

General Fund Forecast Summary

Spreadsheet

CITY OF FARMINGTON HILLS
 GENERAL FUND SUMMARY
 FINANCIAL FORECAST
 as of August 22, 2011

	10-11	11-12	12-13	13-14	14-15	15-16	16-17
	Projection	Budget	Actual	Forecast	Forecast	Forecast	Forecast
Revenue	46,256,194	51,459,969	49,850,980	49,393,529	49,528,395	49,945,492	50,650,627
Less: Expenditures	46,523,984	52,577,641	54,322,210	55,941,010	57,479,799	58,452,559	60,214,867
	(267,790)	(1,117,672)	(4,471,230)	(6,547,481)	(7,951,404)	(8,507,067)	(9,564,240)
Add: Use of Reserved Fund Balance	141,377	176,535	183,596	190,940	198,577	206,520	161,149
Add: Beginning Unreserved Fund Balance	12,307,283	12,180,870	11,239,733	6,952,100	595,558	(7,157,269)	(15,457,816)
Ending Unreserved Fund Balance	12,180,870	11,239,733	6,952,100	595,558	(7,157,269)	(15,457,816)	(24,860,907)
Less: Designated Fund Balance	3,724,728	1,795,323	-	-	-	-	-
Ending Undesignated Fund Balance	8,456,142	9,444,410	6,952,100	595,558	(7,157,269)	(15,457,816)	(24,860,907)
Target Undesignated Fund Balance (10%)	4,652,398	5,257,764	5,432,221	5,594,101	5,747,980	5,845,256	6,021,487

Undesignated Fund Balance Over/(Under) Target Fund Balance	3,803,744	4,186,646	1,519,879	(4,958,542)	(12,095,249)	(21,303,071)	(30,882,393)
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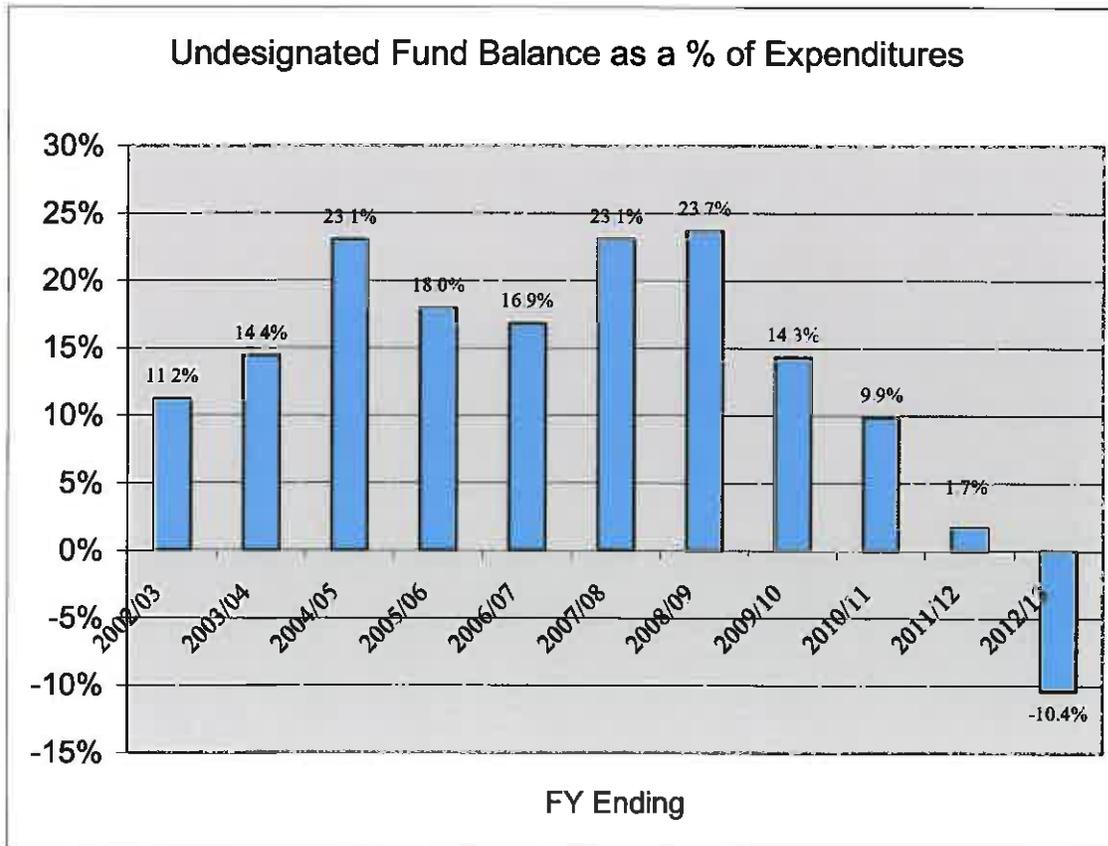
Fund Balance as a % of Expenditures	18%	18%	13%	1%	-12%	-26%	-41%
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General Fund
Undesignated Fund Balance as a Percentage of Expenditures
 Fiscal Year 2002/03 to 2012/13

