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MUNICIPAL AND PROPERTY
DIVISION
James P. Gerry
Director

Samuel T. Greene
Assistant Director

April 17, 2020

Town of North Hampton
Board of Selectmen
233 Atlantic Avenue
North Hampton, NH 03862

Dear Governing Body:

The Municipal and Property Division is required by RSA 21-J:35 to review all appropriations and revenues to determine whether these appropriations have been voted according to the applicable statutes. The following issue was discovered.

Issue: The total appropriations recommended by the budget committee is \$11,140,029. The maximum allowable increase to the budget committee's recommended budget is \$861,667, as correctly shown on page 12 of the MS737. Therefore, the maximum allowable appropriations are \$12,001,696. The minutes from the March 10, 2020 meeting approved voted appropriations of \$12,306,922, which exceeds the maximum allowed by \$305,226.

The applicable statute is RSA 32:18, as follows:

32:18 Limitation of Appropriations. –

In any municipality electing this subdivision, or any district wholly within a town electing this subdivision, the total amount appropriated at any annual meeting shall not exceed by more than 10 percent the total amount recommended by the budget committee for such meeting. In official ballot referendum municipalities, the recommendation of the budget committee made for the first session of the meeting shall be used for determining the 10 percent limitation. These totals shall include appropriations contained in special warrant articles. Money may be raised and appropriated for purposes included in the budget or in the warrant and not recommended by the budget committee, but not to an amount which would increase the total appropriations by more than the 10 percent allowed under this paragraph. The 10 percent increase allowable under this paragraph shall be computed on the total amount recommended by the budget committee less that part of any appropriation item which constitutes fixed charges. Fixed charges shall include appropriations for:

- I. Bonds, and all interest and principal payments thereon.*
- II. Notes, except tax anticipation notes, and all interest and principal payments thereon.*
- III. Mandatory assessments imposed on towns by the county, state or federal governments.*

In the event voted appropriations exceed the maximum allowable amount, disallowances are made. Generally, the disallowance(s) are made based on the order in which they were voted, which is last voted, first disallowed. However, based on your April 3, 2020 letter requesting that a portion of Article 9 (which as amended created the 10% issue) be disallowed. Director Gerry has granted this request, and the disallowance has been made as follows;

As amended, Article 9 raised and appropriated \$3,900,000 for the purpose of design and construction of a new Library. Within this article there are four offsetting revenue amounts. Please note the below adjustments:

- Appropriation of \$3,900,000 has been reduced to \$3,594,774.

Offsetting revenue amounts have been adjusted as follows:

- Bond Amount will remain unchanged for a total of \$2,275,000
- Unassigned fund balance amount of \$545,000 will be remain unchanged
- Donations to be received in the amount of \$300,000 will remain unchanged.
- Authority to withdraw \$780,000 from the Library Capital Reserve Building fund has been amended by \$305,226 to \$474,774.

Library Trustees are named agents to expend on the capital reserve fund and as such under RSA 35:15 are able to access the any remaining funds if available for the purpose of the fund.

35:15 Expenditures. –

I. Persons holding said capital reserve funds in trust, as provided in this chapter, shall hold the same until such time as the town, district or county shall have voted to withdraw funds from such capital reserve fund or shall have named agents of the town, district or county to carry out the objects designated by the town, district or county, in the manner prescribed by RSA 35:3.

You may contact me at 230-5093 if you have any questions or concerns.

Sincerely,



Penny S. Touchette
Municipal Accounts Advisor