



**CITIZEN'S GUIDE TO THE CITY'S FINANCES  
CITY OF GRAND RAPIDS, MICHIGAN  
YEAR ENDED JUNE 30, 2019**



300 Monroe Avenue, NW/Grand Rapids, Michigan 49503/[www.grcity.us](http://www.grcity.us)/616.456.3000

# Introduction

- Governments are relied upon to provide many essential services to their constituents. This requires a careful balance between providing the proper amount of service, while still living within the financial constraints of available resources.
- Transparency in government is critical to achieve the above objective. The detailed annual financial reporting, in the form of a Fiscal Plan (budget) and a Comprehensive Annual Financial Report (CAFR), while providing the required information to meet Governmental Accounting Standards, may not always be very understandable to the average user.
- To ensure the citizens of Grand Rapids are fully informed about their government operations, the City is pleased to provide this annual Citizens' Guide and Popular Annual Financial Report (PAFR). The numbers presented in the PAFR vary slightly from the CAFR, in that they are pulled from the Annual Local Unit Fiscal Report (F-65) required by the State of Michigan. The F-65 report is submitted by each governmental agency in Michigan to provide a uniform reporting structure. The F-65 reports for all cities, villages, counties and townships in Michigan can be seen here <https://treas-secure.state.mi.us/LAFDocSearch/>
- We hope the users of this report find it helpful and the City welcomes feedback on the presentation format and content.

## What's Inside

- General Fund
- Governmental Funds
- Enterprise Funds
- City Debt
- City Obligations
- City Leadership



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Ruth Lueders  
Deputy City Comptroller



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Molly Clarin  
Acting Chief Financial Officer

