CITY OF STOUGHTON
FINANCE DEPARTMENT
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To: Finance Committee members
Common Council members
Mayor Tim Swadley
Other interested parties
From: Dave Ehlinger
Re: Meeting of the Finance Committee 07/26/2022
Meeting of the Common Council 07/26/2022
Meeting of the Common Council 08/09/2022
Date: July 20, 2022

The Finance Committee agenda for 07/26/2022 is rather lengthy due to nine (9) udget amendments that are being proposed. Of these proposed budget amendments, four (4) are time sensitive items that will also be included in the 07/26/2022 Common Council agenda. The remaining five (5) budget amendments are anticipated to be on the 08/09/2022 Common Council agenda.

I thought a brief narrative of these budget amendments would be appropriate ahead of time so that all parties can digest the information before the meeting(s).

Contingency Fund (one resolution – time sensitive)

There seemed to be some confusion by some Council members regarding whether the contingency fund had funds in it or not for budget year 2022. According to the general ledger (which is audited by Baker Tilly and the financial statements report budget v. actual amounts) there is nothing in the contingency fund for budget year 2022.

As directed at the Common Council meeting of July 12, 2022, the Finance Committee needs to discuss the contingency fund.

This is consistent with the presentation by Jamin Friedl to the Committee of the Whole on 10/20/2021. My understanding from several staff members is that Jamin explained to the Council at that time that the Common Council could always transfer monies from the Unassigned General Fund in lieu of having a contingency fund with appropriations in it.

Should the Common Council wish to proceed, I have drafted a resolution to "reinstate" the contingency fund back to its "historical" level of $80,000 per year. Because this would be an increase in authorized expenditures for the City of Stoughton, this would require a 2/3 vote of members elected as per Wis. Stat. 65.90(5)(a)[1]. Thus, with 12 Common Council members, 8 aye votes would be required.

Nothing can come out of the contingency fund unless funds are specifically appropriated in the contingency fund as per Wis. Stat. 65.90(5)(b), which has not occurred to date for calendar year 2022. Should the Council choose to "reinstate" the contingency fund, any subsequent uses will require only a simple majority of members present. Note: This statute cited here is within Wisconsin Statutes Chapter 65 Municipal Budget Systems but specifically indicates "county board." Counties have to follow Chapter 65 in relation to budgets. I am uncertain if Wis. Stat. 65.90(5)(b) also applies to municipalities or not.

Note: Based upon activity in the general ledger in calendar year 2021and communications with Wisconsin Media Group (Stoughton Courier Hub), the City has not been following Wis. Stat. 65.90(5)(a) regarding publication of legal notices for contingency fund transfers. The were only three instances were "budget" or "contingency" were found in the legal notes for calendar year 2021:

1. *03/04/2021 – Council minutes 02/09/2021 – R-18-2021 – Resolution title includes amount and the word contingency*
2. *07/01/2021 – Council minutes 06/08/2021 – R81-2021 – Resolution title includes the word contingency but no amount indicated*
3. *10/21/2021 – Notice of public hearing for 2022 budget.*

I can state with certainty that no changes have been noted on the City's website.

The Finance Department will begin to publish these required legal notices within 15 days of council action as required by the Wisconsin statutes. This will require an increased levy needed for the Finance Department in budget year 2023.

R-137-2022 – Sustainability Committee (one resolution – time sensitive)

My understanding is that the Common Council postponed action on the resolution to provide funding to the Sustainability Committee for survey costs and related advertising until the 07/26/2022 Common Council meeting.

As there was no apparent consensus as to where the funding source for the resolution would be coming from, I drafted three (3) different possible options. Of course, the Common Council has the prerogative to amend and/or use another funding source if the choose to do so.

In all cases, the only difference in the resolutions is in red font and/or underlined on the resolutions.

- Option A – Use general fund unassigned fund balance – 2/3 vote of members elected is required (i.e. 8 aye votes).
- Option B – Use American Rescue Plan Act (ARPA) funds – 2/3 vote of members elected is required (i.e. 8 aye votes)
- Option C – Use contingency funds – Simple majority of members present, but it does require the resolution to reinstate the contingency fund (discussed earlier) be voted upon first.

US Highway 51 reconstruction (two resolutions – time sensitive)
The Stoughton Utilities Committee approved their portion of the resolutions at the meeting on July 18, 2022. The Finance Committee is being asked for their recommendation because there are portions of the project that do not involve the utility.

Accounting cleanup (five resolutions – will be on the August 9th Council agenda)
There are a number of accounting cleanup budget resolutions that I am recommending be adopted by the Common Council. I anticipate there will probably be more at subsequent meetings.

Below is a very high-level recap of each proposed resolution. In all cases, more detail can be found in the resolution language as well as backup documentation.

1. Ride Share Services – We have been understating both revenues and expenditures in prior years.
2. Revolving Loan Program – We have overstated the fund balance related to the revolving loan program that is administered by the Redevelopment Authority (RDA). The RDA is a blended component unit in the City of Stoughton's audited financial statements.
3. Emergency Medical Services (EMS) – The general ledger has not reflected the activity for EMS the same way as presented in the financial statements.
4. Opera House – The proposal is to show all activity in one (1) fund. The activity in the Opera House Repair Fund has been minimal over the last six (6) years.
5. EMS Trust Fund – The activity is not a legal trust fund, nor should it be. The recommendation is to combine the activity together with all the other EMS activity.

As with the potential reinstatement of the contingency fund, the Finance Department will begin to publish these required legal notices within 15 days of council action as required by the Wisconsin statutes. This will require an increased levy needed for the Finance Department in budget year 2023.

The footnotes below are the actual statutory language referenced earlier. In addition, I have attached my work papers regarding lack of providing legal notices in the past.

