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VILLAGE DISTRICTS

Frequently Asked Questions

The Municipal and Property Division of the Department of Revenue Administration (DRA) is available to assist village district officials with warrant article creation, budget form completion, and general questions relative to finance and taxation. Each municipality within the state, including village districts, has an assigned municipal advisor that can be found under the Municipal section at www.revenue.nh.gov. Your advisor can be reached at the above number during normal business days between the hours of 8:00 am-4:30 pm.

The following information pertains mainly to village districts and is not to be considered all inclusive. For further information pertaining to municipal budget law, warrant article construction, timelines for posting and holding hearings, and other technical assistance, we suggest that you go the Municipal section at the above website or call your assigned advisor. We suggest you review your warrant for the annual district meeting with your advisor prior to posting and that if you are contemplating establishing or dissolving a village district that you call for assistance.

What is a village district?

Village districts or precincts constitute a specialized form of municipal government. They are a limited purpose governmental unit having the same authority and power of towns with respect to the purposes for which the district is formed.

Which RSA authorizes village districts?

The specific section of law that authorizes village districts is RSA 52; however, a few village districts had been given their authority by the legislature prior to the passage of RSA 52.

For what purposes can a village district be established?

There are 14 distinct purposes for which a village district may be established. Per RSA 52:1, those purposes are:

- Extinguishment of fires;
- Lighting or sprinkling of streets;
- Planting and care of shade and ornamental trees;
- Supply of water for domestic and fire purposes that may include the protection of sources of supply;
- Construction and maintenance of sidewalks and main drains or common sewers;
- Construction, operation and maintenance of sewage and waste treatment plants;
- Construction, maintenance and care of parks or commons;
- Maintenance of activities for recreational promotion;
- Construction or purchase and maintenance of a municipal lighting plant;
- Control of pollen, insects and pests;
- Impoundment of water (dams);
- Appointing and employment of watchmen and police officers;
- Layout, acceptance, construction and maintenance of roads; and
- Maintenance of ambulance services.

How is a village district established?

Per RSA 52:1, ten (10) or more legal voters domiciled in the proposed district situated in one or more towns may petition the selectmen of the town or towns; who must then fix, by suitable boundaries, a district for any of the purposes stated above. Per RSA 52:2 the selectmen hold a meeting with the proposed district's voters to see if they will vote to establish the district, give it a name and choose the necessary officers until the first annual meeting of the district.

How do they raise money?

Per RSA 52:3, III, village districts hold annual meetings to appropriate budgets for their established purposes and may vote to raise money by taxes. If the district supports itself through user fees or other revenues, budget and valuation documents must still be submitted to DRA to establish a tax rate, even if that rate is \$0.

Who is the governing body?

Per RSA 52:3-a, I, the governing body is the board of commissioners. These elected commissioners have the same powers as selectmen in respect to the purposes for which the district was created and are the "general managers" of the district's affairs.

What is a contingency fund?

Per RSA 52:4-a, every village district may establish a contingency fund annually by inserting an article in their warrant. The contingency fund is to meet the cost of unanticipated expenses that may arise during the year. The district cannot exceed one percent of the amount appropriated (exclusive of capital expenditures and amortization of debt) during the preceding year.

Can a village district's boundaries be changed? By whom?

Yes, boundaries may be changed. Per RSA 52:5, in general, upon the receipt of a petition, the selectmen shall notice a hearing to change the boundaries, after which they may change the boundaries. Village districts for impoundment or distribution of water must have the boundary change ratified by vote at the annual meeting.

What happens if the district is in more than one town?

Village districts can cross town lines therefore encompassing part of two or more towns. It is the town's responsibility to assess the valuations of village district properties that lie wholly within the town for taxing purposes. The taxes for this type of village district will be apportioned to the towns by DRA. The apportionment is based on the equalized valuation of each town's properties within the district.

How can a village district change its purpose (or purposes)?

Village districts can add or delete any of the purposes, found in RSA 52:1, by vote of the district per RSA 52:6.

When is the annual meeting held?

Per RSA 52:12, the annual meeting for a village district must be held between January 1 and May 1. A village district created for the impoundment of water may hold its annual meeting at another time of year if so voted at the previous meeting.

Who assesses the tax if the village district is not self-supporting?

Per RSA 52:16, the selectmen of each town shall assess the tax on that part of the district lying within their own town and commit it to the collector of taxes from their own town.

When does the village district receive the assessed tax?

Per RSA 52:16, II, in districts with an annual budget of less than \$200,000, the town treasurer is required to distribute the amount of taxes collected by December 31st to the district treasurer, unless otherwise agreed to in writing by the town and district treasurers. If the budget is more than \$200,000, the treasurer must pay the amount collected in any given month by the end of the following month, unless otherwise agreed in writing by the town and district treasurers.

Who is authorized to make abatements on a village district assessment?

Per RSA 52:17, only the board authorized to assess the taxes have the power to abate or correct village district taxes. This is usually the town's board of assessors.

Can a village district be dissolved?

