



City of Zeeland Budget Report

General Fund

For Fiscal Years Ending

June 30, 2019

and

June 30, 2020

General Fund

| Fiscal Year Ending June 30 | 2019 Budget | 2019 Projected |
|-----------------------------------|------------------------|---------------------------|
| Revenues: | | |
| Property taxes | \$ 5,556,672 | \$ 5,550,000 |
| Licenses and permits | 190,225 | 200,000 |
| State shared revenues | 535,926 | 550,000 |
| Charges for services | 53,000 | 55,000 |
| Fines | 47,750 | 50,000 |
| Special Assessments | 26,000 | 26,000 |
| Interest earnings - investment | 60,000 | 75,000 |
| Rents | 30,000 | 30,000 |
| Other revenues | 77,428 | 75,000 |
| Operating Transfers In | 1,718,900 | 1,800,000 |
| Total Revenues | \$ 8,295,901 | \$ 8,411,000 |

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 2019 fiscal year is \$8,295,901 and is expected to increase slightly to \$8,411,000 in fiscal year 2020. Property tax revenues continue to decrease due to the phase out Personal Property Tax. We do expect reimbursement of this loss by the State of Michigan and this reimbursement is reflected in the increase of Operating Transfers In.

Following property taxes the City's next greatest source of revenue is State Revenue Sharing. The State "shares" with the City \$458,926 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.

Other sources of revenue are projected to be relatively flat. Licenses and permits accounts for building inspections. 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. Interest income is showing an increase due to increased interest rates on long-term investments. 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 and a transfer from a personal property tax stabilization fund. 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. The personal property tax stabilization fund transfer has been set up to prevent budget impacts from large swings in reimbursement from the State of Michigan for lost personal property tax revenue.

General Fund

| Fiscal Year Ending June 30 | 2019 Budget | 2020 Projected |
|-----------------------------------|------------------------|---------------------------|
| Expenditures: | | |
| General Government: | | |
| Governing body | \$ 75,191 | \$ 77,500 |
| Mayor | 14,180 | 15,000 |
| City Manager | 195,954 | 201,800 |
| Elections | 8,072 | 5,000 |
| Finance & Tax Administration | 215,618 | 221,100 |
| Assessor | 176,719 | 182,000 |
| Attorney | 9,588 | 10,400 |
| Clerk | 161,031 | 165,900 |
| Personnel administration | 53,669 | 55,300 |
| Board of review | 2,385 | 2,500 |
| General services | 200,700 | 185,000 |
| Data processing | 111,500 | 115,000 |
| Cemetery | 184,500 | 190,000 |
| Storm Water Management | 32,746 | 26,000 |
| Tree management | 12,561 | 13,000 |
| Public relations | 48,000 | 48,000 |
| Total General Government | \$ 1,502,414 | \$ 1,342,500 |

The General Government function supports 16 activities in the administration of the City and represents 18.8% of the General Fund Budget. These activities are funded by property taxes and charges for services. An decrease of 10.6% from FY 2019 to FY 2020. In Fiscal Year 2020, we are expecting most costs to rise 3%, but are expecting decreases in several activities due to capital projects being completed in FY 2019.

| | | |
|----------------------------|---------------------|---------------------|
| Expenditures: | | |
| Public Safety: | | |
| Police administration | \$ 587,588 | \$ 605,000 |
| Police patrol/TEAM | 1,012,819 | 1,043,000 |
| Fire - Rescue department | 760,444 | 820,500 |
| Building & Zoning | 207,090 | 213,000 |
| Total Public Safety | \$ 2,567,941 | \$ 2,681,500 |

The Public Safety function includes police, fire-rescue, and building and zoning activities. Public safety represents 32% of the general fund budget. These activities are supported by property taxes, licenses and permits, fines and, beginning in FY 2016, the State Essential Services Assessment. An increase of 4.4% over 2019 is projected for FY 2020 largely due to the expected cost increases due to wages and benefits and the addition of a full-time fire chief.

