CITY OF MARSHFIELD, WISCONSIN
POLICIES AND PROCEDURES

1. COMMON COUNCIL
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CHAPTER: Budgets

SUBJECT: Utility Transfers for General Government Utilization

POLICY NUMBER: 4.320

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APPROVAL DATE: July 10, 2001

APPROVED BY: Jerry Bennington, Sr.
Chairman, Finance, Budget and Personnel Committee

DEPARTMENT OF PRIMARY RESPONSIBILITY: Finance Department

I. POLICY STATEMENT

The purpose of this policy is to establish a framework for utilization of funds that may be transferred from City utilities to be utilized by the general government. These guidelines will provide direction during the budget process and demonstrate a commitment to long-term financial planning.

II. PURPOSE OF UTILITY TRANSFERS

State Statute 66.0811(2) states that "the income of a municipal public utility shall first be used to make payments to meet operation, maintenance, depreciation, interest and debt service fund requirements, local and state tax equivalents, additions and improvements, and other necessary disbursements or indebtedness." Income in excess of these requirements may be paid into the general fund. As such, City utilities may approve transfers for general government utilization if they deem it is in the best interest of the utility and the City. Such transfers are justified since the utilities are part of the City, and the City may have previously contributed to the utilities directly or indirectly through construction or other assistance.

III. POLICY

The City may allocate utility transfers for specific non-recurring expenditures (e.g. a capital project or special program) if possible, while maintaining a minimum of $1,000,000 in funds designated for economic development. Special programs may include economic development activities that encourage the creation and

retention of permanent jobs, retention and expansion of existing businesses, and investment in new businesses. Other expenditures that would have a positive impact on the City's economic vitality include parks and recreation projects, downtown revitalization projects, as well as unique projects that will support the growth and development of the City.

This will have the effect of reducing the required tax levy to fund these types of purchases. If specific non-recurring expenditures cannot be identified to utilize the utility transfer, the funds may be retained for utilization in a subsequent year or the funds may be utilized to reduce the tax levy at the discretion of the City Administrator and Common Council.

IV. PROCEDURE

The Finance Director shall annually determine the estimated amount of funds that will be transferred from City utilities for utilization by the general government and provide that information to the City Administrator and Common Council during the budget process. The City Administrator shall determine the proper utilization of these funds in accordance with this policy during the budget process. The Common Council shall ultimately determine the utilization of utility transfers through the adoption of the City budget.