

DRAFT | Employee Benefits Accrued Liability Reserve

Background

The Mid-Hudson Library System (MHLS) policy in the “Vacation Benefits” section of the employee handbook states that employees will be paid for unused vacation earned through the last day of work up to a maximum of twice the annual accrual rate of vacation. To guarantee payment of those accruals time, the board of the Mid-Hudson Library System has decided to create a reserve. This reserve may only be used to pay for unused accumulated leave time contractually provided to certain groups of employees, normally upon retirement or separation. This typically includes payment for unused vacation pay.

Definition

“Employee benefits” for this purpose means the authorized “cash payment of the monetary value of accrued and accumulated but unused and unpaid sick leave, personal leave, holiday leave, vacation time, time allowances granted in lieu of overtime compensation and any other forms of payment for accrued but unliquidated time earned by municipal employees and payable to municipal employees upon termination of service, whether by retirement or otherwise ...” (GML Section 6-p[1][b]).

Policy

This reserve may be used when an employee separates from the System by resignation, retirement or dismissal and payment of accumulated leave is required. These transactions flow through the budget via a budget revision with the offsetting revenue coming from the reserve. The Finance Manager & Personnel Officer or designee will recommend to the Executive Director when reserve funds should be used. The Board will be made aware of the use of the reserve. The Finance Manager & Personnel Officer or designee will be the primary monitor of the reserve and will share information annually with the Executive Director and the Board.

Source

This reserve should be funded up to a maximum of 100% of the accrued liability for unused accumulated leave time. This reserve is funded by budgetary appropriations and excess fund balance. The reserve may also be funded by transfers from other reserve funds as permitted by law, and such other funds as the board may legally appropriate.

Policy Review

This policy will be reviewed annually by the MHLS Finance Committee or sooner if conditions warrant. Any changes thereto will be forwarded by the MHLS Finance Committee to the MHLS Board of Trustees for consideration and action by the Board.