



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

October 30, 2023 6:30 PM

NORTH HAMPTON TOWN HALL

Approved November 20, 2023

MEMBERS PRESENT: Chairman Rick Stanton, Vice-Chairman Tom von Jess, Sean Dionne, Andrew Raucci, Lisa Gallagher, Little Boar's Head Rep Brian Goode, Select Board Rep James Sununu

ABSENT: Larry Miller, School Board Rep Lisa Gagalis

Chairman Rick Stanton welcomed everyone to the Municipal Budget Committee meeting of October 30, 2023 and called the meeting to order at 6:30 pm, followed by the Pledge of Allegiance.

Chairman Stanton said Halloween will be tomorrow night in North Hampton.

OLD BUSINESS: Review and approve minutes of August 21, 2023 (*see Other Business*)

NEW BUSINESS

End of year Review/Default Budget – Library

Chairman Stanton welcomed Liz Herold, new Library Director, and said the purpose of this meeting is to go over how our tax dollars were spent at the Library and what their Default Budget would be.

Susan Leonardi, Chair of Library Board of Trustees, thanked Sue Grant, who was Library Director for 20 years and said Ms. Herold will be our new Library Director on November 5, 2023.

Ms. Herold said the information was sent out and provided in the Town Report for FY2023 showing: Budget for past 3 fiscal years, average of approved Budget for FY2024, and the Default Budget. Health Insurance increases were 25% with everything else defaulted to previous year's approved budget.

Mr. Goode said he understood the 25% health insurance increase but the increase shown is well over 50%. Ms. Herold said she is budgeting for 2 Family Plans and one 2-person plan, replacing Sue Grant, and Ms. Leonardi said they are making sure to budget for a family plan for the new hire. Mr. Goode said the default is supposed to be last year's budget plus 25% GMR for actual premiums in place now. Ms. Leonardi

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said the Library is currently advertising for another full-time Librarian after Ms. Herold moved up as Director. Finance Director Ryan Cornwell explained that the Town is legally obligated by RSA to provide Health Insurance for the vacant position which ends up in the Default Budget and reflects a demographic shift above and beyond; same for the Town. He said it is an allowable means to budget in the default and \$103,104.30 is correct.

Ms. Gallagher said the GMR may change; Director Cornwell said that is correct but the difference between the numbers is less than 1%. He said the GMR was received from Health Trust Board of Directors and he did not believe the town would see any savings this year. Chairman Stanton asked how utilities turned out for the year; Director Cornwell said Ms. Grant applied earlier and received a rate of 14.5 cents/kWh; Town locked in at 16.5 cents/kWh for some meters.

Ms. Gallagher questioned expenditures of \$45,000 under Invested Funds with People's Bank, showing a deposit of \$50,000 from the Foundation. Ms. Leonardi listed all items purchased and installed at the Library using those funds and said more landscape screening would also be added around the dumpster and HVAC system for neighbors.

End of year Review/Default Budget – North Hampton School

School finance Director Matt Ferreira said he has 2 reports: School FY2023 year-end summary and FY2025 Default Budget.

School FY2023 Year-End Summary

Director Ferreira said the School year-end Unreserved Fund Balance was \$328,177 to be returned to the Town for 2023-2024 tax assessment; two primary contributors: (1) Unexpended Funds of \$126,520 which includes savings in Special Education of \$75,000, Student Activities \$27,000, Technology just under \$14,000, and Transportation (Special Ed and Field Trips) \$66,000. Accounts over budget: Guidance just under \$29,000, Student Administration at \$15,000 over, and Buildings at \$36,000 over.

(2) Revenue Side: Revenues are estimated in fall based on information known at the time: Tuition Reimbursement, Medicaid Reimbursement, Adequacy Aid, and Special Education Aid; if actual revenue comes in higher than estimated the balance is returned to the Town. Unanticipated revenues totaled \$186,370 with \$20,000 in pre-school tuition; \$26,000 in Bank Interest; \$59,000 in Special Ed Aid; \$19,000 extra in Medicaid; \$53,000 refund from NH Retirement System (one-time State refund); plus other smaller sources. The balance of any Warrants not spent are returned; carry-over encumbrances from year prior also contribute.

Director Ferreira said the \$328,177 was reduced by \$36,000 which the School Board voted to retain in case of emergency. Ms. Gallagher asked what kind of emergencies; Director Ferreira said possibly to hire a teacher if enrollment goes up, for buildings, or increased out-of-district placement costs. Mr. Goode said there is a Trust Fund for special education. Director Ferreira said the School has 3 Trust Funds: Special Education, Building Maintenance Expendable Trust, and Healthcare Expendable Trust. Chairman Stanton said taxpayers should know how that \$36,000 will be spent; Director Ferreira said the \$36,000 can only be spent in the event of an emergency with a Public Hearing and a vote.

