

**OFFICE OF SELECTMEN
6 HOLLAND STREET
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MOULTONBOROUGH, NH 03254**

Selectmen's Work Session

July 26, 2012

MINUTES

Selectmen: Joel R. Mudgett (arrived at 4:17 p.m.), Edward J. Charest, Betsey L. Patten, Jonathan W. Tolman, Russell C. Wakefield; Carter Terenzini, Town Administrator; Hope K. Kokas, Administrative Assistant.

I. Ed called the meeting to order at 4:05 p.m.

- 1) 2011 Audit: Jared Vartanian of Vachon & Clukay, Senior Manager, reviewed the audit report with the Selectmen and summarized the highlights. He reported that the Internal Control had no issues or audit adjustments, and complimented Heidi on a job well done. Mr. Vartanian told the Selectmen that the new section, GASB-54 changes the classifications and how the accounts can be spent, which details the fund balance. The Town received an unqualified opinion, which is the highest ranking possible, and is in a very strong financial position. Carter asked the Selectmen to review the audit report and forward their questions to the either himself or Heidi within the next two weeks. The Selectmen complimented Heidi on a job well done and thanked the Auditors.
- 2) Software Upgrade Project: Carter reported that, as requested, Department Heads Heidi Davis, Personnel & Financial Director, and Susette Remson, Tax Collector, and Peter Jensen were present. Jon said that he felt Peter Jensen's memo made sense, and asked Carter of his opinion. Carter agreed, but added that he viewed the purchase of the software as a settled matter from this year's Town Meeting. Jon asked Heidi and Susette if they have listed the functionality of the current software. Carter replied that they have done this. Mr. Jensen summarized his memo, asking how the current software fails, what can be done, and what the value of obtaining new software is. What is there to gain from obtaining new software and does it make sense to spend the money. He added that if the process is broken and not doing what is legally needed, then it is needed. Susette reported that she has had ongoing meetings with Vadar since 2003, without any upgrades in the past four years. She feels that the functionality has become obsolete. She met with the members of the CIPC per Carter's request that she put in a software request with an approximate estimate of \$100,000 based on checking with companies that provide financial and tax collection software. Susette explained that her goal is to improve internal control and efficiency and meet the state's required legal controls. Vadar promised an upgrade for the past 3-4 years. Moultonborough is unique with over 600 properties with multiple owners. With the present software, this has required many "work-arounds" and doing things manually which increases the risk for defective tax liens. She explained that she and her Deputy check and double check manually, but there is too much room for error. She listed the several deficiencies that Vadar has not addressed or for which they have created onetime patches that need to be repeated each year. If her office has a warrant for a Land Use Change Tax or a Yield Tax, Heidi has to create it and print it out. Any changes made to the parcel description (street address or MBLU) results in a loss of payment history. Susette said she's met with Vadar and has requested help with these issues, but there haven't been any changes. Russ asked Heidi and Susette if they've addressed points in Mr. Jensen's memo. Susette responded that

because of all of her meetings with Vadar, she does have a list. Russ thanked Mr. Jensen for his memo and asked staff what the timeline would be to address it. Heidi commented that she has to do a lot of double entry, as she has to input the Town Clerk's information too, and this leads for more chances for error. Susette agreed that strong internal controls are needed. Russ asked what enhancements are needed for both departments. Susette replied she gave Carter her list adding that she'd like to put the tax bills on line, which Vadar can't do. Heidi said she also has a list of what her department needs. She felt it would be good to have a consultant go to each department to learn of the needs based on the daily function. She is concerned that if the Department Heads go through this process on their own that they'll later learn that they missed or forgot something they needed. Susette agreed she had no problem working with a consultant, but wants to be sure that the Department Heads can test and review the various programs and have a say in the recommendations. She added that there are only three companies that provide financial, tax collection, and land use software. Carter stated that the process was set up so that presentations would be made to the Department Heads and they would make a recommendation to the Selectmen who would have the last word. Joel thought it would be a good idea to visit other towns to see what the software programs are capable of and how each will meet the Town's needs in the future. Carter commented that Mr. Jensen's memo suggested that the workload be reviewed, a gap analysis be done and it be decided if the cost is justified. He added that he felt this was settled by the Selectmen and also at Town Meeting, as the expenditure was approved. The question is if they want to proceed and he stood by his recommendation of working with a knowledgeable consultant. Russ said he disagreed that it wasn't settled and felt that the Town doesn't need a consultant. Jon said that he agrees with Carter, a consultant is needed, but questions why they only received one bid, and they must decide how to proceed. The Selectmen agreed that the Town needs something different and an upgrade. Mr. Jensen stated that in his experience, the highest success in a software upgrade occurs when Department Heads identify what's needed. Once that is done, get the consultant to write the RFP based on their requirements. Susette said she didn't feel qualified to put it into IT terms. She added that although Vadar has a proposal to make the fixes, she doesn't feel confident in their product. Mr. Jensen felt that what is most important when purchasing software is the support that comes along with it. Betsey asked, and both Heidi and Susette agreed, that they can do the upfront work and would then work with a consultant. Discussion occurred about the variables of just working with a knowledgeable community member such as Mr. Jensen to write the RFP or once the upfront work is done, then hiring a consultant for the RFP. Mr. Jensen said that he reviewed the résumé of MRI's sub-contractor and found it to be on target. Ed agreed that they need quantification and with Mr. Jensen's help can put the needs into the correct terms to write the RFP. Carter reported that he gave the Selectmen the RFP from the functionality checklist. As to the question of cost in MRI's proposal, the extra cost would come only if the staff can't provide the information needed as planned. If we do our part, but it should be within the \$7,500 proposed. Susette reported that she heard Mr. Barker speak at a recent Tax Collectors' convention and was impressed with him. Joel asked if the Department Heads were ready or is there more work that needs to be done, and if they found merit in visiting other towns. Susette replied that for her department, right now is a quiet time and it is quiet for all tax collectors if she were to visit them. She didn't feel she'd be able to see their software program in full process during this period in time. Susette added that during the last acquisition of software, the companies came and made their presentations showing various screens of processes, but they weren't actually able to test the software