If you have any additional questions, please feel free to contact me.

David P. Ehlinger, CPA
Director of Finance/Comptroller
City of Stoughton

[1]Wis. Stat. 65.90(5)(a) - Except as provided in pars. (b) and (c) and except for alterations made pursuant to a hearing under sub. (4), the amount of tax to be levied or certified, the amounts of the various appropriations and the purposes for such appropriations stated in a budget required under sub. (1) or authorized under sub. (1m) may not be changed unless authorized by a vote of two-thirds of the members-elect of the governing body of the municipality. Any municipality, except a town, that makes changes under this paragraph shall publish either a class 1 notice of the changes, under ch. 985, within 15 days after any change is made or post a notice of the changes on the municipality's website within 15 days after

any change is made. Failure to give notice shall preclude any changes in the proposed budget and alterations thereto made under sub. (4). ***(Underlining of the passage above was added for this document DPE).***

[2]Wis. Stat. 65.90(5)(b) - A county board may authorize its standing committees to transfer funds between budgeted items of an individual county office or department, if such budgeted items have been separately appropriated, and to supplement the appropriations for a particular office, department, or activity by transfers from the contingent fund. Such committee transfers shall not exceed the amount set up in the contingent fund as adopted in the annual budget, nor aggregate in the case of an individual office, department, or activity in excess of 10 percent of the funds originally provided for such office, department, or activity in such annual budget. The publication provisions of par. (ar) shall apply to all committee transfers from the contingent fund. ***(Underlining of the passage above was added for this document DPE).***

07/20/2022 GL ACTIVITY REPORT FOR STOUGHTON CITY
FROM 100-59200-50930 TO 100-59200-50930
TRANSACTIONS FROM 01/01/2021 TO 12/31/2021

Date	JNL	Type	Description	Reference #	Debits	Credits	Balance
Fund 100 GENERAL FUND							
01/01/2021			100-59200-50930 TRANSFER TO OTHER FUND	BEG. BALANCE			0.00
03/04/2021	AP	INV	ATTORNEY FEES-JANUARY	JAN-21	1,592.50		1,592.50
03/11/2021	AP	INV	RDA CONSULTING SERVICES	45	675.00		2,267.50
04/29/2021	AP	INV	ATTORNEY FEES-MARCH	MAR-21	487.50		2,755.00
06/09/2021	CR	RCPT	TRANSFER TO OTHER FUND	100054443		15,000.00	(12,245.00)
07/15/2021	AP	INV	CONSULTING SERVICES	46	1,825.00		(10,420.00)
07/22/2021	AP	INV	ELECTRICAL WIRING FOR NEW FOB SYSTEM- YO	10326	2,000.00		(8,420.00)
07/31/2021	JE	JE	REALLOCATE INVOICE FOR FOB SYSTEM-YC	7373		2,000.00	(10,420.00)
10/07/2021	AP	INV	HATS CONTRIBUTION	10042021	15,000.00		4,580.00
10/07/2021	AP	INV	REPLACEMENT OF CLER'KS DOOR- PSB	47270	4,917.00		9,497.00
11/11/2021	AP	INV	EXI SERVER SYSTEMS (2)	66969	21,674.62		31,171.62
12/02/2021	AP	INV	YOUTH CENTER KEY FOB ELECTRICAL	10665	201.00		31,372.62
12/31/2021			100-59200-50930	END BALANCE	48,372.62	17,000.00	31,372.62

07/20/2022 GL ACTIVITY REPORT FOR STOUGHTON CITY
FROM 100-59200-50930-10200000 TO 100-59200-50930-10200000
TRANSACTIONS FROM 01/01/2021 TO 12/31/2021

Date	JNL	Type	Description	Reference #	Debits	Credits	Balance
Fund 100 GENERAL FUND							
01/01/2021			100-59200-50930-10200000 TRANSFER TO OTHER FUND	BEG. BALANCE			0.00
04/08/2021	AP	INV	ATTORNEY FEES FOR SHAKERS REVOCATION	67764	1,025.00		1,025.00
12/09/2021	AP	INV	REPLACEMENT SPEED TRAILER	SIN030561	31,760.00		32,785.00
12/31/2021			100-59200-50930-10200000	END BALANCE	32,785.00	0.00	32,785.00

07/20/2022 GL ACTIVITY REPORT FOR STOUGHTON CITY
FROM 100-59200-50930-20209999 TO 100-59200-50930-20209999
TRANSACTIONS FROM 01/01/2021 TO 12/31/2021

Date	JNL	Type	Description	Reference #	Debits	Credits	Balance
Fund 100 GENERAL FUND							
01/01/2021			100-59200-50930-20209999 TRANSFER TO OTHER FUND	BEG. BALANCE			0.00
03/12/2021	AP	INV	Hand sanitizer refills	03/12/2021	113.18		113.18
05/21/2021	AP	INV		05/21/2021	620.00		733.18
05/21/2021	AP	INV	Hand sanitizer refills	05/21/2021	134.54		867.72
06/04/2021	AP	INV	hand sanitizer	06/04/2021	202.92		1,070.64
08/13/2021	AP	INV		08/13/2021	51.12		1,121.76
08/13/2021	AP	INV	hand sanitizer for dispensers	08/13/2021	208.96		1,330.72
08/27/2021	AP	INV	hand sanitizer stations	08/27/2021	527.39		1,858.11
09/24/2021	AP	INV	face masks	09/24/2021	51.12		1,909.23
10/08/2021	AP	INV	spray bottles for Senior center for COVI	10/08/2021	33.69		1,942.92
12/17/2021	AP	INV	Cleaning solution and masks	12/17/2021	51.12		1,994.04
12/31/2021			100-59200-50930-20209999	END BALANCE	1,994.04	0.00	1,994.04