Mr. Dionne asked about the \$36,000 overspent under Buildings; Director Ferreira said it was from contracts that came in higher than expected. Chairman Stanton asked how the School got \$25,000 return on investments; Director Ferreira said the School moved to TD Bank for a better interest rate. Ms.

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Gallagher asked about the School Resource Officer (SRO), with Warrant for \$115,000 and \$60,000 listed on the Default. Director Ferreira said that is a cost-share amount with School responsible for 75% and will be updated next year to \$124,000. He said since the School has not yet hired an SRO, a good amount will be returned to Town Tax Assessment next year.

Director Ferreira said the School had an SRO Warrant for \$15,000 and a CBA Contract for Teachers of \$255,000, a Long-Term Maintenance Warrant for \$75,000, and contributions to Building Maintenance Expendable Trust plus discontinuation of Tech Trust Fund for \$50,000. He said the Special Ed Trust balance is \$432,000, Building Maintenance balance \$100,000, and Healthcare balance \$203,000. Chairman Stanton asked about trust funds this year; Director Ferreira said the School Board is currently reviewing; no audit recommendations received this year for the School.

Mr. Goode recommended that if the School Board is going to request a Warrant article for Building Maintenance that they use the \$36,000 fund balance amount versus taxation. Director Ferreira said technically it could be returned to Unreserved Fund Balance and used to fund the Building Trust. He said the School is considering their typical Long-Term Maintenance Warrant and has a tentative SESPA Agreement for paraprofessionals for this year, pending School Board approval.

School FY2025 Default Budget

Director Ferreira said the School has a variance this year versus prior-year budget primarily due to Teachers' CBA.

Salaries Certified Staff decreased \$49,000 based on actual Staff; increase for Contracted Services of \$10,784 for ESL Services contracted out (SAU Budget reduced by this amount and included as revenue). Special Education: most items legally mandated per Student IEP; Salaries Certified Staff reduced due to actual staffing; Salaries-EA Specialists has increased and Salaries-EA Paras reduced by \$85,000 based on actual staff. Tuition is for Out-of-District Placement with \$75,000 increase, determined by IEP, contracted out to school providing special education services.

CBA Salary Changes: Salaries Certified Staff: Media is Librarian and Tech is computer teacher; Support Services: SRO \$60,000 increasing to \$90,000; SAU Services increased by \$13,000; Transportation shows Special Ed Transportation increased by \$72,850; Bond Issue complete with no further principle/interest payments and reduced off Default by \$133,000. Benefits: Accounts primarily lower with exception of Healthcare Insurance; decrease based on actual staff. Health Insurance increase of \$217,000; required to include CBA employees in that increase, non-union not included.

Selectman Sununu asked if the Transportation Contract number is flat due to a flat year-to-year rate or because the contract is up and not yet reestablished for next year. Director Ferreira said that is last year's budget and new contract cannot be included in the Default Budget; are in year one of a 5-year contract.

End of year Review/Default Budget – Town

Town Administrator Tully reviewed year-end summary starting with an Operating Budget of \$8,325,628 plus Warrant Articles \$2,856,191 less \$11,181,819, plus prior year encumbrances of \$48,719.75, less current year encumbrances of \$35,858.70 = \$11,194,680.05. Budgeting expenditures \$11,085,378.28; budget returned to Fund Balance \$109,301.77 (includes \$105,724.88 in General Fund Operating Budget and \$3,576.89 in General Fund Warrants). Current Year Encumbrances of \$35,858.70: General Buildings \$4,811.30; Police \$21,047.4, and \$10,000 Conservation Commission.

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Budget Revenues: General Fund Budget Revenue \$1,181,819, less General Fund Unassigned Fund Balance (2022 Town Meeting) \$930,274, minus General Fund Unassigned Fund Balance (ARPA) \$254, 818.88 = \$9,996,726.12. Budget revenues \$10,505,176.38, revenues in excess of Budget \$508,450.26, later added to what is being returned to Fund Balance.

