

**TOWN OF NORTH HAMPTON, NEW HAMPSHIRE
MUNICIPAL BUDGET COMMITTEE MEETING
DRAFT MINUTES**

**October16, 2017 7:00 PM
NORTH HAMPTON TOWN HALL**

MEMBERS PRESENT:Chairman Jonathan Pinette, Vice-Chairman and School Board Rep James Sununu, John Anthony Simmons, George Chauncey, Laurel Pohl, Frank Ferraro, Charles Gallant, Select Board Rep Larry Miller, Little Boar's Head Rep BrianGoode

ALSO PRESENT: Interim Town Administrator Michael Tully, Finance Director Ryan Cornwell

AGENDA

Chairman Jonathan Pinettewelcomed everyone to the October16, 2017 North Hampton Budget Committee Meeting and called the meeting to order at 7:05pm, followed by the Pledge of Allegiance.

OLD BUSINESS— None

NEW BUSINESS

Approval of the Minutes of the Budget Committee Meeting of September18, 2017

Vice-Chair Sununu made a motion to approve the minutes of the Budget Committee Meeting of September 18, 2017, which was seconded by Mr. Simmons pending amendments.

Corrections: Ms. Pohl changed a phrase at the top of page 2 from "declared as Budget Pages" to "*considered* as Budget Pages", and corrected a typo on page 3.

Chairman Pinette polled the Committee and the minutes of the Budget Committee Meeting of September 18, 2017 were approved as amended by a vote of 9-0.

Approval of the Minutes of the Budget Committee Meeting of October2, 2017

As they did not have a quorum for the October 2, 2017 meeting, Chairman Pinette recommended that the minutes be tabled. Vice-Chair Sununu said the indication was that since a quorum was not present it did not count as a meeting, and he also suggested the minutes be tabled.

Mr. Simmons said he was not in favor of tabling the minutes, and said though he realized the legal status as improperly noticed, he felt that the record needed to be preserved. He said he thought there were ramifications for how the Town conducted its business that needed to come out of the experience, and said he hoped safeguards would come into place to avoid this happening again in the future. Vice-Chair Sununu said he would suggest the opposite, that since it was not a proper meeting, voting to approve minutes would give an official record to something that was not legally a Public Meeting. Mr. Simmons pointed out that the Chairman had called the meeting to order, and Ms. Pohl added that there was a quorum present. Mr. Ferraro did not feel it should be acted on at all, and said the Board members had left the meeting because it was not properly noticed and was illegal. Mr. Miller recommended that the Committee ask NHMA how to make the meeting a historical record.

Chairman Pinette said they would table the minutes of the October 2, 2017 meeting until proper documentation was provided on how to handle the minutes.

Motion: To table the minutes of the Budget Committee meeting of October 2, 2017 pending further clarification from NHMA on how to document the meeting.

Motioned: Vice-Chair Sununu

Seconded: Mr. Miller

Vote: Approved (8-0), with 1 abstention

Town FY2017/2018 Year-End Budget Review

Interim Town Administrator Michael Tully said he would review the Town FY2017/18 Year-End Budget to date and then move on to the FY2018/19 Default Budget. He said that the Town started out 2017 with an Operating Budget of \$6,668,166, and adding the Warrant Articles of \$776,698 brought them to \$7,444,864. He said after adding prior-year encumbrances of \$131,293 from 2016 into 2017 and backing out \$203,662 for incomes for 2017, the Town ended up with an Operating Budget of \$7,372,495. He stated that Expenditures were \$7,319,141 which left a Budget Surplus of approximately \$53,000, which would be returned to Fund Balance.

Interim Town Administrator Tully explained that of the \$203,662 encumbered into 2018, Government Buildings were \$13,400 for AC installation in Town Hall, Cemeteries were approximately \$8,200, Police encumbered \$82,000 for personnel and equipment, the Fire Department encumbered \$22,000 and Highways \$5,000 for shoulder work. He added that Parks & Recreation encumbered \$3,350, Select Board purchases were \$10,500, and \$58,492 for a Warrant Article was encumbered for an outstanding SCBA Grant. He said he had heard back that the grant was successful and the money would be going back to the General Fund. Mr. Simmons asked that a copy of the information be documented and distributed to the Committee.

