

CITY OF CALEDONIA, MINNESOTA

RESOLUTION 2019-004

**A RESOLUTION MAKING PERMANENT TRANSFERS FROM ELECTRIC FUND
AND CAPITAL IMPROVEMENT FUND TO GENERAL FUND**

WHEREAS, in 2018 the Electric Fund and Capital Improvement Fund provided the General Fund with interfund loans totaling \$500,000 to help pay for the 2018 N. Kingston St. Reconstruction Project; and

WHEREAS, the interfund loan from the Electric Fund to the General Fund totaled \$380,000 and was to be paid back over 15 years starting July 1, 2019; and

WHEREAS, the interfund loan from the Capital Improvement Fund to the General Fund totaled \$120,000 and was to be paid back over 15 years starting July 1, 2019; and

WHEREAS, using the interfund loans reduced the amount of the bond for the 2018 N. Kingston St. Reconstruction project, thereby saving the City significant amounts of interest over the duration of the bond repayments; and

WHEREAS, although the interfund loans were beneficial to the City, they reduced the unassigned General Fund balance from 57% to 40% as a percentage of General Fund expenditures; and

WHEREAS, the City Council believes it is in the best interest of the City to maintain an unassigned General Fund balance of at least 50% as a percentage of General Fund expenditures; and

WHEREAS, if \$210,000 of the \$500,000 transfer were made permanent, the unassigned General Fund balance at the end of 2018 would be 50% as a percentage of 2018 General Fund expenditures;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF CALEDONIA, MINNESOTA AS FOLLOWS:**

1. That \$210,000 of the \$500,000 transferred from the Electric Fund and Capital Improvement Fund to the General Fund as interfunds loan is hereby made a permanent transfer that will not be paid back to the Electric Fund and Capital Improvement Fund.
2. The \$210,000 permanent transfer will comprise the following: \$150,000 from the Electric Fund and \$60,000 from the Capital Improvement Fund.
3. The General Fund will owe the Electric Fund and Capital Improvement Fund a total of \$290,000 of the original \$500,000 interfund loan; of this amount, \$230,000 will be paid back to the Electric Fund, and \$60,000 will be paid back to the Capital Improvement Fund.

ADOPTED by the Caledonia City Council this 11th day of March,
2019.


DeWayne "Tank" Schroeder, Mayor

ATTEST:


Adam G. Swann, Clerk/Administrator

STATE OF MINNESOTA)
COUNTY OF HOUSTON)
CITY OF CALEDONIA)

I, Adam Swann, city clerk and administrator of the City of Caledonia, do hereby certify that this is a true and correct transcript of the resolution that was adopted at a meeting held on the 11th day of March, 2019, the original of which is on file in this office. I further certify that 5 members voted in favor of this resolution and that 5 members were present and voting.

Signed Adam Swann

Date April 23, 2019

