

Projected Budget Report

Local Government Name: City of Grand Rapids
 Local Unit Code: 412030
 Current Fiscal Year End Date: 6/30/2019
 Fund Name: General Operating Fund

City of Grand Rapids
 412030
 6/30/2019
 General Operating Fund

REVENUES	FYE 6/30/2019	Percentage Change	FYE 6/30/2020	Assumptions	Percentage Change	FYE 6/30/2021	Percentage Change	FYE 6/30/2022	Percentage Change	FYE 6/30/2023
Property Taxes	\$ 13,862,767	1.23 %	\$ 14,032,593	The City millage rate decreased by 0.0548 mills for FY19 due to a Headlee millage reduction factor of 0.9927. Increasing property values and new construction resulted in a FY19 taxable value increase of 4.98% on the ad valorem roll. The budget reflects modest increases over the next several budget cycles due to the anticipated compounding effects of Proposal A and Headlee.	1.24 %	\$ 14,207,019.00	1.57 %	\$ 14,430,775	1.30 %	\$ 14,617,901
Other Taxes	\$	%	\$	NA	%	\$	%	\$	%	\$
State Revenue Sharing	\$ 18,278,055	1.45 %	\$ 18,543,825	Constitutional Revenue Sharing projected per State of Michigan estimates; City continues to qualify for 100% of CVTRS/Statutory payments. CVTRS revenues are split equally between the General Fund and the Capital Reserve Fund.	1.46 %	\$ 18,814,113	1.46 %	\$ 19,088,996	1.46 %	\$ 19,368,551
Income Tax	\$ 83,757,867	2.50 %	\$ 85,851,815	Income tax finished FY2018 5.36% ahead of FY2017. Income taxes are projected to grow 3.0% in FY2019, and 2.5% annually in FY 2020-FY2023. The FY2019-23 General Fund income tax allocation remains at 95.5% for all five years. The remaining 4.5% is allocated to the Capital Reserve Fund to meet ongoing capital asset needs. FY2019, YTD trends appear on track with budget.	2.50 %	\$ 87,998,110	2.50 %	\$ 90,198,062	2.50 %	\$ 92,453,013
Charges for Services	\$ 9,928,335	1.08 %	\$ 10,035,601	Departments will continue working toward the goal of sustainable services that are fully funded through cost recovery unless a specific subsidy has been approved. No major changes are forecast for the five year projection period.	1.76 %	\$ 10,211,910	0.49 %	\$ 10,261,589	1.19 %	\$ 10,383,220
Fines & Forfeitures	\$ 2,150,000	4.74 %	\$ 2,252,000	Flat growth predicted, consultant study provided the basis for fee calculation and full cost recovery if possible. Economic Development: There may be some difficulty in achieving new revenues as fees are legislatively restricted related to economic development incentives. Real estate sales continue to show strong growth year over year. Building Inspections 1) The pace of new construction and development likely will decrease modestly. 2) Activity is expected to revert to more "normal" levels in the upcoming years. 3) Finances should be sustainable throughout the multi-year construction cycle without significant fee changes. Planning : Investing in our community vision (future pull) will leverage additional resources that increase Grand Rapids' ability to become economically successful, environmentally sustainable, and provide an exceptional quality of life.	2.26 %	\$ 2,303,000.00	2.21 %	\$ 2,354,000	2.12 %	\$ 2,404,000
