

**Question 1:** The board of Selectmen has restructured and eliminated positions over this past year to meet staffing needs. The Finance Director and Animal Control Officer are examples. Does the law indicate these dollar figures should be removed from the default budget when formulating the upcoming year's default budget?

"Default Budget" is defined at RSA 40:13, IX(b) and states that the default budget is "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. Hi Max The statute provides that "eliminated positions shall not include vacant positions under recruitment or positions redefined in the proposed operating budget, as determined by the local governing body, unless the provisions of RSA 40:14-b are adopted, of the local political subdivision." This latter reference pertains to the towns where the budget committee determines the default budget. Assuming the position still exists or is vacant and subject to being filled at a later date, then I think it can remain part of the default budget."

**Question 2:** Employee wage increases were included in the 2025 Proposed Budget including a renewed department head employment and wage agreement. That Proposed Budget was *\*not\* adopted which resulted in a Default Budget in 2024*. To honor contracts and agreements, the wage increases in the proposed budget were created by line-item transfers within the 2024 default number. Should all the wage increases be included when formulating the ensuing year's default budget?

No. A default budget focuses on the appropriations made in the prior year, subject to increase or reduction in limited circumstances like debt service, contracts, etc.

**Question 3:** Should the published line item 2024 Default Budget be portrayed as the 2025 Adopted Budget for comparative purposes when discussing and creating the documentation required for public hearings and ultimately the proposed 2026 Budget?

Yes. The default budget is considered this year's adopted operating budget so that should be used for comparison purposes when preparing the 2026 budget.