

Budget Committee

November 16, 2017

Roll Call:

Ann Bond
Clint Hanson
David Doherty-School Board Representative
Mark LePage-Chairperson
Gerry Fleury-Vice Chairperson
Brian Seaworth
Marie Chouinard
Mike Connor
Pat Boucher-School Board Alternative Representative
Peter Gagy
Tina Courtemanche-Selectman Representative
David Sheldon-Selectman Alternative Representative
Karen Yeaton

Call to Order: 630pm

Minutes:

Motion to accept minutes as presented from 11/16/17 made by Gerry Fleury. Motion seconded by Mike Conner.

Discussion: Mike Conner requested a few revisions. First on Page 2 paragraph 2 the document in question was referred to as the MS 4 it should read MS 24. In the same paragraph it was stated the school was waiting for the numbers for DRA however it should read they were waiting for numbers from the school to submit to DRA.

Motion to accept the minutes as amended was passed 10-0-1 (Karen Yeaton abstained)

Overall Budget Review

David Jodoin was present to give an overview of the 2017-2018 Budget Binder and reports. He started his presentation by thanking the Budget Committee for their work and volunteering. A brief description of all the tabs of the binder was given however these sections will be reviewed in depth over the next couple weeks with each department head.

It was asked in a previous meeting how it is that the Town estimates their revenue. David Jodoin stated he takes a very conservative approach with the numbers. In addition he reviews the forecasted numbers on a monthly basis to monitor the ups and downs.

The MS737 is a form just went live on DRA's website. Since this is cumbersome to use he will continue to use the old format for reporting to the Budget Committee through these meetings. Mr. Jodoin stated he has not had a chance to enter the numbers as of yet. As of right now this draft of the budget shows a

forecasted decrease in the budget of a little more than \$300,000. \$100,000 from the operating budget and \$200,000 from capital expenditures. In addition Mr. Jodoin explained how the town has reduced their staffing from 9 Full Time and 2 Part Time employees from when he started in 2008 down to 7 Full Time and 2 Part Time in 2017.

Assessing Services is down \$15,000 as the town just underwent a revaluation. This happened as the town was under the threshold the State requires the town to be at. If the town did not act upon this then the state would mandate it. You will see an increase in the Health Insurance line of the Planning and Land use Dept. This is due to the Code Enforcement Officer retiring and it is unknown if the replacement would be at a Family Plan or less. To air on the side of caution the town budgets for the worst case scenario.

Gerry Fleury requested to know what the policy of the town was for sick and vacation time when an employee leaves. Per David Jodoin if the employee gives a two week notice and does not take any time during those two weeks they get up to 40 hours of sick time if they have it accrued and all vacation time. The Town records the liability each year for the Auditors.

Government Buildings line decreased this year as an adjustment on the heating costs were made based on usage over the past couple years. In addition the salary line has also decreased over the past couple years as a majority of the maintenance is now done by an employee at the DPW. There is however an increase in the Cemetery Maintenance as the Board of Selectman agreed on a new contract and company for mowing services.

The Police Department had some increases and decreases. The major increase is that of wages for the officers. The department is fully staffed at this point and in the last year the Board of Selectman approved a \$2 per hour raise. This decision was made to increase the salary to be more competitive with surrounding communities.

Gerry Fleury requested to know if the Board of Selectman were looking to increase the Police Department salaries more after the salary study. Per David Jodoin the Selectman have decided that due to recent circumstances with the tax increases, it would not be a good idea.

In addition the increase in the Police Department is from the NH Retirement System. This is due to the increased wages and an increase in NH retirement rates.

Ambulance Budget is part of an inter-municipal agreement in which the Town of Pembroke pays approximately 54% of the expenditures to operate the service. This is based on call volume and percentages between the two towns over a three year period.

The Fire Department shows a significant decrease in Health Insurance due to the decrease in rates. In addition last year's Health Insurance line included the cost of a family plan for insurance as it was budgeted for the worst case scenario. The actual plan chosen was a single rate costing significantly less.

