



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

OCTOBER 5, 2020 6:00 PM

NORTH HAMPTON TOWN HALL

APPROVED MINUTES

MEMBERS PRESENT: Chairman Jonathan Pinette, Vice-Chairman/ Little Boar's Head Rep Brian Goode, George Chauncey, Margaret Delano, Frank Ferraro, School Board Rep Tom von Jess

VIA ZOOM: Select Board Rep Larry Miller

EXCUSED: Rick Stanton; Tamara Le arrived late

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

AGENDA

Chairman Jonathan Pinette welcomed everyone to the October 5, 2020 North Hampton Municipal Budget Committee Meeting and called the meeting to order at 6:03 pm, followed by the Pledge of Allegiance.

Chairman Pinette said Rick Stanton was excused and Tamara Le would be running late.

OLD BUSINESS – None

NEW BUSINESS

Minutes of the Budget Committee Meeting of September 21, 2020

Motion: To approve the Budget Committee Meeting Minutes of September 21, 2020 as presented.

Motioned: Mr. Ferraro

Seconded: Mr. Chauncey

Roll Call Vote: Larry Miller-aye, Brian Goode-aye, Frank Ferraro-aye, George Chauncey-aye, Tom von Jess-aye, Margaret Delano-aye, Jonathan Pinette-aye

Motion approved 7-0

TOWN YEAR-END REVIEW & DEFAULT BUDGET

Town FY2019-2020 Year-End Review – Town Administrator Michael Tully

Town Administrator Tully presented the FY2020 Year-End Summary: General Fund Operating Budget \$7,161,370, General Fund Warrant Articles \$1,049,280, Total Approved General Fund of \$8,230,650; add Prior-Year Encumbrances \$147,171.50, less Current Year (FY2020-21) Encumbrances \$21,380.94, for adjusted Budget of \$8,356,440.56; Budgetary Expenditures \$8,174,541.92 with Budget Returned to Fund Balance \$181,898.64.

Town Administrator Tully broke down Current Year Encumbrances: General Government Building \$12,500, Police \$8485.94, Fire & Rescue \$395, for \$21,380.94 total. He took the \$8,230,650 less \$375,000 from Unassigned Fund Balance plus another \$140,000 for a General Fund Budget of \$7,715,650. Budgetary Revenues \$7,599,983.43, with a shortfall of \$115,666.57.

Town Administrator Tully said Budgetary Revenues come from: Property Taxes \$5,658,842.63, Land Use Change Tax - \$0.00, Timber Yield \$0.00, Interest on Taxes \$35,145.31, Business Licenses & Permits \$2,075, Motor Vehicle Permit Fees \$1,351,583.11, Building Permits \$69,708.41, Other Licenses/Permits/Fees \$20,938, Rooms & Meals Distribution \$232,265.43, Highway Block Grant \$106,684.36, Other State Grants \$0.00, Departmental Income \$23,588.31, Solid Waste Fees \$9,299.28, Interest of Investments \$24,911.27, Rents from Short-Term \$1,195, Fines & Forfeits \$1,590, Transfer from Capital Reserve Funds (Municipal Transportation Fund) \$30,000, Transfer from Capital Reserve Funds (Building Maintenance Fund) \$32,150; the Transfer from Capital Reserve Funds (Fire Department Equipment Fund) \$1.27 and the Transfer from Capital Reserve Funds (Road Reconstruction Fund) \$1.05 closed both those funds. Total: \$7,599,983.43.

Town Administrator Tully reviewed General Fund Non-Budgetary Activity with Unanticipated Revenue of \$153,595.14, Unanticipated Revenue Expenditures \$91,894.92 spent, Net Surplus from Non-Budgetary Activity \$61,700.22; Year-End Summary FY2020: Budget Returned to Fund Balance \$181,898.64, Revenues Less Budget \$115,666.57 we were short, Net Surplus from Non-Budgetary Activity \$61,700.22, for Change in General Fund-Fund Balance of \$127,932.29. Prior-Year Unassigned Fund Balance (audited) \$2,430,189, Use of General Fund Unassigned Fund Balance (used to reduce taxes) \$140,000, Change in General Fund-Fund Balance \$127,932.29, Use of General Fund Unassigned Fund Balance (2020 Town Meeting) \$735,000, Current Year Unassigned Fund Balance (unaudited) \$1,683,121.29.

Questions: Mr. Ferraro asked if the \$8,230,650 on the Year-End summary page was revenues from taxes and revenues we have coming in. Finance Director Ryan Cornwell said yes, it represents Uses of Fund Balance and includes tax collections, Motor Vehicle Registrations, Building Permits, etc. Mr. Ferraro asked why that number is being reduced by money coming from Unassigned Fund Balance which is separate. Finance Director Cornwell said Unassigned Fund Balance is a funding source which they have to show for both the \$375,000 and \$140,000, and said the \$8,230,650 is inclusive of those numbers and is gross revenues, with General Fund Revenue \$7,715,650 to compare what we thought we would collect to actuals; also DRA requires you show this \$515,000 as revenue on their MS4.

