

NH DEPARTMENT OF REVENUE ADMINISTRATION
MUNICIPAL and PROPERTY DIVISION
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**TECHNICAL
ASSISTANCE
FOR
TOWNS
VILLAGE DISTRICTS
SCHOOL DISTRICTS
BUDGET COMMITTEES**

In accordance with the American Disabilities Act, if you need or prefer an alternate format of communication, please contact us at the number located on the front of this brochure.

**New Hampshire
Department of Revenue Administration
Municipal and Property Division**

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MISSION STATEMENT AND DUTIES OF THE MUNICIPAL BUREAU

To establish tax rates in a timely manner and provide technical assistance relative to taxation and finance to the over 500 political subdivisions of the state in addition to providing general supervision over the tax collectors of the state.

The Municipal Bureau's primary function is to set property tax rates for the 259 municipalities within the state, including 25 unincorporated places. This requires the municipal accounts advisors to review the appropriations, revenues and financial statements of over 500 entities, making adjustments when necessary. This process precedes setting the tax rates in the fall. The advisors are assigned municipalities, counties, local schools, regional schools and village districts associated with their municipalities. Since 2011, most tax rates have been set over the phone or by e-mail in order to expedite the tax rate setting process. In 2013, the division started implementing electronic filing of the annual meeting documents in an effort to modernize the tax rate setting process.

The Municipal Bureau is responsible for providing technical assistance to the political subdivisions of the state. This includes reviewing warrant articles for correctness prior to posting the warrant; providing budget workshops for the budget committees, selectmen, finance directors, village district officials and school business officials and assist with questions and concerns that may arise during the year by phone, fax, and e-mail.

The Municipal Bureau updates the information on the Municipal and Property website, providing all statutorily required forms as well as technical assistance materials. In addition, the website provides liaison personnel to the NH Bar Association, GFOA, ASBO, and NHVDA, Tax Collector Association and Town Clerk Association and works with the New Hampshire Municipal Association by presenting training sessions, participating on panels or answering questions from the floor of workshops.

In accordance with RSA 41:39, the Municipal Bureau provides basic supervision relative to the proper administration of tax collector procedures. The state has approximately 237 tax collectors. Scheduled visits and one-on-one meetings are some of the methods the bureau employs to accomplish this task, as well as, providing training for new tax collectors with a special two-day workshop for recently elected tax collectors in early spring.

The director and assistant director of the Municipal and Property Division work closely with the administrative rules committee to revise; modify or create rules to assist the municipalities, taxpayers, legislators and department personnel in performing their duties.

RSA 21:J-35, gives the division the authority to compute and establish tax rates by examining the reports filed by municipalities to ensure:

- a. Appropriations have been made in a manner consistent with procedural requirements;
- b. No appropriations made are prohibited by law;
- c. All revenues have been accurately estimated and in a manner not prohibited by statute; and
- d. All calculations have been done correctly.

The Municipal Bureau has the authority to review and adjust appropriations, but not expenditures. Once the voters have approved the appropriations, it becomes the responsibility of the elected officials to ensure that expenditures are made within the letter of the law. Municipal attorneys, your municipal advisor, and if necessary, the Attorney General's office for the State of New Hampshire need to be consulted when suspicion of misconduct arises.

2014 STATUTORY CHANGES IMPACTING MUNICIPAL LAWS

<u>RSA</u>	<u>TOPIC</u>	<u>BRIEF EXPLANATION</u>
31:22	Board of Trustees	The board may recommend to the appointing authority no more than two alternate members to serve one-year terms
31:34	Record of Trusts	Allows record of trusts to be maintained in electronic format
31:38	Trustee Reports	Adds the DRA and governing body of town or city to receive copies of required annual reports
31:95-b, III	Unanticipated Funds	Increases threshold from \$5,000 to 10,000 to require a public hearing for the expenditure of unanticipated funds by selectmen
31:98-a	Contingency Fund	Every town annually and by a separate article from the budget and all other articles may establish a contingency fund for unanticipated expenses
32:5, VII, (c)	Amendment of Operating Budget Warrant Article	Allows for an amendment after the first session meeting to be voted on by the governing body and budget committee whether or not to recommend the amended article to appear on the ballot for the second session
33:7-e	Lease Agreements	Allows for building or facility improvements related to the installation, purpose, or operation of such equipment to be considered equipment and the costs may be financed through lease agreements
34:16 and 35:9-a	Trust Management Contracts	Allows the trustee(s) of trusts having custody of capital reserve funds to contract with banks, brokerage firms or other professional businesses to assist with the management and bookkeeping of the funds
35:12	Appropriation to Capital Reserve Fund	Appropriations to Capital Reserve fund must be transferred on or before December 15 following vote (calendar year); or June 15 (optional fiscal year)
40:13, II-a (b)	Citizen Petitions Proposing Bonds (March Meeting)	The preceding Friday of the second Tuesday in January
40:13, II-b (b)	Citizen Petitions Proposing Bonds (April Meeting)	The preceding Friday of the second Tuesday in February
40:13, II-c (b)	Citizen Petitions Proposing Bonds (May Meeting)	The preceding Friday of the second Tuesday in March
40:13, II-a (c)	Municipal Budget Committee (March Meeting)	Last day to deliver copies of final budget and recommendations to governing body is the Thursday before the last Monday in January.
40:13 II-b (c)	Municipal Budget Committee (April Meeting)	Last day to deliver copies of final budget and recommendations to governing body is the Thursday before the last Monday in February.
40:13 II-c (c)	Municipal Budget Committee (May Meeting)	Last day to deliver copies of final budget and recommendations to governing body is the Thursday before the last Monday in March.
76:16 I and II;	Abatements	Selectmen may abate any tax, including prior years' taxes
149-I:4-a	Contracts to fund construction of sewer systems	Authorizes private developers and municipalities to enter into contracts for the private funding and repayment for the construction of sewer systems

149-I:10	Contract repayment using sewer fund	Allowing sewer fund to be used for repayment of contract under RSA 149-I:4-a
198:4-b, I	Contingency Fund	Every school district annually and by a separate article from the budget and all other articles may establish a contingency fund for unanticipated expenses
202-A:23	Governing Provision	Added governing provision of RSA 31:25-d
289:2-a	Distribution of Funds Received from the Sale of Cemetery Lots	The legislative body may, at any annual or special meeting, vote to determine where to deposit the funds received from cemetery lot sales; into the general fund as a sale of town property or into the trustees of trust fund for the maintenance of cemeteries under RSA 31:19-a

This is not intended to be a complete list. Please refer to the law or call for specifics. More information is also available on the Department's website www.revenue.nh.gov

TOWN FORMS REQUIRED

Pursuant to RSA 21-J:34 (unless otherwise indicated by an *)

FORM NAME	FORM NUMBER	SIGNED BY	DUE DATE
Warrant	NA	Majority of Governing Body	20 days after meeting
Posted Budget	MS-636, MS-6c or MS-737	Majority of Governing Body or Budget Committee	20 days after meeting
Deliberative Minutes (SB2 only)	NA	Town Clerk, certified	20 days after meeting
Sample Ballot (SB2 only)	NA	Town Clerk, certified	20 days after meeting
Annual Meeting Minutes	NA	Town Clerk, certified	20 days after meeting
Voting Results (SB2 only)	NA	Town Clerk, certified	20 days after meeting
Voted Appropriations	MS-232	Majority of Governing Body	20 days after meeting
Revised Estimated Revenues	MS-434	Preparer of Form	September 1
Financial Report	MS-535	Majority of Governing Body	April 1 (Sept 1 for FY)
CPA Audit	NA	Audit Firm Preparer	Mar 1 (Sept 1 for FY)
Inventory of Valuation	MS-1	Majority of Governing Body	September 1** To public 7-days prior to Annual Meeting
RSA 41:14 Annual Town Report	NA	NA	20 days after meeting
Rev 1707.16; Rev 1905.10 Tax Collector Report*	MS-61	Tax Collector	Mar 1 (Sept 1 for FY)
RSA 41:31 Auditor's Report*	MS-60	Elected Auditor(s)	Mar 1 (Sept 1 for FY)
RSA 41:31-b Auditor Option and Schedule	MS-60-A	Municipal Official	10 days after close of fiscal year
Rev 1707.10 Report of Trust*	MS-9	Majority of Trustees	March 1 (Sept 1 FY)
Rev 1707.11 Report of Common Trusts*	MS-10	Majority of Trustees	March 1 (Sept 1 FY)
RSA 41:19, RSA 44:2 Report of Town/City Officials*	MS-123	Town/City Clerk	20 day after election appointment
RSA 33:14 Treasurer's Report of Borrowing*	MS-50	Town Treasurer	10 days after issue of bonds or notes
RSA 41:29, III Treasurer's Annual Report*	NA	Town Treasurer	Close of fiscal year

***MS-1 Report is due September 1 unless an MS-1 extension request has been submitted and extension granted*

RSA 41:31-c, states in part, “All municipalities shall annually, or more often as necessary, conduct an audit of the accounts of any officer or agent handling funds of the municipality...”

