



CITY OF GRAND RAPIDS

AGENDA ACTION REQUEST

DATE: December 17, 2024

TO: Mark Washington, City Manager

COMMITTEE: Fiscal Committee
LIAISON: Molly Clarin, Chief Financial Officer

FROM: Scott Saindon
 Deputy Chief Financial Officer

SUBJECT: **Request for Budget Stabilization Fund Appropriation and Subsequent Transfer**

The purpose of the Budget Stabilization Fund (BSF) is to serve as the City's "savings account" and to assist in stabilizing revenues and protecting critical programs for citizens during periods of economic recession. The fund, which had been depleted by the beginning of FY2010 due to the economic downturn, was re-established at the end of FY2013. The goal is to maintain the Budget Stabilization Fund Balance at 10% of GOF expenditures. As of the most recent fiscal year end – FY2024, the BSF was at 9.6%. Without an additional transfer, this percentage is forecast to decline further as expenditures rise.

The following transfers totaling \$17,798,835 have been made to the BSF since inception:

- FY2013 \$3,683,466 (initial transfer)
- FY2014 \$2,257,335
- FY2015 \$3,008,034
- FY2016 \$4,000,000
- FY2018 \$1,350,000
- FY2023 \$3,500,000

Based on current financial forecasts, BSF Fund Balance must be at least \$18,798,835 in order to maintain the 10% target level through FY2025. As such, additional funding of \$1 million is requested from GOF Fund Balance. This request complies with Public Act 30 of 1978 (MCL 141.443) requiring, among other things, a sufficient surplus in the General Fund in the fiscal year prior to the transfer as well as not-to-exceed fund balance limitations in the BSF.

Approval of this request would not only authorize the increased appropriation but also the subsequent transfer by the Comptroller Department. The following amendment would increase the appropriated transfer from the General Operating Fund to the Budget Stabilization Fund as follows:

| <u>Sources/Appropriations</u> | <u>Description</u> | <u>Amount (From)/To</u> |
|--------------------------------------|---|------------------------------------|
| 1010-261-3000-9951 | General Operating Fund- General Administration Dept. | (\$1,000,000) |
| 1020-261-5000-6991 | Budget Stabilization Fund | \$1,000,000 |

Please contact me should you have any questions concerning this request. Thank you for your consideration.

cc: Erica Bills Kate Berens Doug Matthews
 Jacob Carter Max Frantz