11.7131 mill rate (2010/11)
 11.7250 (2011/12)

<u>Fiscal Year</u>		<u>Expenditures</u>	<u>Undesignated Fund Balance</u>	<u>Percent</u>
2002/03		28,743,323	3,231,839	11.2%
2003/04		30,058,370	4,340,265	14.4%
2004/05		28,763,993	6,634,320	23.1%
2005/06		32,950,805	5,921,341	18.0%
2006/07		33,506,340	5,646,783	16.9%
2007/08		34,344,518	7,928,121	23.1%
2008/09		35,133,900	8,323,551	23.7%
2009/10		36,469,831	5,233,096	14.3%
2010/11	Estimated	35,808,405	3,531,641	9.9%
2011/12	Estimated	34,782,630	591,531	1.7%
2012/13	Estimated	35,094,120	(3,637,179)	-10.4%

The City Commission of Royal Oak has set the goal for the General Fund to maintain Undesignated Fund Balance of not less than 10% and not more than 25% of expenditures. This policy will be reviewed during the Special Budget Meetings



2010-11 Recommended Budget in a Nutshell

- General Fund is down \$1,419,138 or 2.1% (\$67,220,826 vs. \$68,639,964 in 2009-10).
- Total budget down \$3,080,560 or 2.0% (\$150,048,501 vs. \$153,129,501 in 2009-10).
- State Shared Revenues are down 11% (a loss of \$765,664 from 2009-10 levels). Worrisome state revenue picture.
- Flat millage levy of 16.3428 for the 8th consecutive year. 5% below the level of 20 years ago.
- State Act 51 road funds are flat (a nine-year period of no growth). We have no funds available for road reconstruction projects. Budget covers road maintenance and spot repairs only.
- \$6,732,000 of capital projects included in the budget:
 - \$ 797,000 Facilities Related
 - 60,000 Bridge Street Bridge Monitoring
 - -0- Major & Local Road Reconstruction
 - 5,875,000 Water & Sewer Projects

Enhanced descriptive detail is provided for each project.

- Proposed budget utilizes \$7.5 million in G.F. fund balance vs. initial estimates of \$10 million at the January 25th Mayor & Council budget study session.

5-YEAR FUND BALANCE STABILIZATION PLAN

\$17.2 million:	Projected G.F. Balance at 7-1-04
-4.0 million:	Maximum Recommended Use of Fund Balance in 04-05
13.2 million:	Fund Balance at 6-30-05
-2.4 million:	Use of Fund Balance in 05-06 (40% reduction)
10.8 million:	Fund Balance at 6-30-06
-1.4 million:	Use of Fund Balance in 06-07 (40% reduction)
9.4 million:	Fund Balance at 6-30-07
-.9 million:	Use of Fund Balance in 07-08 (40% reduction)
8.5 million:	Fund Balance at 6-30-08
-.5 million:	Use of Fund Balance in 08-09 (40% reduction)
8.0 million:	Fund Balance at 6-30-09 Year Five of Plan

