

## Fundamentals of the Municipal Budget Process

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## No Means No RSA 32:10, I (e)

### ▶IF

- ▶ Budget line item reduced to zero or
- ▶ Separate warrant article with appropriation defeated reduced to zero.

### ▶THEN

- ▶ That “purpose” is deemed to be one where no appropriation is made.
- ▶ No money may be spent for that defeated purpose during the ensuing fiscal year.



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## Common Municipal Funds

- ▶ Reserve Funds
- ▶ Special Revenue Funds
- ▶ Revolving Funds
- ▶ Expendable Trust Fund
- ▶ (Private) Trust Funds

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## New Rules for Capital Reserve Funds and Lease Payments

- ▶ **RSA 35:15 amended by 2021 Chapter 105 (SB 87)**
- ▶ Allows a capital reserve fund to be used to make payments under a lease/purchase agreement, regardless of whether the agreement contains an “escape” or “non-appropriation” clause.
- ▶ This is a significant change from previously, where payments could be made from the fund only after super-majority approval by town meeting and no escape clause existed.
- ▶ **Effective Date: August 30, 2021.**

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## Reserve Funds

- ▶ Savings Account
- ▶ Expendable Trust Fund, RSA 31:19-a
- ▶ Capital Reserve Fund, RSA Ch. 35
- ▶ Non-Capital Reserve Funds, RSA 35:1-c

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## Expendable Trust Fund RSA 31:19-a

- ▶ RSA 31:19-a authorizes towns to create trust funds for any valid public purpose
- ▶ Agents can be appointed to expend trust funds
- ▶ Expendable trust funds subject to same provisions concerning custody, investment, expenditure, change of purpose, and audit as are capital reserve funds
- ▶ Expendable trust funds can be permitted to accept privately donated gifts and legacies provided there is no commingling of private money with public money

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## Capital Reserve Funds: RSA chapter 35

Creation: Majority  
vote

Discontinuance:  
Majority vote

Changing  
purpose: 2/3 vote

Agents to expend:  
Majority, can't be  
added from floor

Transferring  
funds: NO!

Additional  
payments into by  
separate warrant  
article

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## Special Revenue Funds

- ▶ RSA 31:95-c
- ▶ Hearing prior to town meeting
- ▶ No agents
- ▶ Changes, 2/3 vote



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## Revolving Funds RSA 31:95-h

Particular  
Purposes

Agents to  
expend

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## Revolving Funds Purposes

- ▶ Facilitating, maintaining, or encouraging recycling as defined in RSA 149-M:4;
- ▶ Providing ambulance services, or fire services, or both;
- ▶ Providing public safety services by municipal employees or volunteers outside of the ordinary detail of such persons, including but not limited to public safety services in connection with special events, highway construction, and other construction projects, or for any other public safety purpose deemed appropriate by the municipality;
- ▶ Creating affordable housing and facilitating transactions relative thereto;
- ▶ Providing cable access for public, educational, or governmental use;
- ▶ Financing of energy conservation and efficiency and clean energy improvements by participating property owners in an energy efficiency and clean energy district established pursuant to RSA 53-F; or
- ▶ Facilitating transactions relative to municipal group net metering.
- ▶ Recreation Revolving Fund – RSA 35-B:2, II
- ▶ NO OTHER REVOLVING FUND PURPOSES PERMITTED

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## Trust Funds RSA 31:19

Town meeting may authorize the select board, or town council, to accept gifts and donations without further action by the town.

Depending on the terms of the trust, the select board as agents of the town may expend the trust fund “to carry out the objects designated by such trusts.”

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## Contingency Fund RSA 31:98-a

- ▶ Useful for recoveries from extreme weather events -
  - ▶ *New Hampshire's climate is now characterized by periods of drought punctuated by extreme precipitation events, resulting in an average increase in precipitation of around 5" since 1895.*
  - ▶ *There are now an estimated 50% more extreme precipitation events than 1996.*
  - ▶ *These precipitation events have extraordinary impacts on road infrastructure throughout the state.*
- ▶ Better option than RSA 32:11 (Emergency Expenditures) or RSA 31:5 (Special Meetings).

