

The Right Door for Hope, Recovery and Wellness

Chapter Title Fiscal Resources	Section # F		Subject # 228
Subject Title <b>Reserve Account</b>	Adopted 11/23/98	Last Revised 4/25/16; 07/22/19	Reviewed 4/3/06; 5/29/07; 2/23/09; 3/22/10; 4/25/11; 3/26/12; 4/22/13; 5/27/14; 4/27/15; 4/25/16; 06/26/17; 6/25/18; 7/22/19; 7/27/20

**POLICY**

**Application**

This policy shall apply to The Right Door for Hope, Recovery and Wellness.

**1.0 Intent**

It is the intent of this policy to ensure that cash reserves are available to meet demands for payout of accumulated PTO (paid time off) to employees terminating their employment with The Right Door for Hope, Recovery and Wellness and to meet demands for purchase of equipment as outlined in the current spending plan.

**2.0 Policy-PTO Liability Reserve**

A reserve account will be established, as allowed in the Mental Health Code, and maintained to meet liability for accumulated PTO and the account balance shall be adjusted on a periodic basis.

- 2.1 All programs of the CMHSP shall be charged an appropriate share of the costs.
- 2.2 The reserve funds will be maintained in an account separate from other operating funds.
- 2.3 The reserve will restrict the use of the funds to the defined purpose.
- 2.4 In the event that the reserve becomes inadequate to meet expected future expenditures, a procedure will be maintained for fully funding the reserve account.
- 2.5 Deposits to the reserve account must be based upon a reasonable determination of need such as actuarial determination, actual vested

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level, etc. If the reserve at fiscal year end proves to be excessive, the contributions in the next fiscal year must be reduced to correct the reserve. Any excess amount remaining will be credited against expense.

- 2.6 In the event the reserve account is dissolved, any remaining funds must be used to reduce the reported expenses of the CMHSP after all liabilities of the reserve are paid.
- 2.7 Contributions to the reserve reported as expenses of the CMHSP must be reported in compliance with 2CFR 200 or current standards promulgated by the federal government.

**3.0 Policy – Depreciation Reserve**

A reserve account may be established for depreciation of capital assets, utilizing state funds in the same proportion that funds relate to all revenue sources, and maintained to allow a cash reserve fund equivalent to accumulated depreciation as the account funding level cap.

**References**

CARF Standards Manual, Financial Planning & Management

Melissa McKinstry, Board Chairperson	Date		