

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
January 24, 2019 at 6:30 PM**

Karen Yeaton, Chairman, called the meeting to order at 6:30 pm

I. Attendance:

Present: Michael Connor, Gerry Fleury, Karen Yeaton, Tina Courtemanche, Marie Chouinard, Brian Seaworth, David Doherty, Daniel Crean, Armand Soucy, Tom Serafin, Ann Bond, Connie Soucy

Staff: Recording Secretary Jillian McNeil

II. Approval of Minutes:

Tina Courtemanche moved to approve the minutes of January 17, 2018. Dan Crean seconded the motion. Motion approved 11-0 Connie Soucy abstained.

III. Review Town Warrant Articles

David Jodoin, Town Administrator, presented the Town's 2019 warrant articles.

- Article 5: \$462,500 to deposited into various Capital Reserve Funds. Gerry Fleury made a motion to approve article 5. Michael Connor seconded the motion. Approved 10-0. Recommended by the Budget Committee.
- Connie Soucy asked where the \$462,500 comes from. The committee clarified it is through taxation. Gerry Fleury stated that these warrant articles are to put funds into the capital reserves and then there will be other warrant articles to take from the capital reserves. This allows the Town to plan for larger priced items and helps keep a more even tax rate year to year. The money that is appropriated through this warrant article has to be put into the CRF's prior to year-end. Dan Crean asked for clarification on whether it is a capital reserve fund or expendable trust fund. David clarified that on the MS-737 the accounts will be separated into Capital Reserves and Expendable Trust Funds. These are Capital Reserve Funds.
- Article 6: \$176,000 to purchase a new 6-wheel dump truck and accessories from the Town Equipment Capital Reserve Fund. Tina Courtemanche made a motion to approve warrant article 6. Tom Serafin seconded the motion. Approved 10-0. Recommended by the Budget Committee.

- Article 7: \$748,414 to purchase a new fire truck and related equipment to be withdrawn from the Fire Major Vehicle/Equipment Capital Reserve Fund. Tina Courtemanche made a motion to approve article 7. Marie Chouinard seconded the motion. Approved 10-0. Recommended by the Budget Committee.
- Article 8: \$56,000 for the purchase of a new police cruiser to be withdrawn from the Police Cruiser Capital Reserve Fund. Tina Courtemanche made a motion to approve warrant article 8. Armand Soucy seconded the motion. Approved 10-0. Recommended by the Budget Committee.
- Article 9: \$7,024 for the purchase of a new compressor for public works to be withdrawn from the Town Equipment Capital Reserve Fund. Armand Soucy made a motion to approve warrant article 9. Tina Courtemanche seconded the motion. Approved 10-0. Recommended by the Budget Committee.
- Article 10: \$34,420 for repairs to the Clock Tower located at 116-122 Main Street. Contingent on the passage of warrant article 9. Tina Courtemanche made a motion to approve article 10. Marie Chouinard seconded the motion. Failed 7-3. Not recommended by the Budget Committee.

David Jodoin stated that since 2004, the town has spent approximately \$191,150 in repairs to the clock and tower. Tina Courtemanche stated that the Selectmen approved this article because if the tax payers vote in the affirmative in warrant article 9 to keep the clock, the repairs should be done.

- Article 12: \$150,000 for repairs to the rear wall located at 4 Union Street. This article is contingent on the passage of warrant article 11. Tom Serafin made a motion to approve warrant article 12. Marie Chouinard seconded the motion. Failed 9-1. Not recommended by the Budget Committee.

David Jodoin stated that engineering study is still being completed on the wall and the \$150,000 figure is a place holder for whatever the costs come in at. This number could vary slightly up or down but will be solid by town meeting.

The consensus of the committee is that the Town should not be in the commercial real estate business and should not continue to own 4 Union Street. Tina Courtemanche stated that the Selectmen approved this article because if the tax payers vote in the affirmative in warrant article 11 to keep the building, the repairs to the wall have to be done.

