



# CITY COUNCIL MEETING

## AGENDA ITEM

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<b>Prepared By:</b> <i>Allie Polsfuss, City Administrator and Janette Rust, Finance Director</i>	<b>Meeting Date:</b> <i>06/01/2026</i>	<b>Item Name:</b> <i>Budget Amendment</i>
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Staff are requesting City Council approval of a resolution amending the 2026 Annual Budget to establish Fund 406 — Capital Projects Fund and recognize the \$1,500,000 Local Road Improvement Program (LRIP) grant recently awarded by the State of Minnesota for the Buschmann Road reconstruction project.

### **BACKGROUND/DISCUSSION**

The LRIP grant was awarded after adoption of the 2026 Annual Budget and was accepted by the City Council on April 30, 2026. It is not currently reflected in the budget. Per the OSA Uniform Chart of Accounts, Capital Projects Funds are assigned numbers in the 400–499 range. Fund 401 is already in use as the City's Revolving Capital Fund; Fund 406 is the next available number in the "Other" designation (406–409).

Individual projects within Fund 406 will be tracked by activity code in the City's accounting system. The Buschmann Road project will be assigned Activity Code 2026-01. A second budget amendment will be brought forward this summer to recognize bond proceeds once the bonding amount is finalized.

### **LRIP GRANT — KEY POINTS**

- Administered through MnDOT; Crow Wing County is the project sponsor on behalf of the City.
- Reimbursement-based — the City spends eligible costs first, then requests reimbursement through the County.
- Only state aid eligible participating costs are reimbursable.
- CSAH 11 improvements are incorporated per the November 3, 2025 City-County agreement; those costs will be tracked separately.
- The City is responsible for all project costs above and beyond the \$1,500,000 grant amount.

### **FINANCIAL IMPACT**

This amendment increases the total City budget by \$1,500,000 on both the revenue and expenditure sides within Fund 406. There is no impact to the general operating budget.

### **RECOMMENDED COUNCIL ACTION**

Staff is requesting approval of Resolution No. 30-2026 amending the 2026 Annual Budget to establish Fund 406 — Capital Projects Fund and recognize the LRIP grant under Activity Code 2026-01 — Buschmann Road Reconstruction.

### **SUPPORTING DOCUMENTS**

Resolution 2026-XX  
[Click or tap here to enter text.](#)

**CITY OF BREEZY POINT  
CROW WING COUNTY, MINNESOTA**

**RESOLUTION NO. 30-2026**

**RESOLUTION AMENDING THE 2026 ANNUAL BUDGET TO ESTABLISH  
FUND 406 — CAPITAL PROJECTS FUND AND RECOGNIZE THE  
LOCAL ROAD IMPROVEMENT PROGRAM (LRIP) GRANT**

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**WHEREAS**, the City of Breezy Point has been awarded a Local Road Improvement Program (LRIP) grant from the State of Minnesota in the amount of \$1,500,000 to be applied toward the Buschmann Road reconstruction project; and

**WHEREAS**, the City Council accepted the LRIP grant and authorized execution of the grant agreement at its special meeting of April 30, 2026; and

**WHEREAS**, the grant was awarded after adoption of the 2026 Annual Budget and is not reflected in the currently adopted budget; and

**WHEREAS**, it is necessary and appropriate to establish Fund 406 — Capital Projects Fund in the 2026 Annual Budget to properly account for grant proceeds and future bond proceeds in accordance with generally accepted accounting principles for governmental entities and the Minnesota Office of the State Auditor Uniform Chart of Accounts; and

**WHEREAS**, the OSA Uniform Chart of Accounts for Minnesota cities assigns Capital Projects Funds to the 400–499 number range, with Fund 406 designated for use as an "Other" capital projects fund; and

**WHEREAS**, individual capital projects within Fund 406 will be tracked using project activity codes in the City's accounting system; and

**WHEREAS**, Minnesota Statutes Section 471.46 authorizes the City Council to amend the annual budget by resolution; and

**WHEREAS**, the City Administrator and Finance Director has reviewed this amendment and recommends its approval;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Breezy Point, Crow Wing County, Minnesota, as follows:

1. The 2026 Annual Budget is hereby amended to establish Fund 406 — Capital Projects Fund as a new budgeted fund of the City, consistent with the Minnesota Office of the State Auditor Uniform Chart of Accounts.
2. Individual capital projects within Fund 406 shall be tracked using project activity codes in the City's accounting system. The Buschmann Road Reconstruction project shall be assigned Activity Code 2026-01.
3. The Fund 406 — Capital Projects Fund budget is established as follows:

<b>FUND 406 — CAPITAL PROJECTS FUND</b>	<b>Amount</b>
<b>REVENUES &amp; OTHER FINANCING SOURCES</b>	
Intergovernmental Revenue — LRIP Grant (Activity 2026-01)	\$1,500,000
<b>TOTAL REVENUES &amp; OTHER FINANCING SOURCES</b>	<b>\$1,500,000</b>
<b>APPROPRIATIONS (EXPENDITURES)</b>	
Capital Outlay — Buschmann Road Reconstruction (Activity 2026-01)	\$1,500,000
<b>TOTAL APPROPRIATIONS</b>	<b>\$1,500,000</b>

4. This budget amendment is effective upon adoption of this Resolution.
5. The Finance Director is authorized to make all necessary accounting entries to implement this amendment, including establishing Fund 406 in the City's accounting system.

ADOPTED by the City Council of the City of Breezy Point, Minnesota, this 1st day of June, 2026.

**CITY OF BREEZY POINT**

Todd A. Roggenkamp \_\_\_

Rebecca Ball \_\_\_

Steve Jensen \_\_\_

Brad Scott \_\_\_

Michael Moroni \_\_\_

Attest:

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Mayor Todd A. Roggenkamp

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Deb Runksmeier, City Clerk