Every town, school, village district, regional and cooperative school district must file an MS-60-A form within 10 days of the close of the fiscal year to inform the Municipal Bureau of whether their audit is to be done by a CPA or a locally elected auditor and the date that the bureau should expect to receive a copy of the completed audit. The audit is due to the bureau within 10 days of being accepted by the governing body along with the management letter.

SCHOOL FORMS REQUIRED

Per RSA 21-J:34 (unless otherwise indicated by an *)

FORM NAME	FORM NUMBER	SIGNED BY	DUE DATE
Warrant	NA	Majority of Governing Body	20 days after meeting
Posted Budget	MS-26, MS-26c or MS-27	Majority of Governing Body or Budget Committee	20 days after meeting
Deliberative Minutes (SB2 only)	NA	District Clerk, certified	20 days after meeting
Sample Ballot (SB2 only)	NA	District Clerk, certified	20 days after meeting
Annual Meeting Minutes	NA	District Clerk, certified	20 days after meeting
Voting Results (SB2 only)	NA	District Clerk, certified	20 days after meeting
RSA 198:4-d Voted Appropriations*	MS-22	Majority of Governing Body	20 days after meeting
RSA 198:4-d Revised Estimated Revenues*	MS-24	Preparer of Form	September 1
RSA 198:4-d Financial Report*	MS-25	Majority of Governing Body	September 1
Annual Report	NA	NA	To Dept. of Education 20 days after meeting
RSA 41:31 Auditor’s Report*	MS-60	Elected Auditor(s)	Sept. 1 for Fiscal Year
RSA 41:31-b Auditor Option and Schedule	MS-60-A	District Official	10 days after close of Fiscal Year
CPA Audit	NA	Audit Firm Preparer	September 1

VILLAGE DISTRICT FORMS REQUIRED

Per RSA 21-J:34 (unless otherwise indicated by an *)

FORM NAME	FORM NUMBER	SIGNED BY	DUE DATE
Warrant	NA	Majority of Governing Body	20 days after meeting
Posted Budget	MS-636, MS-737	Majority of Governing Body or Budget Committee	20 days after meeting
Annual Meeting Minutes	NA	District Clerk, certified	20 days after meeting
RSA 52:20 Rev 2008.08 Report of District Officials	MS-123	District Clerk	20 days after meeting
Voted Appropriations	MS-232	Majority of Governing Body	20 days after meeting
Revised Estimated Revenues	MS-434	Preparer of Form	September 1
Financial Report	MS-535	Majority of Governing Body	April 1 (Sept 1 for FY)
RSA 41:31 Auditor's Report*	MS-60	Elected Auditor(s)	Mar 1 (Sept 1 for FY)
RSA 41:31-b Auditor Option and Schedule	MS-60-A	District I Official	10 days after close of Fiscal Year
CPA Audit	NA	Audit Firm Preparer	Mar 1 (Sept 1 for FY)

RSA 41:31-c, states in part, "All municipalities shall annually, or more often as necessary, conduct an audit of the accounts of any officer or agent handling funds of the municipality..."

Every town, school, village district, regional and cooperative school district must file an MS-60-A form within 10 days of the close of the fiscal year to inform the Municipal Bureau of whether their audit is to be done by a CPA or a locally elected auditor and the date that the bureau should expect to receive a copy of the completed audit. The audit is due to the bureau within 10 days of being accepted by the governing body along with the management letter.

VARIOUS FUNDS AND HOW TO USE THEM

TYPES OF FUNDS	HOW DOES FUND ORIGINATE	WHO HAS CUSTODY OF FUNDS	WHO AUTHORIZES EXPENDITURES OF	MUST BE APPROPRIATED	IMPORTANT NOTATIONS
RSA 31:95-c SPECIAL REVENUE (towns only)	Public Hearing, Warrant, Ballot Vote, Statutory Wording	Town Treasurer	Legislative Body Vote	Expenditures - Yes Revenues - No	Cannot appropriate into; Statutory wording to rescind; Lapses to GF
RSA 31:95-h REVOLVING FUNDS (towns only)	Warrant Article	Town Treasurer	Body designated by Legislative Body Vote	Expenditures - No Revenues - No	RSA specific purposes; Lapses to General Fund
RSA 31:110 FOREST MAINTENANCE	Upon Adoption of Town Forest, Warrant Article	Town Treasurer	Legislative Body Vote	Expenditures - Yes Revenues - No	
RSA 31:19, EXPENDABLE TRUSTS: RSA 35 CAPITAL RESERVE	Warrant Article	Trustees of Trust Funds	TTF in response to voucher from governing body or appointed agent	Expenditures - Yes, unless agents named Revenues - Yes	RSA 35 for schools but if agents named must hold public hearing prior to expenditure
RSA 35-B:2 RECREATION REVOLVING	Warrant Article	Town Treasurer	Body designated by Legislative Body Vote	Expenditures - No Revenues - No	Cannot appropriate into; Lapses to General Fund
RSA 35:7 WATER OR SEWER DEPT CRF	Unanimous Vote of Administrative Body	Trustees of Trust Funds	Administrative Body	Expenditures - Yes Revenues - No	Only from water or sewer rental surplus; no appropriations by town
RSA 36-A:5 CONSERVATION COMMISSION	Upon Adoption of Conservation Commission, Warrant Article	Town Treasurer	Conservation Commission (public hearing for purchase of property)	Expenditures - No Revenues - No	See RSA 79-A:25 for LUCT % into this fund
RSA 38:29 WATER	By Law RSA 38:29, I, II	Town Treasurer	Water Commissioners or Governing Body	Expenditures - Yes Revenues - No	
RSA 53-B:8-a SOLID WASTE MGMENT DIST CRF	Upon order of the District Committee	District Committee	District Committee	Expenditures - No Revenues - Yes	
RSA 79-A:25-a LAND USE CHANGE TAX FUND	Public Hearing, Warrant, Ballot Vote, Statutory Wording	Town Treasurer	Legislative Body Vote	Expenditures - No Revenues - No	Statutory wording to rescind
RSA 149-I:10 SEWER	By Law RSA 149-I:10, I	Town Treasurer	Sewer Commissioners or Governing Body	Expenditures - Yes Revenues - No	
RSA 188-E:7 VOCATIONAL EDUCATION CRF	By Law RSA 188-E:7	Trustees of Trust Funds	Receiving District	Expenditures - Yes Revenues - No	Tuition differential shall be deposited to be used for vocational centers and equipment
RSA 194:3-c SCHOOL REVOLVING FUND	Warrant	School District Treasurer	Legislative Body Vote	Expenditures - Yes Revenues - No	Non-lapsing if specified by district; Can be supplemented by line item in budget only

