

EMERGENCY FUND POLICY
Town of Fair Haven, Vermont.

PURPOSE. The Selectboard of the Town of Fair Haven 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 Selectboard the voters of the Town of Fair Haven authorized establishment of an emergency fund in accordance with 24 V.S.A. § 2804(a). The Selectboard's objective is for adequate funds to be set aside in this emergency fund in a planned and consistent manner and that these moneys are **not** to be spent for regular Town expenditures or used to reduce property taxes.

EMERGENCY FUND EXPENDITURES. The emergency fund was established by the voters on June 3, 2008 (articles 2 and 10) for the purpose of emergency funding to cover unanticipated revenue shortfalls and paying non-recurring and unanticipated general and highway fund expenditures of the Town. To this end, the Selectboard will only use the emergency fund to alleviate unanticipated short-term budgetary issues such as revenue short falls or unforeseen expenses. Any expenditure of the emergency fund by the Selectboard for such purposes shall require approval of a majority of Selectboard members after due notice and public hearing. In accordance with 24 V.S.A. § 2804(a), expenditure of the emergency fund for any other purpose shall require the authorization of a majority of the voters present at an annual or special town meeting.

EMERGENCY FUND APPROPRIATIONS. Annually, the Selectboard will propose funding of the emergency fund through the town budget to maintain the balance of between 5% and 10% of the town general fund budget (not including enterprise funds). If, by expenditure, the emergency fund balance falls below 5% of the Town annual budget, the Selectboard will, as part of its budget process, present a budget plan to restore the funds back to the suggested balance of 5% - 10% as necessary.

The foregoing policy is hereby adopted by the Selectboard of the Town of Fair Haven, Vermont, effective as of this date below or until amended or repealed.

Board of Selectmen:



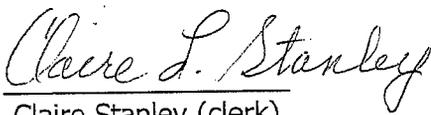
Jeff Sheldon (Chair)



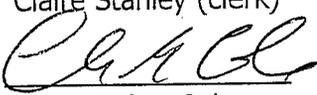
Tim Langlois



Rod Holzworth II



Claire Stanley (clerk)



Christopher Cole

Date: January 10 /2012