



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

OCTOBER 15, 2018 7:00 PM

NORTH HAMPTON TOWN HALL

MEMBERS PRESENT: Chairman Jonathan Pinette, Vice-Chairman/School Board Rep James Sununu, Frank Ferraro, Charles Gallant, Laurel Pohl, Tamara Le, Little Boar's Head Representative Brian Goode, Select Board Representative Larry Miller

EXCUSED: Rick Stanton

ALSO PRESENT: Town Administrator Bryan Kaenrath, Finance Director Ryan Cornwell, Chief Michael J. Tully

AGENDA

Chairman Jonathan Pinette welcomed everyone to the October 15, 2018 Budget Committee Meeting and called the meeting to order at 7:04 pm, followed by the Pledge of Allegiance.

Chairman Pinette announced that Rick Stanton was excused.

OLD BUSINESS – None

NEW BUSINESS

Approval of the Minutes of the September 17, 2018 Budget Committee Meeting

Motion: To postpone approval of the minutes of the September 17, 2018 Budget Committee Meeting until the next meeting to allow for review.

Motioned: Ms. Pohl

Seconded: Vice-Chair Sununu

Vote: Approved 7-0, with 1 abstention

School Year-End Review and Default Budget

Vice-Chair Sununu said some workshop meetings with regard to the Default Budget were just held last week, and the Business Administrator for SAU was unable to finish the preparation of the Default due to a death in the family, and said the meeting would need to be rescheduled. Chairman Pinette recommended they keep to their schedule and combine the meeting with another of their existing dates. Vice-Chair Sununu said he would discuss this with School Business Administrator Matt Ferreira.

Town Year-End Review

Town Administrator Bryan Kaenrath said the total approved FY2018 General Fund Operating Budget for the Town was \$7,518,581, which included Warrant Articles of \$536,463. He said adding prior-year encumbrances of \$203,682, less \$59,333 for the current year, equaled a Final Budget of \$7,662,909. He said after subtracting \$7,265,230 for Budgetary Expenditures, \$397,698 remained as budget returned to fund balance. He provided the breakdown of the current-year Encumbrances (\$59,333) which included Government Buildings, Police, and Fire & Rescue. He said with a General Fund Operating Budget of \$7,518,581 and Budgetary Revenues of \$7,603,602, Revenues in Excess of the Budget came to \$85,021, primarily due to increases in motor vehicle registration fees, building permits, and increases in interest income. He said the breakdown of the \$7,603,602 Budgetary Revenues included a Highway Block Grant of \$103,686, plus a recurring transfer from Capital Reserves of \$30,000.

Town Administrator Kaenrath stated that the net surplus from General Fund Non-Budgetary Activity was \$31,641, with unanticipated revenues of \$285,896 and related expenditures of \$254,254. He said unanticipated revenues included money from FEMA for roads of approximately \$90,000. He said the prior-year Unassigned Fund Balance was \$2,450,999 with a net change in the General Fund-Fund Balance of \$514,342. He said the Town used \$552,000 of the prior-year unassigned fund balance leaving \$2,413,341 as the current-year unassigned fund balance, or approximately 11% of the overall budget.

Several questions were raised with regard to encumbrances and where prior-year encumbrances showed up in the expenditure summary. Finance Director Ryan Cornwell said they had not yet adjusted the approved budget, but the budgeted amount reflected what was approved, and expenditures related to that amount showed in the year they were spent. He said they sometimes spent in advance of getting grants, but that the money was earmarked for something yet to be expended. A request was made that a list of year-end encumbrances be provided to Budget Committee members.

Town FY2020 Default Budget

Town Administrator Kaenrath said the FY2019 General Fund Approved Operating Budget was \$7,124,725 and the Default Operating Budget was \$7,141,520, with a difference of \$16,795 or 0.24%. He said changes were due to increases in salaries, contract salary increases, insurance increases, and an NHMA fee increase. He said these were offset by a reduction of healthcare insurance in administration, a reduction in union salary contributions for Police, as well as other small savings, and a scheduled reduction in Debt Service-Interest.

Town FY2020 Proposed Operating Budget

Town Administrator Kaenrath stated that the FY2019 Operating Budget was \$7,124,725 and the FY2020 Proposed Operating Budget was \$7,168,477 for an increase of \$43,752 or 0.614% FY2019 to FY2020. He

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showed the breakdown of increases and decreases by department, and said the largest increase was in Fire & Rescue and the largest decreases were for Legal and Personnel Administration.

Town FY2020 Proposed Default Budget

Town Administrator Kaenrath said the FY2019 Default Budget was \$7,141,520 and the FY2020 Proposed Budget was \$7,168,477 for an increase of \$26,957 or 0.377%. He gave the breakdown of the overall increase including \$45,352 for non-contractual salaries, approximately \$20,000 for Police/Fire/Highway, an IT increase of \$12,500, as well as a decrease of \$81,231 for Legal. He showed the FY2020 Proposed Budget by category, showing Personnel with the largest share at 73%, as well as Contractual/Statutory Obligations, Fixed Overhead Costs, and Non-Essential Spending, and gave a breakdown of what was included in each category.

Chief Michael Tully explained that the increase in the Fire Department was mainly due to the Warrant Article added last year which was not in the budget plus the first year of the contract, which essentially amounted to 2 years of salary increases in one budget year. A question was asked about the language of “non-essential spending” and Finance Director Cornwell explained that they did not fit into any other categories. Town Administrator Kaenrath explained that the significant decrease for Legal was a result of the Town anticipating a number of legal matters to wind down this year.

A request was made to again provide the details for the line-item transfers to the Budget Committee. The IT increase was questioned, and Town Administrator Kaenrath said it was largely due to the transfer out to Microsoft 365 and the Cloud rather than using in-house servers, which resulted in an increased monthly fee.

PERIOD OF PUBLIC COMMENT – None

ADJOURNMENT

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

The motion was approved by a vote of 8-0 and the Budget Committee Meeting was adjourned at 7:46 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary