

## Londonderry digs for impact fee answers

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By APRIL GUILMET

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LONDONDERRY - Representatives from the firm that conducts the town's audits were grilled this week about how the mismanagement of the town's impact fee program could have gone on for so long.

"Now that we've discovered there's been a problem with the impact fees, I wonder if this was addressed in prior years?" Councilor Tom Freda said during Monday's council meeting.

Karen Snow, audit supervisor for Melanson Heath and Company, said "unfortunately, this hasn't been an issue that had come to our attention."

Last summer, it was revealed that the town owes approximately \$1.3 million in combined impact fees to developers and property owners due to improper collection practices over several years.

Melanson Heath President Frank Byron told councilors the impact fees "were part of the overall accounting records of the town" and the focus was instead put on areas where they believed problems might be present.

"In the past, impact fees just haven't been considered risk area," Byron said. "We audit 150 municipalities and this has never proven a risk anywhere else."

Melanson Heath officials added that it's possible some confusion resulted from recent clarifications made to the state statute regarding impact fees. Byron said the statute's wording was "vague" in the past and has since been clarified.

Byron also said there will be increased efforts to monitor these matters in the future, both in Londonderry and in other communities.

"This has been raised to a major risk area as part of our future audits," he said.

Councilor Joe Green, however, questioned how thorough the town's previous audits actually were.

"We win all these awards and get these nice reports year after year, and now having this huge item stick out. ... Really, this is quite embarrassing," Green said. "Now we need to restore the faith in the people who've elected us."

Byron said, "In hindsight it appears an obvious error was made, but this was just one of numerous accounts in the town's books."

Earlier this month, the town also hired Melanson Heath to conduct a court-ordered forensic audit of its impact fee collections.

"This year we face a number of challenges, most specifically the impact fee concern we've been wrestling with," acting Town Manager Bill Hart said this week. "I asked (Melanson Heath) to essentially leave no stone unturned. I'm assured they did not. They were equally candid with me."

Hart said various steps have since been taken in recent months make sure there aren't any problems with impact fees in the future. All fee receipts are now managed through the town clerk's office, and town officials also attend monthly department head meetings to increase communication on budgetary and other matters.

Byron said that overall, Londonderry still fared well last year compared to other Granite State communities.

He said the town has \$130,830,000 in total assets, including \$20 million in land and construction assets. Long-term liabilities total \$53.3 million and of that the town's bonds payable debt is \$16 million. There's also \$1.4 million in deferred revenues, which includes unpaid residential property tax fees.

"It's a very strong balance you have here, and I think most would consider the town to be in fine financial standing," Byron said.

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