

Meredith Capital improvements Program (CIP)

Appendix D-Frequently Asked Questions

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Why create a Capital Improvements Program (CIP)?

Many significant community benefits may be derived from preparing and maintaining a Capital Improvements program.

- A. The CIP is a tool available to the Select Board as they prepare their annual budget.
- B. The CIP puts near-term capital needs in context as it identifies and forecasts capital needs for a period of approximately 6 years.
- C. The CIP makes voters aware of proposed capital improvements that may be of particular interest and about major proposals that will likely come before Town meeting.
- D. The CIP contributes towards a stable tax rate by avoiding untimely capital expenditures and unnecessary long term borrowing.
- E. The CIP provides linkage between planning for our future needs and appropriations on specific community improvements.
- F. Cooperative project planning can result in cost savings and duplication of expenditures.
- G. Communities demonstrating sound fiscal health together with quality facilities and services are attractive to investors of all kinds; homeowners, businesses and lending institutions.
- H. Capital improvement programming supports and complements broader community economic development objectives.

What are the limitations of the CIP?

- A. The CIP is not a budget. It is a tool to aid in the budget development process.
- B. CIP recommendations are non-binding and advisory only.
- C. The CIP process cannot fully anticipate unusual changes in growth, the political process, emergencies, economic conditions, etc.
- D. The CIP process does not guarantee an overall level tax rate. Capital expenditures constitute approximately 12% of total annual municipal appropriations.

What is a “Capital Improvement”?

For purposes of this CIP, “Capital improvements” are defined as meeting the following general criteria:

1. projects or improvements that are typically non-recurring in nature; and
2. projects or improvements that have a useful live of at least 5 years; and
3. projects or improvements that cost or commit approximately \$90,000 or more.

Examples of projects or improvements that meet this criterion may include:

- the construction or reconstruction of public *infrastructure* (roads, sewer lines, water mains, etc.),
- the purchase lease, construction or replacement of *public buildings and facilities*,
- the purchase or lease of major *heavy equipment* such as fire trucks, dump trucks, etc.,
- the acquisition or lease of *land* or interest in land for public purposes.

How does the CIP process work?

- A volunteer, CIP Advisory Committee is appointed by the Planning Board.
- The Committee includes representation from the Planning Board, Select Board, School Board and the general public.
- The Committee meets regularly in the Spring and late Summer/early Fall to review updates on any previous submitted capital needs or to receive information on new projects or improvements.
- The Committee formulates its recommendations.
- The recommended CIP is presented to the Planning Board at a public hearing.
- The approved CIP is transmitted to the Town Manager and Select Board for consideration during their budget development process.
- All Committee meetings are conducted in accordance with NH RSA 91-A (aka the Right-to-Know Law).

Does the Inter-Lakes School District participate in the Meredith CIP process?

Yes, but for informational purposes only. Meredith is one of three towns that comprise the Inter-Lakes School District (Meredith, Center Harbor and Sandwich). Capital expenditures are approved at the three-town District Meeting in March. The District has developed and periodically updates the Inter-Lakes School District Capital Improvements Plan and Facilities Budget Plan. Meredith is responsible for approximately 75 % of district costs including capital expenditures.

What is the enabling statutory authority?

The enabling authority is NH RSA (Revised Statutes Annotated) 674:5-8. Highlights include:

- The sole purpose of the CIP is to aid the consideration of annual budgets
- Capital Improvement Projects are projected over a period of at least 6 years
- The CIP encompasses major projects being currently undertaken and future projects
- The CIP Recommends a time sequence for implementation
- The CIP estimates project and probable operating and maintenance costs
- The CIP takes into account needs identified in the Master Plan

What is an “Expendable Trust Fund (ETF)”?

Expendable Trust Funds are enabled pursuant to NH RSA 31:19a. The Capital Improvement Program continues to make significant use of Expendable Trust Funds (ETF's) as a means to fund identified capital needs. Expendable Trust Funds are under the custodial care of the Trustees of Trust Funds. The Select Board is designated as the “Agents-to-Expend”. All ETF's are created by a vote of Town Meeting for specified purposes. All appropriations to these trust funds are also approved by a vote of Town Meeting. The use of ETF's: (A) lessens the need for long term borrowing thereby avoiding borrowing costs; (B) allows the town to negotiate favorable pricing; (C) contributes to overall program visibility; and (D) contributes to overall program stability.

What is “Unassigned Fund Balance”?

Governmental Accounting Standards Board (GASB) Statement 54 defines four fund categories that have some form of restriction; i.e. non-spendable, restricted, committed and assigned. Unassigned Fund Balance is the residual, spendable fund balance after subtracting the four fund categories mentioned above. The town maintains adequate levels of unassigned fund balance to mitigate financial risks that can occur from unforeseen revenue fluctuations, unanticipated expenditures and similar circumstances. The unassigned fund balance also provides cash flow liquidity for the town's general operations. The Select Board may utilize excess unassigned fund balance to offset property taxes and subject to town meeting approval, use unassigned fund balance to fund capital improvements. Pursuant to the Town of Meredith's Fund Balance Policy (reference Administrative Regulation No. 36, dated 4/1/12), allocation of unassigned fund balance shall be made after a review of all available information including the towns planning tools such as the Capital Improvement Program.

How can I learn more or participate in the process?

- a. Attend meetings of the CIP Advisory Committee. All meetings are open to the public.
- b. Stay current with the work of the Committee. All approved meeting minutes are posted on the town web site.
- c. Participate in the budget process. The Select Board's budget process includes both operating and capital expenses.
- d. Attend Town Meeting. All votes on the budget are taken at the Town Meeting deliberative session including votes on capital improvements.
- e. See appointment to serve on the volunteer Capital Improvements Program (CIP) Advisory Committee.
- f. Ask questions. Become informed. Contact the Community Development Department at 677-4215 form more information.

(JCE 10-12-22)