

## **Town Article 22 – Establish Contingency Fund**

This article will establish a contingency fund in the amount of \$79,117 as allowed by State law (1) from the fund balance which will be used for unexpected expenses. Any appropriated money remaining 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 amount requested in this Warrant Article is less than requested last year due to the calculations done on a smaller budget. (2) The Board of Selectmen will be required to prepare a detailed report of expenditures. A majority vote is required for passage. There is no new tax impact.

**A YES vote** would create a contingency fund and set aside \$79,117 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 unexpected expenses.

### **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 or disaster relief.

### **References:**

1. RSA 31:98-a Contingency Fund. “Such fund shall not exceed one percent of the amount appropriated by the town for town purposes during the preceding year excluding capital expenditures and the amortization of debt.”
2. This amount will change every year and will continue to decrease as the funding focus changes to Capital Investment, which is not included in the 1% calculation. In both years since the Town implemented the Contingency Fund, it has not needed to access these funds. -Town Manager Joe Ilsley, in an email, 1/4/21.