Licenses & Permits	\$ 2,958,106	2.76 %	\$ 3,039,863	Estimated by departments. - Roughly 2.5% annual growth expected.	2.34 %	\$ 3,110,953	2.52 %	\$ 3,189,450	2.23 %	\$ 3,260,611
Interest Income	\$ 608,604	27.42 %	\$ 775,454	Interest rates are projected to continue increasing as economic growth remains strong. The City's standard is to hold investments to maturity. The City continues to actively invest excess funds with professional money managers including significant amounts of liquid cash that is anticipated to increase the liquidity of the investments and improve investment earnings further in the future.	14.77 %	\$ 889,966	13.04 %	\$ 1,006,016	11.54 %	\$ 1,122,065
Grant Revenues	\$ 229,365	4.18 %	\$ 238,962	Activities related to providing air quality monitoring and laboratory analysis for the Michigan Department of Environmental Quality. 100% of City costs are covered by this grant. FY19 service level is unchanged from FY18 and no significant events or activities related to this grant are anticipated.	3.96 %	\$ 248,422	2.33 %	\$ 254,213	- %	\$ 254,213
Other Revenues	\$ 2,161,903	0.87 %	\$ 2,180,728	Departments will continue working toward the goal of sustainable services that are fully funded through cost recovery. No major changes are forecast for the five year projection period. Fluctuations primarily due to cyclical nature of Clerk Dept. Special Election reimbursements projected in FY21.	7.35 %	\$ 2,341,041	(5.09) %	\$ 2,221,851	0.38 %	\$ 2,230,340
Interfund Transfers (In)	\$ 9,285,192	12.33 %	\$ 10,430,115	Unassigned Fund Balance in the General Operating Fund exceeded the 15% goal at the end of FY2018. After years of deposits to the budget stabilization fund, including a \$1.35M deposit in FY2018, the full 10% balance goal was met and exceeded in FY2018 (10.7%) and is projected to remain met in FY2019 (at 10%) before trailing off slightly in FY2020-2023 (ranging from 9.7% in FY2020 down to 9.1% by FY2023). Several loans are scheduled to be repaid with the most significant principal payments projected to be received in FY2020-21. Annual support services revenue allowed pursuant to 2 CFR Part 200 (formerly A-87) is also included in Interfund Transfers. Additionally, \$1.37M in support is received from the Community Development Department for Code Compliance operations. Transfers tend to fluctuate year to year depending on various factors and planned activities.	(5.31) %	\$ 9,875,910	(12.11) %	\$ 8,679,774	(3.97) %	\$ 8,335,063
Total Revenues	\$ 143,220,184		\$ 147,380,956			\$ 150,000,444		\$ 151,684,726		\$ 154,428,977
EXPENDITURES										

