

Pembroke Municipal Budget Committee Handbook



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This document is intended to provide an overview of procedures, foundational information, and norms utilized by the Pembroke Municipal Budget Committee in its statutory role of review and recommendation of annual operating budgets and other appropriations for the Town of Pembroke and the Pembroke School District.

A Note to New Members

The municipal budget process, relevant New Hampshire state regulations (RSAs), municipal accounting, and the supporting information details are complex. No one begins their service as a Budget Committee member knowing all, or even most of it. On average, it takes two to three seasons to become fully acclimated to the various budget components and factors for consideration. It may feel overwhelming at first, but that is quite normal. Stick with it, review the materials provided throughout the process, and above all, ask questions!

A good way to begin to get up to speed on committee work is to review the warrant articles and budget forms for the current year for both the Town and School district, normally found in the Pembroke annual town report. (Copies are typically available at Town Hall.) You will also find summaries for each department and the School District covering major events of the past year. You'll see that the Budget Committee must provide a yes or no recommendation on every warrant article having monetary impact, voted on as part of the committee's final deliberation process. (An explanation of the NH budget forms can be found in the Primary Documentation section.)

In addition to reviewing the annual report, viewing video recordings from a few past committee meetings will give you a sense of our meetings and the types of deliberations that occur. (Information on recordings is found in the Committee Meetings and Records section.)

And one final note, while municipal budgetary knowledge is helpful, the most important attributes for members include the willingness to learn, ask questions, contribute ideas, and to consider other perspectives with an open mind.

Purpose of the Budget Committee

The Budget Committee is responsible for reviewing proposed Town and School District budgets, looking ahead to future needs and expenditures, assessing impacts to the tax rate, and developing overall budget recommendations for vote at annual Town and School District meetings in March. The focus of the committee is primarily on expenditures as most revenues are controlled by external factors.

[The Municipal Budget Committee: Roles and Responsibilities](#) by the NHMA (New Hampshire Municipal Association), provides a very good overview.

Statutory Authority

The Pembroke Municipal Budget Committee (MBC) was previously established by Pembroke voters under the authority of [New Hampshire RSA Chapter 32 Municipal Budget Law](#). Specifically, RSAs 32:14 through 32:24 define the adoption, membership, duties, responsibilities, and limitations of budget committees, and provide the authority under which we operate.

Committee Makeup

The Pembroke Budget Committee consists of eleven members: nine at-large members, and one member each from the Board of Selectmen and School Board. The Selectmen and School Board may also each name an alternative representative who can fill in during a board member's absence. Alternates may participate in committee discussions but do not vote unless covering for an absent board member.

The Board of Selectmen and School Board choose their respective representatives to the committee, while all at-large members are appointed by the Town Moderator.

Committee members serve for three-year terms per RSA, and may serve multiple terms.

Committee Meetings and Records

The work of the Budget Committee typically runs from mid-September through mid-March. Regular weekly meetings are held on Thursday evenings (6:30PM at Town Hall) mid-November through early February, with additional/special meetings held as needed. (Enter Town Hall using the side door ramp. The committee meets in the large meeting room immediately on the right.)

Meeting Conduct

The committee utilizes a simplistic form of Robert's Rules in conducting its meetings and public hearings, as well as any appropriate timeframes as specified by NH RSA. Agendas are posted on the Town or School district website and at Town Hall and the Pembroke Library. All committee meetings are open to the public; however they are considered work sessions, and as such there is no public input taken. (A formal hearing on both Town and School budgets is held typically in early February to obtain public input on proposed budgets.)

Committee Norms

Committee members are responsible for being prepared for meetings, including reviewing Town or School budget materials, and formulating relevant questions or items for discussion. During presentations and discussions, questions or comments are to be acknowledged through the Chair to maintain order and ease preparation of meeting minutes.

Committee members are expected to attend all meetings, the budget public hearing, and Town and School District meetings. A member unable to make a meeting should inform the Chair or Vice-Chair in advance whenever possible. Failure to attend on a regular basis may become grounds for removal from the committee.

Members are expected to be respectful of others during discussions, and to keep an open mind through consideration of all expressed opinions. The Budget Committee represents the interest of all residents of Pembroke, and promotion of any personal agendas should be avoided.

Conflict of interest & Recusal

The first and more concerning case is where there is potential for direct or significant indirect benefit. While likely rare, opting to recuse helps to retain the integrity of the committee. As an example, a committee member who is a teacher in the Pembroke School District would directly benefit from any new contract being considered. Opting to recuse during discussions and voting on recommendation of the contract may be appropriate. (Moving from the committee table to an audience seat can make it very apparent there is no bearing on the topic, avoiding any potential accusations of conflict of interest.)

