

Appendix E

Stabilization Fund

The Stabilization Fund is a special revenue account permitted by Massachusetts General Laws to allow savings to be set aside and made available for emergency expenditures. In the case of an emergency expenditure, a municipality with a Stabilization Fund balance may use the available fund balance rather than spiking its property tax rate. The tax rate may be therefore “stabilized”. Bond rating agencies rate municipalities more highly if they maintain a healthy reserve balance in this and other reserve accounts. The five-year history of the Stabilization Fund is shown below.

| | Stabalization Balance | | | | |
|-----------------------|-----------------------|-------------|----------------|----------------|----------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| General Stabilization | \$5,044,535 | \$5,053,411 | \$5,059,485.00 | \$5,411,964.00 | \$5,541,745.00 |
| Capital Stabilization | \$1,250,000 | \$1,250,000 | \$1,250,000.00 | \$1,250,000.00 | \$1,250,000.00 |
| OPEB Trust Fund | \$1,341,213 | \$1,903,825 | \$2,390,558.00 | \$3,130,312.00 | \$3,681,241.00 |

Reserve Fund

The Reserve Fund is a special revenue account permitted by Massachusetts General Laws to allow municipalities to appropriate or transfer a sum not exceeding 5% of the tax levy of the prior fiscal year. This Reserve Fund is dedicated to extraordinary or unforeseen expenditures, such as a natural disaster, and does not carry over to any future years if it goes unspent. No direct drafts against this fund can be made, but transfers from time to time can be voted by the Finance Committee of the Town. Bond rating agencies rate municipalities more highly if they maintain a healthy reserve balance in this and other reserve accounts. The five-year history of annual appropriations in the Reserve Fund is shown below.

| | ATM Reserve Fund Appropriations | | | | |
|--------------|---------------------------------|-----------|-----------|-----------|-----------|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Reserve Fund | \$500,000 | \$500,000 | \$500,000 | \$500,000 | \$500,000 |