


# CITY COMMISSION POLICY

 <b>GRAND RAPIDS</b>  <b>MICHIGAN</b>	<b>NUMBER:</b> 700-06	<b>HISTORY</b>	
	<b>DATE:</b> December 16, 1997	<b>FILE #</b>	<b>DATE</b>
	<b>FILE NUMBER:</b> 64177	73596	3/29/05
	<b>DEPARTMENT:</b> FISCAL SERVICES		

**SUBJECT: GENERAL FINANCIAL GUIDELINES**

**PURPOSE:** To establish a set of financial guidelines to be utilized by the City Manager in the preparation of the annual Preliminary Fiscal Plan.

**POLICY:**

1. The City Manager will prepare and the City Commission will approve the annual budget within the context of a five-year plan.
2. General Operating Fund departmental appropriations will be based on an assumption of a lapse of 1% of overall appropriations.
3. The General Operating Fund Contingent Appropriation (allowance for unforeseen obligations) will be established each year at \$1,500,000.
4. On-going expenditures are to be matched to on-going revenues and one-time revenues are to be matched to one-time expenditures. Uses of Fund Balance and withdrawals from the Budget Stabilization Fund will be considered a one-time source of funding and as such should be matched to one-time expenditures.
5. The unappropriated/unreserved/undesignated Fund Balance of the General Operating Fund will be maintained at not less than the levels shown below:

<u>Fiscal Period</u>	<u>Fund Balance</u>
Year Ending 6/30/06	5.00%
Year Ending 6/30/07	7.50%
Year Ending 6/30/08	10.00%
Year Ending 6/30/09	12.50%
Year Ending 6/30/10	15.00%
Thereafter	15.00%

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6. A Budget Stabilization Fund will be maintained subject to regulations established by the State of Michigan, P.A. 1978, No. 30 as amended. The fund balance may be supplemented in any Fiscal Year from the year end excess of revenues over expenses, if any, of the General Operating Fund. The City shall accumulate budget savings to achieve and maintain a Budget Stabilization Fund balance of 10% of General Operating Fund expenditures.
7. The Public Library Fund shall be designated as the depository of revenues from 2.4533 mills (or the maximum amount that State law permits to be levied) of the General Operating levy. Such funds are restricted, by Charter, to the operating/maintenance expenses and capital improvement needs of the Grand Rapids Public Library System.
8. Annual General Operating Fund appropriations in support of Police services shall be established in an amount equal to not less than 32% of the total annual authorization.
9. The City will maintain a Capital Reserve Fund for the purpose of establishing a financing mechanism to support the General Capital Improvements Program of the City.
10. The City will annually deposit revenues from 1.25 mills of the General Operating Millage Levy and 4% of the City Income Tax revenues into this fund.