

Effectively Working With Your Budget Committee

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Today's Presentation Agenda

Official vs. Advisory Budget Committee

Role of the Budget Committee

Focus on interactions with the budget committee, governing body, & voters

How to collaborate on the effective creation of budget materials

The Town Meeting

Approves/Disapproves all appropriations

Votes to create and fund common municipal funds

Citizen authority to propose appropriations by petition

May amend separate articles to reduce or zero out appropriations

May amend budget to reduce (or increase) total bottom line appropriation

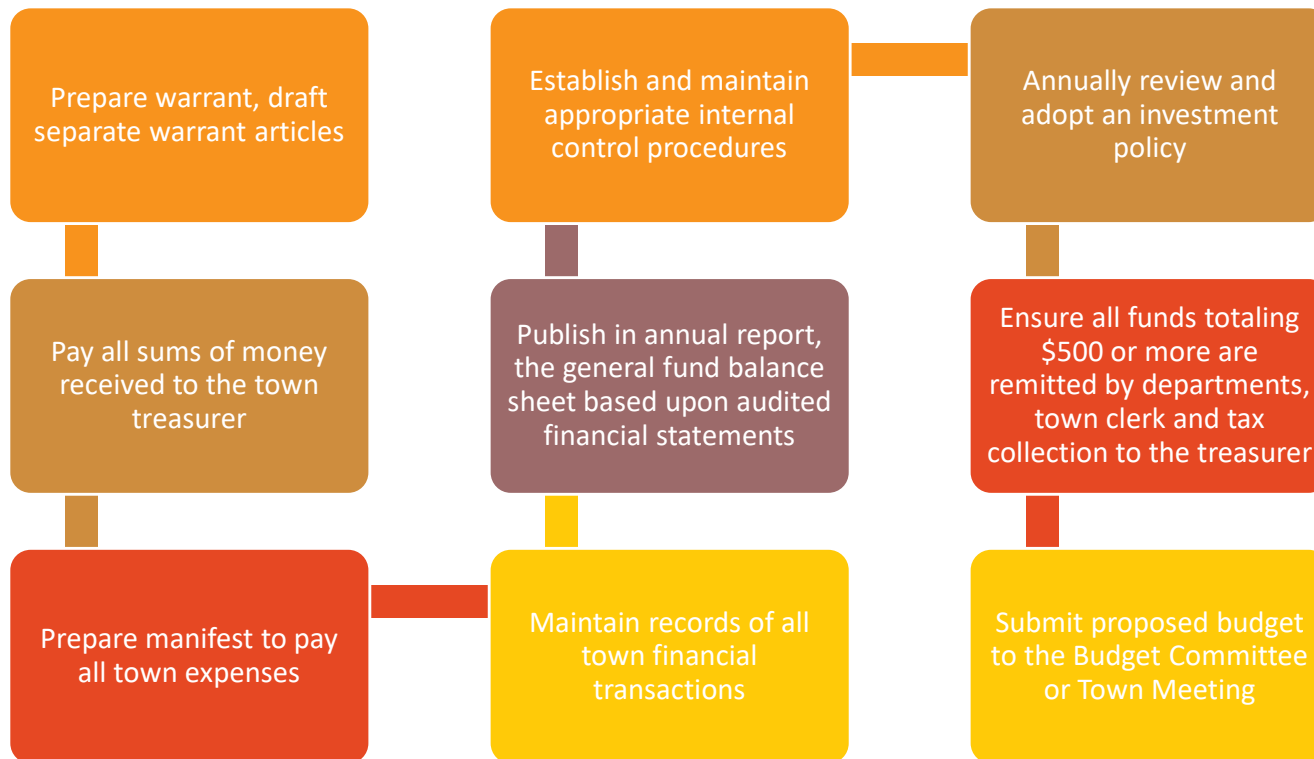
Can zero out line item appropriations in DRA budget form

