

ORDINANCE NO. 1394

AN ORDINANCE ESTABLISHING A RETIREMENT AND SEPARATION PAYOUT RESERVE AND COMMITTING IT TO BE USED TO FUND PAYOUTS OF VACATION, SICK, COMP AND HOLIDAY ACCRUALS AND CORRESPONDING EMPLOYER LIABILITIES MADE IN ACCORDANCE WITH BENEFIT AGREEMENTS AT THE TIME OF RETIREMENT OR SEPARATION FROM THE CITY; AND DECLARING AN EMERGENCY.

WHEREAS, the City has unfunded long-term liabilities related to benefits payable to employees who retire or separate from the City as specified in corresponding employee benefit agreements; and

WHEREAS, the City budgeted for a 15% increase in healthcare benefit costs and the actual increase was only 9.9% amounting to a variance of \$68,254 available in the current budget to be dedicated to initially fund the Retirement Payout Reserve (the Reserve); and

WHEREAS, prospectively the Reserve will be funded by budgeting 2-4% of salaries to accrue each pay period until the liability reaches a funding status of 90%, funding status will be reviewed at least twice a year during the mid-year review and the development of the subsequent year budget in order to maintain the aforementioned funding status; and

WHEREAS, the City plans to maintain the Reserve in the General Fund and would like to commit the corresponding fund balance for the purpose of funding payouts of vacation, sick, comp, and holiday accruals and corresponding employer liabilities; and

WHEREAS, the Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type, paragraph 10 specifies that amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance; and

WHEREAS, a City of Canby Ordinance is the highest level of decision-making authority; now therefore

THE CITY OF CANBY, OREGON, ORDAINS AS FOLLOWS:

Section 1. The Retirement Payout Reserve is hereby established, \$68,254 is dedicated from the current year budget to initiate funding, prospectively 2-4% of salaries will be budgeted to fund the reserve until it reaches a 90% funding status, funding status will be reviewed semi-annually to maintain a 90% funding status and the reserve is committed to be used for the purpose of funding payouts of vacation, sick, comp, and holiday accruals and corresponding employer liabilities.

Section 2. Inasmuch as it is in the best interest of the citizens of Canby, Oregon, that the reserve be committed, an emergency is hereby declared to exist and this ordinance shall take effect immediately upon its enactment.

SUBMITTED to the Canby City Council and read the first time at a regular meeting therefore on Wednesday, February 19, 2014, and ordered posted in three (3) public and conspicuous places in the City of Canby as specified in the Canby City Charter and scheduled for second reading before the City Council for final reading and action at a regular meeting thereof on Wednesday, March 5, 2014, commencing at the hour of 7:30 PM at the Council Meeting Chambers located at 155 NW 2nd Avenue, Canby, Oregon.



Kimberly Scheafer, MMC
City Recorder


PASSED on second and final reading by the Canby City Council at a regular meeting thereof on the 5th day of March 2014, by the following vote:

YEAS 6 NAYS 0



Brian Hodson
Mayor

ATTEST:



Kimberly Scheafer, MMC
City Recorder