Neenah
WISCONSIN

Finance Department
211 Walnut St. • P.O. Box 426 • Neenah WI 54957-0426
Phone 920-886-6141 • Fax: 920-886-6150
e-mail: mcasker@ci.neenah.wi.us
MICHAEL K. EASKER, CPA
DIRECTOR OF FINANCE

MEMORANDUM

DATE: September 18, 2014

TO: Chairman Ramos and Members of the Neenah-Menasha Fire/Rescue Joint Finance and Personnel Committee

FROM: Michael K. Easker, Director of Finance – City of Neenah
Peggy Steeno, Director of Administrative Services – City of Menasha

RE: Recommendation on Unspent 27 Pay Period Accrued Wages/Fringes

As we have discussed over the past several months, starting in 2004, funds have been budgeted and set aside in each of the past ten years within the Neenah-Menasha Fire/Rescue budget to fund the cost of the additional "27th" pay period that occurs every eleven years when employees are paid on a bi-weekly basis. As a reminder, 2014 is the year in which the 27th pay period occurs. Provisions in the firefighters union contract that are still in force require that those firefighters be paid their annual salary divided by 27 (not 26) in the year when 27 pay periods occur. This consequently then eliminates the need to use those set aside dollars to fund the 27th pay period for those unionized employees, leaving an estimated surplus within that accrued wage/fringe liability account of $222,468. The following is our joint recommendation on the proper distribution of those funds as well as their potential use.

Regarding distribution, we believe the most equitable way to disburse the funds is to simply use an average of the cost distribution formulas from 2004-2013 (see attached), since those are the years in which the funds were set aside. As the report indicates, that formula average is 60.1% Neenah and 39.9% Menasha. The second attachment provides detail in calculating the surplus of $222,468 as well as the distribution breakdown when the formula average is applied ($133,703 – Neenah, $88,765 – Menasha).

Regarding our recommendation as to the use of the account surplus, we believe that the most efficient and effective use would be to apply those funds to offset future Neenah/Menasha Fire/ Rescue operating labor costs.

Please contact either of us directly with any questions.

Thank you for your consideration.

Neenah-Menasha Fire Rescue
Cost Distribution Formula
Average for Budget Years 2004-2013

Budget Year	% Neenah	% Menasha	
2004	60.64%	39.36%	100.00%
2005	60.87%	39.13%	100.00%
2006	60.67%	39.33%	100.00%
2007	60.23%	39.77%	100.00%
2008	59.69%	40.31%	100.00%
2009	59.45%	40.55%	100.00%
2010	59.55%	40.45%	100.00%
2011	59.58%	40.42%	100.00%
2012	59.78%	40.22%	100.00%
2013	60.51%	39.49%	100.00%
Average	**60.10%**	**39.90%**	**100.00%**

Neenah-Menasha Fire Rescue
27 Pay Period Accrued Wages/Fringes

		Wages	Fringes	
Balance 1/1/2014		$203,173	$56,054	
2014 Budget		25,610	5,630	
Sub-Total		228,783	61,684	
Disbursement for Non-Union		(16,284)	(3,580)	
Accrual - Three days for 2014		(39,455)	(8,680)	
Total Available for Distribution		$173,044	$49,424	$222,468
City Share	Neenah		133,703	60.10%
	Menasha		88,765	39.90%
			$222,468	100.00%