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

RESOLUTION OF THE COMMON COUNCIL		
Amend 2022 adopted budget for WRS unfunded pension liability		
Committee Action:	Finance Committee recommended approval ____ on 08/23/2022 TME SENSITIVE ITEM	
Fiscal Impact:	$108,658.07	
File Number:	R-xxx-2022	**Date 8/23/2022**

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

RECITALS:

WHEREAS, the Wisconsin Retirement System (WRS) was created in 1982 as the result of the merger of a number of governmental pension plans in the State of Wisconsin; and,

WHEREAS, as a result of this merger the combined Unfunded Pension Liability (UPL) was allocated to all participating employers of which the City of Stoughton and Stoughton Utilities are both participating employers; and,

WHEREAS, the City of Stoughton elected to borrow $554,744.25 from the Electric Utility Fund of Stoughton Utilities on April 1, 2012 at 3.0% interest with a thirteen-year amortization schedule rather than paying higher interest rates to the State of Wisconsin Department of Employee Trust Funds (ETF), who administers the WRS; and,

WHEREAS, the scheduled payment for 2022 was received by Stoughton Utilities on February 21, 2022 leaving an outstanding principal balance of $106,969.89 on that date; and,

WHEREAS, the scheduled principal and interest payment due in calendar year 2023 would be $56,860 and this expenditure amount would be included in the tax levy for budget year 2023; and,

WHEREAS, the both the Mayor and the Director of Finance/Comptroller anticipate the creation of the 2023 budget will be difficult due to the current statutory levy limits even with the record net new construction values recently released by the Wisconsin Department of Revenue; and,

WHEREAS, the Director of Finance/Comptroller recommends the City of Stoughton pay this unfunded pension liability in full plus accrued interest through August 31, 2022 to Stoughton Utilities with funding to come from the General Fund Unassigned Fund Balance; and,

WHEREAS, the payoff of this unfunded pension liability would allow the City of Stoughton to no longer levy for unfunded pension liability payments and therefore allowing the

City of Stoughton to levy for other expenditures; and.

WHEREAS, Stoughton Utilities has correctly accounted for this outstanding receivable from the City of Stoughton; and,

WHEREAS, the City of Stoughton has not included this outstanding liability in the general ledger at all since 2012; and,

WHEREAS, Baker Tilly US, LLP has correctly reported the City of Stoughton's outstanding liability activity through an internal service fund on the audited financial statements; and,

WHEREAS, additional audit fees have been incurred by the City of Stoughton for the necessary reclassification entries needed in the audited financial statements; and,

WHEREAS, Generally Accepted Accounting Procedures (GAAP) for governmental accounting dictates that there should be consistency between the audited financial statements, general ledger and the adopted/amended budget; and,

WHEREAS, the Director of Finance/Comptroller recommends the City of Stoughton create Fund 699 WRS Unfunded Pension Liability in the general ledger to track the 2022 activity;

NOW THEREFORE BE IT RESOLVED, that the 2022 adopted budget be amended to transfer $108,658 from the General Fund Unassigned Fund Balance in order to pay Stoughton Utilities the total principal and interest payments due as of August 31, 2022; and,

BE IT FURTHER RESOLVED, that the 2022 adopted budget be amended to adjust for the life to date negative Unrestricted Net Position in the 2021 audited financial statements of $157,976; and,

BE IT FURTHER RESOLVED, that the 2022 adopted budget for the WRS Unfunded Pension Liability Fund be amended to adjust for both the February 2022 and August 2022 payments to Stoughton Utilities; and,

BE IT FINALLY RESOLVED, that the allowed expenditures in the 2022 budget be decreased by $49,318 as indicated on the table below:

Account Number	Account Description	Revenue Increase	Revenue Decrease	Expenditures Increase	Expenditures Decrease	
Other General Government						
100-51900-50300	Miscellaneous expense				(55,745)	A
General Revenues						
100-88888-50414	WRS unfunded liability			51,006		A
100-88888-50620	Interest			4,739		A
100-88888-49920	Fund balance applied - transfers	108,658				
100-88888-50414	WRS unfunded liability			106,970		
100-88888-50620	Interest			1,688		
Fund 100 subtotals		108,658		108,658		
WRS Unfunded Pension Liability						
699-51900-49920	Fund balance applied - transfers		(157,976)			
699-51900-50414	WRS unfunded liability				(51,006)	
699-51900-50414	WRS unfunded liability				(106,970)	
Fund 699 subtotals			(157,976)		(157,976)	
Grand total			(49,318)		(49,318)	

Fiscal note: Budget amendments require two-thirds (2/3) vote of members elected.

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

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

_____

Mayor Tim Swadley Date

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