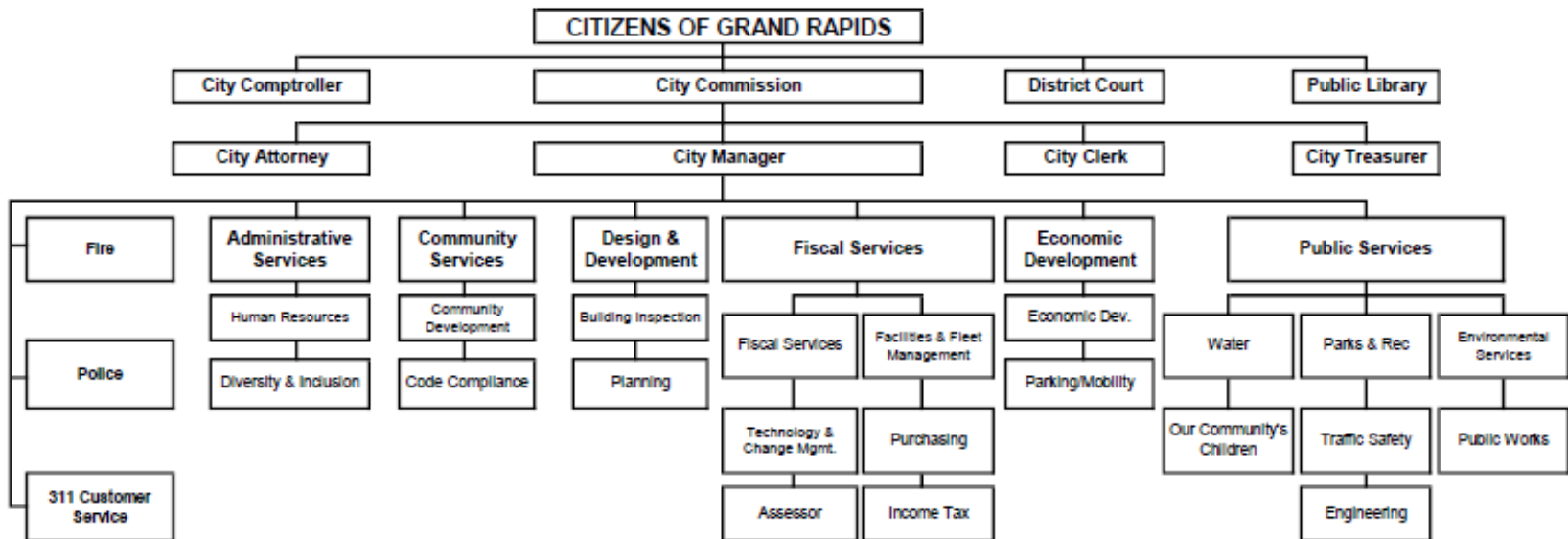
## 2019 QUICK FACTS

- Form of Government: Commission – Manager
- 2019 Population: 200,217
- Land Area: 44.4 square miles
- Unemployment rate: 3.8%
- Bachelor’s degree or higher: 35.6%
- Median Household Income: \$47,173
- City Budget: \$586.6 million
- City Property Tax Mills: 8.9710
- Revenue from all taxes: \$146.67 million
- Revenue from all charges for services: \$170 million
- General Fund expenditures: \$126.8 million
- General Fund subsidies to other funds: \$15.47 million
- Police & Fire expenditures: \$85 million
- Bonded debt: \$525.6 million

## The City’s Mission

The City of Grand Rapids believes in the dignity and worth of all people and in the right of every citizen to have equitable access to the benefits of urban life. We believe in the rights of all citizens to express their views and the responsibility of the City government to respond to those views. As government representatives, we will help shape the future to assure that the City will continue to be a place where the benefits of urban life can be enjoyed.

## Organizational Chart



# City Financials / General Fund

The general fund keeps track of revenues and expenditures for general government services, such as police and fire, human resources, finance, and other city management departments. The City Commission fund balance policy complies with Governmental Accounting Standards Board (GASB) 54 requirements. The policy established 5 classifications of fund balance (non-spendable, restricted, committed, assigned and unassigned). General fund revenues are up to \$146.8 million from a low of \$98.98 million in FY2012 and operating expenditures are up to \$126.8 million from a low of \$98.1 million in FY2011.

**Note:** Only the Unassigned Fund Balance is available to meet new commitments and objectives.

Revenues	2018	2019	% Change
Taxes	\$95,333,305	\$101,226,685	6.18%
Licenses & Permits	\$2,651,628	\$2,550,097	-3.83%
From State Govt.	\$19,183,854	\$20,277,262	5.70%
Charges For Services	\$10,168,703	\$18,471,467	81.65%
Fines And Forfeitures	\$2,155,412	\$1,853,968	-13.99%
Interest & Rent	\$667,500	\$2,027,937	203.81%
Other Revenues	\$986,293	\$391,121	-60.34%
<b>Total Revenues</b>	<b>\$131,146,695</b>	<b>\$146,798,537</b>	<b>11.93%</b>
Other Financing Sources	\$7,535,004	\$2,665,906	-64.62%

General Fund	2018	2019	% Change
Revenue	\$131,146,695	\$146,798,537	11.93%
Expenditure	\$117,915,963	\$126,834,914	7.56%
Surplus (shortfall)	\$13,230,732	\$19,963,623	50.89%

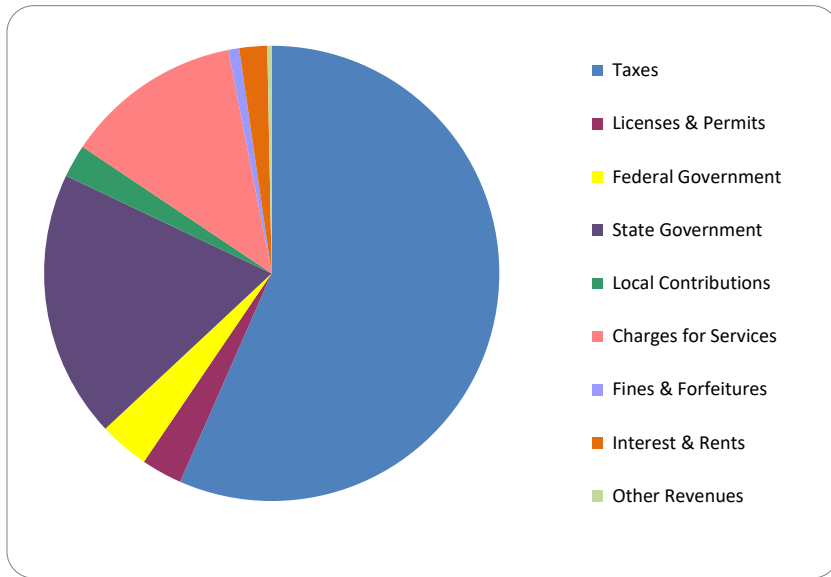
## Fund Balance By Component

Non-Spendable	\$3,426,797	\$3,393,029	-0.99%
Committed	\$14,298,835	\$14,298,835	0.00%
Assigned	\$7,684,988	\$7,146,167	-7.01%
Unassigned	\$30,434,665	\$38,134,167	25.30%
<b>Total Fund Balance</b>	<b>\$55,845,285</b>	<b>\$62,972,198</b>	<b>12.76%</b>

