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

**OCTOBER 5, 2020 6:00 PM**

**NORTH HAMPTON TOWN HALL**

***DRAFT 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*

34 **TOWN YEAR-END REIVEW & DEFAULT BUDGET**

35

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

37

38 Town Administrator Tully presented the FY2020 Year-End Summary: General Fund Operating Budget  
39 \$7,161,370, General Fund Warrant Articles \$1,049,280, Total Approved General Fund of \$8,230,650; add  
40 Prior-Year Encumbrances \$147,171.50, less Current Year (FY2020-21) Encumbrances \$21,380.94, for  
41 adjusted Budget of \$8,356,440.56; Budgetary Expenditures \$8,174,541.92 with Budget Returned to Fund  
42 Balance \$181,898.64.

43

44 Town Administrator Tully broke down Current Year Encumbrances: General Government Building  
45 \$12,500, Police \$8485.94, Fire & Rescue \$395, for \$21,380.94 total. He took the \$8,230,650 less  
46 \$375,000 from Unassigned Fund Balance plus another \$140,000 for a General Fund Budget of  
47 \$7,715,650. Budgetary Revenues \$7,599,983.43, with a shortfall of \$115,666.57.

48

49 Town Administrator Tully said Budgetary Revenues come from: Property Taxes \$5,658,842.63, Land Use  
50 Change Tax - \$0.00, Timber Yield \$0.00, Interest on Taxes \$35,145.31, Business Licenses & Permits  
51 \$2,075, Motor Vehicle Permit Fees \$1,351,583.11, Building Permits \$69,708.41, Other  
52 Licenses/Permits/Fees \$20,938, Rooms & Meals Distribution \$232,265.43, Highway Block Grant  
53 \$106,684.36, Other State Grants \$0.00, Departmental Income \$23,588.31, Solid Waste Fees \$9,299.28,  
54 Interest of Investments \$24,911.27, Rents from Short-Term \$1,195, Fines & Forfeits \$1,590, Transfer  
55 from Capital Reserve Funds (Municipal Transportation Fund) \$30,000, Transfer from Capital Reserve  
56 Funds (Building Maintenance Fund) \$32,150; the Transfer from Capital Reserve Funds (Fire Department  
57 Equipment Fund) \$1.27 and the Transfer from Capital Reserve Funds (Road Reconstruction Fund) \$1.05  
58 closed both those funds. Total: \$7,599.983.43.

59

60 Town Administrator Tully reviewed General Fund Non-Budgetary Activity with Unanticipated Revenue of  
61 \$153,595.14, Unanticipated Revenue Expenditures \$91,894.92 spent, Net Surplus from Non-Budgetary  
62 Activity \$61,700.22; Year-End Summary FY2020: Budget Returned to Fund Balance \$181,898.64,  
63 Revenues Less Budget \$115,666.57 we were short, Net Surplus from Non-Budgetary Activity \$61,700.22,  
64 for Change in General Fund-Fund Balance of \$127,932.29. Prior-Year Unassigned Fund Balance (audited)  
65 \$2,430,189, Use of General Fund Unassigned Fund Balance (used to reduce taxes) \$140,000, Change in  
66 General Fund-Fund Balance \$127,932.29, Use of General Fund Unassigned Fund Balance (2020 Town  
67 Meeting) \$735,000, Current Year Unassigned Fund Balance (unaudited) \$1,683,121.29.

68

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

77

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

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

83  
84 Finance Director Cornwell said the current year Unassigned Fund Balance is unaudited at \$1.538 Mil; the  
85 Town had an ordinance to maintain fund balance at certain levels, and this amount represents 7.5% with  
86 a target of 8%. He suggested that this number would be no more than \$1.7 Mil and no less than \$1.6  
87 Mil. He said Motor Vehicle Registrations were \$70,000 less than anticipated, and Building Permits were  
88 down as well as Interest Income. Vice-Chair Goode asked if Motor Vehicle Permits increased last year,  
89 and Finance Director Cornwell said yes about 5%.

90  
91 **Town FY2021-2022 Default Budget** – Preliminary

92  
93 Town Administrator Tully said he had not gotten answers back from GMR on Health Insurance, and said  
94 historically 10% is kept in that line until Health Insurance numbers come back. He said they saw some  
95 significant increases pushed down by the State on retirement in Administration, Fire, and Police. He said  
96 with the FY2021 General Fund Approved Operating Budget of \$7,426,422, the General Fund Default  
97 Budget (preliminary) is \$7,838,738, for a change of \$402,311 or 5.417%.

