

**TOWN OF CHILMARK, MASSACHUSETTS  
MANAGEMENT LETTER  
JUNE 30, 2014  
CURRENT YEAR AUDITOR COMMENTS**

**Reserve Fund for Future Payment of Compensated Absences**

Comment

Massachusetts General Law Chapter 40, Section 13D, became effective July 3, 2012, and provides a city, town, or school district who adopts this section of the law with the ability to establish a reserve fund for the future payment of accrued liabilities for compensated absences due any employee or fulltime officer upon termination of employment.

At June 30, 2013, the Town's estimate of the liability for compensated absences totaled \$76,000.

Recommendation

We recommend that the Town consider accepting the provisions of this section of the law with the goal of incrementally funding this liability.

**CHAPTER 40 POWERS AND DUTIES OF CITIES AND TOWNS**

**Section 13D Reserve fund for future payment of accrued liabilities for compensated absences due employee or officer of town upon termination of employment**

Section 13D. Any city, town or district which accepts the provisions of this section by majority vote of its city council, the voters present at a town meeting or district meeting or by majority vote of a regional school committee may establish, appropriate or transfer money to a reserve fund for the future payment of accrued liabilities for compensated absences due any employee or full-time officer of the city or town upon the termination of the employee's or full-time officer's employment. The treasurer may invest the monies in the manner authorized by section 54 of chapter 44, and any interest earned thereon shall be credited to and become part of the fund. The city council, town meeting or district meeting may designate the municipal official to authorize payments from this fund, and in the absence of a designation, it shall be the responsibility of the chief executive officer of the city, town or district. In a regional school district, funds may be added to the reserve fund for the future payment of accrued liabilities only by appropriation in the annual budget voted on by the city council of member cities or at the annual town meeting of member towns.

**WARRANT ARTICLES TO IMPEMENT RECOMMENDATION OF AUDITORS**

ARTICLE A. To see if the town will vote to adopt the provisions of Massachusetts general laws Chapter 40 section 13D and create a reserve fund for future payment of accrued liabilities for compensated absences due employee or officer of town upon termination of employment.

ARTICLE B. To see if the town will vote to transfer from available funds in the treasury the sum of \$11,000 to the Reserve Fund for Future Payment of Accrued Liabilities for Compensated Absences.