

## **Town Article 16 – Sick and Vacation Non-Union Expendable Trust Fund**

This article asks voters to authorize spending \$20,000 from the Unassigned Fund Balance and depositing it into the Vacation and Sick Leave Non-Union Expendable Trust Fund (1), which was established at the 2004 Town Meeting (Warrant Article 25) to ensure that the Town would have the money to pay for accrued sick and vacation leave when non-union employees retire. These funds are deposited into a Trust Fund and only used if the total cost of the buyouts exceeds the amount in the 2020 Operating Budget (\$55,000). (2) There are 2 non-union employees with more than 25 years tenure projected to retire this year with a projected liability of over \$44,000. (3) The Sick and Vacation Leave Non-Union Expendable Trust fund contains \$41,035.39. (4) There is no new tax impact.

**A YES vote moves** \$20,000 from the Town’s unassigned fund balance to the Vacation and Sick Leave Non-Union Expendable Fund.

**A NO vote does** not add any money to the Vacation and Sick Leave Non-Union Expendable Fund.

### **Reasons why some voters might vote yes:**

- To set aside funds to help meet the obligation to Town employees.
- To avoid incurring unfunded liabilities.

### **Reasons why some voters might vote no:**

- Prefer to fund by some other means.
- Prefer to fund only in the Operating Budget.
- Prefer that employees use all of their sick and vacation leave annually.

### **References:**

1. "Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund." per *Statement No. 54 of the Governmental Accounting Standards Board, 2009*. An “expendable” fund is a municipal trust fund created for maintenance and operation purposes. Per RSA 31:19-a, the purpose of such funds is for “maintenance and operation of the town.”
2. Because of the Buy-Out Strategy, through attrition, our liabilities will decrease over time and these accounts (overtime), will be sufficiently funded to cover the liabilities and we can reduce the amount from the operational budget. Town Manager Joe Ilsley, in an email 1/6/20.
3. Town Manager Joe Ilsley, in an email 1/29/20.
4. Same a Reference 3.