

## **Reserve Fund Account**

The Reserve Fund Account is an appropriated contingency account. It is part of the Town Government budget and is counted within the Finance Committee's budget guideline for Town Government operations. It is allocated during the budget year by vote of the Finance Committee pursuant to the request of the Town Manager. By state law, its use is restricted to "extraordinary or unforeseen expenditures."

The Town budget is adopted as a series of separate appropriations. Funds are not 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, except that in the final three months of the budget year any appropriation balance may be transferred by joint approval of the Finance Committee and the Select Board. This latter provision was added by state law in 2003 as a safety valve for communities that exhaust their Reserve Fund account. Concord has never used this provision of state law.

The budget contingency process works differently from the Concord Public Schools budget. State law gives the School Committee the "bottom line" power to authorize transfers within its appropriation total voted by Town Meeting. At the end of each fiscal year, funds in the appropriation accounts that are not spent are returned to the General Fund balance.