98  
99 Town Administrator Tully explained how they reached the Default Budget: Executive increase in  
100 retirement \$3,217; Town Clerk/Elections increase in retirement \$1,859; Financial Administration  
101 retirement increase \$2,692; Personnel Administration \$29,999 increase in health insurance; Planning &  
102 Zoning \$1,740 retirement increase; Police \$143,264 increase in retirement, health insurance, salaries;  
103 Fire & Rescue up \$66,186 for retirement, salaries, health insurance and FICA Medicare; Code  
104 Enforcement \$1,676 retirement costs increase; Emergency Management \$547 for retirement; Highways  
105 & Streets \$21,259 increase in retirement, health insurance, salaries, FICA/Medicare with small decrease  
106 in lease payments; Parks & Recreation \$1,688 retirement increase, Debt Service Principal \$66,025 for  
107 Library; Debt Service Interest \$63,156 for Library with some savings on other debt. Total: \$402,311 or  
108 5.147%.

109  
110 Mr. Ferraro asked if there were any decreases from last year. Finance Director Cornwell said they saved  
111 on union salaries in Fire due to demographic shifts and in Highway Department saved on  
112 equipment/lease payments.

113  
114 Chairman Pinette said an email was circulated to the group about scheduling which he would go over  
115 briefly, and asked if there was any date for the State Deliberative. Town Administrator Tully said he had  
116 not seen the calendar yet but saw the email from the School. Chairman Pinette said the scheduling he  
117 came up with in March showed Tuesday February 9<sup>th</sup> for the North Hampton School Deliberative but it  
118 should be February 2<sup>nd</sup> with a snow date of February 3<sup>rd</sup>. Also in the email the last date for Petition  
119 Warrant Articles is the second Tuesday in January (12<sup>th</sup>); no other changes and the Budget Committee  
120 will stick with the schedule they have.

121  
122 Mr. Ferraro said they still do not have a Public Hearing Date for the School. Town Administrator Tully  
123 suggested Chairman Pinette have a conversation with Nancy Tuttle from the School to get dates and go  
124 back out with an email. Mr. von Jess said the School understands our current situation and is like-  
125 minded in making sure they work towards a very responsible budget, though they still need to follow  
126 the process and look at needs. Mr. Ferraro stated that when the School makes its presentation he would  
127 like an explanation of the projection of School population by grades and what the basis is.

128

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

134  
135 Mr. Ferraro said he also asked Finance Director Cornwell if the Budget Committee could get an estimate  
136 of Budget expenditures anticipated for Revolving Funds, Cable, and Building Maintenance Fund for the  
137 upcoming year. Town Administrator Tully said they are Revolving Funds for a reason to be able to handle  
138 things as they come through and it is not under the purview of the Budget Committee and he will check  
139 with the Board. Mr. Ferraro said Building Maintenance is under the purview of the Budget Committee,  
140 and the Town can't keep collecting money and not have a plan. Town Administrator Tully said the  
141 inference that the Town is collecting money and does not have a plan is wrong at its core.

142  
143 Ms. Le referred back to the comment on ranges of students and said it is important to remember that  
144 within different grades there are different levels of need, and some grades may require additional  
145 services and need a lower number of students in the class. Mr. von Jess said the School had a reduction  
146 in number of teachers several years ago and moved to a Middle School model. He said he would come  
147 back with staffing, overtime, and student enrollment over time.

148  
149 Chairman Pinette said the next Budget Committee Meeting is scheduled for November 2, 2020. He said  
150 the School and Town Books will be distributed at the Fire Station on October 26, 2020

151  
152 **ANY OTHER ITEM THAT MAY LEGALLY COME BEFORE THE COMMITTEE**

153  
154 **PERIOD OF PUBLIC COMMENT**

155  
156 **NEXT MEETING:** November 2, 2020 at 6:00 pm

157  
158 **ADJOURNMENT**

159 Vice-Chair Goode made a motion to adjourn the Budget Committee Meeting which was seconded by  
160 Mr. Ferraro. The motion to adjourn was approved by a vote of 8-0 and the meeting was adjourned at  
161 6:44 pm.

162 Respectfully submitted,

163 Patricia Denmark, Recording Secretary