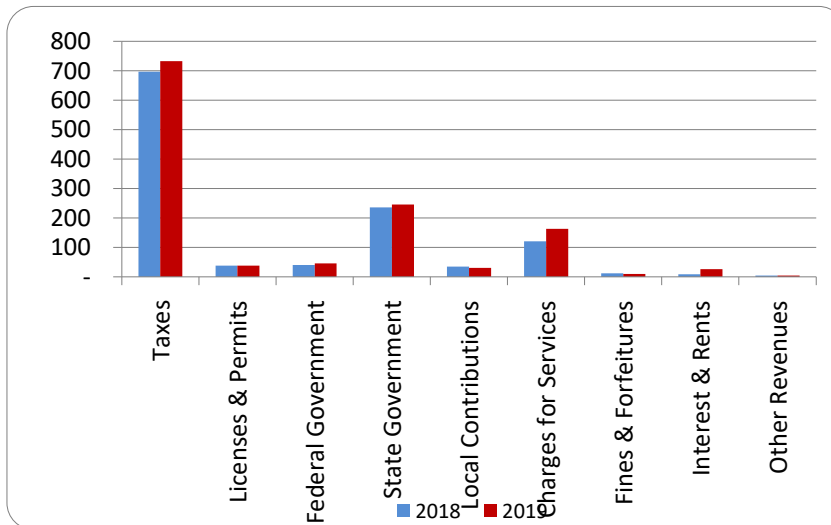
Expenditures	2018	2019	% Change
General Government	\$28,746,649	\$30,839,633	7.28%
Police & Fire	\$78,636,585	\$85,038,406	8.14%
Other Public Works	\$5,363,233	\$5,454,926	1.71%
Community & Economic Development	\$5,108,490	\$5,443,553	6.56%
Debt Service	\$61,006	\$58,396	-4.28%
<b>Total Expenditures</b>	<b>\$117,915,963</b>	<b>\$126,834,914</b>	<b>7.56%</b>
Other Financing Uses	\$15,954,248	\$15,468,848	-3.04%

# City Financials / All Governmental Fund Revenues

## Where our money comes from



## Revenue Sources per capita

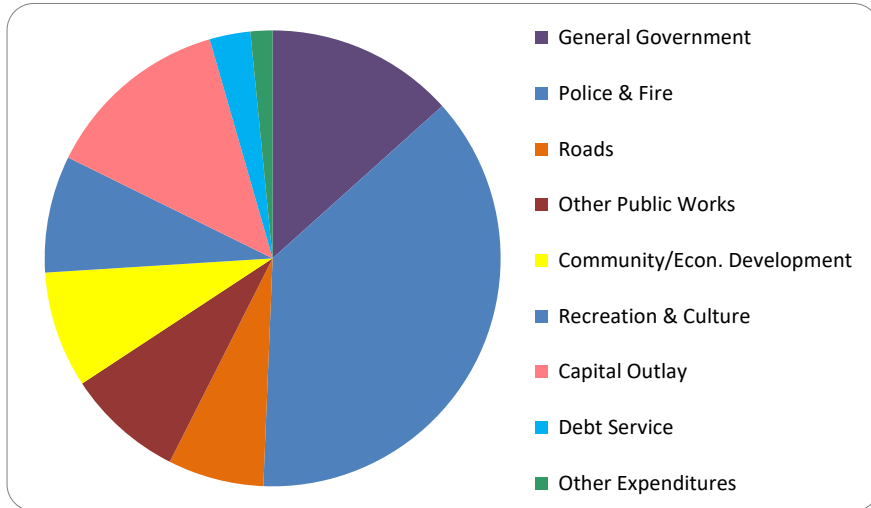


Revenues	2018	2019	% Change
Taxes	\$135,471,916	\$146,674,315	5.92%
Licenses & Permits	\$7,533,264	\$7,511,388	-0.29%
From Federal Govt.	\$7,922,886	\$9,211,600	16.27%
From State Govt.	\$46,988,764	\$49,273,191	4.86%
Local Contributions	\$6,902,958	\$6,041,334	-12.48%
Charges For Services	\$23,866,290	\$32,548,906	36.38%
Fines And Forfeitures	\$2,320,994	\$1,998,581	-13.89%
Interest & Rent	\$1,684,235	\$5,112,136	203.53%
Other Revenues	\$878,678	\$806,836	-8.18%
<b>Total Revenues</b>	<b>\$236,569,985</b>	<b>\$259,178,287</b>	<b>9.56%</b>
Other Financing Sources	\$44,955,233	\$40,841,556	-9.15%

All Governmental Fund types (including general fund) include many of the City's basic services, including library, refuse, major & local streets, grants, capital funds and others. In 2019, the City of Grand Rapids collected \$259.18 million from taxes, charges for services, intergovernmental revenues, and other revenue sources in governmental funds. This change of \$22.6 million over FY2018 is attributable to an increase in income taxes, an increase in revenue from State Government, charges for services and interest. The graphs reflect the distribution of revenues in governmental funds. As you can see, taxes represent the greatest share of governmental fund revenues.

# City Financials / Governmental Fund Expenditures

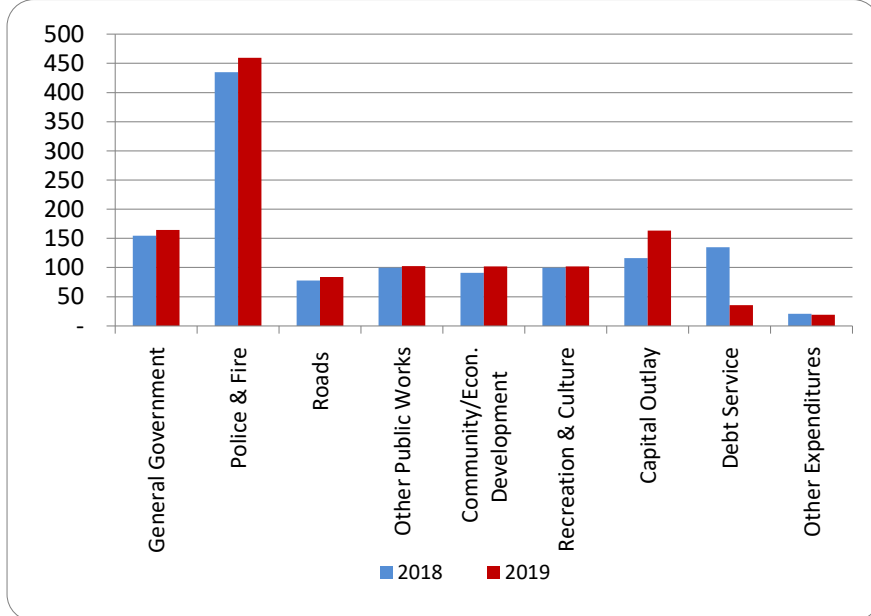
## Where we spend our money



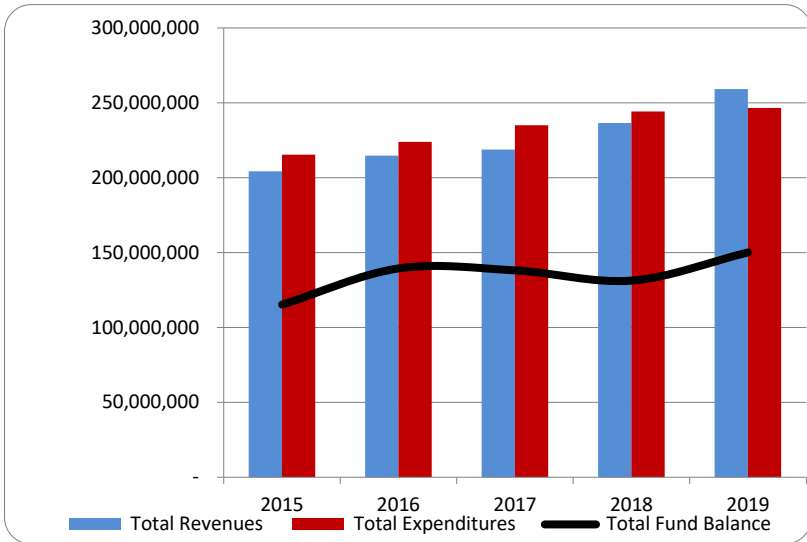
In 2019, the City of Grand Rapids spent \$246 million in governmental fund type expenditures with the largest portion being police and fire. This is an increase of \$2.4 million from FY2018 mainly attributable to increases in roads, community & economic development and capital outlay. The debt service large decline is due to the street bonds of \$18.9 million being paid in FY18.

Expenditures	2018	2019	% Change
General Government	\$30,704,431	\$32,938,959	7.28%
Police & Fire	\$86,486,306	\$91,996,757	6.37%
Roads	\$15,479,005	\$16,781,404	8.41%
Other Public Works	\$19,764,961	\$20,464,024	3.54%
Community & Economic Dev	\$18,025,781	\$20,361,511	12.96%
Recreation & Culture	\$19,868,500	\$20,438,421	2.87%
Capital Outlay	\$23,046,687	\$32,693,966	41.86%
Debt Service	\$26,774,209	\$7,136,903	-73.34%
Other Expenditures	\$4,079,345	\$3,854,184	-5.52%
<b>Total Expenditures</b>	<b>\$244,229,225</b>	<b>\$246,666,129</b>	<b>1.00%</b>
Other Financing Uses	\$44,420,279	\$43,528,888	-2.01%

## Spending per capita

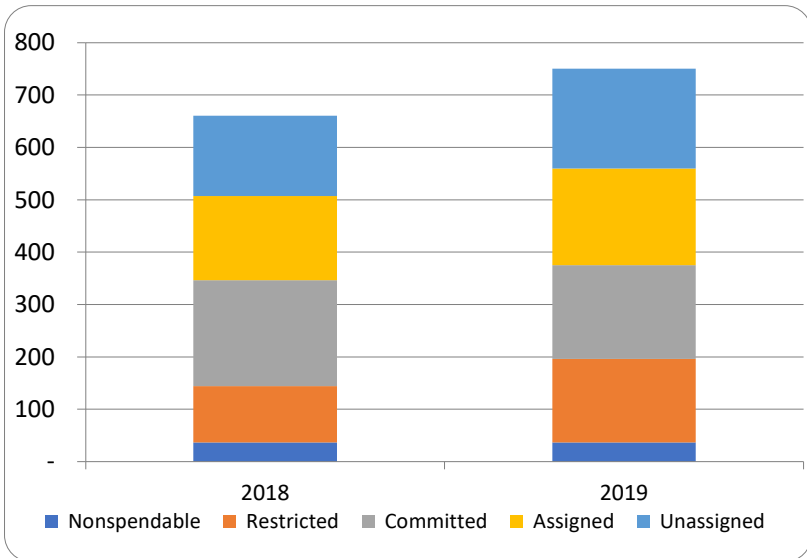


# Governmental Fund Resources

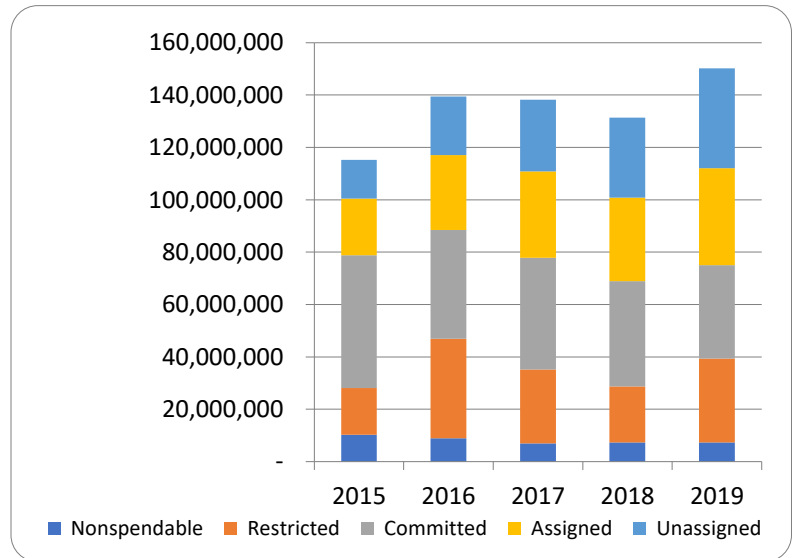


	2018	2019	% change
Revenue	236,569,985	259,178,287	9.56%
Expenditures	244,229,225	246,666,129	1.00%
Surplus (shortfall)	(7,659,240)	12,512,158	-263.36%
Fund balance, by component:			
Nonspendable	7,280,018	7,390,762	1.52%
Restricted	21,399,994	31,913,641	49.13%
Committed	40,256,236	35,750,994	-11.19%
Assigned	31,933,319	37,009,537	15.90%
Unassigned	30,434,665	38,134,167	25.30%
<b>Total fund balance</b>	<b>131,304,232</b>	<b>150,199,101</b>	<b>14.39%</b>

Fund Balance per capita – compared to the prior year



Historical trends of individual components



# City Financials / Enterprise Funds

Revenues	2018	2019	% Change
From Federal Govt.	\$629,035	\$631,994	0.47%
Charges for Services	\$123,917,417	\$126,110,789	1.77%
Interest & Rents	\$1,670,570	\$5,974,331	257.62%
Other Revenues	\$11,129,174	\$5,720,166	-48.60%
<b>Total Revenues</b>	<b>\$137,346,196</b>	<b>\$138,437,280</b>	<b>0.79%</b>
Other Financing Sources	\$3,052,155	\$5,759,595	88.71%

Enterprise Fund types are permitted by generally accepted accounting principles for any activity whose principle source of funding is from external revenue sources (i.e. user charges) and meet any of the following criteria:

- 1) Debt is backed solely by fees and charges
- 2) There is a legal requirement to recover full costs through fees or charges
- 3) There is a policy decision to recover full costs through fees or charges

The only way Enterprise Funds can generate cash is through user fees or bond issuances. Due to this fact, the focus of Enterprise funds is on the flow of unrestricted cash.

Enterprise Funds in the City include water, sewage disposal, parking, cemetery operations, golf course and the Belknap Ice Arena. User Charges exceed 90% of total Enterprise Fund revenues.

Expenses in the Enterprise Funds totaled \$125 million which was a 20.04% increase from the prior year's expenditures mainly due to the increase in GASB changes to pension expense, construction in progress and debt service expenses for the major enterprise funds.

The cash positions of the water, sewage disposal and parking funds are strong. The City continues to look at the operations of the cemetery fund and golf course fund having made a capital investment to revitalize the golf course and developed a capital investment plan using sustainable asset management for the cemeteries.

Expenses	2018	2019	% Change
Public Works	\$63,410,885	\$77,149,535	21.67%
Recreation & Culture	\$1,307,661	\$1,466,923	12.18%
Debt Service	\$12,751,919	\$19,260,367	51.04%
Depreciation	\$26,642,659	\$27,103,737	1.73%
<b>Total Expenses</b>	<b>\$104,113,124</b>	<b>\$124,980,562</b>	<b>20.04%</b>
Other Financing Uses	\$4,730,509	\$3,070,275	-35.10%