* 6.978 million Fund Balance Appropriated 2010/11 (Still 12%)

**FISCAL YEAR 2009-2010 AND BEYOND: NO USE OF FUND BALANCE.
FUND BALANCE LEVEL STABILIZED AT 12% OR MORE.**

**CITY OF GRAND RAPIDS
FISCAL PLAN
FISCAL YEARS 2012 - 2016**

MAYOR

George K. Heartwell

CITY COMMISSIONERS

First Ward

Dave Shaffer

Walt Gutowski

Second Ward

Rosalynn Bliss

Ruth E. Kelly

Third Ward

Elias Lumpkins

James B. White

CITY MANAGER

Gregory A. Sundstrom

CHIEF FINANCIAL OFFICER

Scott Buhner

BUDGET PERSONNEL

Karen Mendez

Gary Mortensen

Nancy Recker

Steve Schmucker

FY2012 Fiscal Plan General Operating Fund 5 x 5
 The General Operating Fund 5 x 5 included in this Fiscal Plan is shown below.

City of Grand Rapids
GENERAL FUND OPERATING (GFGEN101)
STATEMENT OF OPERATIONS
 With Transformation Savings and 10% Concessions

	2012	2013	2014	2015	2016
Beginning Fund Balance	14,751,410	9,209,577	4,516,788	4,180,294	8,042,859
Revenue	106,835,861	109,023,292	111,595,252	114,331,460	114,763,057
Expenditure	112,377,694	113,716,081	111,931,746	110,468,895	112,067,346
Net Revenue	(5,541,833)	(4,692,789)	(336,494)	3,862,565	2,695,711
Ending Fund Balance	9,209,577	4,516,788	4,180,294	8,042,859	10,738,570

If the City accomplishes the employee total compensation savings, but not the transformational savings, the 5X5 would look like this:

City of Grand Rapids
GENERAL FUND OPERATING (GFGEN101)
STATEMENT OF OPERATIONS
 With No Transformation Savings and 10% Concessions

	2012	2013	2014	2015	2016
Beginning Fund Balance	14,751,410	6,591,174	(3,913,579)	(13,272,026)	(21,894,696)
Revenue	106,835,861	109,023,292	111,595,252	114,331,460	114,763,057
Expenditure	114,996,097	119,528,045	120,953,699	122,954,130	125,013,310
Net Revenue	(8,160,236)	(10,504,753)	(9,358,447)	(8,622,670)	(10,250,253)
Ending Fund Balance	6,591,174	(3,913,579)	(13,272,026)	(21,894,696)	(32,144,949)

If the City accomplishes the transformational savings, but not the employee total compensation savings, the 5X5 would look like this:

City of Grand Rapids
GENERAL FUND OPERATING (GFGEN101)
STATEMENT OF OPERATIONS
 With Transformation Savings and No Concessions

	2012	2013	2014	2015	2016
Beginning Fund Balance	14,031,410	1,128,197	(11,099,786)	(19,267,834)	(23,456,381)
Revenue	107,203,034	109,401,481	111,984,786	114,732,680	115,176,314
Expenditure	120,106,247	121,629,464	120,152,834	118,921,227	120,752,066
Net Revenue	(12,903,213)	(12,227,983)	(8,168,048)	(4,188,547)	(5,575,752)
Ending Fund Balance	1,128,197	(11,099,786)	(19,267,834)	(23,456,381)	(29,032,133)