Mr. Ferraro asked if the \$181,898 Budget Returned to Fund Balance is the Unassigned Fund Balance. Finance Director Cornwell said yes, because funds have already been set aside to be encumbered which are not part of this encumbered amount already adjusted at year end. He said 3 buckets are returned to

Unassigned Fund Balance: Budget Returned to Fund Balance, Revenues less than Budgeted, and Net Surplus from Non-Budgetary.

Finance Director Cornwell said the current year Unassigned Fund Balance is unaudited at \$1.538 Mil; the Town had an ordinance to maintain fund balance at certain levels, and this amount represents 7.5% with a target of 8%. He suggested that this number would be no more than \$1.7 Mil and no less than \$1.6 Mil. He said Motor Vehicle Registrations were \$70,000 less than anticipated, and Building Permits were down as well as Interest Income. Vice-Chair Goode asked if Motor Vehicle Permits increased last year, and Finance Director Cornwell said yes about 5%.

Town FY2021-2022 Default Budget – Preliminary

Town Administrator Tully said he had not gotten answers back from GMR on Health Insurance, and said historically 10% is kept in that line until Health Insurance numbers come back. He said they saw some significant increases pushed down by the State on retirement in Administration, Fire, and Police. He said with the FY2021 General Fund Approved Operating Budget of \$7,426,422, the General Fund Default Budget (preliminary) is \$7,838,738, for a change of \$402,311 or 5.417%.

Town Administrator Tully explained how they reached the Default Budget: Executive increase in retirement \$3,217; Town Clerk/Elections increase in retirement \$1,859; Financial Administration retirement increase \$2,692; Personnel Administration \$29,999 increase in health insurance; Planning & Zoning \$1,740 retirement increase; Police \$143,264 increase in retirement, health insurance, salaries; Fire & Rescue up \$66,186 for retirement, salaries, health insurance and FICA Medicare; Code Enforcement \$1,676 retirement costs increase; Emergency Management \$547 for retirement; Highways & Streets \$21,259 increase in retirement, health insurance, salaries, FICA/Medicare with small decrease in lease payments; Parks & Recreation \$1,688 retirement increase, Debt Service Principal \$66,025 for Library; Debt Service Interest \$63,156 for Library with some savings on other debt. Total: \$402,311 or 5.147%.

Mr. Ferraro asked if there were any decreases from last year. Finance Director Cornwell said they saved on union salaries in Fire due to demographic shifts and in Highway Department saved on equipment/lease payments.

Chairman Pinette said an email was circulated to the group about scheduling which he would go over briefly, and asked if there was any date for the State Deliberative. Town Administrator Tully said he had not seen the calendar yet but saw the email from the School. Chairman Pinette said the scheduling he came up with in March showed Tuesday February 9th for the North Hampton School Deliberative but it should be February 2nd with a snow date of February 3rd. Also in the email the last date for Petition Warrant Articles is the second Tuesday in January (12th); no other changes and the Budget Committee will stick with the schedule they have.

Mr. Ferraro said they still do not have a Public Hearing Date for the School. Town Administrator Tully suggested Chairman Pinette have a conversation with Nancy Tuttle from the School to get dates and go back out with an email. Mr. von Jess said the School understands our current situation and is like-minded in making sure they work towards a very responsible budget, though they still need to follow the process and look at needs. Mr. Ferraro stated that when the School makes its presentation he would like an explanation of the projection of School population by grades and what the basis is.

Mr. von Jess said over time that format has been pretty accurate and they can go back and show trends over time and show the variance year over year. He said it is a forecast, which by default is a guess. Mr. Ferraro said he has been disappointed in the accuracy of the projections and the rationale of class sizes, and said he got conflicting answers to his questions. Mr. von Jess said it is not just class sizes and teachers, there are also ranges, and it also depends on the grade.

Mr. Ferraro said he also asked Finance Director Cornwell if the Budget Committee could get an estimate of Budget expenditures anticipated for Revolving Funds, Cable, and Building Maintenance Fund for the upcoming year. Town Administrator Tully said they are Revolving Funds for a reason to be able to handle things as they come through and it is not under the purview of the Budget Committee and he will check with the Board. Mr. Ferraro said Building Maintenance is under the purview of the Budget Committee, and the Town can't keep collecting money and not have a plan. Town Administrator Tully said the inference that the Town is collecting money and does not have a plan is wrong at its core.

Ms. Le referred back to the comment on ranges of students and said it is important to remember that within different grades there are different levels of need, and some grades may require additional services and need a lower number of students in the class. Mr. von Jess said the School had a reduction in number of teachers several years ago and moved to a Middle School model. He said he would come back with staffing, overtime, and student enrollment over time.

Chairman Pinette said the next Budget Committee Meeting is scheduled for November 2, 2020. He said the School and Town Books will be distributed at the Fire Station on October 26, 2020

ANY OTHER ITEM THAT MAY LEGALLY COME BEFORE THE COMMITTEE

PERIOD OF PUBLIC COMMENT

NEXT MEETING: November 2, 2020 at 6:00 pm

ADJOURNMENT

Vice-Chair Goode made a motion to adjourn the Budget Committee Meeting which was seconded by Mr. Ferraro. The motion to adjourn was approved by a vote of 8-0 and the meeting was adjourned at 6:44 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary