

Projected Budget Report

Local Government Name: City of Grand Rapids
 Local Unit Code: 412030
 Current Fiscal Year End Date: 6/30/2020
 Fund Name: General Operating Fund

City of Grand Rapids
 412030
 6/30/2020
 General Operating Fund

REVENUES	FYE 6/30/2020	Percentage Change	FYE 6/30/2021	Assumptions	Percentage Change	FYE 6/30/2022	Percentage Change	FYE 6/30/2023	Percentage Change	FYE 6/30/2024
Property Taxes	\$ 14,599,981	2.88 %	\$ 15,017,757	The City millage rate decreased by 0.0699 mills for FY20 due to a Headlee millage reduction factor of 0.9906. Increasing property values and new construction resulted in a FY20 taxable value increase of 6.28% 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.	2.93 %	\$ 15,458,061.00	2.35 %	\$ 15,821,180	2.35 %	\$ 16,193,671
Other Taxes	\$	%	\$		%	\$	%	\$	%	\$
State Revenue Sharing	\$ 18,779,166	0.86 %	\$ 18,939,754	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.	0.86 %	\$ 19,101,949	0.86 %	\$ 19,265,765	0.86 %	\$ 19,431,220
Income Tax	\$ 88,870,704	3.00 %	\$ 91,536,825	Income tax finished FY2019 6.59% ahead of FY2018. Income taxes are projected to grow 4.0% in FY2020, and 3.0% annually in FY 2021-FY2024. The FY2020-24 General Fund income tax allocation was reduced to 95.25% for all five years (down from 95.5% in FY2019). The remaining 4.25% is allocated to the Capital Reserve Fund to meet ongoing capital asset needs. FY2020, YTD trends appear on track with budget.	3.00 %	\$ 94,282,930	3.00 %	\$ 97,111,417	3.00 %	\$ 100,024,760
Charges for Services	16,661,265	0.43 %	16,733,541	Flat growth predicted, consultant study provided the basis for fee calculation and full cost recovery if possible. Departments will continue working toward the goal of sustainable services that are fully funded through cost recovery unless a specific subsidy has been approved. Central Service Charges revenue in excess of \$6 million was reclassified from "Interfund Transfers (In)" to "Charges for Services" beginning mid-year FY2019 per audit recommendation. This reclassification is reflected in all years. 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.	0.23 %	\$ 16,772,524	1.49 %	\$ 17,021,705	1.42 %	\$ 17,263,262
Fines & Forfeitures	\$ 2,152,000	0.05 %	\$ 2,153,000	Flat growth predicted for Parking Fine revenue (Police and Treasurer Departments).	0.05 %	\$ 2,154,000.00	- %	\$ 2,154,000	- %	\$ 2,154,000
Licenses & Permits	\$ 2,803,328	4.53 %	\$ 2,930,243	Estimated by departments. - New Marijuana License revenue beginning in FY2021 (Clerk Dept.).	8.14 %	\$ 3,168,631	1.20 %	\$ 3,206,505	0.15 %	\$ 3,211,213
Interest Income	\$ 1,132,128	8.99 %	\$ 1,233,910	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.	8.31 %	\$ 1,336,505	7.68 %	\$ 1,439,099	5.27 %	\$ 1,514,967
Grant Revenues	\$ 125,000	- %	\$ 125,000	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.	- %	\$ 125,000	- %	\$ 125,000	- %	\$ 125,000
Other Revenues	\$ 1,538,604	8.95 %	\$ 1,676,277	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	(8.48) %	\$ 1,534,155	(0.26) %	\$ 1,530,238	(0.52) %	\$ 1,522,280
Interfund Transfers (In)	\$ 4,134,056	(15.46) %	\$ 3,494,259	Unassigned Fund Balance in the General Operating Fund exceeded the 15% goal at the end of FY2019. 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%), remains met in FY2019 (at 10%) before trailing off slightly in FY2020-2024 (ranging from 9.7% in FY2020 down to 8.6% by FY2024). An additional transfer will be proposed during FY2020. 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) has been reclassified from Interfund Transfers to Charges for Services pursuant to auditor recommendation. 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.	(37.84) %	\$ 2,172,159	(21.94) %	\$ 1,695,581	0.41 %	\$ 1,702,550
Total Revenues	\$ 150,796,232		\$ 153,840,566			\$ 156,105,914		\$ 159,370,490		\$ 163,142,923

