

Annual Town Meeting

Select Board Article 11

COMPENSATED ABSENCES RESERVE FUND

- The Town's retirement and leave buyback costs vary significantly every year based on:
 - The number of employees retiring or departing;
 - Union Contract provisions;
 - Those employees' salaries; and
 - The amount of unused sick time and vacation days.
- The Select Board proposes creating a Compensated Absences Reserve Fund to better manage these fluctuating expenses
- Initial appropriation = \$500,000 from Free Cash

	2025	2025	2023	2022	2021	2020
Budgeted Amount	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
Actual Amount Spent to date	\$172,696.30	\$130,339.03	\$159,854.36	\$12,667.87	\$49,382.10	\$104,737.12
Remainder	(\$52,696.30)	(\$10,339.03)	(\$39,854.36)	\$107,332.13	\$70,617.90	\$15,262.88

Compensated Absence Reserve Fund

- This fund would work similarly to the Town's existing Injured on Duty Reserve Fund in the following ways:
 - 1) During years in which we spend **less than** budgeted for retirement/leave buyback, the surplus would go into the Compensated Absences Reserve Fund *instead of returning to the General Fund*; and
 - 2) During years in which retirement/leave buyback costs **exceed** our budget (e.g., FY '25), the Select Board could use money from the Reserve to cover the difference.
- This approach helps stabilize the budget and provides a dedicated funding stream for years with higher-than-anticipated retirement costs.

Compensated Absence Reserve Fund

- It is a financial best practice to smooth out costs in the operating budget – several of the Town’s reserve funds are intended for that purpose.
- The hiring pattern, especially for our public safety personnel, could result in years in which we have several employees retiring during a short time period making this expense balloon – this Reserve provides stability.
- Furthermore, the Reserve Fund would ideally prevent the need for supplemental appropriations from Town Meeting due to fluctuating need.

The Select Board requests your
favorable action on
Article 11.