

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
June 11, 2020 at 6:30 PM**

Gerry Fleury, Vice-Chairman, called the meeting to order at 6:30 pm.

I. Attendance:

Budget Committee Present:

Daniel Crean, Peter Gagy, Michael Connor, Marie Chouinard, Brian Seaworth, Gerry Fleury, Karen Yeaton, Paul Hanson, Mark LePage, Gene Gauss, and Armand Soucy

Excused: Andy Camidge

School Board Members Present:

April Villani, Ann Bond

Staff: Recording Secretary Jillian McNeil, David Jodoin Town Administrator

II. Approval of Minutes: January 23, 2020 and February 6, 2020:

Armand Soucy moved to approve the minutes of January 23, 2020 as presented. Marie Chouinard seconded the motion. Motion passed 10-0. Gene Gauss abstained.

Karen Yeaton moved to approve the minutes of February 2, 2020 as presented. Armand Soucy seconded the motion. Motion passed 10-0. Gene Gauss abstains.

III. Board Organization

Dan Crean nominated Gerry Fleury for Vice-Chair. Marie Chouinard seconded the motion. Motion passed 10-0

Gerry Fleury nominated Mark LePage for Chair. Karen Yeaton seconded the motion. Motion passed 11-0

IV. Report for the Town and School District on the status of cash flow, expenditure plans, and budget surpluses/ deficits. Discussion/speculation on the impact to the fall tax rate resulting from revenue disruptions due to COVID-19 pandemic.

Gerry Fleury explained this year will be a challenging year with the current conditions brought on by COVID-19. This meeting was called to get a sense of the effect on the School District and the Town. Gerry feels that with uncertain revenues, the level of expenditures voted in at Town Meeting are concerning. Gerry also shared concerns for the need to borrow to meet budgetary obligations. Though they haven't

in recent past, this year the Budget Committee will need to come up with a recommended amount of expenditures for the 2021 budget.

David Jodoin, Town Administrator, thanked the School Administration and School Board for reworking the monthly payment appropriations schedule. They dropped their requests almost in half. David feels the second half tax bill of 2020 and the first half tax bill in 2021 are going to be the most difficult ones. The Governor explained at his most recent press conference that he will not be cutting state aid. The budgeted numbers will be the numbers unless there is some sort of legislative action to make cuts. The State is currently \$500-700 million in the red. He has approached department heads to make cuts which still could ultimately trickle down and affect aid to municipalities. Rooms and Meals Tax payments are based on the prior year's numbers so FY 2021 will see a major reduction.

David explained that at this point last year, 10% of the tax commitment was paid. To date, 17% has been paid. After property taxes, motor vehicle registrations are the highest revenue generator for the Town. Those revenues are down \$42,000 year to date. The Town is projecting a loss of over \$100,000. Another issue is that interest income is also being depleted. Year to date, the town is down \$2,200. Interest rates are expected to continue to decline. Board of Selectmen have instituted a spending freeze on all items that are not normal operational or safety. They approved money prior to the freeze for crack sealing and also recently approved paving a small section of North Pembroke Road.

David explained that an arrangement was made with the School District that if they need money, they can email him and he will initiate an immediate transfer. Today, they asked for an advance on their July payment of \$750,000 and the next payment will be due at the end of July in the amount of \$750,000.

David explained that they will likely not need to borrow this year to meet budgetary obligations but next year there is a high possibility. This year's second half bill will be reminiscent of the 2017 tax bills.

Gene Gauss, School Board, explained that as of right now, what education will look like next year is completely up in the air. They are unable to form a policy until the Department of Education hands down their guidelines. The school is working on plans for what it might look like so they can move forward as soon as guidance is given to them. Amber Wheeler, Business Administrator SAU 53, gave a memo to Gene stating there is an anticipated surplus of \$668,700 for tax relief. They still need to reconcile year end on June 30 and pay any outstanding invoices which may cause that number to change. She did want to remind everyone that there are warrant articles totaling \$82,500 that were voted in at March Town Meeting to be paid out of that surplus. It breaks down to \$383,000 in expenditure surplus, unanticipated revenue totaling \$285,700, there is \$135,000 attributed to the sale of Village School, and \$150,000 surplus from vocational transportation fees and AREA tuition.

Gerry Fleury explained that control of capital reserves was switched to TD Wealth Management this year. They are investing all capital reserves in treasury securities and as a result of Federal Reserve making liquidity available to the markets, interest rates plummeted. For the first time, a little less than \$10,000 in aggregate principal was lost in the accounts. There is potential to recover that but it will take time. With the economy being uncertain, they may want to consider a different plan for how they use and fund capital reserves.

Gerry asked the Board if they feel they should meet mid-summer. Mark LePage proposed meeting monthly. Karen Yeaton would also support a monthly meeting going forward. Mark felt the September meeting should line up the annual CIP review and they would progress as normal from there. Gerry explained that CIP Committee may not meet this year since there will likely not be a lot of requested expenditures. Mark proposed meeting the third Thursday of July, August, and September. David explained that at the beginning of the pandemic, Pembroke asked NHMA to discuss with the Governor the opportunity to go back and revisit the budgets that were approved in March without the special meeting guidelines. The Governor has not come back with any resolution yet. On June 4th, NHMA sent a memo that the Governors office was looking at an emergency order to rectify this. The Selectmen have discussed that if they are able to go back and revisit, they may eliminate the \$462,000 going into the capital reserves. They have delayed the cruiser purchase and the loader purchase. David feels that if they have to fund the capital reserves this year, there will not be the yearly article next year. The Police Department stated that if they could get their cruisers this year, they would not make any requests next year. David asked the department heads to put together a rough schedule of what they may need for CIP requests. Right now, the first CIP meeting is tentatively scheduled for July 29th.

David asked if they would feel comfortable meeting in person if the Governor releases the 10-person meeting limit or would they continue with virtual meetings. After some discussion, the Committee decided to wait until a week in advance of the next meeting in July to decide.

V. Other Business

None

VI. Adjourn

Gerry Fleury made a motion to adjourn at 7:15 PM. Dan Crean seconded the motion and it was approved unanimously.

Mark LePage, Chairman