TYPES OF FUNDS	HOW DOES FUND ORIGINATE	WHO HAS CUSTODY OF FUNDS	WHO AUTHORIZES EXPENDITURES OF	MUST BE APPROPRIATED	IMPORTANT NOTATIONS
RSA 198:20-c, V SCHOOL EXPENDABLE TRUST FUND	Warrant	Town's Trustees of Trust Funds	Legislative Body Vote	Expenditures - Yes unless agents named Revenues - No	If agents named must hold public hearing prior to expenditure
RSA 202-A LIBRARY INCOME-GENERATING EQUIPMENT	Public Hearing, Warrant, Ballot Vote, Statutory Wording	Town Treasurer &/or Library Trustees	Library Trustees	Expenditures - No Revenues - No	
RSA 202-A LIBRARY TRUSTS & FEES	Warrant Article to Establish Library	Town Treasurer &/or Library Trustees	Library Trustees	No RSA 202-A:11, III & IV	
RSA 261:153, V MOTOR VEHICLE RECLAMATION	Warrant Article	Trustees of Trust Funds	Governing Body RSA 149-M:18	Expenditures - Yes Revenues - No	
RSA 261:153, VI MUNICIPAL TRANSPORTATION & IMPROVEMENT CAPITAL RESERVE	Public Hearing, Warrant, Ballot Vote	Trustees of Trust Funds	Legislative Body Vote	Expenditures - Yes Revenues - No	
RSA 289:4 CEMETERY FUNDS	Taxation	Town Treasurer	Governing Body in Response to Voucher from Cemetery Trustees	Expenditures - Yes Revenues - No	
CHAPTER 289 RSA 289:7-13 & RSA 31:20-21 CEMETERY TRUST FUNDS	Donation/Bequest Accepted by Town Meeting or Selectmen as Authorized by Meeting	Trustees of Trust Funds	Trustee of Trust Funds in Response to Voucher from Cemetery Trustees	Expenditures - Yes Revenues - No	
RSA 318-B:17-b FORFEITURE of DRUG RELATED PROPERTY	By Law: 45% of first \$500,000 of remaining balance	Treasurer (Fiscal Officer)	Police Chief (Fiscal Officer)	Expenditures - No Revenues - No	Primarily for expenses incurred in connection with drug-related investigations.
RSA 673:16, II FEES COLLECTED*(2)	Charged & Collected by Local Land Use Board	Town Treasurer	Local Land Use Board or Designated Agent	Expenditures - No Revenues - No	
RSA 674:21, V c IMPACT FEES*(1)	Charged and Imposed by Planning Board	Not addressed: Town Treasurer	Governing Body	Expenditures - No Revenues - No	
RSA 674:44-d HERITAGE	Upon Adoption of Heritage Commission, Warrant Article	Town Treasurer	Majority of Heritage Commissioners	Expenditures - No Revenues - No	
RSA 674:44-g AGRICULTURAL	Upon Adoption of Agricultural Commission, Warrant Article	Town Treasurer	Majority of Agricultural Commissioners	Expenditures - No Revenues - No	
RSA 674:44-j HOUSING COMMISSION	Upon Adoption of Housing Commission, Warrant Article	Town Treasurer	Majority of Housing Commissioners	Expenditures - No Revenues - No	

(*1) Impact fees mean a fee or assessment imposed upon developments, building construction or other land use change in order to help or improve capital facilities owned or operated by the municipality. Municipality must have a CIP in place per RSA 674:5-7.

(*2) Any fee which the local land use board collects from an applicant to cover an expense lawfully imposed upon that applicant, including but not limited to the expense of notice, the expense of consultant services or investigative studies or the implementation of conditions lawfully imposed as part of a conditional approval.

Local Land Use Board (RSA 673:1): Planning Board, Zoning Board of Adjustment, Historic, Heritage, Agricultural and Housing Commissions.

REV 9/14 Division Forms/Various Fund 9.14

GLOSSARY OF COMMON TERMS

TERM	RSA / Rule	GENERAL EXPLANATION
Agents to Expend	RSA 35:15, I RSA 198:20-c,I	Voters appoint an official to expend from CRF or expendable trust fund without further approval
Amendment		Change in the amount of an appropriation at the annual meeting; the <u>purpose</u> cannot be changed
Appropriate	RSA 32:3, I	Authorization to expend municipal funds for a specific purpose
Appropriation	RSA 32:3, II	Amount of money authorized to be expended for a specific purpose
Auditor	Rev 1904	CPA or locally elected municipal auditor
Budget	RSA 32:3, III	List of recommended appropriations and anticipated revenues as warned in the warrant and budget form to be addressed by voters.
Budget Committee	RSA 32:14 - 24	Official committee whose main objective is to prepare budgets and hold budget hearings
Budget Committee Supplemental Schedule		Form used to calculate the 10% maximum allowable increase to the posted MS-737 and MS-27
Budget Forms	RSA 21-J:34,VI Rev 1707	Forms prescribed by DRA to post with warrant (MS-636, MS-6c, MS-737, MS-26, MS-26c, MS-27)
Calendar Days	RSA 80:54	Calendar days with Sunday and holidays included
Capital Reserve Fund (CRF)	RSA 35	Fund established for the purpose of saving money to finance a specific capital improvement at a future date
Contingency Funds	RSA 31:98-a; RSA 52:4-a; RSA 198:4-b	Funds that may be set aside for unanticipated expenditures in towns, village districts or schools annually by an article in the warrant
Default Budget	RSA 40:13, IX(b)	Budget that is adopted in an SB2 municipality if the proposed operating budget article fails
Deliberative Session	RSA 40:13, III and IV	First session of the annual meeting in an SB2 community to discuss, debate and explain proposed warrant articles
DRA	RSA 21-J	NH Department of Revenue Administration sets property tax rates and provides technical assistance
Disallowed Appropriation	RSA 21-J:35	Appropriation inconsistent with procedural requirements of law
Election Ballot	RSA 669:14	Ballot to be used for the election of municipal officials
Escape Clause		Clause contained in a lease/purchase agreement that permits the termination of a lease for non-appropriation on an annual basis
Fiduciary Funds	Rev 1703.01(b)	Assets held by municipality for other parties that cannot be used to finance the municipality's own operating programs
Fiscal Funding Clause		Clause contained in a lease/purchase agreement that permits the termination of a lease for non-appropriation on an annual basis
Fiscal Year	Rev 1902.01	January 1 through December 31 budget year (<i>See optional fiscal year</i>)
Fund Balance (<i>See Surplus</i>)	Rev 1706.03; Rev 1110.02(d)	Balance sheet amount remaining after subtracting liabilities from assets
Governing Body	RSA 21:29; RSA 41:8; RSA 44:3; RSA 52:3-a	Selectmen; Village District Commissioners; School Board; City Council
Government Funds	Rev 1703.01(a)	The general fund to account for all financial resources of the municipality except those required to be accounted for in another fund

TERM	RSA/Rule	GENERAL EXPLANATION
Gross Budget	RSA 32:5	Budget must include ALL appropriations (<i>even those with offsetting revenues</i>)
Legislative Body	RSA 21:47	The voters at town, school district, or village district meeting; City Council
Municipality	RSA 672:10; Rev 1701.10; Rev 1901.05;	City, town or unincorporated place
Negotiated Cost Items	RSA 273-A:1 IV	Benefit of collective bargaining agreement requiring an appropriation
Official Ballot	RSA 40:13	Ballot used in SB2 municipalities for elections and all business
Optional Fiscal Year	Rev 1902.02	July 1 through June 30 budget year
Procedural Defect	RSA 31:5-b, II; RSA 40:16	Minor defect of a meeting that can be fixed at a "procedural defect" meeting
Proprietary Funds	Rev 1703.04(c)	Enterprise funds which may be used to account for operations similar to private business enterprises funded by user charges
Purpose	RSA 32:3, V	Goal or aim to be accomplished; line item on DRA budget forms
Raise and Appropriate		Identify a source of revenue and authorize the expenditure of it
Rev Rules		Rules adopted by state agencies
SAU		School Administration Unit
SB2 (Senate bill 2)	RSA 40:13 - 14	Alternative form of municipal government requires 2 sessions; final vote is by ballot
Special Warrant Article	RSA 32:3, VI	Article that falls within the definition contained in the RSA; requires recommendations of governing body and budget committee
Sum Certain	RSA 32:3, I	Appropriations must be for a specific amount, not an unspecified amount
Supplemental Appropriation		Additional appropriation made within the current year
Surety Bond	Rev 1903; RSA 41:6	Insurance policy to cover losses suffered through the acts of a municipal official or employee
Surplus (<i>unassigned fund balance</i>)	Rev 1110.02(d)	An excess balance sheet amount that can be used to offset appropriations to reduce tax rate at the tax rate setting. <i>See fund balance</i>
"Sweep" Article		An all inclusive warrant article that essentially requires a double vote on appropriations. DO NOT DO THIS!
Tally Votes	RSA 32:5, V-a	Recorded votes of governing body and budget committee on budget items or any warrant articles included with article
TAN's	RSA 33:7	Tax Anticipation Notes - Borrowing in anticipation of tax receipts
Tax Impact	RSA 32:5, V-b	Notation stating the estimated tax impact of an appropriation contained in a proposed warrant article: to be determined by governing body
10% Rule	RSA 32:18; RSA 32:18-a	Voted budget can't be more than 10% above budget committee's recommended budget as reported on the MS-737 and MS-27
Town means School	RSA 194:1	In connection with government, improvement, support and administration
Uniform Chart of Accounts	Rev 1701.12	Account titles, descriptions and numbering classification system established by the department of revenue
Village District	RSA 52; Rev 2001.15	Municipal entity within a town that holds a separate budgetary meeting and has its own tax rate, governing body, and voters (precinct)
"Warned" Purpose	RSA 39:2	Subject matter stated on the posted warrant to be discussed at meeting
Warrant for Meeting	RSA 39:2; RSA 39:5	Document posted with budget prior to meeting; containing date and location of meeting, a list of all issues and appropriations to be addressed; signed by governing body.

