



Town of Mansfield

Policy Title: Capital Stabilization Fund Policy

Relevant Applicable Law(s): Mass. General Laws Ch. 40 Sec. 5B:

Section 5B. For the purpose of creating 1 or more stabilization funds, cities, towns and districts may appropriate in any year an amount not exceeding, in the aggregate, 10 per cent of the amount raised in the preceding fiscal year by taxation of real estate and tangible personal property or such larger amount as may be approved by the director of accounts. The aggregate amount in such funds at any time shall not exceed 10 per cent of the equalized valuation of the city or town as defined in section 1 of chapter 44. Any interest shall be added to and become part of the fund.

The treasurer shall be the custodian of all such funds and may deposit the proceeds in national banks or invest the proceeds by deposit in savings banks, co-operative banks or trust companies organized under the laws of the commonwealth, or invest the same in such securities as are legal for the investment of funds of savings banks under the laws of the commonwealth or in federal savings and loans associations situated in the commonwealth.

At the time of creating any such fund the city, town or district shall specify, and at any later time may alter, the purpose of the fund, which may be for any lawful purpose, including without limitation an approved school project under chapter 70B or any other purpose for which the city, town or district may lawfully borrow money. Such specification and any such alteration of purpose, and any appropriation of funds into or out of any such fund, shall be approved by two-thirds vote, except as provided in paragraph (g) of section 21C of chapter 59 for a majority referendum vote. Subject to said section 21C, in a town or district any such vote shall be taken at an annual or special town meeting, and in a city any such vote shall be taken by city council.

Policy Objective: To create a repository of funds that will increase the Town's available reserves to bolster the Town's credit rating (if not used) and/or (if used) create a funding source for the Town's Capital Improvement Plan (CIP).

Funds Affected by This Policy: General Fund, Special Revenue Capital Stabilization Fund

Funding Policy: As recommended by the Department of Revenue, the balance in the Town's primary Stabilization Fund should always be maintained at the level of at least 5% of the total operating budget of the Town (Articles 1 & 2's total expenditures on that year's Annual Town Meeting warrant). Once that funding level has been reached, any additional funds that may be available may be deposited into the Capital Stabilization Fund to provide a funding source for the Town's capital needs. The funding for the Capital Stabilization Fund should come from one-

time funding sources of the Town, including (but not limited to) Free Cash and Excess Allowance for Abatements and Exemptions (Overlay Surplus). Although Town Meeting may appropriate money from this fund "for any lawful purpose", the Finance Committee, Board of Selectmen, and School Committee agree not to support any motion made at Town Meeting that would transfer money from the Capital Stabilization Fund for any other purpose other than to fund the Town's CIP.

Policy Specifics:

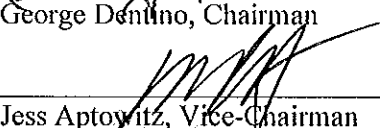
- 1) The Capital Stabilization Fund should not be used for recurring operating budget purposes. It should only be used to fund the Town's CIP or in "emergency" situations. The lack of available funding for a departmental budget request shall not be deemed an "emergency".
- 2) If any Free Cash or Overlay Surplus is not needed in that year's budget and the primary Stabilization Fund's balance has already reached the 5% limit described above, the remainder of the Free Cash or Overlay Surplus should be transferred to the Capital Stabilization Fund. A standard article shall appear on every Annual or Special Town Meeting warrant to accomplish this transfer. If no funds are available to be transferred into the Capital Stabilization Fund, the Town Manager shall move that "no action be taken on this article".
- 3) The Town Manager and the Finance Director shall promulgate specific procedures to comply with this policy and will monitor the compliance with those written specific procedures.


Approved December 10, 2014

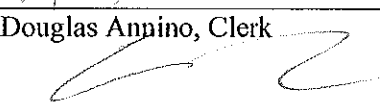
BOARD OF SELECTMEN

By:


George Dentino, Chairman


Jess Aptowitz, Vice-Chairman

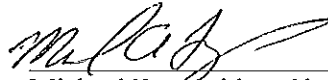

Douglas Annino, Clerk


Olivier Kozlowski


Frank DelVecchio


SCHOOL COMMITTEE

By:


Michael Trowbridge, Chairman

FINANCE COMMITTEE

By:


Steve Schoonveld, Chairman

TOWN MANAGER


William R. Ross