The Department of Public Works shows a significant increase in Health Insurance due to losing two employees. The current DPW Mechanic is retiring at the end of the year, a plow/truck driver position is vacant as well. As stated previously the town budgets for the worst case (family plan option) to ensure there is enough money in the budget. This may not be what the actual line ends up being. This amount will be better known as the budget season progresses.

Currently there are not any Tax Anticipation Notes collecting interest budgeted for however this may change. Due to the increased tax amount the due date for taxes was extended to the end of December. David Jodoin let the School Department know he would do his best getting them the money as requested however he would not borrow considering the current climate.

Gerry Fleury requested to know if the Perry Eaton Building was making money. Per David Jodoin it is currently making money and there is interest in the last open rental space upstairs.

Karen Yeaton posed a few questions about different sections of the budget.

1. Why the increase in Street Sign costs under DPW.
This is due to increased sign purchases. Road sign changes, increased need to replace signs and new ordinances/policies cause this.
2. Can you explain Forest Fire Payroll?
The pay rate for forest fires is set by the state. This is strictly for forest fires for both in town and mutual aid. Paperwork is submitted to the state and they reimburse us for a portion of the pay rate.
3. Why such an increase in breathalyzer services line?
This line was reallocated from a different part of the budget. This line was added to show where money was spent with more detail and the costs are increasing.
4. Is the prosecutor services a contract?
Yes we are contracted with Merrimack County currently.
5. Why the increase in unemployment insurance? Did we have claims?
We did have claims however the rate is set on the previous years (2016) claims and payouts. In addition this is contracted under Primex as well allowing for a discount in the rate for having multiple areas of coverage and being considered a Prime Town.
6. Why the increase in the elections line?
There are additional elections this year.

Pat Boucher questioned what percentage the town pays for Healthcare. Currently the town pays 85% and the employee pays 15%. This year the rates are down by approximately 10% and the town reevaluates the plans every two years.

Martey Preola questioned why there was such a difference between actual and budgeted amounts for the previous year. David Jodoin explained that there were areas that came in under budget and those funds lapsed to surplus and is normally used to offset taxes.

3. School Revenue Shortfall

David Doherty started this portion of the meeting handing out an update handout with the answers to the questions posed at previous meetings. This was compiled by Amber Wheeler the Business Administrator. An overview of the packet was given by David Doherty. Mark Lepage stated he was disappointed to see the question he posed was not answered. He stated that he requested to know the

estimated student versus actual students over the past 5 years. Mr. LePage stated that due to the problem around the estimates this is key information that the committee needs to see. Pat Boucher stated Patty Sherman already made note she didn't have time to answer all of the questions.

David Doherty stated the Ms. Wheeler deals with the budgets for five towns. They tried their best to answer all questions. He stated as well there was not a lot of time from the last time to this meeting. Pat Boucher requested to know what year the committee is looking to start from. Mr. LePage stated 2013-2014. Clint Hansen reminded the committee that this may be a problem to get from before Amber took over. The data may not be readably available but agrees we do need to know this data. Mark stated that he was fairly certain Peter didn't use 94% rate

Gerry Fleury stated he didn't have a question just a comment. When we look at tuition estimates and put a budget together. We do this in March. The only way to have the revenue shortfall was that someone didn't monitor the numbers. Implementing a budget freeze now only makes sense if the numbers we voted last March are also out the window. We are going to get hammered next year. You would tie up spending for this year if not already behind. We pay the superintendent the amount of \$123,224.00 per year I expect that there are people who know how to budget revenue estimates and systems in check. We shouldn't have to put the systems in place they should. He states that he works for a public organization and if he made this type of mistake he wouldn't have a job. We don't have that luxury. Someone should be held accountable.

Pat Boucher would like to clarify channel 9 was there as the superintendent was preparing for the first Deerfield Budget meeting. Apparently the timing was not good. Keeping in mind our superintendent isn't just ours she works for Pembroke, Deerfield and the SAU Building. We do not have 100% of her time and our demands conflict with others.

Mark LePage stated with all due respect Patty could have found 10 minutes.