THE MUNICIPAL BUDGET PROCESS

RSA 32:1-13, applies to all municipalities and requires "gross basis budgeting." This means disclosing all proposed appropriations and offsetting revenues on the posted budget. All municipal officers, administrative officials and department heads, including officers of such self-sustaining departments as water, sewer, and electric departments, will prepare statements of estimated expenditures and revenues for submission to the governing body at such times and in such detail as the governing body may require.

At least one hearing must be held on the budget, not later than 25 days before each annual or special meeting; notice of the public hearing must be given 7 days in advance of the hearing. All purposes and amounts of appropriations to be included in the vote at the annual or special meeting "shall be disclosed or discussed at the final hearing." (RSA 32:5 II) One or more supplemental public hearings may be held at any time before the annual or special meeting, subject to the 7-day notice requirement. See the time lines on the DRA website under the Technical Assistance section or under the SB2 section, if applicable.

After the conclusion of public testimony at the public hearing for the budget, the governing body (or the budget committee, if applicable) finalizes the budget to be submitted to the legislative body (the voters). A budget form should be completed in compliance with RSA 32:5, and posted with the warrant (RSA 31:95). For towns operating under the provisions of the municipal budget law (RSA 32:14-24), the budget committee prepares the budget on form MS-737 and the Budget Committee Supplemental Schedule (10% maximum overage allowable); MS-737 for village districts and MS-27 for schools and the governing body posts it. All other towns and village districts use the regular budget form MS-636 and the MS-26 for schools. SB2 municipalities must also post a form for the default budget calculation. Refer to the SB2 technical assistance for further information on timeliness and special requirements.

Additional purposes or appropriation amounts cannot be inserted in the warrant or budget if not discussed at a public budget hearing. However, amounts may be amended at the annual meeting, special meeting, or deliberative session.

All warrant articles must be on the posted budget as RSA 32:5, IV(c) and IV(d) specifically require. Those voted appropriations not warned both in the warrant and the posted budget could be disallowed by the DRA. It is important to keep in mind the order of warrant articles. RSA 33:8-a, requires that bond articles for \$100,000 and more must be the first money articles on the warrant. Another thing to keep in mind is if your municipality has a municipal budget committee per RSA 32, a 10% issue could affect the last voted appropriations. If over the 10%, the last voted appropriations would be disallowed by your municipal accounts advisor.

NOTICE REQUIREMENTS FOR PUBLIC HEARINGS

The following 18 statutes address the issue of notice on various types of public hearings. Only the language that specifically addresses the notice issue is included here; please refer to the full RSA for a complete understanding. This list does not include the notice requirements for annual or special meetings when posting the warrant and budget form and should not be considered a complete list.

SUMMARY OF THE NOTICE REQUIREMENTS FOR PUBLIC HEARINGS

Public Hearing on the Budget	RSA 32:5, I	Public notice of which shall be given at least 7 days in advance
Bond Hearing	RSA 33:8-a	Notice of the time, place and subject of such hearing shall be published in a newspaper of general circulation in the municipality at least 7 days before it is held
SB 2 Adopt/Rescind	RSA 40:14, IV	Notice of the hearing shall be posted in at least 2 public places in the town and at least 2 places in each town of multi-town districts, and published in a newspaper of general circulation at least 7 days prior to the date of the hearing
Procedural Defect Meeting	RSA 31:5-b, II (c) & (d)	The municipality shall comply with all statutory notice and procedural requirements for holding special meetings
Petition for Special Meeting Evidentiary Hearing	RSA 31:5, IV	Such notices shall be posted at the office of the selectmen and at 2 or more other conspicuous places in the town, and in the next available edition of a local newspaper with a wide circulation in the town
Unanticipated Source of Money Over \$10,000 (towns)	RSA 31:95-b, III(a)	Notice of the time, place and subject of such hearing shall be published in a newspaper of general circulation in the relevant municipality at least 7 days before the hearing is held
Special Revenue Fund Adopt/Rescind	RSA 31:95-d, I(b)	Notice of the hearing shall be posted in at least 2 public places in the municipality and published in a newspaper of general circulation at least 7 days before the hearing
Increase/Decrease Board of Selectmen	RSA 41:8-c	The selectmen shall within 10 days designate a place and a time for a public hearing thereon and the hearing shall be held not later than the Thursday before the annual meeting
Land Use Change Tax Fund Adopt	RSA 79-A:25-b, I(b)	Notice of the hearing shall be posted in at least 2 public places in the municipality and published in a newspaper of general circulation at least 7 days before the hearing
TIF District Establish	RSA 162-K:4	Notice of the hearing, including a description of any proposed district, shall be posted in 2 appropriate places in the municipality or published in a newspaper of general circulation in the municipality at least 7 days prior to the hearing
TIF District Financing Plan	RSA 162-K:9, II	Before approving any tax increment financing plan, a public hearing shall be held as part of the hearing on the development district under RSA 162-K:4
Cooperative School District Budget	RSA 195:12	Public hearing upon a preliminary budget at some convenient place in the district, of which at least 7 days notice shall have been given; RSA 32 shall apply to cooperative school district
Unanticipated Source of Money Over \$5,000 (schools)	RSA 198:20-b, III-(a)	Notice of the time, place and subject of such hearing shall be published in a newspaper of general circulation in the relevant municipality at least 7 days before the meeting is held
Expenditure of School District Trust Funds	RSA 198:20-c, II	Notice of the time, place and subject of such hearing shall be published in a newspaper of general circulation in the relevant municipality at least 7 days before the meeting is held
SAU Budget	RSA 194-C10	Notice of such public hearing and a summary of the preliminary budget shall be submitted by the secretary of the board for publication in a newspaper of general circulation in the school administrative unit at least 7 days prior to the date of the hearing

Planning or Zoning Changes	RSA 675:7, I	Notice shall be given for the time and place of each public hearing held under RSA 675:2-4 and RSA 675:6 at least 10 calendar days before the hearing. The notice required under this section shall not include the day notice is posted or the day of the public hearing. Notice of each public hearing shall be published in a paper of general circulation in the municipality and shall be posted in at least 2 public places
Right to Know Law, Public Meetings In General	RSA 91-A:2, II	Except in an emergency or when there is a meeting of a legislative committee, a notice of the time and place of each such meeting, including a nonpublic session, shall be posted in 2 appropriate places one of which may be the public body's Internet website, if such exists, or shall be printed in a newspaper of general circulation in the city or town at least 24 hours, excluding Sundays and legal holidays, prior to such meetings
School District RANs	RSA 198:20-d	Silent on issue of notice

RSAs REFERRING TO CALCULATION OF DAYS

There are various RSAs that determine how to calculate days and some are listed below. This should not be considered a complete list:

RSA 21:35: Time, How Reckoned, Day Included and Excluded.

I. Except where specifically stated to the contrary, when a period or limit of time is to be reckoned from a day or date, that day or date shall be excluded from and the day on which an act should occur shall be included in the computation of the period or limit of time.

II. If a statute specifies a date for filing documents or paying fees and the specified date falls on a Saturday, Sunday, or legal holiday, the document or fee shall be deemed timely filed if it is received by the next business day.