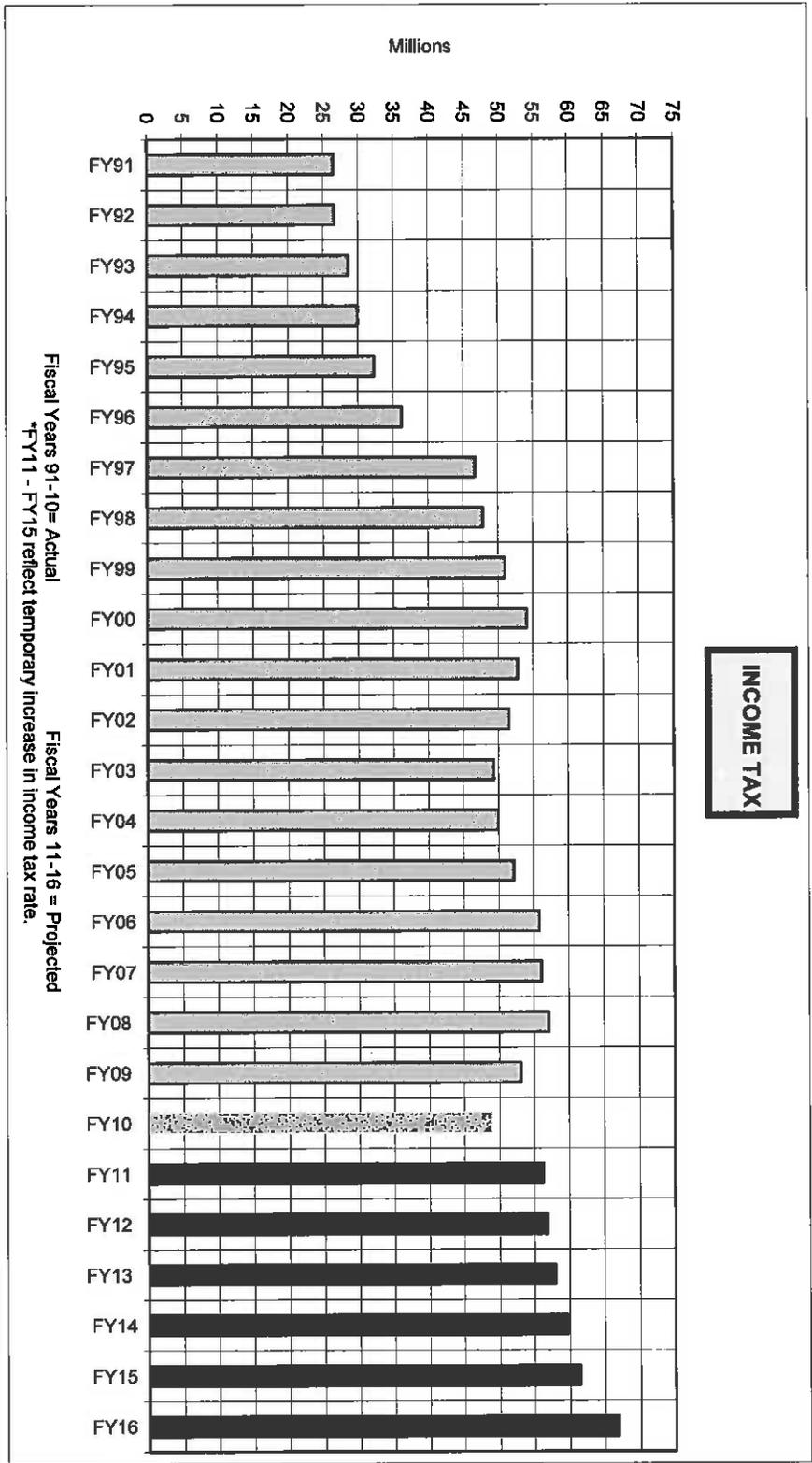
If the City were unable to accomplish both the transformational savings and the employee total compensation savings, the 5X5 would look like this:

City of Grand Rapids
GENERAL FUND OPERATING (GFGEN101)
STATEMENT OF OPERATIONS
 With No Transformation Savings and No Concessions

	2012	2013	2014	2015	2016
Beginning Fund Balance	14,031,410	(1,857,379)	(27,031,326)	(41,011,337)	(54,221,837)
Revenue	106,835,861	109,401,481	111,984,786	114,732,680	115,176,314
Expenditure	122,724,650	134,575,428	125,964,797	127,943,180	133,237,301
Net Revenue	(15,888,789)	(25,173,947)	(13,980,011)	(13,210,500)	(18,060,987)
Ending Fund Balance	(1,857,379)	(27,031,326)	(41,011,337)	(54,221,837)	(72,282,824)

The case for investing in the Transformation Investment Plan is clear. If we accomplish the outcomes it contains we will achieve financial sustainability. If we fail to accomplish these outcomes, the financial condition of the General Operating Fund will deteriorate precipitously to an unsustainable position as soon as FY2012 year-end.

