Fund Transfers Public Hearing

• New Requirement this year

Nutshell explanation—
• The City provides basic services of water, sewer, storm drainage, street lighting to all residents, business and City owned properties.
• The cost of supplying these services to City properties is included in the utility rates.
• The State Auditor recently has required the Cities to charge themselves the retail rate of these services and pay for these services from the general fund.
• To pay from the general fund the City has three choices 1) raise taxes, 2) cut services or 3) transfer funds
• The City has opted to transfer funds from the utilities since the cost of servicing City owned property is already encompassed in the utility rates.
How this works

• The General Fund pays the utility funds for the services provided as follows:

• Payment for Water for parks, cemetery, and internal building usage $900,000
• Sewage charge $16,000
• Storm Water fee $130,000
• Street lighting $15,000
The Transfer

<table>
<thead>
<tr>
<th>Transfer From</th>
<th>Transfer to</th>
<th>Transfer Amount</th>
<th>% of Total Enterprise Fund Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Fund</td>
<td>General Fund</td>
<td>$900,000</td>
<td>4.9%</td>
</tr>
<tr>
<td>Sewer</td>
<td>General Fund</td>
<td>$16,000</td>
<td>0.2%</td>
</tr>
<tr>
<td>Storm Water</td>
<td>General Fund</td>
<td>$130,000</td>
<td>2.8%</td>
</tr>
<tr>
<td>Street Lighting</td>
<td>General Fund</td>
<td>$15,000</td>
<td>0.9%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$1,061,000</td>
<td></td>
</tr>
</tbody>
</table>

• The General Fund pays the utilities. Through a transfer the same amount of money is sent back to the General Fund.
• The end result is the same services are provided for the same fee and taxes remain low and no services are cut.