General Fund

| Fiscal Year Ending June 30 | 2019 Budget | 2020 Projected |
|--------------------------------------|------------------------|---------------------------|
| Expenditures: | | |
| Public Works: | | |
| Municipal Parking System | \$ 149,078 | \$ 153,500 |
| Municipal Parking - Satellite System | 19,683 | 20,200 |
| Sidewalks & Bikepaths | 76,552 | 55,000 |
| Highways, streets and bridges | 31,988 | 32,900 |
| Street lighting | 40,300 | 42,000 |
| City clean-up | 101,046 | 104,000 |
| MAX Transit Authority | 113,000 | 118,650 |
| Total Public Works | \$ 531,647 | \$ 526,250 |

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 1% decrease is projected for FY 2020, due mostly in part to the completion of a bikepath project in FY19.

| Fiscal Year Ending June 30 | 2019 Budget | 2020 Projected |
|--|------------------------|---------------------------|
| Expenditures: | | |
| Community & Economic Development | | |
| Economic development | \$ 127,771 | \$ 131,000 |
| Planning commission | 91,110 | 93,000 |
| Construction board of appeals | 1,085 | 1,100 |
| Zoning board of appeals | 7,054 | 7,300 |
| Total Community & Econ Develop- | \$ 227,020 | \$ 232,400 |

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 2.7% is expected over FY 2019 due to general increases of wages and benefits.

General Fund

| Fiscal Year Ending June 30 | 2019 Budget | 2020 Projected |
|---------------------------------------|------------------------|---------------------------|
| Expenditures: | | |
| Recreation & Culture | | |
| Parks | \$ 326,404 | \$ 336,000 |
| Community Center | 322,903 | 325,000 |
| Total Recreation & Culture | \$ 649,307 | \$ 661,000 |

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 are increasing as we continue to improve amenities within 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 approx. 8% of its budget, from room rentals.

| Fiscal Year Ending June 30 | 2019 Budget | 2020 Projected |
|--|------------------------|---------------------------|
| Expenditures: | | |
| Insurance & Other | | |
| Unallocated or other | \$ 175,500 | \$ 180,000 |
| Contingencies | 0 | 0 |
| Total Insurance & Contingencies | \$ 175,500 | \$ 180,000 |

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. This line item also includes unallocated pension contributions in the amount of \$160,000. It is not anticipated that a contingency will be needed as part of the FY 2020 budget.

General Fund

| Fiscal Year Ending June 30 | 2019 Budget | 2020 Projected |
|-----------------------------------|------------------------|---------------------------|
| Expenditures: | | |
| Debt Service | \$ 142,838 | \$ 145,700 |
| Total Debt Service | \$ 142,838 | \$ 145,700 |

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 debt was refinanced in August of 2015 for a savings of \$117,667. In FY 2019 the principal payment is \$120,000, interest is \$21,937.50, and administrative fees are \$900. In FY 2020, the principal payment is increases to 125,000 and the interest payment declines to \$19,906.25. The debt will be fully paid in October of 2025.

| Fiscal Year Ending June 30 | 2019 Budget | 2020 Projected |
|---------------------------------------|------------------------|---------------------------|
| Expenditures | | |
| Transfers to Other Funds | 2,215,000 | 2,300,000 |
| Total Transfers to Other Funds | 2,215,000 | 2,300,000 |

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 2019, a total of \$2.215 million is budgeted to transfer to other funds. This is broken down into \$1,175,000 is being transferred to the street funds for capital projects, \$550,000 is transferred to the Howard Miller Library for general operating purposes and building improvements, \$155,000 to the Shopping Area Redevelopment Board to help fund downtown projects and activities, \$225,000 to the City Building Fund for boiler improvements, and \$110,000 is transferred to debt funds to supplement tax-supported debt obligations. For FY 2020, \$2.3 million is again projected to be transferred to other funds. As in FY 2019, much of the FY 2020 transfers will be used for capital project within our street funds.

General Fund

| Fiscal Year Ending June 30 | 2019 Budget | 2018 Projected |
|---|------------------------|---------------------------|
| Total Expenditures | 8,011,697 | 8,069,350 |
| Excess of Revenues Over (Under) Expenditures | -284,204 | -341,650 |
| Fund Balance - July 1 | 3,821,860 | 4,106,064 |
| | | |
| Fund Balance - June 30 | 4,106,064 | 4,447,714 |

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 \$3.301 million and our maximum fund balance is \$5.503 million. Based on the projections for FY2019 and FY2020, our fund balance should fall nicely within these parameters.