

ARTICLE 19: Establish Capital Stabilization Fund



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Ms. Rovelli moves to establish a Capital Stabilization Fund as authorized under Massachusetts General Laws Chapter 40, Section 5B.

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Financial Policy Working Group

August 11, 2025: Charge Approved

August 28, 2025: First Meeting including 2 Finance Committee and 1 Select Board members, with Interim CFO

November 20, 2025: Draft Reserve Policy submitted to Finance Committee for Comment

December 11, 2025: Approval of Financial Reserves Policy by Select Board

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What is a Special Purpose Stabilization Fund?

- Massachusetts General Laws (MGL Chapter 40, Section 5B)
- Reserve account to for financial stability and flexibility
- Set aside funds for future needs
 - Long-term capital improvements
 - General or Specific

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Financial Reserve Policy

- Past Practice to create Special Purpose Stabilization funds for specific purposes
- The purpose may be defined narrowly (one specific project or purchase),
- or broadly (to support a capital improvement plan including various projects to be completed over a lengthy time period, or as yet undetermined capital projects).

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Financial Reserve Policy: Special Purpose Stabilization Fund

- Target Balance determined by anticipated expenditures
- Annual Review by Town Manager and CFO
- Appropriations by Town Meeting Only

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