

Reserve fund transfers

The transfers to Town budget accounts authorized by the Finance Committee during FY06 are shown in the accompanying table. Most of the transfers were for building account utility costs. At the beginning of the 2005-06 winter, natural gas and heating fuel prices jumped up sharply. The fiscal 2007 budget for the year starting July 1, 2006 made allowance for higher energy prices, but several of the building account budgets were short of funds last year.

The Reserve Fund is an appropriated contingency account. It is part of the Town Government budget (item 39 of Article 10, proposed at \$225,000) and is counted within the Finance Committee's budget guideline for Town Government operations (Article 10, items 1-42).

It is allocated during the budget year by vote of the Finance Committee pursuant to the request of the Town Manager. Legally, its use is restricted to "extraordinary or unforeseen expenditures."

The Town budget is adopted as a series of separate appropriations (Article 10, items 1-47). Funds cannot be transferred from one appropriation account to another except by Town Meeting action. Only the Reserve Fund appropriation may be used during the fiscal year to supplement other appropriation accounts. This process works differently for the Concord Public Schools budget (Article 11). State law gives the School Committee the bottom line power to authorize transfers within the appropriation

total voted by Town Meeting.

At the end of each fiscal year, funds in appropriation accounts that are not spent are returned to the General Fund balance.

The FY08 Reserve Fund appropriation recommendation, \$225,000, is less than one percent of the total Article 10 recommendation. State law allows the Reserve Fund appropriation to be as much as 5% of the previous tax levy; this would permit a Reserve Fund appropriation of \$2.8 million. The Concord Finance Committee has not felt that such a large contingency account would be consistent with the objective of fostering tight expenditure control by Town and school administrations.

Reserve Fund Uses, FY2006

Town Account	Amount	Purpose
Veteran's Services & Benefits	\$7,200	benefits payable to a veteran
Police/Fire Station (Walden St.)	9,000	utility costs—electric, natural gas
133/135 Keyes Road Building	8,800	utility costs—electric, natural gas
Harvey Wheeler Building	10,000	utility costs—natural gas
Library	15,500	utility costs—electricity
West Concord Fire Station	785	utility costs—natural gas
TOTAL	\$51,285	