Pat Boucher went on to state that somehow this board found it much easier to question the abilities and motives of school district personnel. She appreciates the School Budget is 4 times the town and that is why more scrutiny. Would like more courtesy for the school personnel. Ms. Boucher stated she took Gerry's comment as a challenge that the School Board take action, indicating she couldn't make this decision on her own. She objects to this. Our personnel are dealing with a difficult job at a crummy time of year. If it was a different time of year then we would have more attention.

Mr. Hansen stated if we have in fact underestimated tuition rates to sending districts we have a mechanism through the close of accounts to reassess the distribution costs to all districts. We will pick up money but would show in 19/20 budget. Mr. Hansen is requesting a revenue line that shows the adjustment and when we are going to get it. Given over \$200,000 in shortfall from State funding perhaps using a different percentage would be helpful. Rather than 80% go to 70%-75%.

Gerry Fleury complemented Clint Hansen on his statement. Wouldn't it have been better for the Superintendent of Schools to state this though? Why are we doing her job and coming up with these solutions? Fleury stated he knows what is happening. If you keep your head down, lay low and hope it blows over after tax bills are paid. Mr. Fleury stated he is getting contacted by past and present employees of the district and you wouldn't believe what is going on. School Board seems to be blind to

it. If you are trusting your leadership you should take a closer look. Can't believe superintendent hides from cameras when such a hot topic.

Dave Doherty stated first of all Patty was not hiding she was working. Timing was just not good and as soon as she didn't show up when they wanted then she declined an interview. She has also been under siege in her office responding to people via phone and email. She can't be here because she is off at another town doing a budget meeting. Mr. Doherty doesn't feel you are being fair to her. She is trying to do a job and has a lot on her plate. You mentioned getting all these phone calls what are people saying. We would like to know. Don't have to do it here but get that info to us. We want to know what people are saying if we don't know then we can't do anything.

Gerry stated Chapter 91A public meetings rules and as if we went that way we would go to nonpublic however does not want to go this route. I think you can believe what you want of the situation. If he was the superintendent he would have found a way to be there. Part of the job is to assess priorities and make everything fit.

David Doherty stated he felt Mr. Fleury was sitting there criticizing an official in public and he doesn't know all the facts. In fact he doesn't feel he knows all of the facts either. Will tell you though the School Board has confidence in the Superintendent and the Business Administrator. If you don't want to share info then there isn't much more we can do.

Tina Courtemanche stated she took exception to something that Pat Boucher said. You stated because school is larger they get more scrutiny. Not true, every year the town budget gets questioned down to pennies. The town is so bare bones that we have one man doing 4 jobs. So saying that the Town is not scrutinized she takes offense.

Karen Yeaton stated she too would scrutinize the officials. Mark LePage stated it is inappropriate to do this and he wished she wouldn't. Ms. Yeaton went on to say the fact is that we have not had a public statement from the SAU since this happened. It gives the impression to the public there isn't anything going on. Secondly if the Superintendent doesn't have time to make a statement then perhaps Pembroke should rescind from the SAU and make their own. The last question she stated was how and why the shortfall is only impacting Pembroke Residents.

Mark LePage states that is what Clint was referring to. Mr. Hansen then stated it is a deferred impact at the end of the fiscal year. Increase of PA students which means we would have a shortfall in funds for our students as well. Where the difficulty comes in is with the fixed and variable costs. What we have to do is look at reducing force.

Mark LePage wanted to make sure that all in attendance know the School Board and SAU put a memo together. This is available on the districts website.

Ann Bond requested to know if we are sending bills for the estimated numbers or actual numbers. Mark LePage states we cannot bill if student did not attend. All we can do is reallocate the total cost.

Ann Bond stated residents are trying to get ahold of the School Board. She has heard from many stating they show up at meetings, write emails and hear nothing back. David Doherty stated that all questions asked at last meeting would be answered at the next meeting. If he receives an email he responds if he can if not he forwards them on the proper person. Ann Bond requested to know if he tells the person it

is being forwarded. He stated he doesn't know, he assumes that if forwarding that this would be answered.

Ann Bond questioned if the Board has thought not to take tuition students. David Doherty stated no due to the AREA contract. This is in effect until someone opens it up. Pembroke residents alone could not open this agreement. Clint Hansen states that if there is an existing bond on the school then the other towns cannot leave the agreement. Once paid off then any district can petition to leave and can between 12-24 months.