RSA 80:54 Calendar Days. Whenever the word "day" or "days" is used in this or any other chapter of the Revised Statutes Annotated relating or appertaining to the collection of taxes, giving of notices, holding of distrained property or in making reports to a register of deeds, it shall be construed to mean calendar days and Sundays and holidays shall be included.

RSA 652:18 Days Included and Excluded.

I. Except where specifically stated to the contrary, when a period or limit of time is to be reckoned from a day or date, that day or date shall be excluded from and the day on which an act should occur shall be included in the computation of the period or limit of time.

II. Whenever the election laws refer to a period or limit of time, Saturdays, Sundays, and holidays shall be included, except as provided in paragraph I. However, when the last day for performing any act under the election laws is a Saturday, Sunday or official state holiday, the act required shall be deemed to be duly performed if it is performed on the following business day.

RSA 39:14 Adjournment Date Falling on Sunday. Whenever any adjournment of any town meeting shall fall upon a Sunday, it shall be held on the next secular day thereafter, at the same time and place, and the proceedings thereon at that time shall be of the same force and validity as if the meeting had been adjourned thereto.

RSA 652:20 End of Day. Whenever the election laws require a filing with or an action by an official, such filing or action shall be performed before 5 o'clock in the afternoon of the stipulated day. During the afternoon of the stipulated day, the school district clerk or his designee, or the town clerk or his designee, shall arrange his time so as to be available between the hours of 3 o'clock and 5 o'clock.

USING THE CHART OF ACCOUNTS

The budget forms utilize the Chart of Accounts adopted in the department's administrative rules: Rev 1700 for municipalities, Rev 2000 for village districts, and Rev 1100 for school districts.

The rules can be found at:

http://www.gencourt.state.nh.us/rules/state_agencies/rev1700.html

http://www.gencourt.state.nh.us/rules/state_agencies/rev1100.html

http://www.gencourt.state.nh.us/rules/state_agencies/rev2000.html

Careful consideration should be given to the preparation of the budget since it is the basis for the financial program for the coming year. Appropriations are voted on the estimated needs or requirements as shown on the posted budget. Estimated revenues should include any revenues that will be used to offset appropriations (gross budget) such as bonds, notes, state or federal funds, police outside duty, or fund balance. **An appropriation is required for authorization to expend those offsetting revenues.**

PETITIONED WARRANT ARTICLES

A petitioned warrant article with an appropriation is considered a "special" warrant article per RSA 32:3, VI,(a). RSA 39:3, specifies that a written application for a petitioned warrant article must be signed by at least 25 voters or 2% of the voters in town (whichever is less) and be submitted to a selectman not later than the fifth Tuesday prior to the day prescribed for an annual or biennial meeting. If the municipality has adopted SB2, refer to the applicable SB2 timeline.

A petitioned "special warrant article" must be disclosed or discussed at the public hearing. It must then be inserted in the warrant for the meeting. The warrant shall also contain a notation of whether the governing body (and budget committee) "recommends" or does "not recommend" the appropriation or some part of the appropriation. The appropriation must also be on the posted budget form. Per RSA 31:131, a petition article may also be inserted by the selectmen even in the absence of a petition.

RSA 39:3-b Penalty. The board of selectmen would be guilty of a violation for refusing to insert an article in the warrant after being petitioned to do so in accordance with the provisions of RSA 39:3.

TOWN MANAGER FORM OF GOVERNMENT

In towns that have adopted the town manager form of government per RSA 37, all boards, officers, and committees of the town, upon the written request of the town manager, are required to submit to the town manager a detailed estimate of the appropriations required for the efficient and proper operation of their respective departments during the fiscal year.

The town manager is required to furnish to the selectmen on or before January 31 each year, a careful, detailed estimate in writing of the probable expenditures of the town government for all purposes for the ensuing fiscal year. (Refer to SB2 timelines, if applicable, to your municipality).

The town manager is required to submit to the selectmen an estimate in writing of the amount of revenue from all sources and the probable amount required to be levied and raised by taxation to defray all expenditures of the town. (RSA 37:6 V)

CLOSING ACCOUNTS

The fiscal year of towns and village districts run from January 1 to December 31, except in those municipalities which have adopted the optional fiscal year which goes from July 1 to June 30.

All appropriations lapse (become part of the year end fund balance and the authorization to expend is terminated) per RSA 32:7, with few exceptions. Appropriations for which the expenditure has been committed to a third party, like an encumbered contract, would not lapse.

Other non-lapsing appropriations are: amounts appropriated from grants; appropriations placed in a non-lapsing special fund such as an expendable trust or capital reserve; a bond or note if the project is not yet complete; appropriations under a "special" warrant article voted as non-lapsing at the annual meeting; or, other "special" warrant article carried forward by vote of the governing body prior to the end of the fiscal year. Laws of 2013 amended RSA 32:3 and RSA 32:7 to allow an appropriation for a capital project to be non-lapsing beyond one fiscal year. Please refer to RSA 32:7-a.

REMITTING AND DEPOSITING OF FUNDS AT END OF YEAR

All receipts of the tax collector, (RSA 41:35), town clerk, (RSA 261:165), or any other fiscal officer of the municipality should be remitted to the treasurer on or before the closing date of the fiscal year. Treasurers should arrange to hold their accounts open for a few business days after the close of the fiscal year. This allows the tax collector, town clerk, or any other fiscal officer to remit receipts for the fiscal year so they can be included in the treasurer's receipts for the year. All entries should be completed and accounts balanced so they may be audited as soon as possible after December 31st or June 30th.

ANNUAL AUDIT REQUIREMENTS

RSA 41:31-a through 41:31-d, adopted in 2010, clarifies the audit requirements for all municipalities (town, city, school or village district). All municipalities shall annually, or more often as necessary, conduct an audit of the accounts of any officer or agent handling funds of the municipality. Under this law, any municipality that has not hired an auditor under RSA 21-J:19 shall elect one or more auditors. The form MS-60-A, Auditor Option and Schedule, is used by all municipalities to report to DRA which type of audit will be conducted and the schedule for completion. The form MS-60-A should be submitted to DRA no later than 10 days after the close of the fiscal year.

Any municipality with a population of fewer than 750 may petition the commissioner on form MS-60-W to waive the annual audit requirement and provide an alternative plan for reviewing the municipality's financial accounts. If the waiver is authorized by DRA, the municipality will follow alternative procedures by the locally elected auditor or by a CPA, instead of a comprehensive annual financial audit. At a minimum, the auditor must complete Sections 1 and 2 of the MS-60.

If the municipality received and expended federal assistance in excess of \$500,000 there may be a requirement to file a CPA audit the federal government under OMB Circular A-133. Check with the federal assistance granting authority for further information. This audit would be in addition to the department's requirement for an annual audit.

Audit forms required by the Municipal Bureau and additional information can be found on the municipal and property website. (<http://www.revenue.nh.gov/mun-prop/municipal/index.htm>)

ANNUAL REPORTS (RSA 41:9, 41:13 and 41:14)

Per RSA 41:14, the selectmen must publish their financial report and those of other town officers required by law to make reports in an annual report available to the public 7 days prior to the date of the annual town meeting or deliberative session. The suggested minimum format for the annual report is shown at the end of this document. RSA 41:9, IV, requires publication of the general fund balance sheet in the annual report or it can be posted at the meeting.

Annual reports should include a "Comparative Statement of Appropriations and Expenditures," "Estimated and Actual Revenues," and a statement of bonded debt, showing annual maturities of bonds and long-term notes. These statements contain information essential to the voters and the budget committee.

If the SB2 (official ballot referendum) form of government has been adopted, the final budget and ballot questions must be printed in the annual report and be made available to the public one week before the date of the second session per RSA 40:13, II.

A school district or village district may vote, under an article in the warrant, to require the district to print its budget in an annual report of their own and not include it with the town's annual report. (See RSA 32:5, VII)

Send one copy of the annual report to:

NH Department of Revenue Administration
Municipal and Property Division
PO Box 487
Concord, NH 03302-0487; and

University of New Hampshire
c/o Dimond Library
18 Library Way
Durham, NH 03824-3592

Send two copies of the annual report to (RSA 201-A:18,I):

NH State Library
Technical Services
20 Park Street
Concord, NH 03301-6303

GENERAL FUND DEFICIT - RSA 41:9, IV

The general fund could be in a deficit position even if the total appropriations were not overspent. This could also happen if the actual revenues were lower than estimated on the MS-434 form for tax rate setting purposes. RSA 41:9, IV, requires disclosure of the general fund balance in the annual report or by posting the information at the meeting.

