



Special Purpose Funds Policy

DRAFT as of January 17, 2026

1. Purpose. This policy lists Town of Danville Special Purpose Funds and their sources. As a policy, this is a guide for the Selectboard to use for budgeting – it is not binding, but the board should update or rescind it if not followed routinely.

2. Special Purpose Fund Definition: dedicated funds the Selectboard controls and directs, tracked separately from operating expenses and budget lines, generally used over time to save for major expenses to avoid wild tax fluctuations and interest payments. The Treasurer may or may not keep special funds in separate accounts or financial instruments.

3. Town Funds. These are funds the Selectboard manages at its discretion through normal town budgeting.

3.1. Town Building Fund. The Selectboard uses this fund for maintenance (not new construction) of all Town buildings and grounds including painting, repairs, upgrades, system replacements, and renovations. Contributions and expenditures come from General Fund and Highway budgets as well as utility operations and leases. The Selectboard should manage this fund level based on anticipated improvements and repairs so that they result in minimal tax impact.

3.2. Fire Department Capital Equipment Fund. The Selectboard uses this fund for major Fire Department equipment such as engines and other vehicles generally over \$25,000 (but not stations). Contributions and expenditures are part of the General Fund budget. The Selectboard should manage the level based on life-cycle costs such that purchases minimize tax rate impact. Given the expense and pace of replacement, it may increase for 3-7 years but then go to zero to purchase expensive items.

3.3. Highway Capital Equipment Fund. The Selectboard uses this fund for major Highway Department equipment such as vehicles and other equipment generally over \$25,000 (but not buildings). Contributions and expenditures are part of the Highway budget. The Selectboard should manage the level based on life-cycle costs such that purchases minimize tax rate impact. Given the expense and pace of replacement, it may increase for 1-2 years but then go to zero to purchase expensive items.

3.4. Infrastructure Improvement Fund. The Selectboard uses this fund for major highway (not building or utility) improvements such as bridge replacement, major culvert upgrades, road improvements, and emergency repairs. Contributions and expenditures are part of the Highway budget. The Selectboard may increase this fund

level for major anticipated projects but should otherwise keep it at ~10% of the Highway expenses for Class 2 and 3 Roads to cover emergencies.

4. Encumbered or Restricted Funds. The Town has access to many funds that have specific rules, constraints, or limitations governing their use.

4.1. Capital Projects [Reserve] Fund. Town Meeting established this fund in 2024 in accordance with [24 V.S.A. § 2804](#) to be used for “funding capital projects”, such as new buildings, sidewalks, and parking lots. It was originally funded indirectly with money from COVID-era grants. The Selectboard uses Town Meeting questions and General Fund budget lines for contributions and expenditures. The Selectboard should maintain or increase this fund at high levels to save towards anticipated projects but otherwise keep it low. See the [Capital Reserve Fund Policy](#).

4.2. Sewer Maintenance Fund. The Selectboard uses this fund for the Danville village wastewater utility: line/pump maintenance, sludge removal, and treatment plant upgrades. Contributions and expenditures are part of the Sewer operations budget, funded primarily by user utility bills. This fund should increase slowly but significantly over time, as sewer infrastructure projects are extremely expensive.

4.3. Listers Reappraisal Fund. By law, the Town must conduct a town-wide real estate reappraisal when appraisals diverge too much from actual purchase values (the Common Level of Appraisal, CLA, used for education funding calculations). Contributions and expenditures are part of the General Fund budget. The Selectboard should normally manage this fund to pay for a reappraisal every 7 years.

4.4. Town Hall/Green Fund. This fund, an endowment from **Marion Sevigny** with a capital floor of \$600,000, generates income to maintain the Town Hall and Green in perpetuity. It supports, usually completely, any General Fund expenses for their maintenance.

4.5. Other Funds. Other special funds include:

- Moore Sidewalk Fund (\$16K) - to be consumed with sidewalk project
- Conservation Fund (\$18K)
- Frank Stocker Fund (\$4K)
- Listers Education (\$1.5K - to be folded into reappraisal fund)
- Planning Commission Fund (\$1.3K - just budget as needed?)
- Records Preservation Fund (\$105K)
- Small Trees Fund (\$29K)
- Cemetery Care Fund (\$56K)
- Memorial Day Fund (\$139K)
- Danville Rescue Trust Fund (\$119K) - authority for use shared with Peacham and Walden

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- Train Station Project Fund (-\$137K)

DRAFT NOT YET SIGNED

Selectboard Chair