



The Budget Preparation Process and Pitfalls to Avoid

2023 BUDGET & FINANCE WORKSHOP

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Timeline

DRA & NHMA *BOTH* Produce Calendars to Assist Municipalities



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TRADITIONAL ANNUAL MEETING (MARCH) TIMELINE

Meeting Date: Tuesday, March 12, 2024

Date*	Action	RSA §	Parameters*
Friday, January 5	First deadline to post notice of bond hearing	33:8-a, I	"...at least 7 days before it is held."
Friday, January 12	First day to hold public hearing for bond issue over \$100,000	33:8-a, I	"...at least 15 days, but not more than 60 days prior to the meeting..."
Wednesday, January 31	Last day for town manager to submit budget to selectpersons	37:6 V	"...on or before the thirty-first day of January..."
Sunday, February 4	First deadline to post notice of special revenue fund hearing	31:95-d, I(b)	"...at least 7 days before..."
Tuesday, February 6	Last day for negotiated cost items to be finalized <i>(See RSA § 31:5 – Special Meetings for items not finalized by this deadline)</i>	39:3, 32:5-a, 32:19-a	"...not later than the fifth Tuesday before..."
Tuesday, February 6	Last day for petitioned warrant articles	39:3	"...not later than the fifth Tuesday before..."
Friday, February 9	Last day to post notice of Feb. 16 th budget hearing	32:5, I	"...at least 7 days in advance..."
Sunday, February 11	First day to hold public hearing on question of establishing a special revenue fund	31:95-d, I(b)	"...at least 15 days but not more than 30 days before..."
Friday, February 16	Last day to hold at least one budget hearing <i>(Additional hearings may be held, earlier or later, with notice at least seven days in advance.)</i>	32:5, I and V, (d)	"...at least one public hearing on each budget, not later than 25 days before..."

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General Hints

- Disclose gross appropriation
- Disclose ALL revenue sources
- Consider order of warrant articles
- Consider statutory wording and vote requirements
- Use DRA's "Suggested Warrant Articles" where provided.

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Avoid Mistakes: Use DRA's Suggested Warrant Articles

Operating Budget	Operating Budget-Town	To see if the town will vote to raise and appropriate the sum of \${AMOUNT} for general municipal operations. This article does not include appropriations contained in special or individual articles addressed separately. (Majority vote required)
Operating Budget	Operating Budget-Town-SB2	Shall the {LOCAL POLITICAL SUBDIVISION} raise and appropriate as an operating budget, not including appropriations by special warrant articles and other appropriations voted separately, the amounts set forth on the budget posted with the warrant or as amended by vote of the first session, for the purposes set forth therein, totaling \${AMOUNT}? Should this article be defeated, the default budget shall be \${AMOUNT}, which is the same as last year, with certain adjustments required by previous action of the {LOCAL POLITICAL SUBDIVISION} or by law; or the governing body may hold one special meeting, in accordance with RSA 40:13, X and XVI, to take up the issue of a revised operating budget only.

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DO's & DON'Ts

✓ DO's

- ✓ Follow RSA 32
- ✓ Gross appropriate
- ✓ Appropriate to/from CRF/ETF/SRF in special article
- ✓ Submit articles for "pre-review"
- ✓ Use DRA forms
- ✓ Submit documents to DRA timely

DON'Ts

- ▶ Don't include CRF/ETF/SRF in operating budget
- ▶ Don't use SWEEP article

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Common Problems to Avoid

-  Change of Purpose
-  Improper Use of CRF
-  Agents of CRF Not Warned
-  Made “Non-Lapsing” From Floor
-  Not Warned
-  Did Not Gross Appropriate
-  No Recommendations on Special Warrant Articles
-  No “Sum Certain”

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What Do We Do if a Mistake Was Made?

- Make proper amendments to fix “bad” articles at the meeting.
- Don’t allow certain amendments that turn “good” articles into “bad” articles.
- If DRA discovers it before you do, carefully read the “Suggestion” section of the disallow letter.
- Procedural defect meeting, if applicable (RSA 31:5-b), to correct “...minor procedural irregularities such as failure to comply with statutory requirements regarding time or place of notice, vote, hearing, or wording.....”.
- Wait until next year.
- Start reducing spending if a disallowance was made.
- Hold a special meeting.
 - Appropriation needed? – Petition Superior Court (RSA 31:5)
 - No Appropriation (such as appointing agents) – Court approval not needed.

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Warrant Article Example 1

- To see if the town will vote to raise and appropriate the sum of \$24,470 for the replacement of the current wooden play structure with a new structure. This sum represents the difference between the playground structure's total cost of \$35,000 and the amount raised from fundraising of \$10,530 as of January 31. This will be a non-lapsing appropriation per RSA 32:7 and will not lapse until the playground structure is purchased and installed or by June 30." Petitioned article. Selectmen recommend.

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Warrant Article Example 2

Original:

- To see if the Town of Somewhere is in favor of the creation of the position of Town Administrator, to assist the Board of Select board in overseeing the general operation and duties of our town government.
- The position to be funded in next year's town budget.

Amendment:

- The position to start this year and the salary for the position will be \$45,000 including benefits.

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Warrant Article Example 3

- Original:
 - To see if the town will vote to raise and appropriate \$4,000 for new lighting in the meeting room.
- Amendment:
 - This will be a non-lapsing appropriation per RSA 32:7 and will not lapse until the lighting is purchased and installed or by 12/31/21, whichever is sooner.

