

School Warrant Article 10 – Up to 5% Retention of Funds

This article will increase the amount of funds allowed to be retained as a Contingency Fund by the School District from 2.5% to up to 5% of its net assessed value. (1) The State legislature increased the allowable percentage in September 2020. (2) A public hearing is required prior to expenditure and year-end financial reports to the Department of Education and Department of Revenue Administration are required. Over the years, the School District has accumulated the current maximum of 2.5% by choosing to set aside some unused funds at the end of each fiscal year. (3) For this school year, funds have been retained per the 2.5%, primarily on savings from “unfilled jobs.” (4) With that, and savings from previous years, the balance in that fund is \$448,143. These funds are intended to serve as a contingency fund for unexpected situations. There is no new tax impact.

A YES vote will increase the amount of unexpended funds allowed to be saved cumulatively by the School District from 2.5% to up to 5% of the District’s net assessment, and allow expenditure after a public hearing.

A NO vote will maintain the current allowable 2.5% retention of School District funds.

Reasons why some voters might vote yes:

- To save money in a contingency fund for an emergency situation.
- To increase the amount of potential savings to the new, allowable amounts.

Reasons why some voters might vote no:

- Prefer the budget surplus be used for other or more specific purposes.
- Prefer that the funds be used to reduce the tax rate next year.

References:

1. RSA 198:5 Assessment. – The selectmen of the town, in their next annual assessment, shall assess upon the taxable property of the district a sum sufficient to meet the obligations above enumerated, with such alterations thereof as may be voted by the district, and shall pay the same over to the district treasurer as the school board shall require for the maintenance of schools.
2. RSA 198:4-b Contingency Fund. – II. Notwithstanding any other provision of law, a school district by a vote of the legislative body may authorize, indefinitely until specific rescission, the school district to retain any unused portion of the year-end unassigned general funds, from the preceding fiscal year in subsequent fiscal years, provided that the total amount of year-end unassigned general funds does not exceed, in any fiscal year, 5 percent of the current fiscal year's net assessment under RSA 198:5.
3. Superintendent Dr. Tina McCoy, in an email 1/22/21.
4. School Board Chairman Joe Saulnier speaking at the Budget Committee meeting, 1/7/21.