

## **POLICY: STABILIZATION**

(Adopted April 28, 2017)

### **Background**

The Town's General Stabilization Fund is a reserve intended to provide long-term financial stability while also improving the Town's credit worthiness and fiscal flexibility. The establishment and use of the Fund are dictated by Chapter 40, §5B of Massachusetts General Laws. The Stabilization Fund balance is regarded as a non-recurring revenue source which can be appropriated for any lawful purpose but only by two-thirds vote of Town Meeting.

### **Policy**

In the management and use of its General Stabilization Fund, it shall be the goal of the Town:

- to achieve and maintain a fund balance of 5% percent or more of annual General Fund revenues;
- restrict the use of free cash to replenish Town stabilization, reduce the tax levy, and invest in capital improvements

### **Procedures**

- Within 75 days of the close of the fiscal year the accountant shall report the balance in the General Stabilization Fund balance to the treasurer and members of the select board, finance committee and capital planning committee.
- The Select Board may recommend to the finance committee as part of the recommended annual budget to maintain Stabilization Fund reserves, to increase them via a transfer from Free Cash, or to use a portion for non-recurring capital needs proposed in the annual budget for the ensuing fiscal year. The proposed budget should disclose the balance in the Stabilization Fund.
- Any votes to increase or to expend from the Stabilization Fund shall require a two-thirds vote of the Town Meeting, consistent with the requirements of state law.

FY	Total Budget	Stabilization	% of Total Budget
2007	2,859,799	294,747	10.3%
2008	2,975,235	351,902	11.8%
2009	3,051,172	408,531	13.4%
2010	2,949,024	290,360	9.8%
2011	3,114,037	296,440	9.5%
2012	3,245,474	178,343	5.5%
2013	2,971,991	178,731	6.0%
2014	3,104,311	229,126	7.4%
2015	3,048,347	229,585	7.5%
2016	3,441,387	229,585	6.7%
2017	Not included	175,584	
<b>Avg</b>	<b>\$3,076,078</b>	<b>\$260,267</b>	<b>8.8%</b>
<b>High</b>	<b>\$3,441,387</b>	<b>\$408,531</b>	<b>13.4%</b>
<b>Low</b>	<b>\$2,859,799</b>	<b>\$178,343</b>	<b>5.5%</b>