

DFH CASH RESERVES

PURPOSE: To formalize standards and guidance for the level of District cash reserves and proper uses of reserves in order to reduce risk in managing the District's short and long-term financial needs, to improve financial planning and preserve the District's strong financial position and credit rating.

General Fund – Excess and Deficiency

The District will set a goal of maintaining Excess and Deficiency (E & D), the General Fund's unassigned fund balance as certified by the Massachusetts Department of Revenue (DOR), at a level between 3% and 5% (the maximum allowed by law) of the ensuing General Fund Budget. E & D shall be used only to the extent that it can be replenished within a one-year period.

Revolving Funds

The District shall maintain unrestricted fund balances for its revolving funds at a minimum level that would provide adequate resources to sustain operations in compliance with the statutory requirements of each fund.

Stabilization Fund (MGL Ch. 40, Sec. 5b)

The Stabilization Fund has been created to set aside funds to be used for a specific purpose that the District may lawfully borrow for at some later date. The District Administration develops a plan for the funding and use of the Stabilization Fund as part of the annual budget process. The District may add to, or make a withdrawal from, the Stabilization Fund only upon a 2/3 vote of approval by the District School Committee. A withdrawal from the Stabilization Fund for an expenditure that may not be authorized for borrowing may be made only upon a 2/3 vote of approval by the District School Committee and approval from the MA Department of Elementary and Secondary Education.

At the time of request for withdrawal, the District Administration will propose a funding plan that will describe the strategy necessary to restore the funding of the account to the balance at the time of the withdrawal request.

Other Post-Employment Benefits Trust Fund (MGL Ch. 32b, Sec. 20)

"Other Post-Employment Benefits Liability Trust Fund" or "OPEB Fund" is a trust fund established

ORIGINAL ADOPTION: NEW POLICY 7/11/17

REVISION:

FIRST READING: 6/13/17

SECOND READING: 7/11/17

ADOPTION:

REVIEW: NEW DRAFT REV. KM AND AUDITORS 5/25/17, REV. AS V. 2 BY FIN. SUBC. AND POLICY TASK FORCE 5/30/17

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by a governmental unit pursuant to this section for the deposit of gifts, grants, appropriations and other funds for the: (1) benefit of retired employees and their dependents, (2) payment of required contributions by the unit to the group health insurance benefits provided to employees and their dependents after retirement and (3) reduction and elimination of the unfunded liability of the unit for such benefits.

The District Administration, as part of its annual budget process, will identify a sum of money to fund the OPEB Trust Fund. The goal is to fund the Annual Required Contribution (ARC) to diminish the growth of the OPEB liability balance.

Appropriations of amounts to the OPEB Fund may be made only in the annual budget submitted to the member cities and towns for approval. The annual report submitted to the member cities and towns pursuant to clause (k) of Section 16 of Chapter 71 shall include a statement of the balance in the fund and all additions to and appropriations from the fund during the period covered by such report.

CROSS REF: DIBB

LEGAL REF: As noted

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