

**OFFICE OF SELECTMEN
6 HOLLAND STREET
PO BOX 139
MOULTONBOROUGH, NH 03254**

Selectmen's Workshop

August 25, 2011 4 PM

MINUTES

Present: Joel R. Mudgett, Chairman, Edward J. Charest, James F. Gray (arrived at 5:15 p.m.), Betsey L. Patten; Russell C. Wakefield; Carter Terenzini, Town Administrator.

2010 Audit: Jared Vartanian of the audit firm of Vachon & Clukay reported that there had been no significant audit adjustments this year. He said that every year the reporting gets better. They were able to issue an unqualified opinion letter (i.e. "completely clean") now that the Town had complied with GASB-45 through the issuance of the report estimating the liability for these Other Post Employment Benefits (OPEBs re: retiree health insurance).

He said that net assets were \$10.7M at year end with there being no general obligation debt. He noted that even with the GASB 45 liability being accounted for there had been a \$500K increase in net assets. There was \$2.8M in unsecured fund balance which is 33% of the general fund. Carter Terenzini noted that we target having 7.5% of the total budget (School/County included) as unreserved fund balance and are trying to "bulk up" this account to have funds on hand to help pay for the Fiscal Year Conversions should we choose to convert.

FY 2011 Q2 Financial Reports: Heidi gave her report on the 2nd Quarter noting the only real area of concern right now was the over-run in DPW Facility budget to pay for the repairs to the perimeter drain at the Public Safety Building. We needed to "backfill" the account with roughly \$55k. Carter said we will bring in a budget amendment on September 1st to cover this and asked for any questions from the Board or ABC on this report within two weeks. This would allow the staff to respond in time to wrap up the 3rd quarter report.

FY 2011 Property Values: Assessor Gary Karp gave an overview of the 2011 statistical updates (values as of April 1st). Paul McKinney of Vision Government Solutions presented their new name (Vision Government Solutions) and purpose (they are expanding to offer a wide range of municipal purpose software as well as the current assessing services). He explained how this year's review had used 2 years of sales. There were 80 hearings with roughly 45% by telephone. The overall property values had dropped by roughly 2% with the various ratios being within approved ranges.

Joel asked if folks went away satisfied with the results of their hearings. Paul said in general he thought they were satisfied with the answers they received. There were some data entry errors that were relatively easy to fix. On the other side some folks were looking at national market trends (down drastically) and those just were not being replicated here in NH or Moultonborough. Betsey said that last year was not a good process and thanked Paul and Gary for the improvements. Gary recapped those improvements saying he had listened in on many of the hearings. He also said that each morning he went through the schedule and printed out the property cards to give the hearings personnel a heads up on various issues. Overall he had not seen any problems with people going out.

Gary advised the Board he had needed to request an extension in filing the MS-1 as the state had not yet issued the utility values. Carter said he had asked Gary to look into the cost of getting our own utility appraiser. He noted it might not pay for itself in added taxable value (as had happened with the Timber Appraiser) but it would avoid the delays we experience (three years running now) with the state delivering the values to us later than needed.

Revolving Funds: Donna Kuethe said that since the fund was continued by Town Meeting she wanted to explore all the possibilities of an expanded use of the fund. She said we can reduce the amount raised from taxes and still use it to meet the needs of the community. During FY2011 it was stated the Recreation Department has always been well supported so we didn't need the fund. She agreed the community had supported the Department but said we can still look at the other possibilities for the fund. She did point out she wouldn't want to run into the "trap" that using the fund should make her be "self-sufficient".

Jeff King, Recreation Director in Peterborough said the Revolving Fund has been "vital to our existence." He runs about \$175+K through it. He has a tax supported budget of \$410+K. So in reality he is running a \$600K department with a tax burden of \$400+K. He is using the Revolving Fund to manage his new use of the National Guard armory (he is under a mandate to not use tax dollars). He believed strongly that the revolving fund is a vital tool to operate a municipal recreation department. His budget chair did require he "gross budget" his department for purposes of transparency. Betsey asked how the dollars are accounted for and he said that essentially all of his revenue (user fees) runs through here. All of his supplies, trip tickets, and the like run through here. He said the beauty is it's hard to estimate how many trip tickets he needs and put them in his budget. This lets him be up to speed and react to trends. Betsey asked about his 5 member board which is elected and makes policy. He also reports to the Town Administrator and the Board of Selectmen. Jean Beadle asked that with some projects making/losing money how do the revolving and tax programs interface. He acknowledged it can be an accounting headache noting as one example that when lifeguards "lifeguard" it comes from taxes, yet when they teach swimming it comes from the user fees.