Interim Town Administrator Tully said the other side of the budget was Revenue, and said they were expecting just under \$7.5 million but had brought in approximately \$7.7 million, leaving a surplus of \$279,000 due to timely tax collections, increased motor vehicle registrations, and an increase in building permits. Ms. Pohl asked if there was a budget for revenue, and Interim Town Administrator Tully said that Finance Director Ryan Cornwell estimated yearly where he expected revenues to come in to insure the Town would be able to pay its bills. Mr. Simmons asked how "timely" tax collections increased revenues. Finance Director Cornwell explained that taxes were levied in June and again in November/December, and said some of the taxes went unpaid and liens were collected. He said in the

past year they were able to collect a lot of lien revenues which were only budgeted in the year they were lienied, and said they also had a high collection rate for this year.

Mr. Ferraro said he assumed the Town did not issue a PO with a contractor for the SCBAs and Extractors, and Interim Town Administrator Tully said they did not have a signed contract in place but they had pricing. Mr. Ferraro said that technically they could not encumber unless they had a contract and said the money would then automatically flow back into unfunded balance. Finance Director Cornwell said he understood that they did have all those things as there were contracts. Interim Town Administrator Tully said historically that was the way it was done, and said he would research and change the system if it was not correct. Mr. Ferraro said it was not money available for the Select Board to spend, and Ms. Pohl said that page 45 of the Budget Book stated that the obligation to pay must be legally enforceable under RSA 32-7, Section I.

Interim Town Administrator Tully said that in Revenue the \$7.7 million broke down into \$5.7 million in Property Taxes with \$60,000 interest on taxes. He said Motor Vehicle Permit fees were \$1.3 million, Building Permits \$150,000, Rooms & Meals \$233,000, Highway Block Grants \$101,000, plus other smaller categories. He said Unanticipated Revenue were just over \$100,000 with Expenditures \$64,000, and said they were able to capture a surplus of approximately \$36,000 there.

Interim Town Administrator Tully said that a summary of all monies coming in showed \$53,000 returned to Fund Balance from the FY2017 Budget, \$279,000 in excess revenues, and \$36,000 in unanticipated revenues for a total of \$369,000. He said adding that to the \$2,095,414 Fund Balance of the year before gave a Fund Balance of \$2,464,481, or approximately 11.8% of the budget. Mr. Simmons asked what the recommended ranges were for that, and Interim Town Administrator Tully said the Select Board had not renewed their policy on that and it would be rewritten this year. He said the DRA looked for 5-10% and said the Select Board would set their policy where they wanted it to be.

Discussion: Mr. Ferraro mentioned the Line-Item Transfers and said the spreadsheet showed where the money went but not where it came from, and said there should be a record kept. Finance Director Cornwell said that the report being referred to did show items coming in and out. Mr. Ferraro said it did not show from which line item to which line item. Mr. Simmons asked what document they were on, and Chairman Pinette said the spreadsheet was sent out at Mr. Ferraro's request and was not printed for this meeting as it was not on the agenda. Interim Town Administrator Tully said the spreadsheet was distributed to the Budget Committee through email and was separate from the 2017 Budget and the Default Budget and not printed out for this meeting.

Finance Director Cornwell explained that the transfers were occurring in multitude and were not from one place to another for an exact amount. He said they knew transfers were done to insure that those involving encumbered funds had available money in the line item, and said they were all within the General Fund. Mr. Ferraro reiterated that there should be a record of transfers from where to where which was not showing here. Finance Director Cornwell said it was not indicated to him that the Committee wanted that kind of detail, but said it was clear to him that money was coming out of one place and being transferred to another.

Chairman Pinette said he would work with Interim Town Administrator Tully and Finance Director Cornwell to figure out how to get that information. Ms. Pohl said she went through the spreadsheet and figured it out. She said it was coming from 3 accounts: Personnel, Administration Health Insurance, and Police Health Insurance, and was transferred to 8 different places. She said RSA required that expenses

be entered and recorded under proper account codes. Interim Town Administrator Tully stated that they had that information and would provide it.