out until after the purchase. Betsey thought they should go to MRI and ask them to clarify the cost variables. Susette suggested that she and Heidi meet to create their list, and utilizing Mr. Jensen's help to define it. Carter thought that MRI will address the open-ended cost question if the Board would like to invite them in and spoke of several occasions on which we have received only one proposal. Jon repeated his concern that there was only one bid. Carter added that he can't predict how many bids will come in. Russ said that he is concerned that a consultant will just be holding the hands of the Department Heads and felt that they were capable of making the choice. Jon felt that a consultant won't choose, but will make recommendations. Betsey thought that a consultant will have the global knowledge with an eye to the future. Russ said that a consultant will be duplicating what the Department Heads have already done. Susette said she'd be willing to work on the outline and give it to Mr. Jensen for his critique and then decide to go with MRI's proposal. Carter said that the Finance Department and Tax Collector are the backbone of the software, but other departments should also be somewhat involved to see how they may use the software, and agreed that it's important to look at future needs. Joel felt that they aren't ready to sign a contract and asked that the Department Heads work with Mr. Jensen to define what is needed and then they'll decide whether to go with MRI or not. He added that their concern is with the overall company and not the individual to be assigned. Jon asked and Mr. Jensen thought this could be done in a month. Joel said that whenever the Department Heads feel they are ready to put it on the Agenda. Carter pointed out that they want to have a vendor under contract by year's end to encumber the funds and would not want to deploy the new program during tax time. Joel asked Carter to inform MRI that the Town is working on defining the needs list.

- 3) Second Quarter Financial Report: Heidi read her quarterly report, starting with the expenditure report. The Town has expended 36%, which includes amendment #1 with the COLA and step increases. She reviewed items with a higher percent expended and the reasons for this, and the likelihood of going over what was budgeted. Of major concern is the 77% expended for the Police Department's overtime. Due to the union contract, they can't reassign staff to avoid overtime without the officer agreeing. She added that Chief Wetherbee is reviewing this, but feels they will be within the bottom line budget. She then reviewed the Revenue Ledger with 36% of expected revenue received. Carter said that they will see in the third quarter the Recreation Revolving Fund as 002, with \$25,000 transferred through journal entries. As this is a new process, both Heidi and Recreation are working out the bugs. Carter asked the Selectmen to review the Second Quarter Financial Report and submit their questions. Betsey asked Heidi if the issue with the Treasurer's statements had been resolved and learned that it has. Heidi's report included Assessing information and Vision Government Technology activity. Carter added that a press release has been placed on the web for the statistical update. The proposed value letters will go out which will include a comparison from 2011 to 2012. The letters should be out early next week. Carter reported that overall residential properties are up less than a 1/2%, waterfront is up less than a 1/4%, although some waterfront neighborhoods are up 5%, boat racks are down 6%, and vacant land is down 1%. Overall the changes are fairly flat.
- 4) Assessor's Update Re Assessing Campers: Gary Karp spoke to the Selectmen regarding the requirement to assess and tax campers situated in the Town's campgrounds. In a recent NH Sunday News article this was discussed, and also DRA's Director spoke about this at the Assessor's June meeting. There are two court cases, Laconia and Pelham that have helped define the law to assess and tax campers unless they are registered as a motor

vehicle. Those that are hooked up to utilities, with decks and porches need to be assessed. Laconia and Alton are now doing this, and Ossipee has its own approach. A problem does exist that if a camper is assessed and receives a tax bill, but then moves out of the campground, there isn't anything to place a lien against. In 2004 Susette tried this. Gary reported that presently the Town has in its CAMA file 100 campers with a zero assessment going back to 2004. He added that if a camper moves, the tax bill can go to the campground owner, but the law doesn't say that they must pay it. Gary plans on sending letters out to the campgrounds and obtaining a list of owners. He said that the Alton Assessor visits the campgrounds in October and then again in March to see what campers remain, and those are the ones that get the tax bill. Carter agreed that there a number of problems with the law and they will need to develop a policy as to how to administer it and how to pursue and/or write off unpaid taxes (e.g. small claims court). Carter reported that this will take effect for the 2013 tax year and the assessor will work with the campground owners. Russ recalled that in 2004 HUD's definition of an abode with 400 square feet. Gary reported that the law now defines this as 320 square feet. Ossipee only taxes campers that have a wooden or metal built on. He added if the camper is registered it will be in their home town and this cost will probably be twice as much as the Town's tax. Betsey asked and Carter agreed that a press release will need to be issued, in addition to information being in the Town's newsletter.