INCOME TAX



City of Grand Rapids
Distribution of Income Taxes after Approval of Ballot Proposal
 Fiscal Plan 2012-2016

3/11/2011 11:18

BASE

<u>FY2010 Original Net Tax Receipts</u>	
General Fund	50,549,128
Capital Reserve Fund	2,107,052
<u>Total Original FY2010 Base</u>	<u>52,656,180</u>
	A

ANTICIPATED RECEIPTS FOR FY2011

<u>Increase Original FY2010 Base by 5.0% for FY2011 Base</u>	
Increase FY2011 base by 15.38% for Ballot Initiative (1.5/1.3)	63,794,987
Add increase for exemption reduction	461,309
<u>Total Anticipated FY2011 Tax</u>	<u>64,256,296</u>
	D

DISTRIBUTION

<u>Amount of Increase Resulting from Supplemental Ballot Initiative (C-B) is deposited into the Supplemental Income Tax Fund</u>	
Remaining Balance to be Distributed (D-E)	55,750,298
96% is deposited to the General Fund	53,520,286
4% is deposited to the Capital Reserve Fund	2,230,012
	F G

SUMMARY OF DISTRIBUTION RATES

<u>Supplemental as a percent of Total Receipts (E/D)</u>	
General Fund as a percent of Total Receipts (F/D)	83.24%
Capital Reserve as a percent of Total Receipts (G/D)	3.47%
<u>Total Anticipated FY2011 Tax</u>	<u>64,256,296</u>

City of Grand Rapids
Distribution of Income Taxes after Approval of Ballot Proposal
 Fiscal Plan 2012-2016

FUTURE YEAR TAX PROJECTIONS

	FY2012 Rate of Increase: 4.0%	66,826,548
Distribution:	Supplemental - 13.24%	8,846,238
	General Fund - 83.29%	55,661,098
	Capital Reserve - 3.47%	2,319,212
	Total Projected Receipts FY2012	66,826,548
<hr/>		
	FY2013 Rate of Increase: 3.0%	68,831,345
Distribution:	Supplemental - 13.24%	9,111,625
	General Fund - 83.29%	57,330,930
	Capital Reserve - 3.47%	2,388,789
	Total Projected Receipts FY2013	68,831,345
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	FY2014 Rate of Increase: 3.0%	70,896,285
Distribution:	Supplemental - 13.24%	9,384,974
	General Fund - 83.29%	59,050,858
	Capital Reserve - 3.47%	2,460,452
	Total Projected Receipts FY2014	70,896,285
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	FY2015 Rate of Increase: 3.0%	73,023,173
Distribution:	Supplemental - 13.24%	9,666,523
	General Fund - 83.29%	60,822,384
	Capital Reserve - 3.47%	2,534,266
	Total Projected Receipts FY2015	73,023,173
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	FY2016 Rate of Increase: 3.0%	75,213,869
Distribution:	Supplemental - 13.24%	9,956,519
	General Fund - 83.29%	62,647,056
	Capital Reserve - 3.47%	2,610,294
	Total Projected Receipts FY2016	75,213,869

City of Grand Rapids
GENERAL FUND OPERATING (GFGEN101)
STATEMENT OF OPERATIONS

Budget 2012

Organizations	2010	2011	2011	2011	2011	2012	2013	2014	2015	2016
	Actuals	Adopted	Amended	Adopted Estimate	Adopted Proposed	Adopted Forecast				

REVENUE

GENERAL FUND OPERATING (GFGEN101)