Yes. Per RSA 52:21, the district may be dissolved at an annual meeting and with a 2/3 vote of the district's legal voters who are present and voting at the meeting.

Who needs to be notified of the formation of a village district?

Per RSA 52:24, the selectmen of a town in which a village district has been established, must notify the Secretary of State's Office (SOS) and supply them with the village district's name, purpose and boundaries. If the district makes any changes to either purpose or boundaries, the SOS office must be notified within a year. Financial documents, minutes, and warrants must also be submitted to DRA per RSA 21-J:34.

BUDGET, WARRANT ARTICLES AND ANNUAL MEETING QUESTIONS

Who are the voters in a village district?

Residents who are domiciled in the district and are registered voters.

Can a village district have a budget committee?

Village districts that are encompassed wholly within a town with a municipal budget committee fall under the statutory budgetary authority and responsibilities of that budget committee. If the village district is in two or more towns, the district has the option to adopt its own budget committee as authorized by RSA 32:14.

Is there required wording for the operating budget?

No, there is not required specific wording for the operating budget. However, we suggest the following:

Without Budget Committee

To see if the district will vote to raise and appropriate \$574,326 for the maintenance and general operation of the district. (Majority vote required).

With a Budget Committee

To see if the district will vote to raise and appropriate the budget committee's recommended budget amount of \$630,250 for the maintenance and general operation of the district. (Majority vote required)

*To aid voters in clearly understanding the amount they are voting on, we suggest you add a note similar to this: **NOTE: This operating budget warrant article does not include appropriations contained in any other warrant articles.***

Please refer to our Suggested Warrant Article publication, which can be found on the DRA website, for further information and examples.

What is the difference between a special and an individual warrant article?

Per RSA 32:3, VI, a **special warrant article** is defined as an article involving an appropriation that meets one of the following criteria:

- 1) The proposed appropriation article is submitted by petition;
- 2) The proposed appropriation is raised by bonds or notes;
- 3) Calls for an appropriation to a separate fund, such as a capital reserve or expendable trust fund; or,
- 4) The article is designated as “special”, “non-lapsing” or “non-transferable” in the warrant.

An **individual warrant article** is for appropriations of a one-time nature addressed independent of the operating budget. See our Suggested Warrant Article publication for further information and examples.

Can wording be changed in a petitioned warrant article?

Petitioned articles may be changed with minor textual changes to make the article clearer on the warrant and amounts can be amended up or down at the district meeting. Other amendments that do not introduce new subject matter may also be made.

What are capital reserve and expendable trust funds?

A capital reserve fund is defined in RSA 35:1. Basically it is a fund used to save for the future purchase of a major capital item or a specific type of capital item. An expendable trust fund, as defined in RSA 31:19-a, is to save for the maintenance and operation of the district.

Who has custody of capital reserve and expendable trust funds?

Per RSA 31:25, the trustees of trust funds of the town shall have the custody of all trust funds. RSA 31:31 covers funds that are given as a gift, legacy or devise but are still held by the town trustees. If the village district encompasses more than one town, the district selects which town’s trustees will hold the funds.

What forms need to be completed to establish a tax rate?

Required forms are: MS-636 or MS-737; posted warrant and signed minutes of the meeting; MS-232; MS-434; MS-535 and MS-123. In addition, the village district property valuation portion of the MS-1 Summary Inventory of Valuation must be completed and submitted by the town assessors.

When are the forms due to the Department of Revenue?

The posted warrant, signed minutes, MS-636 or MS-737, MS-123 and MS-232 must be submitted to DRA within 20 days after the annual meeting. The MS-434 is due September 1st and the MS-535 is due April 1st (September 1st if optional fiscal year district). The town submits the MS-1 form to DRA by September 1st.

Does a village district need to do an audit?

RSA 41:31-a through RSA 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-60A, Auditor Option and Schedule, is used by all municipalities to report to DRA which type of audit will be conducted and the schedule of completion.

Any municipality with a population of fewer than 750 may petition the commissioner on form MS-60W 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.

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: Form MS-636 or Form MS-737 for MBA (RSA 32:5, VII)
5. Summary 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 & 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): Form MS-60 (RSA 41:31-d)
or Report of 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)

TECHNICAL ASSISTANCE MATERIALS AND FORMS

<http://revenue.nh.gov/mun-prop/municipal/index.htm>

- Technical Assistance for Towns, Village Districts, & Budget Committees
- Suggested Warrant Articles for Municipalities and Village Districts
- When Forms are Due Worksheet-Village Districts
- Emergency Expenditure Procedures
- MS-123 Combined Report of Officers for Town, City and Village District
- MS-232 Report of Appropriations
- MS-434 Revised Estimated Revenues
- MS-535 Combined Financial Report for Town and Village
- MS-636 Village District Budget
- MS-737 Village District Budget with Budget Committee
- MS-60W Audit Waiver Request
- MS-60A Auditor Option and Schedule
- MS-60 Report of Locally Elected Auditor(s)
- REV 2000 Financial Accounting for Village Districts