The town selectboard has been moving excess monies in the general fund into a capital improvement fund. Can it do that?

No. All excess funds must be "carried over" into next year's budget, and their use approved by the voters. On the other hand, the town may have a reserve fund, which is established by the voters for a special purpose and may be carried over from year to year.

For example, the town would like to make improvements to the recreation field, which will cost about $30,000. There is a comprehensive plan for the improvements, which will have to be done incrementally over several years. The voters may appropriate the entire amount now for that specific purpose if its destination is a reserve fund previously set up by voters for this purpose. This special, dedicated account will be administered by the selectboard solely for the recreation field.

Monies in the general fund can only be spent with the approval of the voters, as it is they, and not the selectboard, that have the authority to spend money from the general fund for purposes other than the original purpose if they so vote at an annual or special meeting. 24 V.S.A. § 1755, 1822.

VLCT News, September 2001

In the September 2001 "Ask the League" two incorrect statutes were cited in support of the need for the town voters to approve spending of reserve fund monies. Please note that monies in a reserve fund can only be spent with express approval of the town voters, and it must be a fund set up by the voters for a special purpose. 24 V.S.A. § 2804. The *VLCT News* apologizes for the errors. (Printed October 2001)