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DESIGNATE FUND BALANCE FOR SICK LEAVE RETIREMENT PAYOUTS

WHEREAS Waukesha County employees may, if certain conditions are met, convert accumulated sick leave into cash payments or contributions to a post employment health reimbursement plan at the time they retire, and

WHEREAS the Governmental Accounting Standards Board has issued a discussion draft indicating its intention to require government entities to recognize the future costs of post employment benefits beginning in 2007, and

WHEREAS the credit rating agencies and investment markets look favorably on bond issuers that recognize and plan for potential liabilities in advance of their incurrence.

IT IS HEREBY RESOLVED BY THE WAUKESHA COUNTY BOARD OF SUPERVISORS that Waukesha County shall recognize the costs of post employment benefits in preparation for the anticipated national standards issued by the Governmental Accounting Standards Board .

BE IT FURTHER RESOLVED that the Waukesha County Department of Administration make annual estimates of the potential costs of sick leave retirement payouts in 2004 and each succeeding year, and include the initial year and annual update amounts as a designation of fund balance in the County's financial statements.

BE IT FURTHER RESOLVED that the Department of Administration shall submit an annual report to the Waukesha County Finance Committee outlining the amount to be designated and the primary assumptions made in arriving at the amount.

DESIGNATE FUND BALANCE FOR SICK LEAVE RETIREMENT PAYOUTS

Presented by:  
Personnel Committee

Duane E. Paulson  
Duane E. Paulson, Chair

Donald M. Broesch  
Donald M. Broesch

Peter Gundrum  
Peter Gundrum

absent  
Jeff Morris

Carl H. Seitz  
Carl H. Seitz

Robert G. Thelen II  
Robert G. Thelen II

absent  
Matt Thomas

Approved by:  
Finance Committee

Patricia A. Haukohl  
Patricia A. Haukohl, Chair

James R. Behrend  
James R. Behrend

Donald M. Broesch  
Donald M. Broesch

absent  
Genia C. Bruce

Joseph F. Griffin  
Joseph F. Griffin

absent  
Joe C. Marchese

Bonnie J. Morris  
Bonnie J. Morris

The foregoing legislation adopted by the County Board of Supervisors of Waukesha County, Wisconsin, was presented to the County Executive on:

Date: 12-19-2003, Kathy Nickolaus  
Kathy Nickolaus, County Clerk

The foregoing legislation adopted by the County Board of Supervisors of Waukesha County, Wisconsin, is hereby:

Approved: ✓  
Vetoed: \_\_\_\_\_

Date: 12-19-03, Daniel M. Finley  
Daniel M. Finley, County Executive

## FISCAL NOTE

### DESIGNATE FUND BALANCE FOR SICK LEAVE RETIREMENT PAYOUTS

This resolution authorizes the Waukesha County Department of Administration to designate fund balance based on an estimate of the potential cost of retiring employees converting unused sick leave to cash payouts or contributions to a post retirement health plan account. The Governmental Accounting Standards Board (GASB) will require recognition of the estimated dollar value of potential post-employment benefits costs beginning in 2007. While the specific rules for this recognition have not yet been determined, the County can prepare for this change by designating fund balance based on a conservative estimate. The terms vary by collective bargaining group, but any employee attaining the minimum retirement age with at least twenty years of service are eligible.

Regular employees represented by AFSCME-Master or AFSCME-Public Health Nurses who retire after their 65<sup>th</sup> birthday or after their 55<sup>th</sup> birthday with 20 years of creditable service will receive a payout equal to 50% of their unused sick leave accumulation.

Employees represented by AFSCME-Master and AFSCME-Public Health Nurses who retire with at least 10 years of creditable service will be eligible to receive payout of 40% of their unused sick leave at age 64, 30% at age 63, and 20% at age 62.

Non-represented employees and employees represented by AFSCME-Social Workers, AFSCME-Parks, ACCORD, Teamsters, AFSCME-Social Workers and WPPA who retire at age 65 or age 55 (or normal retirement age for WPPA employees) with twenty years of creditable service will receive a contribution to their Post Employment Health Reimbursement Plan equivalent to 65% of their sick leave accumulation. Normal retirement age for WPPA employees is 53 years old with 25 or more years of service, or age 54 with less than 25 years of service. The total amount of sick leave an employee can accumulate is capped at 960 hours (624 hours at 65% and 480 hours at 50%).

It is extremely unlikely that all eligible employees would elect to retire in any given year. For purposes of estimating a fund balance designation amount in preparation for the coming GASB requirement, we made the assumption that all eligible employees at least 59 years old (plus all WPPA employees at least 53 years old) would retire in 2004. Based on their current sick leave balances and rates of pay, the retirement sick leave payouts for the 60 affected employees would be approximately \$600,000. In a normal year, about twenty employees are eligible for this benefit.

Since a reserve is being established, this resolution has no fiscal impact at this time as no costs are incurred until eligible employees retire. In 2004, departments with fewer than thirty employees will charge the cost to the Nondepartmental budget. In the case of departments with thirty or more employees, the costs are borne by the departmental budgets.



Lawrence M. Dahl  
Accounting Services Manager

LMD

11./19/03

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158-R-011

WAUKESHA COUNTY BOARD OF SUPERVISORS

V

DATE-12/16/03

(RES) NUMBER-1580011

- 1 K. HERRO.....AYE
- 3 D. STAMSTA.....AYE
- 5 J. MARCHESE.....
- 7 J. JESKEWITZ.....AYE
- 9 P. HAUKOHL.....AYE
- 11 K. HARENDA.....AYE
- 13 J. MORRIS.....
- 15 D. SWAN.....AYE
- 17 J. BEHREND.....AYE
- 19 W. MITCHELL.....AYE
- 21 W. KOLB.....AYE
- 23 P. PRONOLD.....AYE
- 25 K. CUMMINGS.....AYE
- 27 D. PAULSON.....AYE
- 29 M. THOMAS.....AYE
- 31 V. STROUD.....AYE
- 33 D. PAVELKO.....AYE
- 35 C. SEITZ.....AYE

- 2 R. THELEN.....AYE
- 4 H. CARLSON.....AYE
- 6 D. BROESCH.....AYE
- 8 J. DWYER.....~~AYE~~
- 10 S. WOLFF.....AYE
- 12 J. GRIFFIN.....AYE
- 14 J. LA PORTE.....
- 16 R. MANKE.....~~AYE~~
- 18 B. MORRIS.....
- 20 M. KIPP.....AYE
- 22 G. BRUCE.....AYE
- 24 A. SILVA.....AYE
- 26 S. KLEIN.....AYE
- 28 P. JASKE.....AYE
- 30 K. NILSON.....AYE
- 32 P. GUNDRUM.....AYE
- 34 R. SINGERT.....AYE

TOTAL AYES-30

TOTAL NAYS-00

CARRIED X

DEFEATED \_\_\_\_\_

UNANIMOUS \_\_\_\_\_

TOTAL VOTES-30