- Article 13: \$8,318,667 for the 2019 municipal operating budget, not including appropriations by special warrant articles and other appropriations voted separately. Tom Serafin made a motion to approve warrant article 14. Gerry

Fleury seconded the motion. Approved 10-0. Recommended by the Budget Committee.

Marie Chouinard clarified that the \$8,318,667 does not include any warrant articles presented. David answered that it does not include any warrant articles or other appropriations voted separately.

IV. 2019/2020 School Board Budget Presentation

Tom Serafin stated that the school board decided to remove the wording “no amount raised from taxation” from the warrant articles.

Gerry Fleury stated that after some research, the titling of the Equipment Installation & Labor Expendable Trust Fund on Article 6 was correct. Dan Crean made a motion to take article 6 off the table and approve. Michael Connor seconded the motion. Approved 10-0

Dan Crean would like to amend his vote on Article 4 and 5 to a yes vote due to the removal of the wording “no amount raised from taxation”. Thus, approving the articles 9-0

Patty Sherman, Superintendent, and Amber Wheeler, Business Administrator, were present to answer any remaining questions on the School Board budget.

Tom Serafin moved to open discussion on warrant article 2, Michael Connor seconded the motion.

Michael Connor distributed a mock MS-27 using Dan Crean’s proposed budget reductions of \$212,000 handed out at the prior meeting.

Dan Crean made a motion to adopt the amendment to reduce the proposed budget by \$212,000, Michael Connor seconded the motion. Approved 9-1

Dan Crean clarified that his reductions are not reductions in the line items themselves but reductions in the proposed increases to those line items.

Gerry Fleury stated with the school boards ability to move funds around from different line items, he finds it difficult not to consider Dan’s proposed amendment.

Ann Bond clarified the discussion on a possible warrant article for the Town on the disposition of the Village School. Tom Serafin stated that there was still a possibility for a warrant article at Town Meeting this year. Meanwhile, Clint Hanson, On behalf of the Village School Disposition Committee, had told the Selectmen at the January 3rd meeting that unless the Town wanted to buy the building, they would not have a warrant article this year and even in that scenario, that the school does its due diligence on the complete condition of the building prior to selling.

Connie and Armand Soucy stated concerns for tax payers on fixed incomes. They felt further reductions could be taken. Connie also asked for more clarification on why students would need the \$80,000 in new computers. Tom Serafin stated that to not keep up on technology, would be doing a disservice to the students and setting them up for failure post-high school.

Karen Yeaton made a comment that she hoped to see greater amounts of operational efficiencies in the form of overall reductions associated with the merger of the Village and Hill School. Examining the 104 and 105 lines in the budget, many of the expenses associated with Village were simply moved to the Hill lines, and the Hill expense doubled. Karen expressed that she was going to call out many of these lines. However, she reconsidered giving the benefit of the doubt, with the hopes of seeing greater amounts of operational efficiencies in next year's budget after all has settled. Karen Yeaton also noted that since student enrollment continues to decline since 2017 the total student enrollment has declined 10%, This too should be driving operational efficiencies and reductions that we don't appear to be seeing to a great extent but will be looked for next year.

Gerry Fleury made a motion to approve warrant article 2, to appropriate the budget committees recommended amount of \$25,505,590 for the support of schools, for the payment of salaries for the school district officials and agents, and for the payment for the statutory obligations of the district Brian Seaworth seconded the motion. Approved 8-2

V. Other Business

The MBC has received answers to many of the questions that were sent via email to SB and SAU. The total document is nine pages. Rather than read all the answers at the board meeting, the document will be added as supporting documents to the meeting minutes of January 24th. Also, the town responded to MBC questions about the town health insurance. The answer from the town will also be added as a supporting document to the minutes of the January 24th meeting.

The Budget Committee's public hearing is on Thursday, February 7, 2019 at 7:00. The Budget Committee will convene at the conclusion of the public hearing.

VI. Adjourn

Tom Serafin made a motion to adjourn at 8:25 PM. Tina Courtemanche seconded the motion and it was approved unanimously.

Karen Yeaton, Chairman

For more detailed information, the meetings are now taped and can be seen on www.townhallstreams.com click on Pembroke NH and look for the day of the meeting under the month.

