

Watertown City Council

April 25, 2023

Agenda Item: Transfer of unrestricted fund balances**Request for Action:** Adopt Resolution #2023-28, Approving the transfer of unrestricted fund balances from the general fund to the capital funds.**Employee/Dept.:** Margaret Reisdorf, Administrative Services Director**Background:**

The 2022 financial audit report was reviewed with the City Council at their April 11, 2023 City Council workshop meeting. The final approval of the audit report will be at the April 25, 2023 meeting.

Staff and the financial auditor every year analyze the ending unrestricted funds balances to determine if there are excess operating funds.

The City's Financial Management Policy recommends a General Fund balance target of 50% of operating expenditures. The ending unrestricted balance per the 2022 audit was \$2,071,983. The calculated target would therefore be 1,035,991.

Staff is recommending transferring a total of \$650,000. From the operating fund with the following allocation breakdown:

\$200,000: Parks Capital Fund

\$300,000: Fire Capital Fund

\$150,000: General Capital Fund

Previous Transfers:

2021 (based on 2020 Audit): \$275,000

2022 (based on 2021 Audit): No transfer recommended by staff

2023 (based on 2022 Audit): \$650,000

Recommendation:

Staff recommends adopting Resolution #2023-28, approving the transfer of unrestricted fund balances in the general operating fund to the capital funds.

Motion Type:

Simple majority vote of members present.

Requested Action/Motion:

"I move to adopt Resolution #2023-28, approving the transfer of unrestricted fund balances in the general operating funds to the capital funds."

Attachments:

Resolution #2023-28

**CITY OF WATERTOWN
RESOLUTION NO. 2023-28**

**APPROVING THE TRANSFER OF UNRESTRICTED FUND BALANCES FROM THE
GENERAL OPERATING FUND INTO CAPITAL FUNDS**

WHEREAS, the City of Watertown (the “City”) prudently manages its funds 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 attempts to relieve the taxpayers of additional impacts by making proper financial adjustments, and

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Watertown, Minnesota, hereby approves the following transfers:

\$150,000.00 - General Fund to the Capital Investment Fund

\$200,000.00 - General Fund to the Park Capital Fund

\$300,000.00 - General Fund to the Fire Capital Fund

All funds will be used for future capital investments.

Adopted by the City Council of the City of Watertown this 25th day of April, 2023.

Michael Walters, Mayor

ATTEST: _____
Margaret Reisdorf, Administrative Services Director