

Town Article 23 – Sick and Vacation Non-Union Expendable Trust Fund

This article asks voters to authorize the withdrawal of up to \$35,000 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 leave employment. Typically, the Town first uses monies budgeted in the Operational Budget for payouts, and then uses the Trust Fund if additional funds are needed. (2) This amount was increased from \$20,000 by the voters at Deliberative Session (2/6/21) due to the higher liability of the Non-Union fund as compared with that of the Union fund. A payout of \$40,000-\$50,000 from the Non-Union fund is anticipated in the next year. (3)(4) There is no new tax impact.

A YES vote moves \$35,000 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. “As a general rule, the Town’s past practice since 2019, has used the amount Budgeted in the Town Operational Budget first and then used these funds as a secondary funding source if the amount needed exceeds those funds in the Operational Budget. However, due to the drastic reduction in Buy-Out liabilities (estimated to be reduced...by 70% of when the Buy-Out Mitigation Strategy Started) and the fiscal uncertainties of Covid-19; the Town will first use these accounts and then use the Town Operational Budget if this cost exceeds the amounts available.” -Town Manager Joe Ilsley, in an email 1/25/21.
3. Town Manager Joe Ilsley, speaking at Town Deliberative Session, 2/6/21.
4. The balance in this fund is \$22,112.27 as of November 2020 according to the Town Deliberative Session handout, 2/6/21.