If the general fund balance is in deficit, RSA 41:9, IV, requires that an article be included in the warrant recommending action deemed appropriate. One such action could be to raise money for reducing the deficit. See the "Suggested Warrant Articles" on the Municipal and Property website for suggested wording of a warrant article for this purpose.

TAX COLLECTORS

Tax collectors are required to make an annual written report to the town (RSA 41:35) on the municipal form MS-61 and it should be published in the annual town report. It includes a summary of the current and previous years' tax collections and a summary of the tax lien accounts.

Upon written request from the selectmen, tax collectors should provide detailed lists of uncollected and unredeemed taxes. These lists should also be provided to the town auditors for verification, but there is no requirement to publish the lists in the annual town report.

Tax collectors are required to closely scrutinize and certify their property tax warrant amount prior to sending out their tax bills and send notification to the DRA. Per RSA 76:10, II, any discrepancies above ½% commitment amount are to be reported to the assessors in the town for correction. Possible reasons for the discrepancy could be caused by: the tax collector database being different than the assessors; MS-1 doesn't match the database; rounding; incorrect billing of the utilities; negative rate due to a tax credit; exemption or inventory penalty need to be double checked. If a correction cannot be made to generate a warrant without the discrepancy, a revised MS-1 must be submitted to the DRA in order to recalculate the tax rate prior to tax bills being issued. Questions should be directed to the Municipal Division at (603) 230-5090 or to the Equalization Bureau (603) 230-5950.

The tax collector is required to send a copy of a first issue and second issue tax bill along with a copy of the signed tax warrant and if available, the summary page, to the municipality's advisor for verification. Towns with quarterly billing need to send copies of all four quarterly tax bills.

Per RSA 41:35, I, treasurers may appoint a designee, such as the tax collector, to assume deposit functions. This delegation and procedure must be in writing and agreeable to all parties involved. A sample Delegation of Authority Form can be found on the NH Tax Collector's Association website.

Per RSA 41:36 when there is a change in personnel for tax collector, the selectmen shall have an audit done promptly of the accounts and shall make and commit to the successor new tax warrants allowing for the collection taxes.

TOWN CLERKS

Statutory fees collected by town clerks must be deposited with the treasurer or a municipal account controlled by the treasurer per RSA 41:25. If any part of the town clerk's compensation is from fees, the clerk must submit an invoice to the treasurer for payment. The treasurer is authorized to make payment to the town clerk for the invoiced amounts. If the town clerk wants to change from being reimbursed by fees to receiving a salary or a combination of salary and fees, an article can be placed on the warrant asking to do so per RSA 41:25.

SURETY BONDING

How To Calculate Required Surety Bond Amounts

41:6 Surety Bond Required.

I. Town treasurers, trustees as provided in RSA 31:22 and 23, trustees as provided in RSA 53-B:8-a, library trustees including alternate library trustees, if any, town clerks, tax collectors and their deputies, agents authorized to collect the boat fee, and persons delegated treasury functions under RSA 41:29, VI shall be bonded by position under a blanket bond from a surety company authorized to do business in this state. The bond shall indemnify against losses through:

- (a) The failure of the officers covered to faithfully perform their duties or to account properly for all moneys or property received by virtue of their positions; or
- (b) Fraudulent or dishonest acts committed by the covered officers.

II. A blanket bond may exclude the town treasurer if a separate fidelity bond for the faithful performance of his duties is furnished by the surety writing the blanket bond.

III. Premiums shall be paid by the town.

IV. The required bonds shall provide for at least a 2-year discovery period from the date their coverage terminates.

V. The commissioner of revenue administration shall adopt rules under RSA 541-A, concerning the amount and form of the surety bonds required under this section.

RSA 41:6, requires the department of revenue administration to adopt rules for calculating the minimum required surety bond amounts for municipal officials. The following worksheet provides guidance to municipalities on how to apply the Commissioner's adopted rules to calculate the minimum coverage for applicable officials.

Step 1 – Determine which municipal officials should be bonded per RSA 41:6, and Rev 1903.6. In general, it would be anyone holding or processing municipal funds or property.

Step 2 – Determine the estimated amount of collections or revenues that flow through that position. See the non-inclusive list below of types of revenue accounts that would generally be applicable for the listed position.

Step 3 – Verify that the amounts are reasonable in comparison to the prior year and that there are explanations for any sizable changes in amounts. Revenue or expenditure variances might be from a bond, grant, or project.

Step 4 – Refer to the chart in Rev 1903.6 to calculate the minimum surety bond coverage amounts.

Step 5 – Table 1900.1 provides the minimum coverage requirement. We encourage contacting your surety bond provider for their recommended coverage amounts.

Sample positions	Account #	Account Title	Estimated Revenue Amount	Minimum Surety Bond per Table 1900.1 & 1903.6
Treasurer	Tax Commitment			
	All Other Revenues			
Tax Collector	3120	Land Use Change Tax		
	3180	Resident Tax		
	3185	Yield Tax		
	3187	Excavation Tax		
	3189	Other Tax		
	3190	Interest & Penalties		
	Other			
	Other			
Town/City Clerk	3210	Business Licenses		
	3230	Building Permits		
	3290	Other Fees		
	Other			
Trustees of Trust Funds	See MS-9 Report	Trust and Capital Reserve Funds		15% of Funds in custody at end of Fiscal Year (See Rev 1903.6(d))

Rev 1903.06 Minimum Bond Requirements for Municipal Officials.

(a) The schedule for determining:

Collections From	To	Bond Required
\$1	\$5,000	\$1,000
\$5,001	\$10,000	\$2,000
\$10,001	\$20,000	\$3,000
\$20,001	\$35,000	\$7,000
\$35,001	\$50,000	\$8,000
\$50,001	\$65,000	\$10,000
\$65,001	\$80,000	\$12,000
\$80,001	\$100,000	\$15,000
\$100,001	\$140,000	\$17,000
\$140,001	\$180,000	\$22,000
\$180,001	\$220,000	\$27,000
\$220,001	\$260,000	\$32,000
\$260,001	\$300,000	\$36,000
\$300,001	\$375,000	\$38,000
\$375,001	\$450,000	\$40,000
\$450,001	\$550,000	\$42,000
\$550,001	\$650,000	\$44,000
\$650,001	\$750,000	\$46,000
\$750,001	\$850,000	\$48,000
\$850,001	\$925,000	\$50,000
\$925,001	\$1,000,000	\$52,000
Greater Than 1,000,000		\$52,000 plus 1% of excess of \$1,000,000 in estimated revenues

(b) The minimum bond requirements **shall** apply to the following municipal officials:

- (1) Tax collectors;
- (2) Deputy tax collectors, except for cities where the deputy shall be bonded at 50% of the estimated taxes collected by the tax collector's office;
- (3) Treasurers;
- (4) Deputy treasurers;
- (5) Municipal clerks;
- (6) Deputy municipal clerks; and
- (7) Boat fee agents.

(c) The required bond amount for a combined position of municipal clerk and tax collector shall be in the combined amount of the 2 positions.

- (d) The amount of the bond required of all trustees of trust funds shall be 15% of all funds in their custody as of the end of the fiscal year.
- (e) All trustees of trust funds shall be covered under the same position schedule bond.
- (f) The amount of the bond required of library trustees and, pursuant to RSA 41:6, alternate library trustees, if any, who have custody of trust funds pursuant to RSA 202-A:22 and RSA 202-A:23, shall be 15% of all funds in their custody as of the end of the fiscal year.
- (g) Additional officials may be bonded at the discretion of the municipality.

INTERNAL CONTROLS

Per RSA 41:9, the selectmen and village district commissioners are required to establish and maintain internal control procedures to ensure safeguarding of town assets (including cash) and properties.

