CITY OF STOUGHTON, 207 S FORREST ST, STOUGHTON, WISCONSIN

RESOLUTION OF THE COMMON COUNCIL		
Amend 2022 adopted budget for vested compensated absences		
Committee Action:	Finance Committee recommended approval ____ on 08/09/2022	
Fiscal Impact:	$85,000	
File Number:	R-xxx-2022	**Date 8/23/2022**

The City of Stoughton, Wisconsin, Common Council does proclaim as follows:

RECITALS:

WHEREAS, Stoughton Utilities calculates a Payment In Lieu of Taxes (PILT) each calendar year due to the City of Stoughton; and,

WHEREAS, the City of Stoughton typically receives the PILT payment within 60 to 120 days after year end each year; and,

WHEREAS, the City of Stoughton correctly recognizes this revenue each year under modified accrual accounting within the General Fund; and,

WHEREAS, the City of Stoughton has historically set aside Assigned Fund Balance in the General Fund for this interfund receivable at year end without there being any required reason to do so; and,

WHEREAS, the General Fund Assigned Fund Balance at December 31, 2021 was $850,067; and,

WHEREAS, the City of Stoughton has accrued liabilities for sick and vacation pay that are considered vested employee benefits under multiple Wisconsin case law; and,

WHEREAS, the City of Stoughton's governmental funds have accrued liabilities for these compensated absences of $1,244,764 at December 31, 2021; and

WHEREAS, the City of Stoughton follows Governmental Accounting Standards Board (GASB) Statement No. 16 – *Accounting for Compensated Absences* (effective 01/01/1994) which indicates that expenditures for these compensated absences be recognized when actually paid out during the year and/or when a termination/retirement is known for certain; and,

WHEREAS, the pending GASB Statement No. 101 – *Compensated Absences* (effective 01/01/2024) will supersede GASB Statement No. 16 but will not change when governmental funds recognize the related expenditures; and,

WHEREAS, the City of Stoughton does not currently budget for known termination/retirement sick leave payouts in order to keep within the current levy limit statutes as well as to keep the mill rate somewhat flat; and,

WHEREAS, not budgeting for known terminations/retirement sick leave payouts causes the departments to experience deficits when they occur unless positions are held open which therefore causes inefficiencies and stresses on the departmental operations due to staffing shortages; and,

WHEREAS, the Director of Finance/Comptroller recommends (a) stopping the practice of setting aside Assigned Fund Balance for PILTs, (b) reclassing the current General Fund Assigned Fund Balance of $850,067 from PILTs to vested compensation; (c) amend the 2022 adopted budget to increase allowed expenditures in Dept. 88888 General Revenues by $85,000 for sick leave payouts, and (d) transfer the applicable funds from Dept. 88888 General Revenues when known terminations/retirements,

NOW THEREFORE BE IT RESOLVED, that the City of Stoughton hereby discontinue the practice of setting aside Assigned Fund Balance for PILTs due from Stoughton Utilities; and,

BE IT FURTHER RESOLVED, that the current General Fund Assigned Fund Balance for PILTs be reclassed to Assigned Fund Balance for vested compensation; and,

BE IT FURTHER RESOLVED, that the adopted 2022 budget be amended to increase expenditures in Dept. 88888 General Revenues by $85,000 for sick leave payouts; and,

BE IT FURTHER RESOLVED, that the Director of Finance/Comptroller is hereby authorized to amend the 2022 budget as necessary to transfer sick leave payouts from Dept. 88888 General Revenues to the appropriate departments as retirement/terminations are announced; and,

BE IT FURTHER RESOLVED, that the monthly Finance Department reports to the Finance Committee shall note the amounts transferred on a year-to-date basis; and,

BE IT FURTHER RESOLVED, that the intent is that budgets for 2023 and beyond be created utilizing this sick leave payout reserve; and,

BE IT FINALLY RESOLVED, that the total expenditures and revenues in the 2022 budget be increased by $85,000 as indicated on the following table:

Account Number	Account Description	Revenue		Expenditures	
		Increase	Decreased	Increase	Decreased
100-88888-49920	Fund balance applied - transfers	85,000			
100-88888-50169	HSA retirement payout			85,000	
Total		85,000		85,000	

Fiscal note: Budget amendments require two-thirds (2/3) vote of members elected. The City's proprietary funds (Storm Sewer, Emergency Medical Services, and Stoughton Utilities) use full

accrual accounting, which means that vested benefits are already a recognized expense. As such, GASB 16 and GASB 101 are not applicable for these departments and thus are not included in the resolution.

Council Action: ☐ **Adopted** ☐ **Failed** **Vote** _____

Mayoral Action: ☐ **Accept** ☐ **Veto**

_____

Mayor Tim Swadley Date

Council Action: _____ ☐ **Override** **Vote** _____