Brian Seaworth stated as it stands now Pembroke is up the number of students that are lost from the other schools. The total number of students is what was budgeted. And if this stays the same there would not be any money recuperated.

Marie Chouinard from what was heard there was a revenue shortfall last year .David Doherty stated that this was correct. Marie Chouinard went on to state that we never know if there is a revenue shortfall all we know is if there is enough to fund the capital reserve accounts and then sometimes money is returned to the town.

David Sheldon stated we have missed a second issue, what's worse is that we under estimated the number of Pembroke students by 15%. We are farming more kids off to other schools. It is just as bothersome that we don't even know how many students we would send from our own school. It just makes the problem bigger.

Mark LePage stated that the headmaster at PA was doing a study of why the numbers are off, is there any update on this? Dave Doherty stated this is still ongoing and doesn't have any additional information.

David Doherty spoke to what was stated by Mr. Sheldon. Even though you know how many kids are at Three Rivers there is an 18 month period and things can change. David Sheldon stated there shouldn't be 18 months that you know how many you graduated. Mr. Doherty stated that it sounds simple but actually there can be a lot of change.

Pat Boucher stated that you don't know what kids are going to private schools and decide to go to Public School. Mr. Sheldon stated that your better off estimating high that way if they don't come you should have extra money.

Tina Courtemanche is requesting a closer estimate of what Pembroke's portion of the bill is.

Mike Connor started by thanking David Doherty and Pat Boucher for being here as a lot of frustration is not geared towards them. However he would like to know who the author of the packet was last week. The packet states in May of 2017 the problem was discovered it then went on to say they brought it to the School Districts attention. It was at this point a freeze was put in place. Mr. Doherty stated the freeze was for last year's budget. Two different shortfalls one for last year however nothing to do with this year's numbers. Mr. Connor requested to know what happened between May and October as nothing was heard. He then went on to state Londonderry recently had a problem with a minor mistake and they apologized and then stated how things would change. He is not seeing this, and it would be good to know this. An explanation to the public is what is being asked for.

Peter Gagyi stated there was a petition out there requesting an additional public meeting. The problem is that what people are hearing versus what is true is two different things.

Mark LePage stated that we can only make changes through the Budget process. Don't think it would be inappropriate for the school board to hold a session for questions and answers. This may be a helpful approach.

Gerry Fleury saw a press release for volunteers for a committee for an expansion at the Hill School. David Doherty stated you shouldn't believe everything you read in the paper. The school board is trying to save the town money. The School Board still has to look ahead for the future.

David Sheldon requested to know why we aren't just closing a school. Being that we have decreased students, maybe there is a way to shift students to save on costs immediately.

Terry McCarthy a member of the community states she understands how things works as she was on the School Board for 9 years. The paper in the tax bill states "who sets the tax rate, you" How you just pass this all on the tax payers. A business wouldn't be able to do this, how do you expect the residents to, at Christmas time especially. Why not go back to the town people, why not allow for push back.

Gerry Fleury stated that at town meeting the residents are voting on an appropriation not the revenue. We trust that the estimates are accurate that are provided. Terry McCarthy then stated that she feels the statement made in the tax bills is incorrect.

Suzanne Walsh wanted to know why it seems like the amount raised is more than \$1 million dollars. Brian Seaworth stated that the one thing missing is that last year we voted for a contract increase of approximately \$1 million dollars. This amount was not put on the June tax bill as DRA did not have the numbers as of yet.

Tina Courtemanche stated the tax rate would have been \$27.83/thousand with the new assessment. After the shortfall the new tax rate is \$29.76/thousand.

Marie Chouinard stated that she used to work for the division of Tax and Land Appeals. She stated that they take the total amount of money it takes to run the town and then figures out how much each person would pay to ensure we had enough to run the town. The DRA sets the tax rate not the town.

Mark LePage wrapped up the meeting by thanking everyone and stating that the next meeting would be the Thursday after Thanksgiving.

David Sheldon made a motion to adjourn the meeting. Motion seconded by Gerry Fleury. Motion passed 11-0 at 8:50pm

