

Town of North Attleborough – Stabilization Policy (Approved by the Board of Selectmen on August 27, 2015)

Policy Statement

This policy statement sets forth the parameters for the stabilization fund, as it relates to the town's operating budget.

Timeline

The General Fund Stabilization fund Balance, for purposes of this section will be calculated as of date immediately prior to the Semi-annual town meeting usually held the 3rd Monday of October. This timeframe is most beneficial for calculation because it is the time when Certified Free Cash is available and helps determine the use of Free Cash. (See Free Cash Policy)

Policy Description

It shall be the goal of the Town of North Attleborough to have achieved an amount in the stabilization fund at least equal to 5% of the General Fund operating budget of the town.

Rationale: The advantages of having a moderate amount of funds in the stabilization fund are numerous. First, it assists in the town maintaining a high bond rating, thus reducing our borrowing costs. Second, it is available for short - term cash flow purposes, also reducing our borrowing costs. Third, and most important, it provides a buffer for downturns in the economy which could result in significant budgetary disruptions.

To achieve this goal it is recommended General Fund Stabilization be increased each year by no less than the amount of the % increase in the Town's operating budget.

Uses of the Stabilization Fund should be limited to:

- Funding Snow & Ice Deficits
- Unforeseen and Extraordinary events and/or opportunities
- In the event that the Stabilization account achieves its target, the amount in excess of the 5% of the General Fund operating budget should be transferred to fund Other Post Employment Retirement Benefits (OPEB)

Exceptions

Dire fiscal conditions may affect the year to year implementation of this policy; deviation should be determined as fiscally responsible. The recommended uses stated in this policy do not mean that additional funds cannot be taken from the Stabilization fund for other uses; it means that these are the more generally accepted uses of the fund.