**Pembroke Municipal Budget Committee
School District Responses to Questions
January 17, 2019**

Karen- I tried to capture all of the questions that were asked at the last meeting. Below is the information I received from the appropriate staff.

What happens to the Chromebooks when we are finished with them? Do we continue to use them if they are still working and come up for replacement? What % would you estimate we have as spares in case one breaks.

If a Chromebook reaches end of life and is no longer operational, a lot depends on whether or not it is in or out of warranty. If it is still under warranty it is replaced at no cost with another new unit. If it is out of warranty, I/T uses the hardware for spare parts (keyboards, screens, etc) on other units. Chromebooks do stay in our rotation of functional notebooks until they reach EOL. The replacement cycle factors in both EOL units and those approaching that phase when calculating estimated number of units to be replenished and which carts to place them in throughout the building . We do not carry "spare" units on reserve, but there are some EOL Chromebooks that are cannibalized for parts when an out-of-warranty Chromebook is compromised for one reason or another (see above).

Why was there was such a large increase in paras from 17/18 to proposed 19-20?

The increase in expenditures in 1200 lines are due to news students coming in (We had a lot of new special educations move in), as well as, change in student specific needs that occurred over the 2 year time period.

Hill/Village-

17/18 voted \$316,974

17/18 Actual \$218,655

18/19 voted \$286,634 Paras were cut based on need

19/20 Proposed \$308,953 Addition of a para based on need

1200-115 The note says the money was moved to summer tutorial from summer management, but it doesn't look like it was.

These numbers were provided by the Special Education Department and we have asked for them to be double checked.

Why was there such a large increase in the Maintenance Contract Lines (line 1170) over the past 3 years?

Some of the changes in that line were due to:

Old Student Information System (SIS) was MMS, we were rolling out online platform for that. We halted that process so there was no cost for one year. We then switched systems to ALMA.

We added a backup system for email, Google and Office 365.

We added online application software to our current system.

What are the budget breakouts for each school?

Hill School \$6,633,246

TRS \$5,570,261

PA \$12,485,450

The Warrant names do not match the Trust Fund spreadsheet.

Completed.

We have \$42K coming out of the trust this year. Is this included in the balance?

The Capital reserve balance with the \$42,548 Fy1819 warrant is \$127,162.95

Research of past Warrants showed that in 1989 a trust fund was created but shows a zero balance. Can you ask DRA about it? There should have be a vote to discontinue it if needed.

DRA does not have a record of this trust. It will be removed from the spreadsheet.

Warrant Article 6 doesn't match 4 and 5. Should it say unreserved or unassigned fund balance.

It doesn't matter which; we have used both languages in prior years so we will change it so that they all match.

Work with Attorney Eggert to draft an Article allowing the board to dispose of Village.

Patty has contacted Attorney Eggert and is waiting for a response.

**Pembroke Municipal Budget Committee
January 17, 2019**

Hi Patty,

Questions are rolling in. Thank you in advance for your staff's assistance with the requested information.

Hi Karen,

Please find our answers in bold below.

1. Request for 2017/2018 and 2018/2019 school district budget broken out by school. The intention is to see the total budget appropriation for each individual school for both years.

Each individual school has not been broken out for 2017/2018 and 2018/2019 as that process started in FY1920. In order to get that information, you will need to sort by 104, 105, 205 and 306.

2. Line 1632. FY 17-18 Total District Appropriation minus FY-18 actual spend = \$725,461 surplus expenditure. Requesting assistance from the school district to reconcile the fourth slide of the SB presentation entitled FY 18 surplus which states there was a surplus from expenditures for the same time period of \$1,152,821.62

The 4th slide represented the larger areas of surplus. When you look at the fund 1 budget line 1625 should be the lines compared. Line 1625 there is a difference of \$758,967. You can find the breakdown of what the \$758,967 represents on page 66 of your binder. What the 4th slide is not taking into consideration were any areas that carried a deficit; it purely presented areas of surplus. You can review all year end expenditures on pages 66-69.

