

TOWN OF NANTUCKET
STABILIZATION FUND POLICY
Adopted: January 13, 2005

Stabilization Fund – The Stabilization Fund shall be maintained, under the provisions of MGL Chapter 40, Section 5B.

- 1) The initial funding level for the Fund shall be an amount equivalent to 3% of the Town's prior year's revenue. The Fund shall be funded only with Free Cash or revenues.
 - a) After reaching the minimum funded level of 3% of revenue, additions to the Stabilization Fund shall be made each year, to maintain that 3% level.
 - b) In any year in which Free Cash exceeds \$3,000,000, an additional 3% of Free Cash shall be added to the Stabilization Fund, until the Stabilization Fund reaches a level that is 5% of revenue.
- 2) The Stabilization Fund may only be used to support the operating budget when revenue increases less than 3% from the prior fiscal year.
- 3) The amount withdrawn down from the Fund shall be equal to the amount necessary to bring the year-over-year increase in the Town's prior year revenue to 3%, or 1% of prior year's revenue, whichever is less.
- 4) There will not be any additional withdrawals from the Stabilization Fund until it has been replenished.
- 5) In order to replenish the Stabilization Fund, in the year immediately following any withdrawal, an amount at least equivalent to the withdrawal shall be deposited into the fund. Said funding shall come from Free Cash or from revenue. If Free Cash or revenue is insufficient to replenish the Stabilization Fund in the immediately following fiscal year, the replenishment shall occur as soon as Free Cash or revenue is available, and no further withdrawal shall occur until the fund has been replenished.