



# City of Zeeland Budget Report

## **General Fund**

For Fiscal Years Ending

June 30, 2016

and

June 30, 2017

# General Fund

<b>Fiscal Year Ending June 30</b>	<b>2016 Budget</b>	<b>2017 Projected</b>
<b>Revenues:</b>		
Property taxes	7,046,500	5,040,000
Licenses and permits	121,000	140,000
State shared revenues	506,500	2,480,000
Charges for services	54,100	60,000
Fines	42,250	44,000
Special Assessments	27,000	26,000
Interest earnings - investment	50,000	50,000
Rents	29,000	30,000
Other revenues	46,000	50,000
Transfers from Other Funds	621,845	625,000
<b>Total Revenues</b>	<b>8,544,195</b>	<b>8,545,000</b>

The General Fund is the chief operating fund of the City of Zeeland. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund. General Fund budgeted revenue for the 2016 fiscal year is 8,544,195 and is projected to grow less than 0.009% in fiscal year 2017. The large decrease in property taxes is due to the phase out Personal Property Tax. Personal Property purchased before 2006 and after 2012 is 100% tax-exempt beginning in fiscal year 2017.

Following property taxes the City's next greatest source of revenue is State Revenue Sharing. The State "shares" with the City \$400,000 of State Sales Tax collected. We are also budgeting to receive \$75,000 in Economic Incentive Vitality Payments and \$2,000 in liquor license fees. The large increase is because the State will reimburse the City a portion of the loss of tax revenue due to the phase-out of Personal Property Tax.

With the exception of building permit revenue, other sources of revenue are projected to be relatively flat. Building permit revenue is increasing because fees have been increased to help cover the actual costs of performing the inspection. Charges for services revenue is derived chiefly from cemetery grave openings. Fines are received for various ordinance violations, like parking fines and other ordinance violations. Special Assessments are paid by property owners in the downtown and are used to defray the cost of maintaining parking lots and sidewalks. Rental income comes from public use of park pavilions and band shell, also room rentals at the Howard Miller Community Center.

Transfers from other funds is an internal charge to City owned utilities. Utilities operate as a business enterprise but do not pay taxes. They are charged administratively in lieu of taxes to account for the various City services provided to them.

# General Fund

<b>Fiscal Year Ending June 30</b>	<b>2016 Budget</b>	<b>2017 Projected</b>
<b>Expenditures:</b>		
<b>General Government:</b>		
Governing body	62,220	65,000
Youth Council	3,265	0
Mayor	12,095	13,000
City Manager	181,435	185,000
Elections	9,080	13,000
Finance & Taxation	215,975	230,000
Assessor	167,000	175,000
Attorney	7,975	8,000
Clerk	173,280	180,000
Personnel administration	58,890	60,000
Board of review	2,115	2,200
General services	167,700	170,000
Data processing	81,500	55,000
Cemetery	116,284	125,000
Storm Water Management	25,565	25,000
Tree management	12,980	15,000
Public relations	40,600	42,000
<b>Total General Government</b>	<b>1,337,959</b>	<b>1,363,200</b>

The General Government function supports 17 activities in the administration of the City and represents 15.7% of the General Fund Budget. These activities are funded by property taxes and charges for services. An increase of 1.8% over FY 2016 is projected for FY 2017.

<b>Fiscal Year Ending June 30</b>	<b>2016 Budget</b>	<b>2017 Projected</b>
<b>Expenditures</b>		
<b>Public Safety:</b>		
Police	1,385,295	1,400,000
Fire - Rescue department	594,715	620,000
Building & Zoning	202,970	250,000
<b>Total Public Safety</b>	<b>2,182,980</b>	<b>2,270,000</b>

The Public Safety function includes police, fire-rescue, and building and zoning activities. Public safety represents 26% of the general fund budget. These activities are supported by property taxes, licenses and permits, fines and, beginning in FY 2017, the State Essential Services Assessment. An increase of 4% over 2016 is projected for FY 2017 largely due to the cost of building inspections.

# General Fund

<b>Fiscal Year Ending June 30</b>	<b>2016 Budget</b>	<b>2017 Projected</b>
<b>Expenditures</b>		
<b>Public Works:</b>		
Municipal Parking System	169,420	175,000
Municipal Parking - Satellite System	23,900	25,000
Sidewalks & Bikepaths	51,445	55,000
Highways, Streets and Bridges	24,475	25,000
Street Lighting	40,000	40,000
City Clean-Up	112,220	100,000
MAX Transit Authority	83,000	85,000
<b>Total Public Works</b>	<b>504,460</b>	<b>505,000</b>

The budgets for the parking systems, sidewalks and bikepaths are spent on routine maintenance, the largest part of which is for snow removal. Highways, streets and bridges covers expenses such as curb cuts, drainage improvements, safety, and services associated with community events, parades, and festivals. City clean-up funds the Riley Street drop-off, city-wide brush and leaf pick-up, Spring Clean up at Autumn Hills, and the annual household hazardous waste collection. A 0.1% increase is projected for FY 2017.