3. Requesting assistance from the school district to provide a summary (est) of the total amount of expenditures associated with infrastructure, hardware and internet access to courses, course data, course support, online learning materials including ebooks and any software/cloud service subscriptions associated with access to these services?

This is an estimate only. Our Technology department pulled the lines that they could clearly identify, however there may be other areas of the budget that are not identified.

Technical Support is a salary line and can be subtracted if it was not the intention to include them.

Category	Amount	% of Total
Equipment	56,597	0.17
Infrastructure	55,283	0.17
Internet	15,000	0.05
Online Resources	65,055	0.20

Supplies	5,088	0.02
Technical Support	126,559	0.39
Grand Total	323,582	

4. Please provide an overview on how the cost of 'diagnostic services' (001.2123.330.104) and testing (001.2123.331.104) is calculated.

Pembroke's portion of the Fund 4 (SAU Budget for diagnostics) is calculated based on personnel costs for student services in IEPs. Fund 4 includes Occupational Therapists, School Psychologists, all of their fringe benefits, some supplies and equipment. The SAU special education billing department keeps track of all of our schools and the services they receive and bills out accordingly.

Testing is a line that is used for all students and includes PSATs for for Sophomores at PA as well as STAR testing subscription which is a standardized test that measures student achievement and growth.

5. Clarification on lines for Hill Principal and Asst Principal salaries.
001.2410.110.104.000 PRINCIPAL SALARY (HILL),

The Principal is now covering two buildings both Hill and Village.

001.2410.110.105.000 PRINCIPAL SALARY (VILLAGE),

There is no longer a separate Principal for Village please see above

001.2410.111.104.000 ASST. PRINCIPAL SALARY, and

The model at Hill School will be one principal and one assistant principal

001.2410.111.105.000 ASST. PRINCIPAL SALARY

In FY1819 these represent 4 positions totaling \$162,244.

Salary change for Principal in FY1819 who now oversees two schools rather than one and a Vice Principal was added in FY1819

The FY1920 proposal shows,

001.2410.110.104.000 PRINCIPAL SALARY (HILL) and

001.2410.111.104.000 ASST. PRINCIPAL SALARY

for a total of \$162,244 (same as FY1819). Why is the value the same?

The increase would be noted down on line 1577 as the school board pools increases, they are not budgeted in the actual position lines.

6. Clarification on the secretary positions resulting from the merger of Village and Hill, how many secretary positions will be at Hill after the merger?

When the schools merge, we will be keeping the 2 main office secretaries and eliminating the special education department assistants. One of the secretaries in the main office will be assisting the special education department with scheduling meetings and other administrative tasks.

7. Why are we not realizing a full or partial savings for tech support in the principal's office from the Hill Village merger? (001.2490.110.104.055)

We will not be cutting our IT staff as a result of the merger. These staff members work in all of our schools.

8. What was the ACTUAL for line 001.2620.531.104.000 for 1718?

During the fiscal year of FY1718 Hill school didn't have any actual expenses because they had a credit that was carried over from the previous year therefore did not incur any expenses in FY1718. The credit was due to the vendor crediting the school as they agreed to honor the previous contractual rate and credited the school the difference between both rates.

9. What is driving the large increase in LIABILITY INSURANCE (line 001.2621.520.104.000)

This line should be offset by the 001.2621.520.105 line which results in an increase of \$1,210 so there isn't actually a large increase in this line

10. SUMMER TRANSPORTATION (line 001.2722.517.104.000) the total amount between Hill and Village last year was \$6100. What is driving the large increase to \$18,000?

Summer transportation services are for students in special education. The cost is calculated based upon the students we are currently servicing. The transportation covers those students attending in district programs as well as those students in out of district placements. This number will fluctuate at any given time.

11. Regarding lines 1170, 1175 and 1178. In FY 17-18 the actual spend for all three lines was \$39,849. In FY 19-20 they are requesting \$81,056 for all three lines or over 100% increase. Why such a large increase?

