

**Watertown City Council**

May 28, 2019

**Agenda Item: Transfer of unrestricted fund balances****Request for Action: Adopt Resolution #2019-77, approving transfer of unrestricted fund balances in sewer, water, general and fire operating funds.****Department: City Administrator****Background:**

The 2018 financial audit was approved at the May 14 council meeting. Staff has analyzed the 2018 ending unrestricted fund balances and determined excess fund balances in sewer, water, general and fire operating funds.

The City's Financial Management Policy recommends a general fund target balance of 50% of operating expenditures. The ending unrestricted fund balance per the 2018 audit was \$1,663,771. Calculated target fund balance is \$1,363,771. Staff recommends transferring \$300,000 from the general operating fund to the capital investment fund.

The target fund balance for retained earnings in the enterprise funds is three months of operating expenses, debt obligations, and capital transfers within the enterprise fund. Using the required calculation, staff has identified the following transfers in the enterprise funds: \$254,000 from water operating to utilities capital fund and \$369,000 from sewer operating to utilities capital fund.

The audit also shows a \$19,000 unassigned fund balance in the fire operating fund. Staff recommends transferring the \$19,000 from the fire operating fund to fire capital fund.

**Attachments:**

Resolution 2019-77, approving transfer of unrestricted fund balances in sewer, water, general and fire operating funds.

**CITY OF WATERTOWN  
RESOLUTION NO. 2019-77**

**APPROVING TRANSFER OF  
UNRESTRICTED FUND BALANCES IN SEWER, WATER, GENERAL AND  
FIRE OPERATING FUNDS**

**WHEREAS**, the City of Watertown (the “City”) prudently manages its fund accounts for the betterment of the community; and

**WHEREAS**, the City’s Financial Management Policy recommends a General Fund Balance target of 50% of operating expenditures; and

**WHEREAS**, the City’s Financial Management Policy recommends an Enterprise Fund Balance target of 30% of actual expenses; and

**WHEREAS**, the City attempts to relieve the taxpayers of additional impacts by making proper financial adjustments;

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Watertown, Minnesota, hereby approves the transfer of \$369,000 from the Sewer Fund Balance to the Utilities Capital Fund, \$254,000 from the Water Fund Balance to the Utilities Capital Fund, \$300,000 from the General Fund to the Capital Investment Fund and \$19,000 from the Fire Operating Fund Balance to the Fire Capital Fund. All funds will be used for future capital investment.

Adopted by the City Council of the City of Watertown this 28<sup>th</sup> day of May, 2019.

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Steve Washburn, Mayor

ATTEST: \_\_\_\_\_  
Lynn Tschudi, Clerk/Treasurer