The Annual Meeting Process: Key Players



- Legislative Body
- Governing Body
- Budget Committee

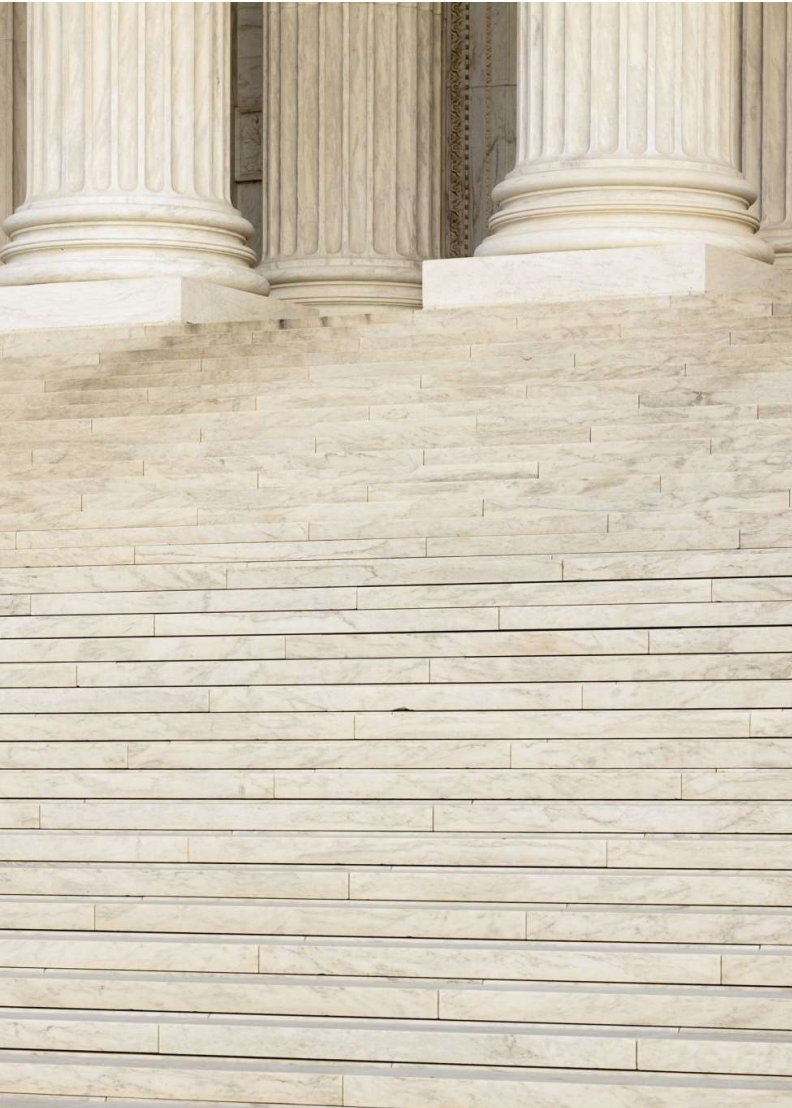
Governing Body – Budget Role



Budget Committee

- Review current year's expenditures
- Review proposals, request information
- Prepare budget
- Schedule and hold budget hearings
- Forward final proposed budget to governing body
- Complete 10% Sheet
- Approve Emergency Expenditure Requests
- **Does not control spending**





Status of Ex-Officio Budget Committee Members

The membership of an elected municipal budget committee is prescribed by RSA 32:15 and shall include one member ***each*** from the select board, school board and village district located in town.

These Ex-Officio members serve as full voting members of a municipal budget committee – this is not optional, it is mandatory.

Budget Committees cannot by procedural rule make these Ex-Officio representatives non-voting members: *Town of Hudson and Hudson School District v. Hudson Budget Committee* – Hillsborough County Superior Court- Case No. 2022-CV-00223, 8/15/22

Budget Development

Department heads prepare estimated expenditures and revenue projections and submit to governing body. RSA 32:4. (library trustees may directly submit their proposed budget to budget committee – RSA 202-A:11, II)

Towns with Town Manager – the manager provides the governing body with an estimate of the probable expenditures of the town for the ensuing fiscal year, along with an estimate of revenues. RSA 37:6, V

Select Board reviews information provided under RSA 32:4 and RSA 37:6, V and submits their budget recommendations to the budget committee (if there is one).