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Warrant Article Example 4

- To see if the town will vote to establish an Emergency Energy Expendable Trust Fund to provide fuel for electricity generation, heating, cooling and for vehicles and equipment in an emergency, and to appropriate the sum of Three Thousand Dollars (\$3,000) from fund balance, and to place said amount in the newly established Emergency Energy Expendable Trust Fund as outlined. Further, to name the Selectboard as agents to expend and to allow funds from the Emergency Management budget to lapse to this fund at year-end unless otherwise allocated by the Selectboard. The Selectboard recommends this article. (Majority vote required). This article has no tax impact.

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Warrant Article Example 5

Original:

- To see if the town will vote to raise and appropriate \$34,000 to purchase and equip a new police cruiser.

Amendment:

- "...such sum to come from unassigned fund balance."

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Warrant Article Example 6



To see if the town will vote to raise and appropriate \$115,000 for the renovation of the town hall.



Such sum to be offset by \$10,000 from the leftover balance of the Fire Station CRF (the fire station was completed last year).



Furthermore to authorize the board of selectmen to look into financing for some or all of the balance, or to take any other action relative thereto.

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Warrant Article Example 7

To see if the Town of Anytown will vote to raise and appropriate \$75,000 to purchase a new bus for the school district high school.

Petitioned article.

Select Board recommend.

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Warrant Article Example 8

- To see if the town will vote to create a new park, with supervision, on land owned by Reid's Job Training Center for use by the local children and pets while parents are in class.
- The center's owner does not allow children or animals and they currently have no place to go while adults are in attendance.
- It is anticipated that the Training Center will provide \$10,000 worth of work as part of a training program and it is hoped that \$5,000 in donations will be received to be combined with donations received last year; any remaining costs to come from town surplus.
- Petitioned article.
- Select board do not recommend.

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Obsolete Capital Reserve Funds / Expendable Trust Funds

- Change of Purpose requires a 2/3 vote per RSA 35:16
- Renaming of agents is required when purpose is changed

- Many municipalities choose to Discontinue CRF/ETF by warrant article instead of changing purpose
- Money is transferred to unassigned fund balance

**Be careful about "reassigning" that money via a second warrant article in the same year as that money doesn't clear until end-of-year, so "reassigned" money is actually from unassigned fund balance. Could be a cash-flow issue.*

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Warrant Article Example 9



To see if the town will vote to raise and appropriate \$75,000 to be deposited in the existing Dump Truck CRF and to also deposit the proceeds from the disposal of the old truck into the CRF.



Board of Selectmen recommend.

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Warrant Article Example 10



To see if the town will vote to raise and appropriate \$30,000 for architectural design for a new highway garage.



\$10,000 to come from a grant; \$5,000 from the sale of highway department equipment; \$3,000 to come from the Town Buildings CRF; and \$10,000 from surplus.



No amount to be raised by taxation.

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Warrant Article Example 11

Original: To see if the town will vote to create a CRF for Land Purchase, Design, and Construction of Fortier Park and to raise and appropriate \$30,000 for this fund.

The budget committee and selectmen recommend this appropriation.

Amendment: And further, to appoint the select board as agents to expend.

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Warrant Article Example 12

Original:

- To see if the town will vote to raise and appropriate \$15,000 to buy a generator for the fire department.
- Board of selectmen recommend this appropriation.

Amendment:

- To see if the town will vote to raise and appropriate \$15,000 to buy an ATV for the fire department.

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Warrant Article Example 13

Warrant Article #2 - To see if the District will vote to raise and appropriate the amount of \$517,700.00 for the operation of the District for 2022 with said sum to come from fees and charges and not from taxation, as recommended by the commissioners.

Warrant Article #5- To see if the District will vote to raise and appropriate an amount of \$6,500,000.00 to construct a new water filtration plant and 3rd well. This project would be funded by an America Rescue Plan Act Grant of \$1,950,000.00 and a loan from the Drinking Water State Revolving Loan Program through the State of New Hampshire, Department of Environmental Services in the amount of \$4,550,000.00. Recommended by the Commissioners. (3/5 Ballot Vote Required)

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Warrant Article Example 14

Original: To see if the Town shall vote to raise and appropriate the sum of Twenty-five Thousand (\$25,000) Dollars to be added to the Recreation Facilities Capital Reserve Fund previously established. (Recommended by the Selectmen 3 in favor, 0 opposed) (Recommended by the Budget Advisory Committee 6 in favor, 0 opposed)

Amendment (deliberative session): and furthermore, to appoint the Selectman as agents to expend.

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Original:

To see if the Town will vote to discontinue the Highway Construction Capital Reserve Fund created in 1958. Said funds, with accumulated interest to date of withdrawal, are to be transferred to the existing Bridge and Highway Construction Capital Reserve Fund. (Majority Vote required)

Violates RSA 35:16-a

35:16-a Discontinuing Fund. – Any town, school district, village district or county which has established a capital reserve fund pursuant to the provisions of this chapter may, as provided by RSA 35:3, vote to discontinue such capital reserve fund. If such fund is discontinued, the trustees of the trust fund holding the account for said fund shall pay all the monies in such fund to the town, district or county treasury as applicable.

Warrant Article Example 15

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Thank you

QUESTIONS?