

TownAdmin

From: TownAdmin
Sent: Tuesday, January 25, 2022 1:31 PM
To: Matthew R. Serge
Subject: Default Budget

Hi Matt,

The Board of Selectmen included 4.4% cola and and/or increases in all employees income approved to become effective the last week of December 2021. Can these increases be added into the Default budget by law?

Kimberly T. Burnham

Selectmen Administrator
210 Main Street
Danville, NH 03819
603-382-8253 x 3

TownAdmin

From: Matthew R. Serge <MSerge@dwmlaw.com>
Sent: Thursday, January 27, 2022 1:05 PM
To: TownAdmin
Cc: Shawn Oneil
Subject: RE: Default Budget question

Follow Up Flag: Follow up
Flag Status: Flagged

Yes. If pay increases are provided in the current fiscal year, those would be considered legal obligations that carry over. There is no specific case addressing this issue of course, so I am sure someone could disagree and state that Board should wait to give salary increases until the next year and make it part of the new operating budget. But if the money was available in the prior year, and the Board, as employer, chose to provide increases in pay it has the right to do so. Consequently, those new wages can be included in the default budget.

-Matt

From: TownAdmin <townadmin@townofdanville.org>
Sent: Thursday, January 27, 2022 8:58 AM
To: Matthew R. Serge <MSerge@dwmlaw.com>
Cc: Shawn Oneil <shawn_oneil@alum.rit.edu>
Subject: RE: Default Budget question

Hi Matt,

So, in the future if the Board of Selectmen increase salaries by way of cola, merit or steps, the increases become an obligation and all obligations are included in a default budget?

Thank you,

Kim

From: Matthew R. Serge <MSerge@dwmlaw.com>
Sent: Wednesday, January 26, 2022 3:22 PM
To: TownAdmin <townadmin@townofdanville.org>
Subject: Default Budget question

Kim.

Default budget is defined as "the amount of the same appropriations as contained in the operating budget authorized for the previous year, reduced and increased, as the case may be, by debt service, contracts, and other obligations previously incurred or mandated by law, and reduced by one-time expenditures contained in the operating budget and by salaries and benefits of positions that have been eliminated in the proposed budget. For the purposes of this paragraph, one-time expenditures shall be appropriations not likely to recur

in the succeeding budget, and eliminated positions shall not include vacant positions under recruitment or positions redefined in the proposed operating budget, as determined by the governing body, unless the provisions of RSA 40:14-b are adopted, of the local political subdivision. In calculating the default budget amount, the governing body shall follow the statutory formula which may result in a higher or lower amount than the proposed operating budget." RSA 40:13, IX(b).

If the Board voted at the end of last year increase to employee pay then that would be considered an obligation previously incurred, and hence it would be included in the default budget.

-Matt

Matthew R. Serge
Attorney

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