Some of the changes in that line were due to:

Old Student Information System (SIS) was MMS, we were rolling out online platform for that. We halted that process so there was no cost for one year. We then switched systems to ALMA.

We added a backup system for email, Google and Office 365.

We added online application software to our current system.

12. Cost savings to Pembroke School district if student doesn't attend? The District said they lose \$3,400 in State Funding if a Pembroke resident doesn't send a student to Pembroke's public school. The Powerpoint slide, "Cost Per Pupil", shows it cost Pembroke \$15,495 (2017/2018). Is there a difference in this cost between K-8 and 9-12 grades students?

Adequacy Aid is currently \$3,708.78

Cost per pupil for elementary is \$16,932.5
Cost per pupil for high school is \$14,147.35

13. Where can we find the revenue that PACE receives from Allenstown, Chichester and Epsom and any sending town? PACE representatives have suggested that PACE is lucky to receive any tuition money outside of Pembroke. Is When sending towns do not pay their tuition commitment, is Pembroke picking up the cost?

We do not have access to the PACE budget or their revenue. Our SAU has an agreement with PACE as the sponsoring district to send 80% of the tuition cost to attend PA, minus the adequacy funds. Pembroke does not pick up the cost for anything else. PACE is responsible for managing their budget and operating their school.

14. SB meeting video 01/03, facilities director speaking to the sale of Village school it is mentioned that the land that goes with Village is now being used for nearby apartment parking. Has the School board addressed with the apartment owner the discontinued use of the school property for parking?

The School District's property ends on the access road of the apartment complex not their parking spaces. We have not addressed this with the apartment complex.

15. Does the SB have a clear understanding of where the village school property boundary lines are? If not, in preparation of selling the building, does the school district plan to hire a surveyor to understand clearly where the property lines are?

We have a good indication of where our boundaries are through working with the town planner. We have not explored having a surveyor at this point as we would mix this into the Brownfield's Study or bring in an assessor, if needed.

The following questions are specific to HEALTH INSURANCE

It will take a significant amount of time to gather this information. If the Budget Committee feels it is necessary to complete their work, we will ask our Human Resources Coordinator to work on gathering it as time permits.

1. SAU Budget Health Insurance, page 39, line 001.2900.211.053.000

From the school board meeting video on 1/3 @31 min, there is a statement about Risk pools, Pembroke is in a pool off all NH Schools at School Care. Why does it show 5% increase when SB told MBC that SAU was part of the risk pool?

Requesting assistance from the school district to better understand the nature of the SAU health insurance and its cost to Pembroke taxpayers
What plan does the SAU office have?

HMO - Green Plan

How many SAU employees?

14 employees who are insured/buy-out

What % of the premium does each employee pay?

Admins 0%

Employees 25%

Yearly cost for single, 2 person and family?

100%

75%

1P \$11,058

1P \$7,938

2P \$21,168

2P \$15,876

F \$28,578

F \$21,433

2. From the school board meeting video on 01/03, T. Serafin reviews health insurance. What is the Red, Green and Yellow plan? Is it an HMO or POS? What are the coverages of each plan- please provide a copy of the benefit summary outline.

We will send the 3 plan summary sheets electronically.

How many employees enrolled in each of the Red, Green or Yellow plans?

How much is the yearly cost of the Red plan- Single, 2 person and family for the last 5 years

How much is the yearly cost of the Green plan- Single, 2 person and family for the last 5 years

How much is the yearly cost of the Yellow plan- Single, 2 person and family for the last 5 years

Did the School Board look at any other plans? Yes, it shows rate reductions but did the school district look to save more by offering different plans or simply have the employee contribute more to the cost of the plan?

SB meeting video 01/03, SAU spoke of RFP for Health Coverage.

When was this done and how much higher were the costs?

Does School Care offer a benefit like Smart Shopper. It pays the employee to use a cost-effective provider for labs, x-rays, MRI, etc, if they offer it, how many employees used it last year, and how much savings to the district was it?

SB meeting video 01/3 @40 min, a statement is made that School Care gives back to Pembroke and a return of surplus, what is this and what has the value been for this each year for the last 5 years?