

Dear Financial Management Committee members,

Here is what I have – please comment. I added the last point.

- Schedule A General Fund Expenditures less transfer to other funds plus the Massachusetts Teacher Retirement System paid on behalf of the town, shall be known as Total General Fund Expenditures and will be the base upon which the selected Stabilization fund/Free Cash reserve will be calculated.
- The annual calculation for the Stabilization Fund/Free Cash reserve shall be made ~~as of~~ on January 1 of ~~the current~~ ~~each calendar~~ fiscal year and shall be considered prior to annual fall town meeting appropriation recommendations.
- The Town's goal shall be to have at least 5% of Total General Fund Expenditures on hand in the combination of the Stabilization Fund and in Free Cash as of January 1 of each year.
- If the Town does not meet the 5% goal, then funds shall be appropriated in subsequent Town Meetings to replenish the Stabilization account to the 5% level. A minimum of \$50,000 of Free cash per annual fall town meeting shall be appropriated to the Stabilization fund to reach the 5% goal; provided however, that \$200,000 of Free Cash be set aside first for fixed lease and other costs.
- If the 5% goal is met, then a minimum of \$50,000 shall be appropriated to the OPEB stabilization fund. If only a portion of the \$50,000 is needed for the Stabilization fund then the balance of the funds will be appropriated to the OPEB stabilization fund.
- The Stabilization Fund may be used for any lawful purpose but should typically be used only for unforeseen and emergency purposes.
- If use of the Stabilization Fund for unforeseen and emergency purposes drops the fund balance below the 5% goal than the town shall develop a funding schedule to re-attain the 5% goal within three years or less.

Our next meeting and hopefully final one for this policy will be January 14, 2013 at 6:30 PM.

Charles J. Aspinwall
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