Budget Committee prepares the budget as provided in RSA 32:5, and if authorized under RSA 40:14-b, a default budget under RSA 40:13. RSA 32:16, I.

Appropriating Money

- ✓ Legislative Act, RSA 32:6
 - ✓ Warrant article
 - ✓ Operating budget
- ✓ Raise + Appropriate
- ✓ Create “guiding values”:
 - ✓ Legislative body authorizes
 - ✓ Annual basis (exceptions)
 - ✓ Governing body spends





New Hampshire
Department of
Revenue Administration

2022
MS-737

Appropriations

Account	Purpose	Article	Actual Expenditures for period ending 12/31/2021	Appropriations for period ending 12/31/2021	Selectmen's Appropriations for period ending 12/31/2022 (Recommended)	Selectmen's Appropriations for period ending 12/31/2022 (Not Recommended)	Budget Committee's Appropriations for period ending 12/31/2022 (Recommended)	Budget Committee's Appropriations for period ending 12/31/2022 (Not Recommended)
General Government								
4130-4139	Executive		\$0	\$0	\$0	\$0	\$0	\$0
4140-4149	Election, Registration, and Vital Statistics		\$0	\$0	\$0	\$0	\$0	\$0
4150-4151	Financial Administration		\$0	\$0	\$0	\$0	\$0	\$0
4152	Revaluation of Property		\$0	\$0	\$0	\$0	\$0	\$0
4153	Legal Expense		\$0	\$0	\$0	\$0	\$0	\$0
4155-4159	Personnel Administration		\$0	\$0	\$0	\$0	\$0	\$0
4191-4193	Planning and Zoning		\$0	\$0	\$0	\$0	\$0	\$0
4194	General Government Buildings		\$0	\$0	\$0	\$0	\$0	\$0
4195	Cemeteries		\$0	\$0	\$0	\$0	\$0	\$0
4196	Insurance		\$0	\$0	\$0	\$0	\$0	\$0
4197	Advertising and Regional Association		\$0	\$0	\$0	\$0	\$0	\$0
4199	Other General Government		\$0	\$0	\$0	\$0	\$0	\$0
General Government Subtotal			\$0	\$0	\$0	\$0	\$0	\$0
Public Safety								
4210-4214	Police		\$0	\$0	\$0	\$0	\$0	\$0
4215-4219	Ambulance		\$0	\$0	\$0	\$0	\$0	\$0
4220-4229	Fire		\$0	\$0	\$0	\$0	\$0	\$0
4240-4249	Building Inspection		\$0	\$0	\$0	\$0	\$0	\$0
4290-4298	Emergency Management		\$0	\$0	\$0	\$0	\$0	\$0
4299	Other (Including Communications)		\$0	\$0	\$0	\$0	\$0	\$0
Public Safety Subtotal			\$0	\$0	\$0	\$0	\$0	\$0
Airport/Aviation Center								
4301-4309	Airport Operations		\$0	\$0	\$0	\$0	\$0	\$0
Airport/Aviation Center Subtotal			\$0	\$0	\$0	\$0	\$0	\$0

Uniform Chart of Accounts and Sub- Accounts

By Statute and Rule the DRA establishes a uniform chart of accounts, a standard numbering and classification system for accounting by cities and towns. RSA 21-J:13, IV; NH Admin Code Rev 1701.11

Effective 2021, Municipal Budget Law **REQUIRES** the governing body to provide to the budget committee sub-account information, defined as “an optional level of accounting, one or more levels below the account level,” which, if used, must support the numbering classification system established by the DRA

Any detail included in sub-accounts must be made available for public inspection at the town’s budget hearing and must be included in the information provided to the budget committee

The new law also requires the governing body to provide information to the budget committee in a format acceptable to the budget committee, but states that this requirement may be satisfied “by providing the assistance of a knowledgeable staff person who will attend the budget committee meetings with access to and the ability to provide the required information.”

