

RESERVE FUND BALANCE POLICY

Town of Sharon

PURPOSE: The selectboard of the Town of Sharon believes that sound financial management requires that sufficient funds be maintained by the Town for unanticipated expenditures and revenue shortfalls during the course of the fiscal year as may be caused by economic downturns, natural disasters, and other unforeseen circumstances. Maintaining such funds will help sustain the stability of the Town tax rate and reduce the need for short-term borrowing.

OBJECTIVE: Upon recommendation of the selectboard, voters of the Town authorized establishment of a reserve fund in accordance with 24 V.S.A. paragraph 2804(a). The selectboard's objective is for adequate funds to be set aside in this reserve fund in a planned and consistent manner and that these moneys not be spent for regular Town expenditures or used to reduce property taxes.

RESERVE FUND EXPENDITURES: The reserve fund was established by the voters for the purpose of covering unanticipated revenue shortfalls and paying non-recurring and unanticipated general and highway fund expenditures of the Town. To this end, the selectboard will only use the reserve fund to alleviate unanticipated short-term budgetary issues such as revenue shortfalls or unforeseen expenses. Any expenditure of the reserve fund by the selectboard for such purposes shall require approval of a majority of selectboard members after due notice and a public hearing. In accordance with 2 V.S.A. paragraph 2804 (a), expenditure of the reserve fund for any other purpose shall require the authorization of a majority of the voters present at an annual or special town meeting.

RESERVE FUND APPROPRIATIONS: Annually, the selectboard will propose funding of the contingency reserve fund through the town budget to maintain the balance at the maximum amount authorized by the voters. If an expenditure reduces the contingency reserve fund balance below 75% of the maximum amount authorized by the voters, the selectboard will, as part of its approval, adopt a plan to restore the funds to the prescribed level.

The foregoing Policy is hereby adopted by the selectboard of the Town of Sharon, Vermont, this 19th day of March, 2012 and is effective as of this date until amended or repealed.