- 5) GASB – 54 & Fund Balance Policy: Carter reported that the 2011 Audit restated the fund balances in keeping with GASB-54. The Town must adopt this policy by December 31, 2012 to be compliant with the law. In his memo he compared what 2010 looked like to 2011, changing the names of 5 accounts. For the Unassigned Fund Balance, DRA recommends should be at 8 to 15% level. It is Carter's recommendation for the Town to be at 11.5% and pointed out last year's was 8.4%. Carter reviewed the proposed policy. Amounts applied to offset the tax rate should be sustainable and the policy makes towns look ahead to plan how to spend the excess which is covered under c.) Circumstances for "Spending Down" Excess Unassigned Fund Balance. The three choices are 1) emergency situations, 2) tax rate reduction, and 3) underfunded trust funds, reserves or capital outlay, not necessarily in that priority. Russ asked when the planning to spend the Unassigned Fund Balance should occur. Carter thought in September, as a prelude to the tax rate setting to budget time, look at next year and how to fill any deficiencies or needs with this fund. He added that if they choose tax rate reduction, this must be sustainable so the tax rate doesn't greatly change from one year to the next. Carter asked the Selectmen to review the proposed policy and to let him know of their questions, with the goal of approving the policy in August. Russ asked about the Auditor's 13% expenditures, and Carter replied that they used a different base so it is not just a question of the percentage, but also of how you make the calculations that needs to be defined.
- 6) Classification of Employees & Absent Leave: Joel asked to put off discussion on this item and requested that the Selectmen review it for the August 2nd Agenda. Carter said that he's spoken with Chief Wetherbee and he feels that this version will address the implementation problems that came up at the Police Department. Ed asked and Carter replied that the Town has funded a personnel liability account to cover any cost that may result.
- 7) Proposed Town Facilities Policy: Joel felt that the number of staff involved in this should be kept small. Jon agreed, keeping it simple and follow the present Meeting Room policy. Joel asked the Selectmen to review the Meeting Room policy. Carter reminded the Selectmen that there isn't a policy that addresses the Public Safety Building's training room, and that need to also be addressed. He suggested two from the

Library, Police Chief, Heidi and Carter meet in public, providing citizen input at the beginning and end of the meeting. This should take no more than three or four sessions to develop and/or redefine the present policy. Joel asked that staff provide their recommendations and the Selectmen will work on it. Carter said he will post the meetings and then provide their recommendations to the Selectmen to review.

- 8) Conflict in Cemetery Policy: Carter asked the Selectmen to review his memo regarding the two conflicting descriptions of who can purchase a burial plot, which needs to be amended. In addition there are 160 double lots now available and at the rate the Town is going, the Town will need to look at purchasing more land for this purpose. If only “residents” can purchase cemetery lots, this will reduce the need. Carter asked the Selectmen to review and submit their questions/comments to him so he may proceed from there.
- 9) Jon asked if the CIPC’s concerns are being addressed in Carter’s upcoming memo. Carter replied that they are working on it with staff input and it will make specific recommendations.
- 10) Jon asked if there is a policy for those who can’t afford to pay or don’t have insurance that covers services by Stewart Ambulance. Carter replied that Stewarts has a write-off policy, and he will get him a copy of the policy.
- 11) Russ reported that at last night’s Planning Board meeting, Plan NH proposed the Town apply for a grant to work on the results of the Charrette, but needed a letter from the Selectmen by Tuesday. He added that the Planning Board decided not to go forward with this. Jon and the Selectmen agreed, adding that this might be something they look at in the future, but not now.

- II. Non-Public Session: Russ Made the Motion for the Selectmen to go into Non-Public Session per 91-A:3 II (a) and only to reconvene for the purposes of adjournment. Betsey seconded. A Roll call was taken: Jon – Aye; Betsey – Aye; Ed – Aye; Russ – Aye, Joel – Aye. The Selectmen went into Non-Public Session at 6:40 p.m.

The Board exited Non-Public Session at 7:14 p.m. having voted by a vote of 2/3 or greater of the members present to not disclose the minutes and discussions reached therein to the public, as divulgence of the information discussed likely would affect adversely the reputation of any person other than a member of the public body itself, until – in the opinion of a majority of the members – the aforesaid circumstances no longer apply.

- III. There being no further business the Chair adjourned the meeting at 7:15 p.m.

Approved

Date
Respectfully Submitted
Hope K. Kokas, Administrative Assistant