A more common situation is when someone is involved with a group or interest that is coming before the committee for review, but without any potential personal gain from the result. An example would be that of a Budget Committee member also being a library trustee, with the library budget reviewed and voted on within the overall town operating budget. In most cases such as this there would be no need for recusal.

Public Comments by Members

The Budget Committee follows the common practice of the Chair, or in his/her absence the Vice Chair, being the only individuals authorized to publicly represent the positions and interests of the committee.

Any member wishing to address a topic at a public hearing, Town Select Board or School Board meeting, annual Town or School District meeting, other related meetings, or to news media or on social media should preface their remarks to indicate they are speaking as a private citizen, not as a representative of the Budget Committee.

Role of the Chair

The Chair and Vice Chair are at-large members elected by the full Budget Committee during the first meeting (kick off) of each new budget season. The Chair is responsible for setting meeting agendas, coordinating with Town and School administrations regarding department presentations and any follow-ups, ensuring necessary timeframes are met, running weekly meetings, and conducting the public hearing.

The Vice Chair fills in for the Chair during any absence or potential conflict of interest in which the Chair elects to step down, and assists in a variety of ways.

The Chair may elect to vote on all matters. Alternatively, the Chair may elect to abstain from voting except where necessary to break a tie.

Meeting Recordings, Minutes and Agendas

Meetings are live streamed and recordings are available through the [Town website](#) as are minutes. More recent recordings are accessed from the "Recorded Meetings" tab. From there click on the "Group by Meeting Type" button and then select Budget Committee. Agendas and meeting minutes can be found on the Agendas & Minutes page, then selecting Budget Committee, and the year.

Budget Process Overview

- September - The first meeting of the budget season typically includes election of Chair and Vice-Chair, followed by a presentation of the annual Capital Improvements Plan by a CIP representative, and budget-related updates from Town and School on the coming cycle.
- Mid-November – Town budget packs available, begin weekly review meetings with Town Administrator and department heads.
- Mid-late December – School budget packs available. Work begins on a draft tax impact sheet.
- Christmas thru New Years – holiday break.
- Early January – review of School budget with SAU administrators, continuing weekly meetings. Work continues on tax impact sheet.
- Late January - vote on draft Town and School budget numbers to bring forward to public hearing.
- Early February - public hearing held at PA to get input from residents on the proposed budgets. Tax impact sheet and budget summaries from Town and School are provided as handouts.
- Early-mid February - Committee members sign off on Town and School MS forms with final recommended budgets.
- March - School District meeting on second Saturday of month, followed by Town meeting on third Saturday, both held at PA.

Primary Documentation

MS forms

NH DRA [MS-27 \(School\)](#) and [MS-737 \(Town\)](#) budget forms normally in the town's annual report (blue pages) reflect the level at which the committee can make final budgetary recommendations. The forms are similar in that they each include sections on appropriations, warrant articles (beyond that for primary appropriations), and revenues.

Of the three sections, we focus primarily on Appropriations, with the columns covering:

1. Expenditures for period ending - what was spent last budget year.
2. DRA appropriations - final budgets as approved at last year's town/school meetings.
3. Town or School Board appropriations recommended - proposed budget.
4. Town or School Board appropriations not recommended - (typically not used).
5. Budget Committee appropriations recommended – reflects Committee's final budget numbers that were voted on following public hearing. May or may not align with Town or School Board's numbers.
6. Budget Committee appropriations not recommended - reflects any difference between Town or School Board's proposed budget and that of the Budget Committee.

Once the Budget Committee has finalized its recommendations, and the respective MS forms have been prepared by Town and SAU administrations, members of the Committee sign copies of the forms which are then formally submitted for March meetings.

Warrants

With few exceptions, expenditures must be authorized through appropriations at annual Town and School District meetings, and [warrant articles](#) provide the mechanism for such approval. In addition to the main Town and School District operating budgets, other requested expenditures are detailed within separate warrant articles. As part of its process, the Budget Committee must take a vote on each monetary warrant article to recommend/not recommend, and those results are noted as part of the materials provided to residents.

Tax Impact Sheet

The tax impact sheet has been used by the committee for many years to help in assessing overall budgetary impacts and to determine trends. Early in the budget process, the tax sheet is an internal working document of the Committee, likely to go through several iterations as information becomes available and proposed budgets are refined. Prior to public hearing, the tax sheet should not be distributed beyond members of the Budget Committee, Selectmen, School Board, or Town or SAU administrators without permission from the Chair.