Chris Dillion, Recreation Director in Salem, said that in one year he saved taxpayers \$102K (though he did say, "Mind you they did lose the offsetting revenue."). Big thing is the flexibility it gives you. He starts his budget 6 months in advance and opportunities come up mid-year. He did say that in his first year he decreased his budget 23% and is now under pressure to cover 100% of all his costs which may drive program prices somewhere higher. Betsey asked if what really happened is you reduced your reliance on the property tax and substitute revolving fund dollars for those. He said that the fee from the beach parking passes still goes to the general funds. Alan Ballard of the ABC asked how he decides to run something through which fund and spoke to the \$163K on deposit now which has not been used. Donna Kuethe said that the parameters we operate under are not the parameters they (Salem and Peterbroguh) operate under. She asked the Board if they want her to look at this with Carter on the dollars on hand and how to revise the program. Joel explained that the way it is set up now she has to come to the Board first to prove she needs the funds although he can see how a revised program might work.

Ed asked Mr. King how it is working with a Board. Mr. King said it could be challenging as he also reports to the Town Administrator and his board can be over ruled by the Board of Selectmen. He described the extensive series of internal controls that he must go through to use the fund, including getting purchase orders over \$500 approved by the T.A. Ed asked Mr. Dillon

if he shared space with the Boys/Girls Club. Mr. Dillon described his policy board of 11 and the fact that he schedules all the school facilities after a given hour of the day.

Trust Fund Analysis: Michael Branley, our NHMMA/LGC Fellow, presented the results of his analysis of our various trust funds noting the intent was to try to determine when we should create or discontinue a fund, how to determine how much to put into it annually, and what the follow, target and ceiling should be for each fund. The Board was asked for their follow-up questions within two weeks so that Michael could be ready to respond at the September Workshop.

FY 2012 Budget Goals: Carter said it was time to distribute the annual “Budget Guidance” to the staff and he needed a sense of direction from the Board. He needed to know if they had any specific objectives to plan for. He also asked how the Board wanted to direct him to proceed:

- Level funded (ie. the same expenditure bottom line)
- Level services (ie. the current services and levels for the same)
- Level tax levy (ie. the same revenue stream of taxation)

Joel said we had worked on level funded last year and the Town meeting put positions and money back in. Ed said we needed to look at the various positions and whether or not some could be eliminated, combined or otherwise modified. Betsey said she does not think we can do level funded next year. With just the CIPC requests alone, looking 10 years down the road, she knows we can't do it all at once, but we have to grow here. Joel said that with three years of level funded budgets we have been saying that at some point we can't hold at 0%. Betsey was not sure how we can do it, but we can't look at level funding. She also said that the donor town “Black Cloud” isn't as black as it used to be and we need to get back on track for putting money away for what we need. Russ said that he agreed with Betsey, at some point level is no longer level and suggested that we use the word “responsible”. Betsey said she does not want to cap what might be needed in terms of an increase. Carter suggested that the phrase “level service” might be the closest to what Russ is saying. Joel suggested we use the phrase “responsible level services” budget. Betsey suggested that what the word responsible means is different to everyone. In the end the consensus was to use the phrase “Responsible Level Service” budget.

As to objectives Joel wanted to continue to work on energy efficiency and suggested we look at the retaining wall drainage at the PSB before proceeding with the parking lot work. Carter asked for added comments as soon as possible so he could get the guidance memos out.

With there being a 7:30 public hearing the work on the hiring practices and FY conversion was postponed to a future date. There being no further business the Chair adjourned the meeting at 6:15 p.m.

Approved

Date
Respectfully Submitted
Carter Terenzini, Town Administrator