

Town Article 15 – Establish Contingency Fund

This article will establish a contingency fund in the amount of \$101,182 as allowed by State law (1) from the fund balance (2) which will be used for unexpected expenses. Any appropriated money left over after paying for an unexpected event will be returned to the general fund at the end of the year. If contingency funds are not needed at all, the money stays in the Unassigned Fund Balance. The Board of Selectmen will be required to prepare a detailed report of expenditures. There is no new tax impact.

A YES vote would create a contingency fund and set aside \$101,182.00 for unanticipated, catastrophic events.

A NO vote would not create a contingency fund.

Reasons why some voters might vote yes:

- To arrange contingency funds for an unexpected event without additional tax impact.
- To use part of the Unassigned Fund Balance for a contingency fund.

Reasons why some voters might vote no:

- Uncertainty about what a contingency fund might be used for.
- Prefer that contingency monies come from another source such as the Operating Budget, Unassigned Fund Balance or disaster relief.

References:

1. RSA 31:98-a Contingency Fund. "Such fund shall not exceed one per cent of the amount appropriated by the town for town purposes during the preceding year excluding capital expenditures and the amortization of debt."
2. "A fund balance is intended to serve as a measure of the financial resources available in a governmental fund.... The adequacy of unrestricted fund balance in the general fund should take into account each government's own unique circumstances..." (e.g. risks of natural disasters, use of state aid or federal grants subject to cuts). "Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. New Hampshire Town and City, March/April 2017; By Government Finance Officers Association (GFOA) <https://www.nhmunicipal.org/town-city-article/best-practice-appropriate-level-unrestricted-fund-balance-general-fund>