



**To: Mayor Fasbender & City Councilmembers**  
**From: Chris Eitemiller, Finance Manager**  
**Date: May 1, 2023**  
**Item: 2022 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, 2022.

**Background Information:**

**General Fund:** The General Fund balance will increase by approximately \$1 million, with the major revenue changes noted as follows: Non-Departmental decreased from budget \$3,732,448. One significant factor was \$2 million not being spent on the City Hall Dome project. The \$2 million is a reimbursable grant from the State of MN. Another factor was the pace the City has spent the ARPA grant. Because \$1,255,948 less than planned was spent due to the pace of multiple projects, the City could not recognize this as 2022 revenue. Because of accounting rules, the balance not spent was booked as unearned revenue. These funds will still be spent as the projects advance to completion. Building & Inspections' revenue exceeded budget by \$746,077, due to another year that saw a significant increase in permit revenues issued. The Public Works Engineering revenue is based on a percentage pertaining to the 2022 street project. Since the budget is an estimate, it needs to be amended to the actual amount. The Public Works Streets division slightly exceeded revenue compared to budget due to street opening permits. The Parks department's General Fund revenue exceeded budget due to tree removal service revenues.

General Fund expenditures were \$4.2 million under budget. By far, the most significant portion of this variance was Facilities Management, which finished the year \$3,036,489 under budget. This was due to delays in the City Hall Dome project, which was about \$2.2 million less than budgeted. This project will still need to be finished, planned in 2023-2024. Another significant budget variance is in the Finance department. Due to scheduling issues, much of the Finance system project was delayed, resulting in a positive budget variance of \$316,857. This project will not fully begin until later in 2023, with an expected completion date in 2024. The most significant variance remaining is in the Public Works Street division, which finished 2023 \$410,770 below budget. Most of this variance was in capital equipment which was nearly \$300,000 below budget because of delays in receiving orders. The largest of these was \$260,000 for a dump truck, which is expected to be received in 2023. The remainder of savings was in personnel, and services. Savings in personnel, services, and capital spread across all other departments, comprises the remainder of this variance.

**Special Revenue Funds:** The Fire/EMS Fund had a negative budget position for 2022 of \$601,189.98. This was entirely due to lower ambulance revenues. Steps are being taken that will hopefully improve revenues going forward.

**Enterprise Funds:** The only enterprise fund that had a negative variance in 2022 was the Hydro Plant. This variance was \$16,091. The reason was costs associated with the Wildcat Solar Garden. Without these costs, the Hydro Plant would have had a positive variance.

**Fund closures-**

Request authorization to close the following funds:

VIII-08

2016 Equipment Certificates  
Parks Facilities Bonds 2001  
2010 General Obligations Bonds  
2011 General Obligations Bonds  
2020 Street Improvements  
2021 Street Improvements

Before closing the 2021 Improvements fund, staff requests approval to transfer in funds from the Budget Stabilization Fund. This was planned in the 2021 budget but wasn't completed. This left the 2021 Improvements fund with a negative balance. Completing this transfer will resolve this situation. For the other funds, any residual amounts remaining will be transferred to our Debt Redemption fund.

**Financial Impact:**

The budget amendment creates a significant positive position in the general fund of \$1,022,568. 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:**

- 2022 Budget resolution, Fund closures

**CITY OF HASTINGS  
DAKOTA COUNTY, MINNESOTA**

VIII-08

**RESOLUTION 5-XX-23**

**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**

2016 Equipment Certificates  
Parks Facilities Bonds 2001  
2010 General Obligations Bonds  
2011 General Obligations Bonds  
2020 Street Improvements  
2021 Street Improvements

**General Fund**

Revenues by Major Category:

VIII-08

	2023 Budget w/rollovers	Change	Amended 4/1/23
Non-Departmental	14,895,919	(3,495,415)	11,400,504
Investments	45,000	(237,033)	(192,033)
City Clerk	103,750	2,207	105,957
Finance	-	-	-
Facility Maintenance	33,880	(15,015)	18,865
Planning	17,000	7,837	24,837
I.T.	-	612	612
Police	597,056	241,257	838,313
Building & Inspections	431,200	746,077	1,177,277
Safety	10,000	(19,990)	(9,990)
Public Works-engineering	511,000	64,940	575,940
Public Works-Streets	611,000	21,226	632,226
Public Works-Street Lights	1,000	3,941	4,941
Parks & Recreation	75,500	41,878	117,378
Miscellaneous	-	-	-
Transfers In	472,380	-	472,380
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Total Revenues	<u>17,804,685</u>	<u>(2,637,477)</u>	<u>15,167,208</u>

Expenditures by Major Function:

Council & Mayor	115,157	15,064	100,093
Administration	330,496	12,915	317,581
City Clerk	651,097	95,897	555,200
Finance	1,066,765	316,857	749,908
Legal	236,500	7,626	228,874
Facility Management	3,614,684	3,036,489	578,195
Planning	244,460	(4,865)	249,325
I.T.	807,158	94,741	712,417
Police	6,036,509	54,563	5,981,946
Building & Inspections	738,386	(27,498)	765,884
Safety	2,700	(10,651)	13,351
Public Works-Engineering	560,833	42,700	518,133
Public Works-Streets	2,022,652	410,770	1,611,882
Public Works-Street Lights	216,800	(41,828)	258,628
Public Works-Sidewalks	25,000	21,075	3,925
Parks & Recreation	126,950	(56,482)	183,432
Miscellaneous/Transfers Out	1,557,856	241,991	1,315,865
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Total Expenditures	<u>18,354,003</u>	<u>4,209,364</u>	<u>14,144,640</u>
Revenues less Expenditures	(549,318)	(1,571,886)	1,022,568
Appropriated Fund Balance	<u>549,318</u>	<u>1,571,886</u>	<u>(1,022,568)</u>

<b>Special Revenue Funds</b>	2023 Budget w/rollovers	Change	Amended 2/13/23
Revenues:			
Fire/EMS	4,608,077	(568,828)	4,039,249
		-	
Total Revenues	<u>4,608,077</u>	<u>(568,828)</u>	<u>4,039,249</u>
Expenditures:			
Fire/EMS	4,636,445	(3,994)	4,640,439
		-	
Total Expenditures	<u>4,636,445</u>	<u>(3,994)</u>	<u>4,640,439</u>
Revenues less Expenditures	(28,368)	(572,822)	(601,190)
Appropriated Fund Balance	<u>(28,368)</u>	<u>(572,822)</u>	<u>(601,190)</u>

Adopted this 1<sup>st</sup> day of May 2023,

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*Mary Fasbender, Mayor*

Attest:

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*Kelly Murtaugh, City Clerk*