City Council Item

April 13, 2026

Item	Resolution 2026-XX: Approve Interfund Loans for the Fiscal Year 2025	
File No.		**Item No:** D.16
Agenda Section	**CONSENT AGENDA**	
Prepared By	Kelly Grinnell, Finance Director	
Reviewed By	Laurie Hokkanen	

SUGGESTED ACTION

"The Chanhassen City Council adopts the resolution to approve Interfund Loans for the Fiscal Year 2025."

Motion Type	Simple Majority Vote of members present
Strategic Priority	Financial Sustainability

SUMMARY

Each year, the city submits its Annual Comprehensive Financial Report (ACFR) to the Government Finance Officers Association (GFOA) for its Excellence in Financial Reporting Program. One of the requirements of the program is that any cash balance deficits in individual funds be eliminated by either an interfund transfer or an interfund loan effective at year-end.

For 2025, the City has two funds with cash balance deficits at year-end:

- Pavement Management Program Fund $-6,194,058.23
- Surface Water Management Fund $-1,409,981.67

Staff proposes temporary interfund loans as follows:

- Pavement Management Program Fund $6,195,000.00 From General Fund
- Surface Water Management Fund $1,410,000.00 From Sewer Fund

The interfund loans would not bear interest and will mature on December 31, 2026.

The Pavement Management Program Fund will receive about $2.5 million from Carver County for the Galpin Blvd project within the next month. The remaining deficit in the fund will be resolved over the next few years as the City transitions from full reconstruction projects to less costly reclamation projects.

Staff is recommending that the temporary interfund loan of $1,060,000 from the Water Fund to the Surface Water Management Fund from fiscal year end 2024 also be extended.

The Surface Water Management Fund will have an ongoing cash deficit for several years, but with planned rate increases it will become solvent by 2033.

Staff is also recommending that the temporary interfund loan of $21,000 from the General Fund to TIF 12 Fund be extended for another year but reduced to $6,000. This is expected to be the last year this fund will be in deficit.

Staff recommends council approval of the attached resolution for the interfund loans.

BACKGROUND

DISCUSSION

BUDGET

RECOMMENDATION

Staff recommends the City Council adopt a resolution approving the interfund loans for the fiscal year 2025.

ATTACHMENTS

Resolution Approving Interfund Loans for Financial Reporting FY2025