<b>Fiscal Year Ending June 30</b>	<b>2016 Budget</b>	<b>2017 Projected</b>
<b>Expenditures</b>		
<b>Community &amp; Economic Development</b>		
Economic Development	116,990	120,000
Planning Commission	50,360	52,000
Construction Board of Appeals	700	700
Zoning Board of Appeals	6,240	6,500
<b>Total Community &amp; Econ Development</b>	<b>174,290</b>	<b>179,200</b>

Community and Economic Development includes all in-house City marketing activities as well as contributions to the activities of Lakeshore Advantage and the Zeeland Community Development Corp. The Planning Commission is responsible for future land use planning, zoning, and site-plan reviews. The Construction Board of Appeals convenes to hear appeals from persons seeking relief from building codes and the Zoning Board of Appeals hears requests for zoning ordinance interpretations or variances. An increase of 2.8% is projected for FY 2017.

# General Fund

<b>Fiscal Year Ending June 30</b>	<b>2016 Budget</b>	<b>2017 Projected</b>
<b>Expenditures</b>		
<b>Recreation &amp; Culture</b>		
Parks	369,245	305,000
Community Center	267,870	250,000
<b>Total Recreation &amp; Culture</b>	<b>637,115</b>	<b>555,000</b>

The City maintains nine parks and approximately 38 acres of municipal property. This budget includes mowing, trimming, watering, landscaping, playground and picnic equipment, community garden, and building custodial services. Costs were higher than normal in FY 2016 for replacing playground equipment and other capital improvements in the parks.

The Howard Miller Community Center is available to the public for meetings, banquets, and other community related events. It is chiefly supported by property taxes but it does receive some revenue, approximately \$25,000 or 11% of its budget, from room rentals.

<b>Fiscal Year Ending June 30</b>	<b>2016 Budget</b>	<b>2017 Projected</b>
<b>Expenditures</b>		
<b>Insurance &amp; Other</b>		
Unallocated or other	13,500	13,500
<b>Total Insurance &amp; Other</b>	<b>13,500</b>	<b>13,500</b>

Functions that recognize Board, committee, and staff contributions in service to the City are budgeted in Unallocated or Other. These include an annual employee and a biennial (every other year) Board appreciation event.

# General Fund

<b>Fiscal Year Ending June 30</b>	<b>2016 Budget</b>	<b>2017 Projected</b>
<b>Expenditures</b>		
<b>Debt Service</b>	155,700	156,500
<b>Total Debt Service</b>	<b>155,700</b>	<b>156,500</b>

In 2006 the City sold \$2.1 million in Capital Improvement Bonds for acquiring land and constructing the Street Maintenance Facility on Roosevelt Avenue. The bonds will be paid over twenty years with a final payment in 2025. In FY 2016 the principal payment is \$100,000, interest is 57,795, and administrative fees are \$750. In FY 2016 the interest payment declines slightly to \$50,695 and the principal payment increases to \$105,000.

<b>Fiscal Year Ending June 30</b>	<b>2016 Budget</b>	<b>2017 Projected</b>
<b>Expenditures</b>		
<b>Transfers to Other Funds</b>	3,530,000	3,500,000
<b>Total Transfers to Other Funds</b>	<b>3,530,000</b>	<b>3,500,000</b>

Transfers from the General Fund to other funds are made to supplement tax revenue, grant funding, user fees and charges, or, in the case of street funds, State Revenue Sharing. In FY 2016, \$1.5 million is transferred to Legal Contingencies to set-aside funding for the Consumers Energy Assessment appeal, \$1.385 million is being transferred to the street funds for capital projects, \$340,000 is transferred to the Howard Miller Library for general operating purposes, \$75,000 to the Shopping Area Redevelopment Board to help fund downtown projects and activities, \$75,000 to the City Building Fund for expansion at the Library, \$50,000 to the Park Capital Projects Fund, and \$105,000 is transferred to debt funds to supplement tax-supported debt obligations. For FY 2017, \$3.5 million is projected to be transferred to other funds. As in FY 2016, \$1.5 million of this is set-aside in Legal Contingencies pending the Consumers' Energy assessment appeal.

# General Fund

<b>Fiscal Year Ending June 30</b>	<b>2016 Budget</b>	<b>2017 Projected</b>
<b>Total Expenditures</b>	<b>8,536,004</b>	<b>8,542,400</b>
Excess of Revenues Over (Under) Expenditures	8,191	2,600
<b>Fund Balance - July 1</b>	<b>2,942,125</b>	<b>2,950,316</b>
<b>Fund Balance - June 30</b>	<b>2,950,316</b>	<b>2,952,916</b>

The City's Fund Balance Policy is to maintain a minimum fund balance of the greater of 25% of our General Fund revenue or the sum of tax revenue from our two highest taxpayers. Our maximum fund balance is the calculation of our minimum fund balance, plus \$1 million of emergency infrastructure reserve, plus a 15% operating reserve of expenditures. Based on this criteria our minimum fund balance is 43% of our revenue, and our maximum fund balance is 67% of expenditures. In dollars this would be between \$3.67 million and \$5.72 million.

The Fund Balance for both fiscal years 2016 and 2017 is projected to be \$2.95 million, below our minimum fund balance. However, because \$1.5 million is transferred to and held in the Legal Contingency Fund is not a true operating expenditure, for calculating fund balance this transfer should be subtracted from expenditures. After doing so, the City's fund balance is \$4.45 million, or 52% of expenditures for both fiscal years 2016 and 2017 and well within the fund balance policy parameters.