



STAFF REPORT

DATE: April 4, 2023

CONSENT

AGENDA ITEM: Close unused funds and approve transfers to close funds

TO: Mayor and City Council

SUBMITTED BY: Kristina Handt, City Administrator

BACKGROUND:

The City of Lake Elmo is organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net assets, revenues and expenditures, or expenses, as appropriate.

Each year finance reviews the City funds (example: capital projects, debt service, special revenues) and determines if the funds should continue to stay open or be closed. In the current year, finance identified three funds that can be closed since all of the activity in those funds has ended.

ISSUE BEFORE COUNCIL:

Should Council direct city staff to take any actions necessary to close the funds identified since activity related to the funds has ended, and approve the necessary transfers to close the funds?

PROPOSAL:

Included in your packet is a resolution that lists all of the funds identified as well as the necessary transfers to close the funds and transfer all of the assets in order to eliminate the fund balances that currently exists in the accounts. The effective date of the transfers is 12/31/22 so that they can also be closed out in the 2022 audit.

FISCAL IMPACT:

Fund 319 – Debt Service Fund – 2011A G.O. Improvement Bonds was paid in full in 2022. Since 105% is required to be levied, there remains a balance in the fund. Staff is proposing to transfer that balance to Fund 324 – Debt Service Fund – 2015A G.O. Bonds to help reduce fund deficit. Fund 425 – Capital Projects Fund – CSAH 19 & Hudson Intersection Improvement since the project has been completed a transfer from the General Fund is necessary (and was planned for when approving the project) to eliminate the negative fund balance. Fund 429 – Capital Projects Fund – Inwood & 5th Street Stop Light since the project has been completed a transfer from the General Fund is necessary (and was planned for when approving the project) to eliminate the negative fund balance.

OPTIONS:

- 1) Approve Resolution No 2023-029
- 2) Amend and then Approve Resolution No 2023-029
- 3) Don not Approve Resolution No 2023-029

RECOMMENDATION:

If removed from the consent agenda:

Motion to approve Resolution No 2023-029

ATTACHMENTS:

- Resolution No 2023-029

**CITY OF LAKE ELMO
WASHINGTON COUNTY
STATE OF MINNESOTA**

RESOLUTION NO. 2023-029

***A RESOLUTION TO CLOSE UNUSED FUND ACCOUNTS AND TRANSFER ASSETS TO
APPROPRIATE FUND ACCOUNTS***

WHEREAS, the City of Lake Elmo is organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net assets, revenues and expenditures, or expenses, as appropriate; and

WHEREAS, there is no longer a need to maintain an account for the following activities as transactions related to these funds have ended:

- Fund 319 – Debt Service Fund – 2011A G.O. Improvement Bonds
- Fund 425 – Capital Projects Fund – CSAH 19 & Hudson Intersection Improvement
- Fund 429 – Capital Projects Fund – Inwood & 5th Street Stop Light

WHEREAS, it is necessary and appropriate to close the funds and transfer all of the assets in order to eliminate the fund balance that currently exist in the accounts,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE ELMO authorizes the closure of the funds and transferring all of the assets effective December 31, 2022 as follows:

- Transfer \$96,400.78 from fund 319 to fund 324 – Debt Service Fund – 2015A G.O. Bonds to help reduce fund deficit.
- Transfer \$73,872.41 from fund 101 – General Fund to fund 425 to eliminate deficit and close fund.
- Transfer \$10,947.94 from fund 101 – General Fund to fund 429 to eliminate deficit and close fund.

Passed and duly adopted this 4th day of April, 2023 by the City Council of the City of Lake Elmo, Minnesota.

Charles Cadenhead, Mayor

ATTEST:

Julie Johnson, City Clerk