



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: May 8, 2025

Subject: 2024 General Fund Year End Transfers

The City's preliminary, unaudited financial statements for the year ended December 31, 2024, indicate that the General Fund closed the year with a surplus. The resulting fund balance exceeds the City Council's adopted fund balance policy, which sets a reserve target between 35% and 50% of budgeted expenditures. Staff is recommending a transfer of \$450,000 from the General Fund to various designated funds in support of planned capital projects and initiatives.

Purpose of Transfers

The proposed fund transfers align with key priorities of the City Council and support long-term infrastructure and equipment needs without requiring additional tax levies:

1. Park Equipment and Improvements Fund (Fund 226) – \$125,000

This allocation funds the full replacement of the deteriorated tennis and basketball courts at Terrace Park, which are beyond repair. As part of the project, the existing tennis court will be converted into four pickleball courts, consistent with the recommendation of the Parks and Recreation Commission and in response to growing community interest in the sport.

2. Forestry Fund (Fund 251) – \$50,000

With the ongoing Emerald Ash Borer (EAB) epidemic affecting the City's tree canopy, this additional funding will expand the City's ability to remove and replace infested trees in the City's rights-of-way.

3. Revolving Construction Fund (Fund 400) – \$75,000

This allocation contributes toward the City's share of the 2025 Street Improvement Project. Utilizing fund balance for this purpose reduces the need to levy taxes payable from 2026 through 2035 to reimburse the Revolving Construction Fund for the City's share of the project.

4. Sealcoating Fund (Fund 407) – \$100,000

Funding for crack sealing and sealcoating in 2025 is essential for extending the life of City streets and maintaining overall pavement quality. This proactive maintenance strategy reduces long-term repair and reconstruction costs.

5. Equipment Fund (Fund 434) – \$100,000

The additional funding for the Equipment Fund helps ensure the timely replacement of vehicles and equipment identified in the City's 2025–2029 Capital Improvement Plan, supporting effective and efficient service delivery across departments. Properly capitalizing the Equipment Fund eliminates the need to issue a certificate of indebtedness for planned equipment purchases.

Budget Amendment

To account for these transfers, a corresponding amendment to the 2024 General Fund budget is required. The line item for permanent transfers out (101-49000-7000) is increased from \$127,500 to \$577,500.

Recommendation

Staff recommends approval of Resolution 2024-33 authorizing the specified year-end fund transfers and amending the 2024 General Fund budget accordingly. These strategic allocations utilize surplus funds responsibly, reduce future tax burdens, and advance multiple City priorities in parks, infrastructure, forestry, and fleet management.