The governing body is charged with establishing a system which safeguards against misappropriation of municipal funds. Some municipalities use a voucher or purchase order system or do a detailed review of all the expenditures prior to authorizing the bookkeeper to draw checks for the treasurer's signature.

Analyze the system currently in place to determine if there is sufficient segregation of duties to safeguard the municipality's assets.

- Do the selectmen or commissioners authorize payment prior to the check being written?
- Do they sign vouchers for payment?
- How often do they review bills?

What happens when the treasurer is out on vacation or sick leave?

- Who signs the checks and who records payments and receipts in the treasurer's books when the treasurer is absent?
- Are the receipts and copies of checks held until the treasurer's return for recording in the books?
- Is cash stored in a safe or vault until deposited?

The governing body is responsible for providing for the safeguards in the system, proper segregation of duties, and the accuracy of record keeping, including when there is a change in the routine.

INVESTMENT POLICIES

RSA 35:9 and 41:29, VI, require the board of selectmen, city council, or board of aldermen, to adopt and annually review an investment policy for the investment of public funds. A town treasurer must also have the selectmen's approval for investing excess funds. Trustees of trust funds must adopt an investment policy and file the policy with the Attorney General's office.

TRANSFERS (and WHEN "NO MEANS NO")

Because it may be difficult to accurately predict the future fiscal year's expenditures when budgeting, circumstances may transpire during the year which make it necessary to transfer an unexpended balance from one voted appropriation to another voted appropriation where additional expenditures will be needed. No transfers can be made from appropriations voted in "special" warrant articles.

Records must be maintained which show the voted appropriations against the properly classified and authorized expenditures. These records must be available to the budget committee, if any, and to citizens who request to see them (*See RSA 32:10, I (b) and (c) for more information*). The total voted bottom line of the budget cannot be overspent (RSA 32:10, I(e)). If an article or appropriation fails to be approved or the appropriation is amended to zero, that is commonly referred to as "no means no." A "no means no" issue prohibits making expenditures or transferring funds to that line item for that purpose.

TRUST FUNDS CREATED BY TOWNS

RSA 31:19-a, allows towns to create trust funds for the purpose of maintenance and operation of the town. These are referred to as expendable trust funds. It also allows for the establishment of a trust fund for maintaining health insurance funds for employees and retired employees.

RSA 31:19-a, IV, states that if a gift is given to the town in trust, that gift may not be invested with, accounted for, or commingled with a town created trust which had been created for the same purpose. The town could vote to change the purpose of a created town trust but they do not have the ability to alter the purpose of a "gift" created trust fund.

RSA 35:1-c, allows towns to create reserves for items of a non-capital nature or for the maintenance and operation of a specific public facility or type of facility. These funds are subject to the same provisions of the law as are capital reserve funds and are referred to as a non-capital reserve fund.

Schools may establish trust funds, expendable trust funds, capital reserve and non-capital reserve funds and agents may be named. Prior to expending from the fund (except private trusts) the school board must hold a public hearing.

RSA 289:6, allows the town meeting to delegate the duties and responsibilities of the cemetery trustees to the selectmen.

TAX BILLS

RSA 76:11 authorizes the governing body to vote to mail information or other bills with the tax bills. These inserts must be municipal business and contain no statement of position on public policy matters.

RSA 76:11-a, II and III, requires a statement be printed on the bills informing taxpayers of the types of tax relief. The law says this statement would be adequate but detail should be available for those requesting this information:

"If you are elderly, disabled or blind, a veteran or veteran's spouse, or are unable to pay taxes due to poverty or other good cause, you may be eligible for a tax exemption, tax credit, abatement or deferral. For details and application information, contact (insert title of local assessing officials or office to which application should be made)."

As mentioned earlier, tax collectors are required to certify the property tax warrant falls within the ½% commitment amount and send a copy of a first issue and second issue tax bill, the signed tax warrant and summary page, if available, to their municipal advisor for verification.

Per RSA 76:15-a, property tax rates on bills for the optional semi-annual billing must be 1/2 of the previous year's rate. This rate is calculated by the municipal bureau and is included in the official tax rate documents in the fall.

ABATEMENTS

RSA 76:17-d allows the assessing officials to apply abatements to outstanding taxes, including prior year's taxes, and send a notice to the taxpayer of the amount of credit and where applied. See page 26 for a sample format for this notice.

TAX PAYMENT BY CREDIT CARD

RSA 80:52-c allows the governing body to authorize the municipality's treasurer or other appropriate municipal official to accept payment of local taxes, charges generated by the sale of utility services, or other fees or charges by use of a credit card, debit card, or such other means of electronic transaction as approved by the governing body. A service charge may be added. The amount of that charge must be disclosed.

REFUSING TAX DEED

RSA 80:76, II-a, allows the governing body to refuse a tax deed if acceptance would create "undesirable obligations" or liabilities. The governing body must provide the tax collector with a signed statement of deed waiver.

DISPOSING OF TAX DEEDED PROPERTY "AS JUSTICE MAY REQUIRE"

RSA 80:80, VI, allows the governing body to dispose of tax deeded property "as justice may require." This could include a scheduled payment agreement for the repurchase of tax deeded property by the former owner or third party for the former owner's benefit. This essentially gives the municipality the authority to re-impose a tax lien or retain a mortgage interest in the property until paid in full. This agreement must be recorded in the Register of Deeds by the governing body.

PROCEEDS FROM SALE OF TAX DEEDED PROPERTY

The proceeds from the sale of tax-deeded property are shared with the former owner. The town may retain the original tax, interest, and costs due, plus additional costs after deeding, and 15% of the assessed value of the property as of the date of the tax deed, adjusted by the median ratio for the year of the assessment. Refer to RSA 80:88-91, and the town attorney for further details.

PUBLIC WORKS COMMISSIONERS

RSA 38-C:1, allows municipalities to vote to form a board of public works commissioners. This board would be a combination of two of the following: highway agents; sewer commissioners; or, gas, electric, or waterworks system. The members may either be elected or appointed.

SPECIAL MEETING FOR COST ITEMS OF COLLECTIVE BARGAINING

RSA 31:5, III, allows one authorized special meeting without a petition to superior court if cost items are amended or rejected at the annual meeting. This authorization is given by a majority vote on an article on the warrant or official ballot. The wording is prescribed by the law. See the "Suggested Warrant Articles" on the Municipal and Property website.

TECHNICAL ASSISTANCE FOR BUDGET COMMITTEES

10% Limitation

Pursuant to RSA 32:18, the adopted budget as submitted on the warrant and posted budget form may be increased or decreased. Appropriations may be disapproved or eliminated but the total amount appropriated may not be increased to an amount which will exceed the total amount recommended by the budget committee by more than ten percent (10%) as reported on the posted MS-737, MS-27 and MS-737.

The 10% increase is computed on the total amount recommended on the posted budget form by the budget committee, less that part of any appropriation item which constitutes fixed charges. Fixed charges are specified in RSA 32:18, RSA 32:19, and RSA 32:21, and include appropriations for:

- Bonds, and all interest and principal payments thereon;
- Notes, except tax anticipation notes, and all interest and principal payments thereon;
- Mandatory assessments imposed on towns by the county, state, or federal governments; and
- If cost items of a collective bargaining agreement were not recommended by the budget committee, then such appropriations are exempt from the 10 percent limitation set forth in RSA 32:18. The failure of the budget committee to recommend any portion of such appropriations shall not be deemed an unfair labor practice under RSA 273:A.

The municipality may vote to override the 10% limitation of RSA 32:18, on a bond article not recommended by the budget committee, by inserting the following statement:

“Passage of this article shall override the 10 percent limitation imposed on this appropriation due to the non-recommendation of the budget committee.”

This statement must appear on the posted warrant and cannot be amended or added from the floor of the meeting.

REVIEW OF EXPENDITURES

The budget committee may request of the governing body, town manager, or other administrative official, a comparative statement of all appropriations and expenditures. In addition, the committee shall meet periodically to review those statements (RSA 32:22).

The law specifically states that this does not give the budget committee authority to dispute or challenge the discretion of other officials over the expenditures except as provided in RSA 32:23.

NO OVEREXPENDITURES

Per RSA 32:10, I (a), "The total amount spent shall not exceed the total amount appropriated at the town or district meeting." RSA 32:8 does not allow paying or incurring a liability for a purpose for which no appropriation was made with some exceptions in RSA 32:9 (judgment against the town) and RSA 32:11 (emergency expenditure).