	Income Tax Growth Rate:									
401 Taxes	-0.8%	-1.0%	-1.0%	5.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Income	50,549,128	54,382,259	53,520,286	53,520,286	56,981,098	57,330,930	59,050,858	60,822,384	62,647,056	62,647,056
Property	12,407,283	12,178,719	12,178,719	12,061,917	11,762,792	11,578,354	11,585,134	11,778,449	12,117,882	12,117,882
Property Tax Admin Fee	1,772,397	1,809,000	1,809,000	1,720,000	1,680,000	1,655,000	1,653,000	1,653,000	1,655,000	1,735,000
Licenses And Permits	521,336	295,800	295,800	338,096	384,333	386,203	388,111	397,231	397,231	399,216
Intergovernmental Revenues										
State Shared Revenues	19,268,890	18,151,695	18,151,695	19,268,890	12,755,283	13,137,941	13,532,080	13,938,042	14,356,183	14,356,183
Other Governmental Revenues	1,012,337	675,347	675,347	636,676	604,629	612,644	623,015	632,381	638,951	638,951
Charges For Services	12,181,637	10,965,440	11,015,440	10,674,474	9,614,091	9,702,398	9,826,029	9,917,579	10,012,660	10,012,660
Fines And Forfeitures	2,113,841	2,296,300	2,296,300	1,952,000	2,062,000	2,123,100	2,123,100	2,123,100	2,134,533	2,134,533
Interest And Rents	705,622	662,000	662,000	466,908	617,000	667,000	667,000	667,000	667,000	667,000
Other Revenue	4,583,459	621,268	731,963	1,314,461	587,236	547,736	547,736	547,736	547,811	547,811
Other Financing Sources	17,452,680	8,661,608	10,016,444	9,888,080	11,107,989	11,281,986	11,619,189	11,824,483	11,824,483	9,506,765
GENERAL FUND OPERATING Total Revenue	122,568,592	110,699,436	111,352,994	111,821,788	106,835,881	109,023,292	111,595,252	114,331,460	114,763,057	114,763,057

EXPENDITURES

GENERAL FUND OPERATING (GFGEN101)

700 Personnel Services	73,730,384	76,186,815	75,901,179	75,181,096	83,464,678	85,545,749	88,605,843	91,192,331	93,430,370	93,430,370
Supplies	1,718,257	1,840,140	1,847,640	1,853,734	1,881,071	1,888,045	1,911,265	1,942,716	1,983,210	1,983,210
Other Services And Charges	19,186,616	18,812,029	19,315,907	18,668,142	18,715,020	19,403,438	20,071,361	20,590,510	21,324,924	21,324,924
Capital Outlay	297,410	428,813	693,051	508,845	550,654	572,203	561,193	599,742	602,103	602,103
Debt Service	369,185	420,784	420,784	422,264	427,298	340,896	331,794	327,423	322,583	322,583
Appropriation Lapse	0	(2,500,000)	(2,500,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Transfers Out	13,789,067	15,368,308	15,638,191	16,541,404	18,067,526	16,879,133	11,671,378	7,268,505	6,088,876	6,088,876
GENERAL FUND OPERATING Total Requested Expenditures	109,090,918	110,556,869	111,316,732	110,175,485	120,106,247	121,629,464	120,152,834	118,921,227	120,752,066	120,752,066
10% Reduction in Total Compensation										
Total Adjusted Expenditures	109,090,918	110,556,869	111,316,732	109,815,485	112,377,694	113,716,082	111,931,746	110,468,895	112,067,345	112,067,345

GENERAL FUND OPERATING NET INCOME (LOSS)

Unreserved Fund Balance - Beginning of Year

Unreserved Fund Balance - End of Year

Assigned to Operations - 15% Maximum	12,745,107	12,987,674	12,781,369	14,751,410	9,209,577	4,516,787	4,180,293	8,042,858	10,738,570	10,738,570
Unassigned Fund Balance	0	0	0	0	0	0	0	0	0	0
Total	12,745,107	12,987,674	12,781,369	14,751,410	9,209,577	4,516,787	4,180,293	8,042,858	10,738,570	10,738,570
Current % Assigned to Operations:	11.7%	11.7%	11.5%	13.4%	8.2%	4.0%	3.7%	7.3%	9.6%	9.6%