

**Town of Coventry  
168 Main Street  
Coventry, VT 05825  
Tel: (802) 754 2288**

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## **RESERVE FUND BALANCE POLICY**

Town of Coventry, Vermont.

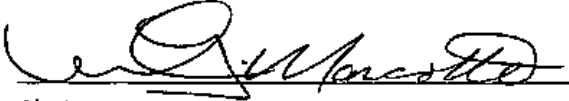
**PURPOSE.** The Select Board of the Town of Coventry believes that sound financial management requires that sufficient funds be maintained by the Town for unanticipated expenditures and revenue shortfalls during the course of the fiscal year as may be caused by economic downturns, natural disasters, 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 Select Board, on March \_\_, 20\_\_, voters of the Town authorized establishment of a reserve fund in accordance with 24 V.S.A. § 2804(a). The Select Board'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 Select Board 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 Select Board for such purposes shall require approval of a majority of Select Board members after due notice and a public hearing. In accordance with 24 V.S.A. § 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.

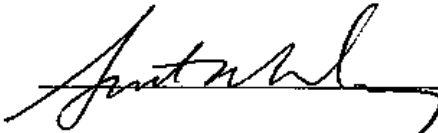
**RESERVE FUND APPROPRIATIONS.** Annually, the Select Board will propose funding of the contingency reserve fund through the town budget to maintain the balance at the maximum amount authorized by the voters. If an expenditure reduces the contingency reserve fund balance below 75% of the maximum amount authorized by the voters, the Select Board 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 Select Board of the Town of Coventry, Vermont, this 29 day of December, 2016 and is effective as of this date until amended or repealed.



Chairperson





Refused to Sign 

Treasurer



Select Board Clerk