



City of Blaine Anoka County, Minnesota

Blaine City Hall
10801 Town Sq Dr NE
Blaine MN 55449

Legislation Text

File #: RES 22-143, **Version:** 1

ADMINISTRATION - *Joe Huss, Finance Director/Asst. City Manager; Alison Bong, Deputy Finance Director*

Title

Authorize the Transfer of Unrestricted General Fund Reserves

Executive Summary

Pursuant to direction upon adoption of the 2022 Budget and guidance provided by the City's Fund Balance Policy, Council is requested to authorize the transfer of unrestricted General Fund reserves to the Capital Equipment and Facilities Maintenance funds.

Background

In March, Finance staff reported to Council that projected year-end 2021 General Fund reserves would total roughly \$17 million. This amount was confirmed by the City's independent auditors upon completion of the city's annual audit. Per the City's Fund Balance Policy, \$3.4 million of that total is classified as unrestricted reserves.

On December 20, 2021, Council adopted the 2022 Capital Equipment Fund Budget, appropriating a total of \$2,256,555 for capital expenditures. It has become customary of the Council to fund capital purchases with the use of unrestricted General Fund reserves when those reserves are available. As part of the 2022 budget process, appropriations were made that were consistent with the best information available at the time of budget adoption in December 2021. Staff is requesting a transfer of \$2,400,000 of unrestricted General Fund reserves to the Capital Equipment Fund.

Additionally, staff is recommending the remaining \$1 million of unrestricted reserves be transferred to the Facilities Maintenance Fund, the city's internal service fund that accounts for the maintenance and capital replacement of the city's major facilities including City Hall, Public Works, and MAYC. This transfer would assist in bringing financial stability to the fund, which has seen its reserve balance decline, causing delays in both required maintenance and replacement of critical building infrastructure components.

At the time of the Facilities Maintenance Fund's creation, the City Council approved a transfer of \$250,000 to provide a base with which to fund future facilities capital needs. Upon review of the fund's operations as well as a recently completed facilities audit, it is apparent that additional funding is needed to complete scheduled maintenance and replacement of critical components.

Strategic Plan Relationship

The proposed action supports the City strategic initiative of financial stability in that it reflects a deliberative process wherein financial resources are allocated based on priorities established by the City Council.

The above would also ensure the City has the necessary equipment to provide exceptional services to the residents and maintain infrastructure.

Board/Commission Review

N/A

Financial Impact

By utilizing unrestricted general fund reserves, it allows the City to fund capital purchases in a cost-effective manner and limits the need for the City to finance the purchase of capital equipment.

Amending the budget ensures that the City is providing no more than the necessary resources to fund the activities, programs, and initiatives of the 2022 budget as adopted and amended by the City Council.

Public Outreach/Input

N/A

Staff Recommendation

By motion, approve the following resolution.

Attachment List

None

WHEREAS, Sound budgeting principles promote appropriating necessary funds required to accomplish approved objectives; and

WHEREAS, Sound budgeting principles also promote providing for contingencies and unforeseen emergencies so as to not prevent objectives from being met; and

NOW THEREFORE BE IT RESOLVED that the City Council of Blaine amends the 2022 General Fund, and authorizes the City Manager to implement these amendments and the transfer of such funds as follows:

- For Transfer of Available Unrestricted Reserves
 - \$2,400,000 - Operating transfer 101.00.000.000-4914 to the Capital Equipment Fund (410.00.000-3911)
 - \$1,000,000 - Operating transfer 101.00.000.000-4914 to the Facilities Maintenance Fund (711.50.530.532-3911)

PASSED by the City Council of the City of Blaine this 7th day of September 2022.