



To: Mayor Fasbender & City Councilmembers
From: Chris Eitemiller, Finance Manager
Date: February 22, 2022
Item: 2021 Budget Amendment and Fund Closures

Council Action Requested:

Council is asked to approve a budget amendment and Fund closures. All of these will have an effective date of December 31, 2021.

Background Information:

General Fund: The General Fund balance will increase by approximately \$2.1 million, with the major revenue changes noted as follows: Non-Departmental increased \$1,203,189 due to the first receipt of ARPA funds. City Clerk decreased by \$39,720 associated with licensure refunds to offer small business assistance to local businesses. Building & Inspections has an increase in revenue totaling \$232,923, due to another year that saw a significant increase in permit revenues issued. The engineering revenue is based on a percentage pertaining to the 2021 street project. Since this is an estimate, it needs to be amended to the actual amount. The Public Works Streets division revenue shortfall compared to budget is due to the City's share of the Highway 316 project decreasing considerably. This resulted in both reduced municipal state aid revenues and grant revenues. These two revenues comprised the funding for the City's share of this project. The Parks department's General Fund revenue increased after receiving a recycling grant from Dakota County.

General Fund expenditures were \$3.6 million under budget. By far, the most significant portion of this variance was the Public Works Street division, which finished the year \$2,150,702 under budget. This was due to the City's share of the Highway 316 project being over \$2 million less than originally expected. Final payments for this project cannot be made until spring 2022, so there may be some adjustments to the project's final total. Beyond the Highway 316 project, Public Works' personnel expenses were \$170,000 under budget, and Police saw a positive personnel variance of \$207,000. Savings in personnel, services, and capital spread across all other departments, comprises the remainder of this variance.

Special Revenue Funds: The Cable Access Fund had an increase due to the increase in revenue associated with the cable access franchise fees. There is an associated expense increase in this fund as well, because these revenues are a pass through. The LeDuc Historic Estate changes are based on the receipts received from the trust. Half of these receipts are passed through to the Dakota County Historical Society. The changes associated with this fund are due to the decrease in monies received from the trust. The Arena fund saw budgeted increases in both revenues and expenditures. The revenue increase consisted of a transfer from the general fund to help fund the capital adjustments. Increases for seasonal salaries, as well as for capital equipment, account for budgeted spending increases totaling \$138,607. After these budget changes, the fund's plan was for nearly \$69,000 less revenue than expenditures. Positive variances in personnel and supplies reduced this to \$45,358.

Enterprise Funds: None of the enterprise funds had a negative variance in 2021, including the Hydro Plant.

Fund closures: Request authorization to close the following funds:

Drug Awareness Fund
2015 Equipment Certificates
Swimming Pool
2014 Equipment Certificates
2009 GO Improvement Bonds

Any residual amounts in these funds will be transferred to our Debt Redemption fund.

Financial Impact:

The budget amendment creates a significant positive position in the general fund of \$2,163,644. The final year-end position for the fund may vary slightly as adjusting entries associated with our annual audit are made.

Advisory Commission Discussion:

None.

Council Committee Discussion:

None.

Attachments:

- 2021 Budget resolution, Fund closures

**CITY OF HASTINGS
DAKOTA COUNTY, MINNESOTA**

RESOLUTION 02- -22

**A RESOLUTION AMENDING THE 2022 BUDGET AND FUND CLOSURES
AND TRANSFERS**

WHEREAS, the Mayor and City Council adopted the 2022 budget on December 6,
2021; and

WHEREAS, there is a need to amend the budget and close funds;

WHEREAS, there is also the need to transfer any residual monies from funds closing;

WHEREAS, any residual dollars from the following funds will be transferred to the
debt redemption fund for future council direction;

NOW THEREFORE LET IT BE RESOLVED THAT, the budget is amended as
follows with an effective date of December 31, 2022:

Fund closures

Drug Awareness Fund
Swimming Pool
2009 GO Improvement Bonds
2014 Equipment Certificates
2015 Equipment Certificates

General Fund

VIII-14

Revenues by Major Category:

| | 2022 Budget w/rollovers | Change | Amended 2/22/22 |
|----------------------------|----------------------------|-----------------|-------------------|
| Non-Departmental | 10,757,449 | 1,203,189 | 11,960,638 |
| Investments | 45,000 | (52,304) | (7,304) |
| City Clerk | 103,750 | (39,720) | 64,030 |
| Finance | - | - | - |
| Facility Maintenance | 18,380 | (700) | 17,680 |
| Planning | 17,000 | 11,401 | 28,401 |
| I.T. | - | 638 | 638 |
| Police | 659,043 | 41,686 | 700,729 |
| Building & Inspections | 431,200 | 232,923 | 664,123 |
| Safety | 10,000 | 1,904 | 11,904 |
| Public Works-engineering | 315,400 | 124,342 | 439,742 |
| Public Works-Streets | 3,273,000 | (1,768,703) | 1,504,297 |
| Public Works-Street Lights | 1,000 | (735) | 265 |
| Parks & Recreation | 75,500 | 169,783 | 245,283 |
| Miscellaneous | - | - | - |
| Transfers In | 686,288 | 3,000 | 689,288 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | <u>16,393,010</u> | <u>(73,295)</u> | <u>16,319,715</u> |

Expenditures by Major Function:

| | | | |
|-----------------------------|-------------------|------------------|--------------------|
| Council & Mayor | 120,657 | 26,502 | 94,155 |
| Administration | 307,899 | 51,813 | 256,086 |
| City Clerk | 536,023 | 104,930 | 431,093 |
| Finance | 642,740 | 34,910 | 607,830 |
| Legal | 166,500 | (87,034) | 253,534 |
| Facility Management | 506,098 | 10,911 | 495,187 |
| Planning | 140,552 | 4,814 | 135,738 |
| I.T. | 865,667 | 105,700 | 709,432 |
| Police | 5,719,435 | 195,207 | 5,524,228 |
| Building & Inspections | 622,092 | (16,297) | 638,389 |
| Safety | 2,700 | (6,739) | 9,439 |
| Public Works-Engineering | 570,136 | 81,528 | 488,608 |
| Public Works-Streets | 4,698,692 | 2,150,702 | 2,547,990 |
| Public Works-Street Lights | 216,800 | 23,445 | 193,355 |
| Public Works-Sidewalks | 25,000 | (911) | 25,911 |
| Parks & Recreation | 127,000 | (12,214) | 139,214 |
| Miscellaneous/Transfers Out | 2,530,072 | 924,191 | 1,605,881 |
| Total Expenditures | <u>17,798,063</u> | <u>3,641,992</u> | <u>14,156,071</u> |
| Revenues less Expenditures | (1,405,053) | (3,715,287) | 2,163,644 |
| Appropriated Fund Balance | <u>1,405,053</u> | <u>3,715,287</u> | <u>(2,163,644)</u> |

