



MEMO

TO: Finance Committee
FROM: Tony Saucerman, Finance Director *TS*
DATE: December 17, 2015
RE: Request the following 2015 Budget adjustment be approved :

General Fund – Unclassified Budget

Benefit Payments – Retirees	+\$190,000
Fund Balance	- \$190,000

Per City policy, at retirement (based on WRS requirements), employees are compensated for their unused sick leave and vacation balances. Each year, an estimate of these payments is included in the Unclassified general fund budget. This amount can vary greatly depending on the number of retirees and the individual retirees' balances. For the 2015 Budget, an estimate of ten retirees with an average payout balance of \$26,000 was made for a total budget of \$260,000. The estimated number of retirees and average payout balances was based on actual general fund retirees in prior years (12 in 2012, 8 in 2013, 11 in 2014).

Unfortunately, the actual number of general fund retirees to date is higher than anticipated with 15 employees retiring with an average payout of approximately \$33,000. Many of the retirees in 2015 were senior level employees which raised the average payout amount. Due to the higher than anticipated number of retirees along with higher average payout, the above budget adjustment is being requested.

In 2011 (effective 2012), the City's sick leave policy was revised, implementing a "use it or lose it" paid time off (PTO) system, and existing sick leave balances were frozen. So, although payments to retiring employees may continue to vary from year to year as longer-term employees work their way through the system, the payments will decrease in the future as newer employees with smaller or no sick leave balances reach retirement age.

As always, feel free to contact me with questions or concerns.