

The background of the document is a grayscale photograph of a large, multi-story brick building with a prominent arched entrance. A tall flagpole stands to the right of the building, flying the United States flag. The sky is overcast with soft clouds. The overall tone is professional and official.

GRAND RAPIDS CHARTER TOWNSHIP

Fund Balance Policy

Adopted February 2014
Including January 2019 Allocations

PURPOSE

The Fund Balance Policy has been adopted in order to address the requirements of the Government Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

GOVERNMENT FUND DEFINITIONS AND REPORTING

The policy is created in consideration of unanticipated events that could adversely affect the financial condition of the Township and jeopardize the continuation of necessary public services. This policy will ensure that the Township maintains adequate fund balances and reserves in order to:

- a) Provide sufficient cash flow for daily operations.
- b) Offset significant economic downturns or revenue shortfalls.
- c) Provide for the potential of securing investment grade bond ratings.
- d) Provide funds for unforeseen emergency expenditures.

This policy and the procedures hereby established will be the Township's fund balance and reserves, as established by an official resolution of the Township Board.

GRAND RAPIDS CHARTER TOWNSHIP FUND TYPE DEFINITIONS

General Fund is the account used for all financial resources not accounted for or reported in another fund.

Special Revenue Funds are used to account and report the process from specific revenue sources that are restricted or committed for the expenditure of specific purposes other than debt service or capital projects.

Debt Service Funds are used to account for all financial resources restricted, committed, or assigned to service the debt requirements of principle and interest.

Capital Project Funds are used to account for all financial resources expended for restricted, committed, or assigned for the acquisition or construction of capital assets.

Permanent Funds are used to account for resources restricted to the intent that only earnings, not principle, may be used for the purposes for which the fund was created.

These definitions will be used in the reporting activity for Grand Rapids Charter Township expenditures. Note: all fund types may not be reported based on the actual Township activity and circumstances in any given period.

FUND BALANCE REPORTING IN GOVERNMENTAL FUNDS

Fund Balance is to be reported under the following categories using the definitions provided in GASB Statement No. 54:

1. **Non-Spendable Fund Balance** includes amounts that cannot be spent because they are; a) not in spendable form or b) legally, or contractually, required to remain intact.

Non-spendable amounts will be determined before all other classifications and consist of the following items as applicable in any given fiscal year:

- a) The Township will report a fund balance equal to the balance of any long-term outstanding balances due from others.
 - b) The Township will report a fund balance equal to the value of inventory balances and prepaid items to the extent that such balances are not offset liabilities and actually result in a fund balance.
 - c) The Township will report a fund balance equal to the principle of any permanent funds that are legally or contractually considered.
 - d) The Township will report a fund balance equal to the balance of any land or non-financial assets held for sale.
2. **Restricted Fund Balance** includes amounts that can be spent only for specific purposes stipulated by the State Constitution enabling legislation, or external resource providers.
 3. **Committed Fund Balance** includes amounts that can only be used for the specific purposes defined by a formal action of the Township Board. A majority of the Township Board is required to approve a commitment or remove a commitment.
 4. **Assigned Fund Balance** includes amounts intended to be used by the Township for specific purposes that do not meet the criteria to be classified as restricted or committed, other than the Township's General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

The Township Board assigns the amounts to be used for the specific purposes and those assignments cannot exceed the available fund balance in any particular fund.

5. **Unassigned Fund Balance** is the residual classification for the Township's General Fund and includes all spendable amounts, not contained in the other classifications.

These classifications depict the nature of net resources that are reported in the Township's financial reports. An individual Township fund may include non-spendable resources and amounts that are restricted, committed or assigned or any combination of those classifications. The Township's General Fund may also include an assigned amount.

The adoption of this policy authorizes the Township Supervisor, or his or her assign, to establish any standards and procedures necessary for implementation and from time to time review this policy and make any recommendations for change to the Township Board.

Grand Rapids Charter Township
TYPE & REPORTING CATEGORIES OF FUND BALANCE

Section I General Fund *-restricted-assigned-unassigned-*

Section II Special Revenue Funds

1. Street Lighting *-restricted*
2. Lakes Management *-restricted*
3. Plainfield Ave Corridor Improv Authority *-restricted*

Section III Capital Projects Fund

1. Courthouse *-committed*
2. Pathways *-committed*
3. East Beltline *-committed*
4. Buildings & Grounds *-committed*
5. Improvement Revolving *-assigned*

Section IV Inactive Fund Types

1. Debt Service
2. Permanent

2019 Grand Rapids Charter Township
FUND BALANCE POLICY ALLOCATIONS

GENERAL FUND

- 1. Assigned Fund Balance
 - a) Budget Stabilization (Minimum of 10% of prior 5 yr average expense) **\$320,000**
- 2. Unassigned Fund Balance
 - minimum of 35% of prior 5 yr. average expense **\$1,120,000**

SPECIAL REVENUE FUNDS

- 1. Restricted
 - a) Street Lighting (Minimum of 20% of prior years expenditure) **\$24,000**
 - b) Lakes Management (Minimum of 20% of prior years expenditure) **\$4,200**

CAPITAL PROJECTS FUNDS

- 1. Committed
 - a) Courthouse **\$200,000**
 - b) Recreational Trails **\$1,000,000**
 - c) East Beltline **\$200,000**
 - d) Building & Grounds **\$500,000**
 - e) Park **\$1,000,000**
- 2. Assigned
 - a) Improvement Revolving (Minimum of 75% of estimated future utility projects) **\$2,200,000**