

AMHERST - PELHAM *Regional* SCHOOL DISTRICT
AMHERST, MASSACHUSETTS

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November 2, 2015

Subject: Other Post Employment Benefits (OPEB) Update

Dear Town Meeting Members,

As you all have heard, OPEB is a significant liability for municipalities and regional school districts that is based primarily on the health insurance costs of current and future retirees. The Amherst Pelham Regional School Committee has taken several steps since last Fall to establish a trust fund for OPEB purposes and has had numerous discussions about how to begin setting funds aside. The first step taken by school committee was approving an investment policy that outlines how the funds of the trust can be invested and establishes reporting requirements. Next the school committee approved a trust agreement that sets the rules for how the trust must operate. The trust agreement also identified the budget and finance subcommittee of the regional school committee as the board of trustees.

The first board of trustees meeting will be held in the near future and all meetings will be posted on the regional website. At the first meeting, the board will vote to adopt the investment policy and trust agreement. The board will also appoint a custodian to manage the funds of the trust. The primary function of the board will be to monitor how funds are invested, develop funding strategies, and to recommend those strategies to the school committee. The school committee is ultimately responsible for approving/disapproving any contributions into the OPEB trust.

Over the past two years, the regional district has received about \$116,000 in Medicare part D reimbursements. Those funds have been reflected in the Excess & Deficiency balance (free cash) in the region's financial statements. With the trust fund almost operational, the region's financial statements for the year ending June 30, 2015 will reflect the prior year Medicare part D reimbursements as assigned for OPEB. These funds will not officially go into the trust until an affirmative vote from the school committee.

Thank You

Sincerely,

Sean Mangano

Director of Finance, Amherst Pelham Regional School District