

SCHEDULE A BOS/BC WORKSHOP FOR EITHER JUNE 7 OR 14

Capital Reserve and Expendable Trust Funds

**Towns may establish capital reserve funds under the provisions of RSA 35 and expendable trust funds under RSA 31:19-a.*

**In 1995 the NH legislature enacted an amendment to clarify that the same provisions apply to both capital reserve funds and expendable trust funds regardless of what the fund is called or the statutory authority under which it was established. The term "reserve fund" commonly refers to both capital reserve funds and expendable trust funds.*

**Reserve funds may be established to finance capital projects, capital acquisitions, extraordinary legal fees and/or to fund maintenance or operational costs.*

**Withdrawing money from a reserve fund requires a vote of the legislative body (i.e. Town Meeting) at an annual meeting. The Town Meeting may also name agents to expend from a reserve fund at any time without further appropriation, but only for the purpose for which the fund was established.*

**After the purpose for which a reserve fund is established has been determined, no change shall be made in the purpose until such change has been authorized by a 2/3 vote at a Town Meeting.*

**All reserve funds are held in the custody of the Trustees of Trust Funds.*

Funding Mechanisms

In addition to reserve funds, the annual operating budget or long-term debt and leases may be used to authorize appropriations for capital projects and acquisitions, and the annual operating budget may provide appropriations for maintenance and operational costs.

Guidelines or Policies

Historically, the Town of New London has relied upon a guideline for using a reserve fund for capital projects and acquisitions only if the expected expenditure is greater than \$10,000. These funds require a vote of Town Meeting to expend the funds (EXCEPT for Highway Department Equipment).

In addition, the Town has established reserve funds for building and equipment repairs and maintenance, with the Board of Selectmen named as agents to expend.

Possible Issues to Address

1. Is the purpose of each existing reserve fund clearly stated?
2. Should any existing fund be closed?
3. Is the distinction between reserve funds for maintenance, and annual operating budgets for maintenance clear?
4. Is there a “target fund size” for any of the existing reserve funds?
Should there be such targets such as for Conservation Land Acquisition or Energy Conservation?
5. What additional reserve funds should be established, if any?