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- ▶ Acceptance of Personal Property Donation – RSA 31:95-e
- ▶ Acceptance of Unanticipated Revenue – RSA 31:95-b
- ▶ Authorization of Tax Anticipation Borrowing – RSA 33:7
- ▶ Authorization of Select Board to set and establish fees – RSA 41:9-a

<https://www.revenue.nh.gov/mun-prop/municipal/documents/suggested-warrant-articles.docx>

## Suggested Warrant Articles

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## Default Budget Procedure

- ▶ Disclosed and presented for questions and discussion at first budget hearing
- ▶ Line item changes must be available at budget hearing:
  - ▶ Appropriations in last year's budget
  - ▶ Reductions and increases, including identification of specific items that constitute a change by account code and the reason for change
  - ▶ One-time expenditures
  - ▶ Reductions for eliminated positions
- ▶ Discussion and debate of default budget at deliberative session (not amended)

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## *Capital Improvement Plan* *RSA 674:5 - 8*



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## CIP Basics

A CIP “shall” do the following:

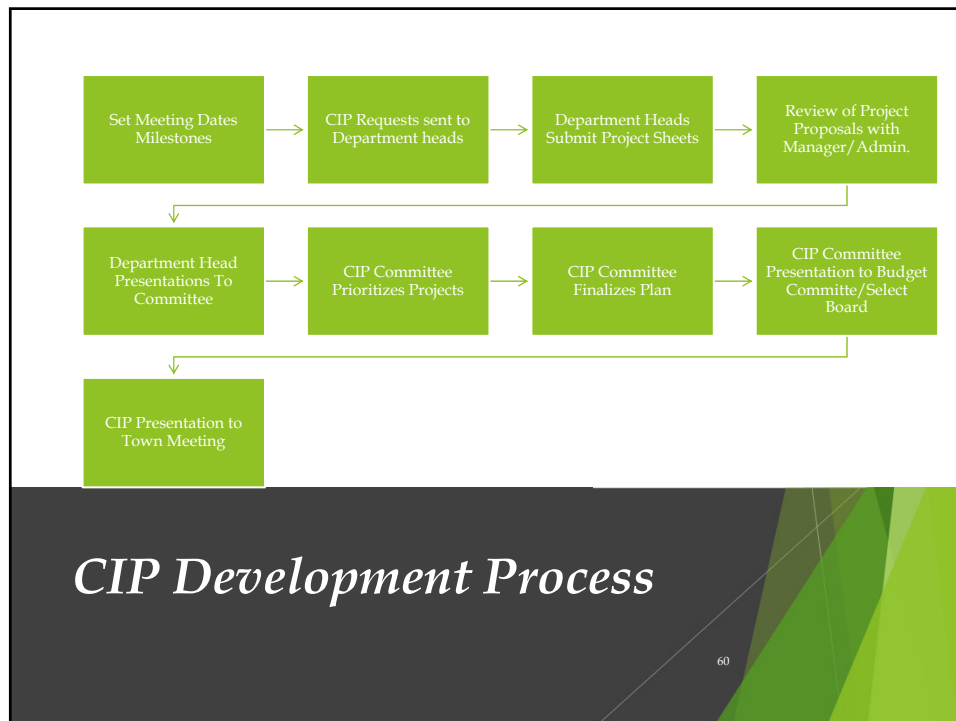
- ▶ Address capital improvement projects over a period of at least six years.
- ▶ Classify projects according to the urgency and need for implementation.
- ▶ Include a timetable for implementation of projects.
- ▶ Take into account public facility needs shown in the master plan.

A CIP “may” include the following:

- ▶ The estimated cost of each project.
- ▶ The probable operation and maintenance costs
- ▶ The probable revenues (if any) from each project

CIP preparation by planning board or CIP Committee

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