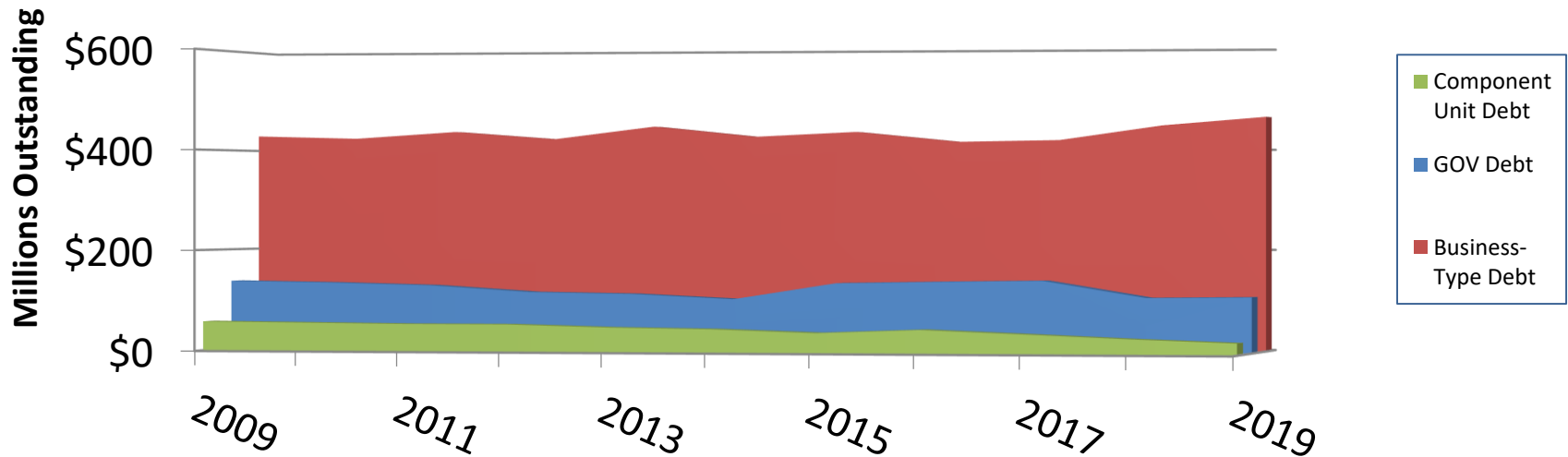


# City Financials / Debt

One of the unique funding streams available to local governments is the ability to issue tax-exempt bonds for the financing of capital projects and infrastructure improvements. Over time, the City has issued debt for water and sewer capital projects, development projects, transportation projects as well as for other needs, and this is shown as Business Type Debt below. Intergenerational equity can sometimes be improved when high cost capital assets with long service lives are financed with debt instead of cash.

It is important to analyze and monitor the long-term debt of the City to ensure revenue streams are sufficient to meet principal and interest payments on the outstanding issues. Also, the City continually looks to refinance bonds whenever possible to achieve costs savings to the residents and rate payers in the City. The graphs reflect total outstanding debt by activity type.

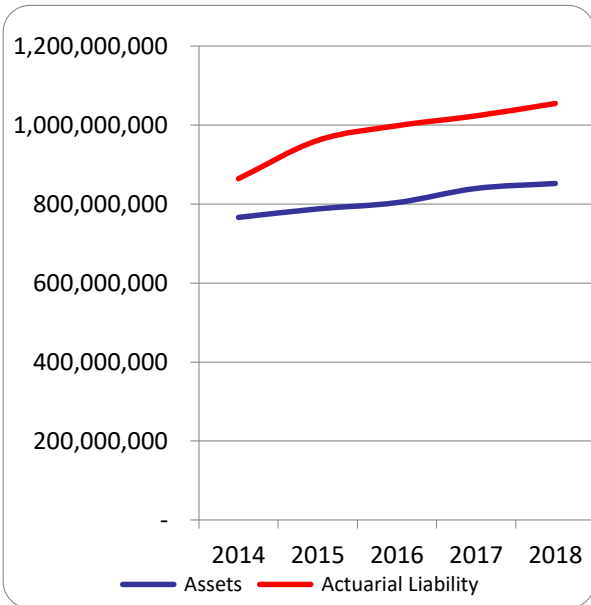
Note: The City is also committed to pay a portion of the financing of the Grand Valley Regional Biosolids Authority, which is operated by the cities of Grand Rapids and Wyoming. This debt is not included in the graph below. For more details, please see CAFR Note 11.



