

Possible Budget Amendments to fund the General Reserve Fund, 107  
December 11, 2006

Resolution 1448-06, Interfund Loan to Airport, authorizes an additional \$50,000 as an interfund loan from the General Fund Reserve 107 to cover expenses in the Airport Fund 430. The Airport Fund currently has \$384,160 in interfund loans. This will bring them to a total of \$434,160. The Airport Fund is having difficulty paying the principal and interest on their outstanding loans. Another concern is this interfund loan brings the General Fund Reserve below \$100,000.

Under section 5.1.7 Fund Reserves, of the City of Blaine's Financial Policy, it states: The City will maintain a fund reserve (Fund 107) for the general fund to pay expenditures caused by unforeseen emergencies, for shortfalls caused by revenue declines and to eliminate any short-term borrowing for cash flow purposes. This reserve should be maintained at an amount that represents the equivalent of one year's property tax collections. (The necessary amount has subsequently been determined to be approximately \$600,000.) This reserve will be separate from the carryover balance.

I am showing the increase over last year's budget in each program within the General Fund to let council take note of possible programs that may be amended to replace funds taken from the General Fund Reserve due to Airport expenses that cannot be paid by Airport Revenue. With \$50,000 dollars being requested tonight and another \$50,000 being anticipated in 2007 along with any unforeseen cash flow needs, I believe Council should set aside \$150,000 from the below programs/departments to proactively plan for Airport/City expenses. This will not re-build the Reserve Fund, only keep it from declining further. The below numbers are not proposed cuts, but increases over the 2006 budget.

Program #	Title	\$ amount budgeted over 2006
512.50	Municipal Court	\$13,000
513	City Manager	\$7,000
514.10	Finance	\$41,000
514.12	Utility Billing	\$14,000
514.30	City Clerk	\$26,000
518	Gov. Bldg. Services	\$19,000
518.80	Man. Info. Services	\$64,000
558.80	Tourism	\$13,000
559	Buildings & Codes	\$6,000
520	Public Safety/Police	\$203,000
508	Ending Fund Balance	<u>\$236,345</u>
Total		\$642,345