Procedural Requirements for Valid Appropriations (Budget Creation)

- ✓ Public budget hearing
- ✓ Disclosure of purpose and amounts at hearing (including sub-account information)
- ✓ Disclosure of default budget at first budget hearing
- ✓ Budgeting on gross basis
- ✓ Recommendations
- ✓ Warrant Notice
- ✓ Listing of all appropriations and separate warrant articles on posted budget



Gross Basis Budgeting RSA 32:5, III

Recommendations & Numeric Tallies

RSA 32:5, V & V-a

Recommendations:

- Required on special articles, 32:5, V
- Required on collective bargaining cost items, 32:19
- Defects/deficiencies don't affect validity of appropriations, 32:5, V

Numeric tallies:

- 32:5, V-a

Olson v. Grafton:

- recommendations on non-money articles allowed by governing body





Whose Budget Is It?

- Budget = recommended “plan” for spending
- Only the voters adopt a budget!
- Budget cuts & *Brentwood School District v. Brentwood Budget Committee* case

DEFAULT BUDGET

RSA 40:13, IX, X & XI

- ▶ If operating budget rejected by voters, then the default budget is adopted
- ▶ Governing body can accept default budget or call a special town meeting to consider adoption of a revised operating budget
- ▶ Default budget prepared by governing body or budget committee if town meeting chooses