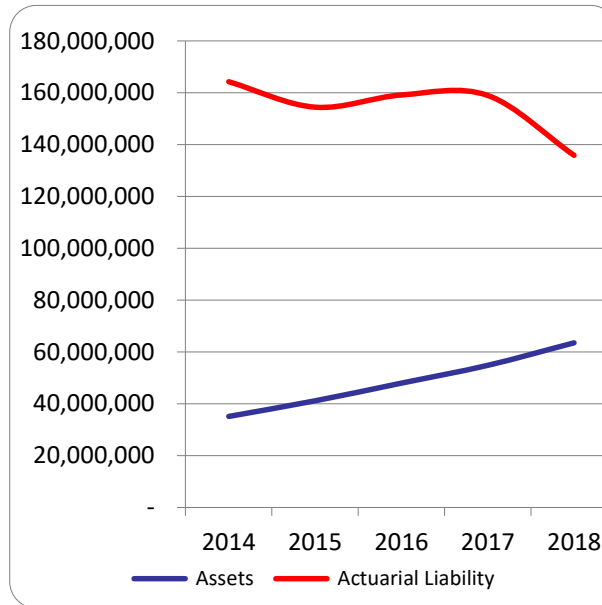
# City Financials / Long-Term Obligations

Over the past decade, there has been a lot of focus on the long-term “legacy” costs of defined benefit public pensions and Other Post Employment Benefit (OPEB) plans like the City’s retiree health care plans and the resulting unfunded liabilities which are facing many public entities. The City has taken steps to curb the exposure. The City has made modifications to both its pension and retiree health care plans and funds the actuarially determined amounts necessary to systematically pay off the liabilities created by previous benefit plans.

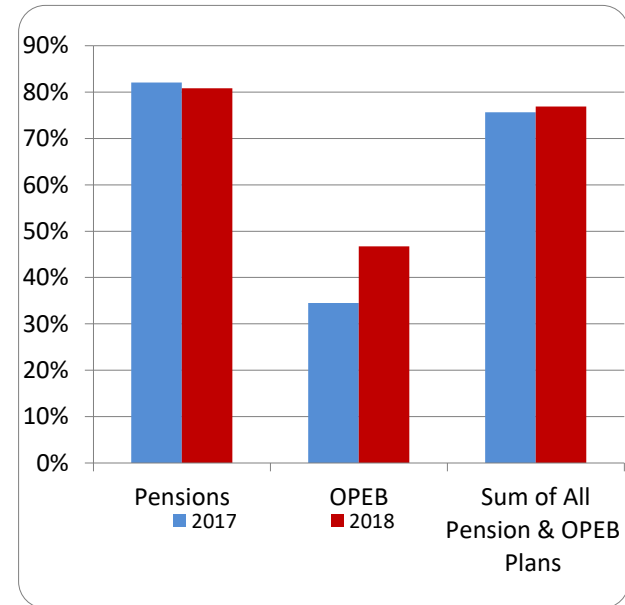
While the City has a long-way to go towards fully funding these legacy costs, much progress has been made. The General Retirement System was closed to new participants. Pension multipliers were reduced and employee contributions have been increased. Defined benefit retiree health plans are closed and employees hired since 2001 participate in defined contribution retiree health savings accounts. Without these changes the actuarial liability would have been much larger. The graphs below represent our current funding position.



1. Pension funding status



2. Retiree Health care funding status



3. Percent funded - compared to the prior year

## CITY COMMISSION

Rosalynn Bliss  
Mayor

Jon O'Connor  
First Ward Commissioner

Kurt Reppart  
First Ward Commissioner

Ruth Kelly  
Second Ward Commissioner

Joseph D Jones  
Second Ward Commissioner

Nathaniel Moody  
Third Ward Commissioner

Senita Lenear  
Third Ward Commissioner

## CITY OFFICIALS

Mark Washington  
City Manager

John Globensky  
City Treasurer

Joel Hondorp  
City Clerk

Anita Hitchcock  
City Attorney

## For More Information

Visit the City on the web:

[www.grandrapidsmi.gov](http://www.grandrapidsmi.gov)

The City's website is your source for information about City policies, services, commission meetings and events 24 hours a day, seven days a week.

Residents can take advantage of our online services:

- Download agendas and meeting minutes
- View our progress at MyGRCity Dashboard
- Find parks and download reservation forms
- Download City financial reports
- Search the municipal code
- Report a problem or request a service
- Pay parking tickets and utility bills

## Form of Government

The City of Grand Rapids operates a City Commission – City Manager form of government. Working as a consensus, the Mayor and City Commissioners are responsible for establishing city policy and providing direction to the City Manager. The City Commission appoints the City officials above.



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