FY2023 Year-End Summary: Budgeting Revenues: Property taxes \$6,817,806.29; Timber Yield \$25,420.84 interest on taxes \$23,866.60; Business Licenses and Permits \$2,360; Motor Vehicle Permit Fees \$1,454,458.74; Building Permits 177,110.66; Other Licenses/Permits/Fees \$23,739.70; Shared Revenue Municipal Aid \$0; Rooms & Meals Distribution \$398,887.94; Highway Block Grant \$103,909.10; Other State grants \$8,500; ARPA Grant \$234,818.88; Department Income \$12,986.59; Solid Waste Fees \$12,276.05; Interest Income \$138,063.62; Short-term use rents \$995; fines and forfeits \$11,552.32; Miscellaneous \$44,671.38. Transfers from: Special Revenues Funds (Police Detail Revolving) \$33,750; Special Equipment Fire Department \$800,000; Capital Reserve Funds (Accrued Benefits liability) \$2.36; Information Technology \$0.01; Town Building Fund \$150,000; Municipal Transportation Fund \$30,000; Total: \$10,505,176.38.

Mr. Dionne asked what was covered under Miscellaneous; Finance Director Cornwell said vehicle damage insurance claims and sale of Town property from the old building which makes up \$37,000 of that amount. Chairman Stanton asked about money in the Police Revolving Account for new vehicles; Finance Director Cornwell said \$25,715 as of September 30th. Town Administrator Tully said the Town will probably never get back to self-funding cruisers out of Detail Revolving Account; cost of cruisers has doubled since Covid.

Unanticipated Revenues: Brought in \$203,058 and spent back out \$198,003.84 for net change of \$4,375.65; if we take Budget Return Fund Balance of \$109,301, revenues in excess of Budget of \$508,450, and unanticipated revenues of \$4,375.65 brings us to \$622,127.88 (change in General Fund Balance); Prior Year Unassigned Fund Balance of \$1,459,568 minus change in General Fund Balance \$622,127.68 = Current Year Unassigned Fund Balance of \$2,081,895.88.

Town Administrator Tully said because the Budget has not yet been set, increases are not exact, but range will probably be 8% which is the target rate. He said monies going back (\$622,127) do not include some money used as overlay for tax rate and there have cases of individuals who have taken legal action against the Town that will still go into next year and some of that money will need to be utilized. Overlay will be redone in November when tax rate is set.

Town FY2025 Default Budget: FY2024 General Fund Approved Budget of \$8,980,101 versus FY2025 Default Budget of \$9,492,223 leaves 70% difference of \$512,122 or 70% including: Personnel Admin \$29,919 (GMR 25% increase Medical and 4.7% Dental increase); Insurance \$20,307; increase to Workers Comp \$7,748; increase of Property/Liability \$10,676; increase to Term Life \$977, and increase to Long and Short-term Disability \$906; Police \$116,899, decrease to Union Salaries of \$7,072, decrease to Holiday Pay of \$126,872; FICA/Medicare decreases of \$214; decrease in Retirement Contribution \$2,325; Police Union Salaries are contractual with GMR of 25%.

Fire & Rescue \$169,796; Highways & Streets \$42,276 (\$35,000 due to Health Insurance increases); Water Services/Hydrants \$83,540 for increase in distribution costs for hydrants per Aquarion Water 2023 rates and partly from an agreement between Water Company and PUC which the Town is disputing, hope to have Water Commission Chairman at next meeting for explanation of increase. Debt Service Principal up \$26,385.

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Town Administrator Tully said the 2 drivers in Default are: Health Insurance up \$400,000, and Hydrants up \$84,000, Prop/Liability/Workers Comp up \$20,000; and said the extra 5% added by Health Trust will continue for the next 4 years to rebuild their claims fund. Chaiman Stanton suggested contracting with a company for hydrants; Town Administrator Tully said that has been looked into and said the Town is not getting the support from PUC they would like to see. He said Budget Books are ready in the Town Office; School Budget Books available November 8, 2023.

ANY OTHER ITEM THAT MAY LEGALLY COME BEFORE THE COMMITTEE

Minutes of Budget Committee Meeting of August 21, 2023

Motion: Selectman Sununu moved to approve the Meeting Minutes of August 21, 2023 as presented;
Seconded: Vice-Chair von Jess; **Vote:** 6-0 with 1 abstention.

PERIOD OF PUBLIC COMMENT – None

Next Budget Committee Meeting: November 20, 2023

ADJOURNMENT

Motion: Vice-Chair von Jess made a motion to adjourn the meeting; **Seconded:** Mr. Goode; **Vote:** All in favor 7-0.

Chairman Stanton adjourned the Municipal Budget Committee Meeting at 7:45 pm.

Respectfully submitted,

Patricia Denmark, Recording Secretary