

**RESERVE FUND BALANCE POLICY**  
**Town of Shaftsbury**

**PURPOSE:** The Selectboard of the Town of Shaftsbury believes that sound financial management requires 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, emergencies, unforeseen circumstances, and expenses incurred prior to the collection of taxes. Maintaining such funds will help maintain the stability of the Town tax rate and reduce the need for short-term borrowing.

**OBJECTIVE:** Upon recommendation of the Selectboard, on March 2, 2010, voters of the Town authorized the Selectboard to establish a reserve fund in accordance with 24 V.S.A. Sec. 2804(a). The Selectboard's objective is to maintain adequate funds in the reserve fund in a planned and consistent manner.

**RESERVE FUND EXPENDITURES:** The reserve fund was established by the voters for the purpose of covering unanticipated revenue shortfalls, paying non-recurring and unanticipated expenses, and to minimize short-term borrowing by paying general and highway fund expenditures of the Town in anticipation of the collection of taxes. To this end, the Selectboard will utilize the reserve fund to alleviate unanticipated short-term budgetary issues such as revenue shortfalls and unforeseen expenses. Any expenditure of the reserve fund by the Selectboard for such purposes shall require approval of a majority of the Selectboard members after due notice and a public hearing. In accordance with 24 V.S.A. Sec. 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 may propose funding of the Fund Balance Reserve Fund through the town budget to increase the fund, but not to exceed the maximum amount authorized by the voters. On March 5, 2013 the voters agreed the amount in the fund should "not exceed 15% of the general and highway fund budget".

The foregoing Policy is hereby adopted by the Selectboard of the Town of Shaftsbury, Vermont, this \_\_\_\_\_ day of \_\_\_\_\_, 2013, and is effective as of this date until amended or repealed.

**SHAFTSBURY SELECTBOARD**

\_\_\_\_\_  
Chairperson

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Vice Chair