Town FY2018/19 Preliminary Default Budget

Interim Town Administrator Tully stated that the numbers were preliminary as they had not yet been reviewed by Select Board and could change. Chairman Pinette suggested that questions be held until after the presentation. Interim Town Administrator Tully said the Town had an FY2018 General Fund Approved Operating Budget of \$6,982,118, and the General Fund Default Operating Budget was estimated at \$7,031,775, for an increase of \$49,657 or a 0.7% change.

He said the \$49,657 could be broken down into Executive costs \$3,420, Election/Registration/Vital Statistics a \$3,501 savings, Finance Administration costs \$7,329, Property Reevaluation savings of \$2,771, Personnel Administration costs of \$27,787, slight increase in Planning & Zoning of \$154, savings of \$4,359 for Government Buildings, and a \$125 savings in Cemeteries. He said Insurance increased just under \$8,000, Police saw a savings of \$27,962 in Health Insurance, Fire increased \$28,900 for Health Insurance, Highways increased \$20,951, Street Lighting was reduced \$600, and Solid Waste Collection saw a savings of \$175 with Solid Waste Disposal saving \$5,500 for tipping fees. He said that Sewage Collection at the recycling center saved \$600, Water Services saw a \$4,049 reduction in hydrant costs, Library increased \$6,124 for Health Insurance, and there was a savings for Long-Term Bonds & Notes of \$7,350, for a Total of \$49,657.

Interim Town Administrator Tully said the Town included an estimated Health Insurance increase of 10% which was included in this budget. He said the Select Board had not yet looked at these numbers and said they could change as they got further in the budget.

Discussion: A question was asked about family status for health plans, and Interim Town Administrator Tully said they tried to plan but could not predict all the way through. He said the Police Department Budget currently had 4 departmental openings and they had budgeted for 2 family and 2 single health plans. Mr. Simmons asked when the Budget Committee would receive their Budget Books. Interim Town Administrator Tully said they would be set up after the Select Board approved the budget, and Vice-Chair Sununu said it was on the calendar for November 13, 2017. Mr. Simmons said that was a full month from now, and Interim Town Administrator Tully said if they would try to get the books sooner.

Vice-Chair Sununu stated that last year the Town books were earlier and this year the School books went first, though they were still on the same schedule as last year. Interim Town Administrator Tully said Mr. Apple set the Budget Process before he left and said he could not speak to why those dates were chosen. Mr. Miller commended Interim Town Administrator Tully for doing a tremendous job so far, having only been at this for 6 days.

Mr. Ferraro stated that the School Default Budget should be just a straight budget without reallocations so that the Committee could compare line items from Default to FY2018. Vice-Chair Sununu said he respectfully disagreed and said the Default Budget had to be put forward to be adopted in case the budget proposed did not pass, and must reflect what the operations of the School look like in the coming fiscal year. Mr. Ferraro said that default budget meant the same appropriations as contained in the Operating Budget authorized for the previous year. He said he had found math errors and was unable to figure out if there were more errors, as there had been a lot of movement of the numbers. He said that just like the line-item transfers, the Committee needed to see from where to where clearly.

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Ms. Pohl said the training did indicate the budget was done on a line-item by line-item basis, and felt they should check with NHMA on that as well.

Motion: That the School Board provide their Default Budget without line-item allocations so the Budget Committee could see the flow of money from FY2018 to FY2019.

Motioned: Mr. Ferraro

Seconded: Mr. Goode

Vote: Approved (5-4)

ANY OTHER ITEM THAT MAY LEGALLY COME BEFORE THE COMMITTEE

Mr. Simmons requested that materials submitted to the Budget Committee be distributed in paper copy at meetings. Mr. Miller said the document was sent out. Chairman Pinette said his position was that he did not feel they needed to print out everything that was circulated unless it was listed on the agenda. Vice-Chair Sununu suggested that if someone wished to discuss something not on the meeting agenda that they bring copies to circulate.

PUBLIC COMMENT

Chairman Pinette opened Public Comment at 8:09 pm. As no one from the Public came forward, Chairman Pinette closed Public Comment at 8:09pm.

ADJOURNMENT

Vice-Chair Sununu made a motion to adjourn the meeting which was seconded by Chairman Pinette.

The motion to adjourn was approved by a vote of 9-0, and the Budget Committee Meeting was adjourned at 8:10 pm.

NEXT MEETING: November 6, 2017

Respectfully submitted,

Patricia Denmark, Recording Secretary