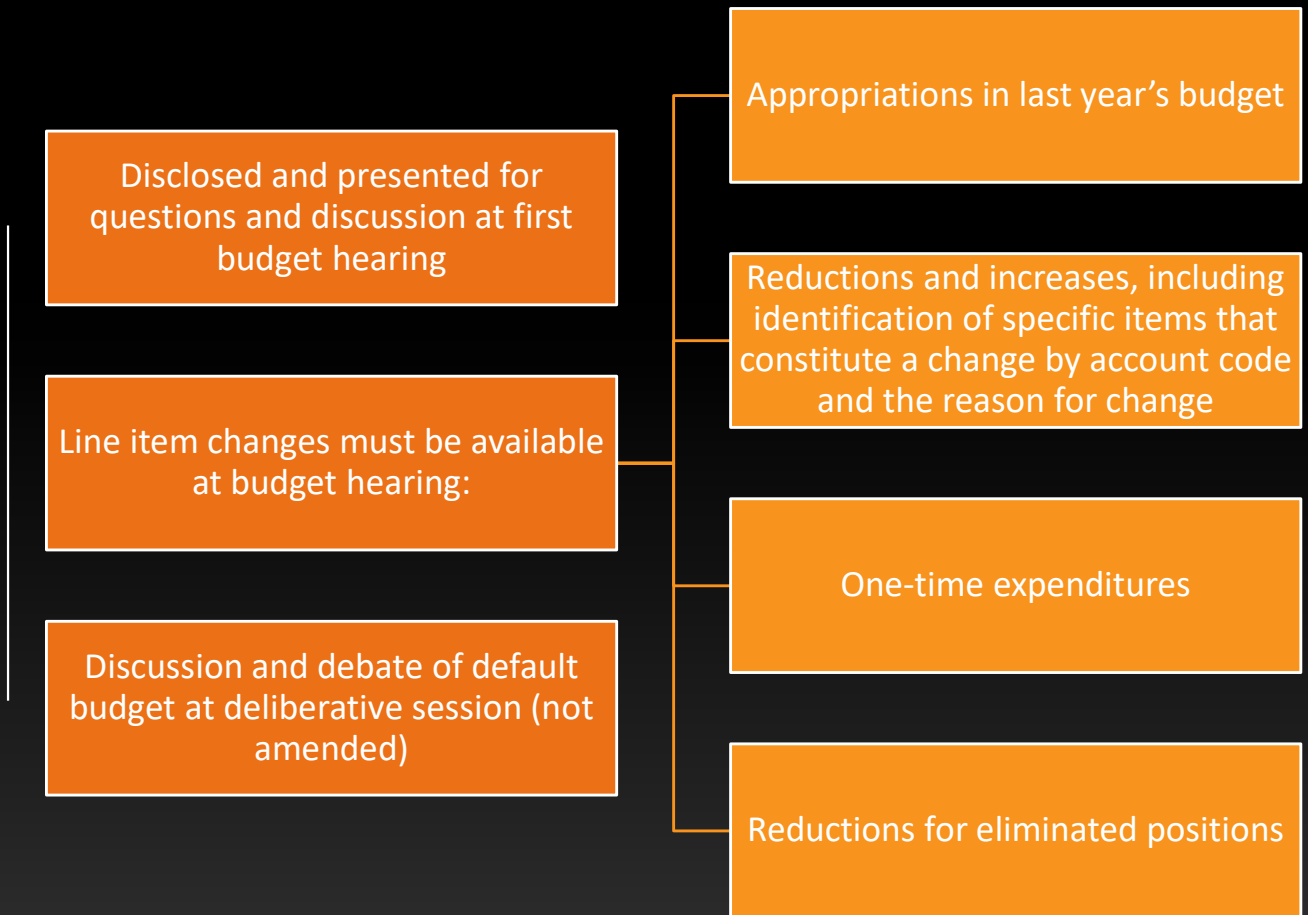
SB 2 & The Default Budget: RSA 40:13

As long as statutory formula is used, default budget may be higher or lower than last year's budget

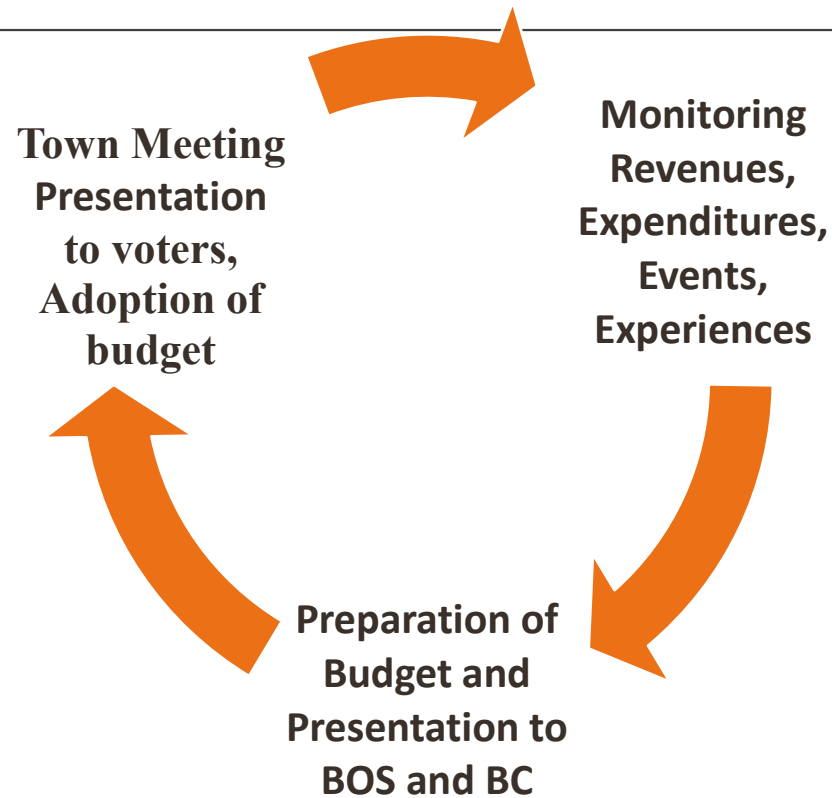
Default budget is amount of the same appropriations as contained in the operating budget authorized for the previous year . . .

- 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.***
- RSA 40:13, IX(b)

Default Budget Procedure



The Budget Cycle is Continuous



January 8, 2014

Necessary Knowledge

Driven by the budget law, RSA 32, and the form of government adopted in your municipality



Work backward from the town meeting date:

Final Budget
posting date

Budgetary public
hearing(s)

Department
budgets to BOS/BC



Cities – work backward from City Council adoption date