Further revisions to the tax sheet may occur following the public hearing in preparation for both School District and Town meetings, where the tax sheet is reviewed as part of operating budget warrant article presentations.

The sheet reflects operating budgets (day-to-day Town and School District needs), additional expenditures outlined through warrant articles (e.g. purchasing a new fire truck), and revenues. Additional components of the property tax, NH State School and County taxes, are also listed. When summed up and applied against the total projected valuation of Pembroke property, the estimated tax rate is derived. It's important to note that the tax sheet only reflects best estimates

at that point in time. [Understanding New Hampshire Property Taxes](#), from the NH Assessing Board, provides details on the structure and makeup of the property tax system.

Capital Improvements Plan

Under the authority of Planning and Zoning RSA 674:5, Pembroke has established a Capital Improvements Program to develop a plan of current and future major expenditures (assets and projects) as an aid to the Select Board, School Board, and Budget Committee. The CIP Committee includes a representative from the Budget Committee, and its annual report is reviewed and discussed by the Committee early in the budget season.

Annual Town Reports

The annual Town Report includes prior year warrant articles and voting results for both Town and School District and in most cases the proposed warrants for the coming year. Also included are department and other administrative reports providing operational insight.

Town Budget

The Town Administrator is the primary interface to the Budget Committee. S/he prepares annual budgets, oversees the preparation of materials for use by the Committee, and interfaces and coordinates with department heads on reviews of their budget areas with the Committee.

Detailed budget packs are typically available by mid-November and provide in-depth breakdown of the Town budget. Considerable backup information is also provided in support of budgets, initiatives, or special circumstances that the Committee should be aware of.

School District Budget

Pembroke is part of SAU (School Administrative Unit) #53, along with Allenstown, Chichester, Epsom, and Deerfield. The SAU provides common services such as financial administration, payroll, human resources, and special education oversight. The Superintendent of Schools and SAU Business Administrator are the primary interfaces to the Budget Committee.

Detailed budget packs are typically available by mid-to-late December and provide in-depth breakdown of the School budget. Considerable backup information is also provided in support of budgets, initiatives, or special circumstances that the Committee should be aware of.

School Budget Structure

The overall school budget account structure is based on NH Dept of Revenue Admin requirements. Accounts beginning with 1100 = regular education, 1200 = special education, etc. (A comparable structure exists for Town budgets, however that budget is less complex overall.) Within those buckets, there is flexibility for districts to structure to best meet their own needs.

For the Pembroke School district, the next account grouping, e.g. 1100-734-xxx is just that, a method for grouping. That's been changed over time by SAU financial administrators for clarity, ease and efficiency of management, extent of granularity, etc. to best support the needs of the school board and SAU in managing their budget.

The main structural aspect to then understand is the breakdown between the three schools, with xxxx.xxx.104 = Hill, 205 = Three Rivers, and 306 = PA.

In terms of oversight the committee is concerned with the subtotals for the high-level buckets - 1100, 1200, etc. as per statute, a budget committee can only make recommendations to change those amounts. We can, of course, provide guidance during our work sessions on detail lines, but our formal recommendation has to be at summary account level. (Note that the School and Select Boards have the authority to move money among funds to manage operations as needed. While we may provide an informal suggestion to reduce a given detailed line number, or a formal recommendation to reduce a mainline account (e.g. 1100...), they retain the ability to later shuffle funds among accounts.

Pembroke Academy

Pembroke Academy operates under an agreement that includes the towns of Pembroke, Epsom, Allentown, and Chichester. Under the agreement, the Pembroke School Board has oversight of PA operations and budgets, with costs evenly distributed across the towns on a per-pupil basis. Special education services are the exception, with each town responsible for costs associated with their students. In addition, students from other districts may petition to attend on a full-cost basis.

Historically, Pembroke accounts for approximately 40 percent of the student population, meaning Pembroke is responsible for 40 percent of PA's operating budget. This is an important point to understand, as it means that a \$1 increase in PA expenditures (including construction bonds) costs Pembroke taxpayers 40 cents. Conversely, a \$1 cut in PA's budget only reduces Pembroke's share of the cost by 40 cents.

Any amendment or dissolution of the AREA agreement requires a supporting vote of all four towns.

Collective Bargaining Agreements

Town

Police and Public Works are covered under separate collective bargaining agreements.

