



Executive Summary

City Council Workshop

AGENDA ITEM:	Fund 452- Met Council Grant
PREPARED BY:	Jacob Kolander
RECOMMENDED ACTION:	Discussion & Decision

Summary:

The City maintains Fund 452, which was established in 2015 as part of a Metropolitan Council Grant. Currently, this fund reflects a negative balance of \$179,729.23. This deficit resulted from project engineering fees that were coded to the fund but were not covered by the grant, requiring the City to finance these costs from other sources.

Following discussions with the City's auditors, three potential options have been identified to address this deficit:

1. Fund Transfer – If Fund 452 is not expected to generate revenue to cover the negative balance, the City may transfer funds from another source to clear the deficit permanently.
2. Advance to/from Another Fund – If Fund 452 is expected to repay the negative balance beyond one year, an advance between funds can be arranged.
3. Due to/from Another Fund – If repayment is anticipated within the next year, an interfund loan can be recorded to reflect the temporary deficit.

Given the circumstances, it is recommended that the City either:

- Transfer funds from the Capital Improvement Fund to close out Fund 452 permanently, or
- Establish an advance to/from another fund, implementing a structured repayment plan through a yearly transfer, potentially leveraging future levies to cover a designated amount per year until the deficit is resolved.