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General Government	\$ 24,287,238	2.13	%	\$ 24,805,719	The City continues to closely monitor expenses and limit the overall growth of the general fund to remain financially sound. General fund personnel remained stable in FY2018 and FY2019 with workforce numbers projected to be similar in future years. Costs are projected to increase somewhat due to modest increases in personnel cost bargained in all union contracts as well as the continued high cost of healthcare. Labor negotiations are expected to begin in early 2019 for the next contract period beginning July 2019 through June 2022. The focus is now on continuous improvement and sustainable asset management as the City continues to transform and adapt.	2.40	%	\$ 25,400,278	2.36	%	\$ 25,999,275	1.57	%	\$ 26,407,157
Police and Fire	\$ 83,985,187	3.37	%	\$ 86,815,031	Grant-funded fire personnel continued through FY16 and grant-funded police personnel will continue through FY20 (with maintenance of effort through FY21). Dedicated staffing models have been developed for both the Police and Fire Departments for consistency in budgeting and stability in the general fund. The staffing models are being closely monitored to ensure sustainability.	2.70	%	\$ 89,161,837	2.18	%	\$ 91,105,453	1.07	%	\$ 92,078,132
Other Public Safety	\$ 2,745,585	3.65	%	\$ 2,845,908	This is the Attorney's Office. Costs are primarily personnel related and are currently increasing at approximately 1%-4% annually.	2.93	%	\$ 2,929,190	2.63	%	\$ 3,006,089	1.05	%	\$ 3,037,720
Roads	\$		%	\$	NA		%	\$		%	\$		%	\$
Other Public Works	\$ 5,718,120	3.58	%	\$ 5,922,871	Street Lighting - Consumers Energy projected small cost changes again for FY19. The City is in the process of issuing bonds for Street Lighting infrastructure improvements and LED deployment. Stormwater has received additional funding allocations as part of the City's asset management plan and to meet State mandates. Parking - Parking Violations personnel moved out of the General Fund to the Mobility Fund resulting in GOF cost reduction beginning in FY2018.	3.90	%	\$ 6,153,806	3.67	%	\$ 6,379,460	2.46	%	\$ 6,536,485
Health and Welfare	\$		%	\$	NA		%	\$		%	\$		%	\$
Community & Economic Dev.	\$ 5,630,462	1.69	%	\$ 5,725,470	Planning and Community Engagement: The FY2019 Planning Department budget request is premised on the following expectations: 1. Development review and compliance activity will continue to rise, following a trend of steadily increasing activity in recent years; 2. Staffing will be increased as additional resources are required related to the City's community based vision. The department will continue to support Green Grand Rapids, the MI Corridor Project, Park Development, Area Specific Plans, and many other initiatives. Economic Development: Downtown is seeing a significant increase in residential development and continues to use economic tools as an effective means to encourage growth. Economic Development staff will continue its relationships with strategic community partners in examination of the economic gardening model; The FY2019 budget remained relatively flat from FY2018. Code Enforcement: Beginning July 1, 2012 the Code Compliance Office began implementation of single-family rental property certifications which continues to meet expected outcomes. Building Inspections: 1) current staffing continues to fluctuate to accommodate changes in activity in the building arena; Key Performance Indicators (KPI's) are widely used to more effectively manage resources.	3.26	%	\$ 5,912,196	2.62	%	\$ 6,066,801	1.72	%	\$ 6,171,076
Recreation & Culture	\$		%	\$	NA		%	\$		%	\$		%	\$
Capital Outlay	\$ 1,276,255	10.16	%	\$ 1,405,972	This funds capital projects of a minor nature (many less than \$20,000) such as office furniture procurement which can vary from year to year. The majority of capital requests relate to Police and Fire Department equipment. Larger capital projects are funded from the Capital Reserve Fund.	(12.30)	%	\$ 1,233,101	0.52	%	\$ 1,239,564	5.39	%	\$ 1,306,398
Debt Service	\$ 56,872	5.95	%	\$ 60,258	Assume AA rating will remain unchanged and there will be less reliance on debt as activities become more sustainable. City offered debt issues will be those which are self-liquidating from user fees and charges (i.e., water, sewer and parking).	(92.70)	%	\$ 4,400	-	%	\$ 4,400	-	%	\$ 4,400
Other Expenditures	\$		%	\$	NA		%	\$		%	\$		%	\$
Interfund Transfers (Out)	\$ 18,984,026	3.35	%	\$ 19,620,190	The City has been working over the last several years to reduce subsidies to other funds and now transfers have become more stable. Transfers include Maintenance of Effort (MOE) support for the Parks department in fulfillment of the investment guidelines outlined as part of the Parks Millage request approved by voters in FY2013. The Vital Streets MOE transfer is also in fulfillment of the investment guidelines outlined as part of the income tax extension request approved by voters in FY2015 requiring General Fund support totaling \$13 million during the income tax extension period. Additional subsidies include support for the District Court, Dispatch Fund, Affordable Housing, and Community and Police Relations. The City's Contingent Account (\$1.5M) is also budgeted as an interfund transfer for use when unpredictable situations occur.	4.30	%	\$ 20,463,238	1.74	%	\$ 20,819,352	2.04	%	\$ 21,245,028
Total Expenditures	\$ 142,683,745			\$ 147,201,419				\$ 151,258,046			\$ 154,620,394			\$ 156,786,396
Net Revenues (Expenditures)	\$ 536,439			\$ 179,537				\$ (1,257,602)			\$ (2,935,668)			\$ (2,357,419)
Beginning Fund Balance	\$ 30,242,194			\$ 30,778,633				\$ 30,958,170			\$ 29,700,568			\$ 26,764,900
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