

# City Council Agenda Memo

**From:** Ashley Rentsch, Deputy Finance Manager

**Council Meeting:** July 14, 2020

**Subject:** Resolution 20-059, Contingency Transfer – Retirement Payout Expense

**Person(s) Responsible:** Erick Rangel, Chief Financial Officer; Ashley Rentsch, Deputy Finance Manager

## **Summary:**

Action on Resolution 20-059, a resolution authorizing a supplemental appropriations transfer of contingency funds in the amount of \$32,147.78 from the Non-Departmental Retirement Payout Expense account to the Finance Department Regular Pay Expense account for \$21,549.22 and the Street Department Regular Pay Expense account for \$10,598.56.

Two employees have retired from the City of Brookings in 2020. Based on benefit accruals and years of service, the employees received terminal payouts that had a significant impact on the Regular Pay Expense appropriations in their respective departments.

## **Background:**

The Non-Departmental Retirement Payout Expense account was created per Ordinance 20-004 and appropriated in the amount of \$104,920 as a portion of the 2019 General Fund estimated surplus.

This account was created for contingency transfers specifically related to employee retirements, which typically involve substantial terminal payouts and adversely impact departmental budgets. Terminal pay includes accrued vacation hours, eligible portion of sick leave, and an employee retirement recognition payment based on years of service.

## **Legal Consideration:**

South Dakota Codified Law 9-21-6.1, Line Item for Contingencies – Maximum Amount – Transfer to Other Appropriations, provides for the transfer of contingency funds by resolution to account for items for which no appropriation was provided.

## **Strategic Plan Consideration:**

None.

## **Financial Consideration:**

This transfer among General Fund departments will result in:

1. Decrease of \$32,147.78 in the Non-Departmental Retirement Payout Expense account, leaving a remaining available balance of \$71,772.22.
2. Increase of \$21,549.22 appropriated in the Regular Pay Expense account in the Finance Department.
3. Increase of \$10,598.56 appropriated in the Regular Pay Expense account in the Street Department.

**Options and Recommendation:**

The City Council has the following options:

1. Approve as presented
2. Amend
3. Deny
4. Move the item to a work session
5. Do nothing

Staff recommends approval.

**Supporting Documentation:**

1. Memo
2. Resolution