When an unusual circumstance arises during the year that makes it necessary to expend money in excess of total appropriations, the selectmen or village district commissioners, upon application to the Commissioner of Revenue Administration, and a school board, upon application to the Commissioner of Education (with a copy to Revenue), may be given authority to make such expenditure provided the governing body has a source of revenue to be used.

The application must be made and the authority granted, prior to the expenditure. In the case of a sudden and unexpected emergency, the application may be approved after the expenditure has been made, but generally such approval will not be granted if there was reasonable time and opportunity to make the application prior to making the expenditure (RSA 32:11).

If there is a budget committee, all applications must be approved in writing by a majority of the budget committee before submission to the state agency. If there is no budget committee, a public hearing must be held prior to the application. Further information and the required forms are available on the Municipal and Property Division website.

PENALTY FOR VIOLATION OF RSA 32

RSA 32:12 Penalty. "Any person or persons violating the provisions of this subdivision shall be subject to removal from office on proper petition brought before the superior court. Such petition shall take precedence over other actions pending in the court and shall be heard and decided as speedily as possible."

RSA 32:23 Initiation of Removal Proceedings. "Upon receipt of the reports provided for by RSA 32:22, the budget committee shall examine the same promptly, and if it shall be found that the governing body or town manager have failed to comply with the provisions of this chapter concerning expenditures, a majority of the committee, at the expense of the municipality, may petition the superior court for removal as provided in RSA 32:12."

THREE FINGER RULE

During the tax rate setting process the selectmen or city council may want to use unassigned fund balance to reduce the town/city's portion of the tax rate. Use the "three-finger rule" to estimate how the fund balance will affect the tax rate.

Example 1:

Assuming **Line 21** (Net Valuation) from the MS-1 Report = **\$10,000,000**

1. Drop the last 3 digits (in this case 000) = \$10,000
2. A Fund Balance of \$10,000 = Lowers the Rate by \$1.00
3. A Fund Balance of \$5,000 ($\$10,000 \times .50$) = Lowers the Rate by \$0.50
4. A Fund Balance of \$1,000 ($\$10,000 \times .10$) = Lowers the Rate by \$0.10

Example 2:

Assuming **Line 21** (Net Valuation) from the MS-1 Report = **\$234,107,983**

1. Drop the last 3 digits (in this case 983) = \$234,107
2. A Fund Balance of \$234,107 = Lowers the Rate by \$1.00
3. A Fund Balance of \$117,054 ($\$234,107 \times .50$) = Lowers the Rate by \$0.50
4. A Fund Balance of \$23,410 ($\$234,107 \times .10$) = Lowers the Rate by \$0.10

ESTIMATING THE TAX IMPACT OF AN APPROPRIATION

To calculate the tax impact of an appropriation article, you need to know the Net Valuation figure found on Line 21 of the MS-1 Report. The appropriation amount (net of offsetting revenues) is divided by the Net Valuation and then multiplied by \$1,000.

Example 1:

Assuming **Line 21** (Net Valuation) from the MS-1 Report = **\$234,107,983**

1. Divide Appropriation (Net of Offsetting Revenues) by Net Valuation (Line 21) and Multiply by \$1,000.
2. Appropriation = **\$15,000**
3. Net Valuation = **\$234,107,983**
4. $\$15,000 / \$234,107,983 = .000064$
5. $.000064 \times \$1,000 = \mathbf{\$.064}$ per thousand

For a \$300,000 home, the tax impact would be approximately \$19.20

1. $300,000 \times .064 / 1,000 = \mathbf{\$19.20}$

NOTICE OF ABATEMENT REFUND & CREDIT APPLIED*

(RSA 76:17-d)

DATE: _____ TOWN/CITY OF: _____

By vote of Board of Selectmen/Assessors, upon the application of:

Name: _____

Address: _____

We have abated the amount of \$ _____ on _____

located at _____

or other tax by type _____ for the year _____

Reason for Abatement: _____

The abatement refund will be applied to your outstanding taxes pursuant to RSA 76:17-d as follows:

Amount of Payment Applied: \$ _____

Type & Year of Tax Credited: _____

For Property Located at: _____

Remaining Amount for Refund (if any): \$ _____

Please contact the Tax Collector's office to determine any outstanding balances of taxes due

_____, Chairman

* RSA 76:16, III (h) says in part. "Any interest paid to the applicant must be reported by the municipality to the United States Internal Revenue Service, in accordance with federal law. Prior to payment of an abatement with interest, the taxpayer shall provide the municipality with the applicant's social security number or federal tax identification number. Municipalities shall treat social security or federal tax identification information as confidential and exempt from a public information request under RSA 91-A."

Copies to: Taxpayer, Treasurer, Tax Collector, and Accounting Office

SUGGESTED OUTLINE FOR PRINTED TOWN REPORTS

Unless otherwise noted, this guideline is not to be regarded as a rule promulgated through the Administrative Procedures Act.

1. Index
2. List of Town Officers
3. Copy of this year's Town Warrant
4. This year's Proposed Town Budget (RSA 32:5, VII (a))
5. If SB2, Final Budgets and Ballot Questions (RSA 40:13, II)
6. Copy of last year's Summary Inventory of Valuation (MS-1 Report)
7. Minutes of last year's Annual and Special Town Meeting(s)
8. Last year's Statement of Appropriations, Taxes Assessed, and Tax Rate
9. Comparative Statement of Appropriations & Expenditures for last year
10. Statement of Estimated and Actual Revenues for last year
11. Balance Sheet - December 31 or June 30 (RSA 41:9, IV)
12. Financial Report of Recreation Revolving Fund (If applicable) (RSA 35-B:2)
13. Statement of Bonded Debt - Showing annual maturities
14. Schedule of Town Property (Including property taken by town through tax deeds)
15. Report of Town Auditors (RSA 41:31-d) or Independent Auditors Summary of Findings and Recommendations (RSA 21-J:21)
16. Selectmen's Report (RSA 41:13 and 14)
17. Town Clerk's Report (Including motor vehicle permits and dog licenses)
18. Tax Collector's Report (RSA 41:35); could include summaries of tax warrants and tax lien accounts
19. Treasurer's Report (RSA 41:29, III) Including Conservation Funds (RSA 36-A:2)
20. Summary and Detailed Statement of Receipts (By source of revenue)
21. Summary and Detailed Statement of Payments (By object of expense)
22. Report of Highway Agents (RSA 231:68)
23. Summary Report of Trustees of Trust Funds (RSA 31:33)
24. Report of Library Trustees (RSA 202-A:12)
25. Report of Health Insurance Trust (RSA 31:19-a, V)
26. Report of Conservation Commission - Statement of receipts, expenditures and status of conservation fund
27. Report of Village Districts (See RSA 32:5, VII)
28. Report of School Districts (See RSA 32:5, VII)
29. Vital Statistics
30. Report of Public Works Commissioners, If any (RSA 38-c)
31. Report of Electric, Gas, or Water System (RSA 38:21)

SUGGESTED OUTLINE FOR PRINTED VILLAGE DISTRICT REPORTS

Unless otherwise noted, this guideline is not to be regarded as a rule promulgated through the Administrative Procedures Act. It is designed to assist local officials in the preparation of the annual report.

1. Index
2. List of Village District Officers
3. Copy of this year's Village District Warrant
4. This year's Village District Proposed Budget (RSA 32:5, VII)
5. Minutes of last year's Annual and Special Village District Meeting(s)
6. Last year's Statement of Appropriations, Taxes Assessed, Tax Rate
7. Comparative Statement of Appropriations and Expenditures for last year
8. Statement of Estimated and Actual Revenues for last year
9. Balance Sheet - December 31 or June 30 (RSA 52:3-a, I-a)
10. Statement of Bonded Debt - Showing annual maturities
11. Schedule of Village District Property
12. Report of Locally Elected Auditor(s) (RSA 41:31-d) or Independent Auditors Summary of Findings and Recommendations (RSA 21-J:21)
13. Treasurer's Report
14. Summary and Detailed Statement of Receipts (By revenue source)
15. Summary and Detailed Statement of Payments (By object of expenditure)