leave a conservative estimate of \$685,000 not counting the \$269,090 that we are over the midpoint. The total of the warrant articles, including all proposals (net of FEMA grant), is \$762,000.

The reason the Board has traditionally not used fund balance to offset the tax rate is the boomerang effect that occurs the following year. If the same amount of fund balance is not used the following year,

the tax rate has to increase that year to make up for fund balance that is not used plus any change in expenditure-revenues balance. For this reason the Board has asked voters to use it on capital items. Then if there is not fund balance available, it will be a vote of the public if they want to increase the tax rate to put money into a capital item.

Warrant Article Transfer Station Yard paving, cut \$41,000: Paving costs are likely to go up in the future.

Warrant Article Public Safety Building paving, cut \$81,000: Paving costs are likely to go up in the future.

Warrant Article Financial Software increase to \$100,000: If the Town Accepts the Committee proposal, purchases Avitar out of 2016 budget, then \$100,000 would be enough to purchase either of the recommended financial back-bone systems

Warrant Article Library Technology cut \$3,000: I would defend the Library receiving these funds. In fact with their technology plan this may even be an inadequate amount. The Library Board of Trustees is a separate governing body and should not be reliant upon a line over which it has no control.

Winter Road Emergency Expendable Trust cut to \$25,000: This request seems reasonable. If there was a shortage of fund balance to cover other projects, I would even say that this could be completely delayed to a future year.

Does the Board want the Warrant Articles proposed by the Board of Selectmen funded by fund balance?

FYI below is the:

Fund Balance Policy Compliant with GASB 54 Town of Barrington

1. The purpose of this policy is to provide adequate financial resources to ensure the continued orderly operation of government and the provision of services to residents and the continued stability of the tax rate structure that can be threatened by uncertainty from a number of areas and to establish a key element of the financial stability of the Town by setting guidelines for fund balance. Unassigned fund balance is an important measure of economic stability. It is essential that the Town maintain adequate levels of unassigned fund balance to mitigate financial risks that can occur from unforeseen revenue fluctuations, unanticipated expenditures and similar circumstances. The maintenance of an adequate general fund unassigned fund balance, consistent with recognized national and State of New Hampshire recommended standards and practices and past experience, is intended to help achieve this objective. The fund balance also provides cash flow liquidity for the Town's general operations which will reduce interest and other borrowing costs associated with Tax Anticipation Notes.

2. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for periods ended June 30, 2011, the Board of Selectmen recognizes the following with regards to fund balance.

Fund balance must be classified into one or more of the five following categories:

- a. **Nonspendable Fund Balance** – permanent trust funds (nonexpendable portion) non-cash assets such as inventories or prepaid items.
 - b. **Restricted Fund Balance** – funds legally restricted for specific purposes, such as grant, library, income balance of permanent funds, and capital project fund cannot change purpose.
 - c. **Committed Fund Balance** – amounts that can only be used for specific purposes pursuant to a formal vote at Town Meeting; such as expendable trust (capital reserve), nonlapsing appropriations, and other special revenue funds not listed under restricted can change purpose via vote at Town Meeting.
 - d. **Assigned Fund Balance** – amounts intended by the Board for specific purposes. The Board can choose to delegate this authority to the Town Administrator or Finance Director, depending on the situation. Items that would fall under this type of fund balance could be encumbrances.
 - e. **Unassigned Fund Balance** – residual spendable fund balance after subtracting all of the above amounts.
3. Restricted Fund Balance. Includes library, grants, and capital project funds, as well as income balances of permanent funds.
 4. Committed Fund Balance. The Town Meeting, as the government's highest level of decision-making authority, may authorize special revenue funds in accordance with the provisions of the New Hampshire Revised Statutes Annotated (RSAs) and expendable trust (capital reserve funds).
 5. Assigned Fund Balance - Lapse of Appropriations. All appropriations shall lapse at the end of the fiscal year unless authorized in accordance with the provision of RSA 32:7.
 6. Spending Prioritizations:
 - a. When expenditure is incurred that would qualify for payment with either restricted or unrestricted funds, it will be paid first from restricted funds unless legal requirements disallow it.
 - b. When an expenditure is incurred that qualifies for payment from either of the three unrestricted fund balance categories, it will be applied in the following order:
 - 1) Committed, 2) Assigned, and 3) Unassigned.
 7. The Town will follow the provisions of the State Municipal Budget Law (RSA 32) in emergency situations which may cause an over-expenditure of total appropriations.
 8. The Board will maintain an appropriate level of unassigned fund balance following the guidelines established by the NH Government Finance Officers Association (GFOA) that municipalities retain between 8% and 17% of regular general fund operating revenues. This is

calculated by adding the municipality's general fund operating appropriations, the state education tax amount, the local school net tax commitment, and the county appropriation.

9. Annual Review. Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process.

Adopted by Board of Selectmen May 21, 2012

Readopted by Board February 18, 2013