School

Teachers and paraprofessionals are covered under separate collective bargaining agreements.

Guidelines

Collective bargaining agreements are negotiated between individual unions and representatives of the Select Board or School Board, with negotiations typically confidential. Such contracts require approval at Town or School District meeting. As such, once an agreement has been reached between the respective union and board, the Budget Committee must vote to either recommend or not recommend the associated warrant article. The committee may not attempt to change or renegotiate the agreement in any way.

Public Hearings

Per RSA 32:5, a public hearing on Town and School budgets must be held not later than 25 days prior to annual town meeting day. *[Note that RSAs define town meeting day as the second Tuesday in March. Pembroke voters have elected to hold Pembroke's School District meeting on the preceding Saturday, and Town meeting on the following Saturday.]*

The Budget Committee hosts the hearing, typically in early February at Pembroke Academy, with the Chair as moderator. Committee members provide additional support as needed. Further hearings may be held prior to annual meeting day if appropriate.

The purpose of the budget hearing is to present the proposed Town and School budgets to residents and to obtain input and feedback. That input is then taken into consideration by the committee as it deliberates and votes on final budget recommendations to be brought forward to the annual March meetings.

Public hearings are also required for any expenditure to be funded by a bond. Such hearings would be hosted by the Town Select Board or School Board, separately from the budget hearing.

Final Budget Recommendations

Immediately following the public hearing and while still at PA, the committee meets to discuss input received and to deliberate on any adjustments that may be made to budget recommendations. The committee may then vote on finalized budget recommendations to be carried forward to March Town and School District meetings.

If there are no changes from the original recommendations committee members may be able to sign off on the MS forms immediately after the vote following the public hearing. Otherwise, forms are typically available for signing at town hall within a day or so of final vote.

If the committee is unable to come to agreement on final budget recommendations following the public hearing, a meeting on the subsequent Thursday would be required to finish deliberations and hold a finalized vote.

Annual March Town and School District Meetings

The culminating events of the municipal budget season are the annual Town and School District meetings, held respectively on the second and third Saturdays of March. While the work of the committee is completed with the final votes on budgets and sign-off of MS forms, it is expected that committee members attend to observe the proceedings and obtain a broader sense of perspective from residents, as well as to cast your own votes.

At the meetings, the Chair overviews the operating budget warrant article, coordinating with the respective Town or School spokesperson, and reviews the tax sheet outlining the expected impact of the proposed budget. As necessary, the Chair and recognized committee members assist in responding to resident questions on this and other monetary related warrant articles.

Post-Season Retrospective

The Committee holds a retrospective review following the completion of each budget season. Usually held in April, the intent is to look at:

- What worked particularly well and should be continued?
- What opportunities are there for improvement in the overall process?
- Are there unnecessary materials we are receiving from Town or School?
- Is there information of interest from Town or School that we don't currently receive?
- Is there information/data we should track for our own use, beyond the tax impact sheet?
- Any suggestions for the tax impact sheet for public use?
- Any suggestions for conducting public hearings or how attendance might be improved?

- Any feedback on "presentations" of the budget at Town or School meetings?
- Any other thoughts on our budget review process (meetings, materials, etc.)?

Also included is a look-ahead at any significant issues, expenditures, etc. foreseen in the next budget season.

Supplemental Resources

Town Website - <https://www.pembroke-nh.com/>

SAU/School Website - <https://sau.sau53.org/en-US>
(click on Menu at bottom of page for links to School Board sites)

Pembroke Trusts-Reserves June 2023 (overview document)
Available on the Town website – Budget Committee Resource section

NH RSAs on Municipal Budget Law - <https://www.gencourt.state.nh.us/rsa/html/iii/32/32-mrg.htm>

Understanding New Hampshire Property Taxes - <https://www.revenue.nh.gov/mun-prop/property/documents/asb-manual.pdf>

NH Municipal Association – NHMunicipal.org

NH DRA - [Property Tax Rates & Data](#)

Sample School MS-27 form - <https://www.revenue.nh.gov/forms/documents/sample-ms-27.pdf>

Sample Town MS-737 form - <https://www.revenue.nh.gov/forms/documents/sample-ms-737.pdf>

Warrant Article Basics - <https://www.nhmunicipal.org/town-city-article/warrant-article-101-basics-warrant-article-origin-content-legality-and-amendment>

Robert's Rules Cheatsheet - <https://diphi.web.unc.edu/wp-content/uploads/sites/2645/2016/10/cheat-sheet.pdf>
