



FY2021

City Of Grand Rapids

Citizen's Guide to The City's Finances

Year Ended June 30, 2021

Introduction



Citizens of Grand Rapids,

We are excited to present to you this Citizen's Guide to The City Finances. In this guide you will find an overview of your City government's financial activity during the Fiscal Year 2021 (July 1, 2020 – June 30, 2021).

The City of Grand Rapids is the 2nd largest city in the State of Michigan with a population of approximately 201,000 citizens covering an area of 44.4 square miles. The City comprises 3 Wards and is governed by a combination of elected and appointed officials through a Commission – Manager form of government. The City government employs approximately 1700 employees across 30 departments. In this guide we'll review the City's Revenues, Expenses, and how those impacted the City's overall financial health during the Fiscal Year 2021.

Transparency in government is critical. Each year, the **Office of the City Comptroller** engages an external audit & accounting firm to complete an independent audit of the City's financial statements which are published via the **Annual Comprehensive Financial Report** (ACFR). For FY2021 the City of Grand Rapids was issued an unmodified "clean" opinion by Plante & Moran signifying the City's financial statements comply with accounting principles generally accepted in the United States of America (U.S. GAAP).

This Citizen's Guide is produced using information from the City's ACFR and is designed to be accessible for the general public and readers without a background in public finance or accounting. To ensure the citizens of Grand Rapids are fully informed about their government's operations, the City is pleased to provide you with this annual report. The City's ACFR for FY 2021 is also available under the Reports and Resources tab of the Office of the City Comptroller's home page [here](#).

For answers to questions on this report, you may contact the Office of the City Comptroller at comptroller@grcity.us

A handwritten signature in blue ink that reads "Charles M. Frantz".

Charles M. Frantz
City Comptroller



A handwritten signature in blue ink that reads "Molly Clarin".

Molly Clarin
Chief Financial Officer



Table of Contents



1

Citizen's Financial Summary: A one page overview of City finances

2

City Revenues: How the City receives it's money

3

City Expenses: How the City spends it's money

4

Vendor Detail: Top vendors & organizations the City pays for good & services

5

Net Position: Changes in the City's overall financial position (Assets & Liabilities)

6

General Fund: Overview of the City Government's primary operating fund

7

Debt: Review of the City's long-term financing & borrowing

8

Pension & OPEB Liabilities: Long-term obligations the City has to retirees

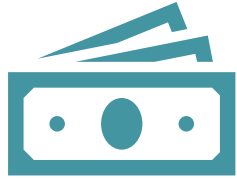
9

Additional Citizen Resources: Quick access to important City reports

10

Your Government: Information on your City Government & Leadership followed by an appendix with detail on funds the City uses to account for its finances

FY 2021 Citizen's Financial Summary



City Revenues \$417.6M

5.2% increase vs. 2020 driven by an increase in grants and contributions. The City's primary sources of revenues consist of Charges for Services (Water, Sewage & Parking), Income Taxes and Property Taxes.



General Fund Balance \$45.1M (Unassigned)

The City's primary operating fund accounts for police, fire, and other government department activity. The unassigned fund balance increased by \$8M vs. 2020. In addition to the unassigned balance the City also has \$14.3M reserved for Budget Stabilization.



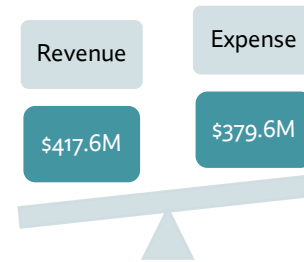
City Expenses \$379.6M

1.3% increase vs. 2020 driven by an increase in Recreation and Culture expenses. The City's primary expenses are Public Safety, Public Works, Sewage Disposal, Water Supply, and General Gov't.



Outstanding Debt \$500.3M

The City's total long-term outstanding debt decreased by \$54.7M during the fiscal year driven by \$15M final payment on 2015 Capital Improvement Bonds Vital Streets..



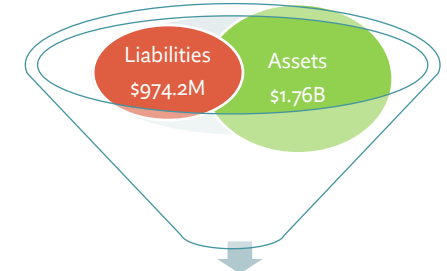
Change in Net Position +\$38.0M

\$38M is the amount by which the City's revenue exceeded its expenses during the Fiscal Year. This was largely driven by increase in General Fund operating grants and positive results in Water and Sewer system operations.



S&P Credit Rating AA

The AA rating means the City's capacity to meet its financial commitments is very strong as measured by the credit rating agency Standard & Poor's. AA is one rating below S&P's highest credit rating of AAA.



Net Position \$798.7M

The Net Position primarily reflects the amount by which the City's total assets exceed its total liabilities. As of the fiscal year end June 30, 2021, the Net Position reflected a positive increase of **\$38.0M**.

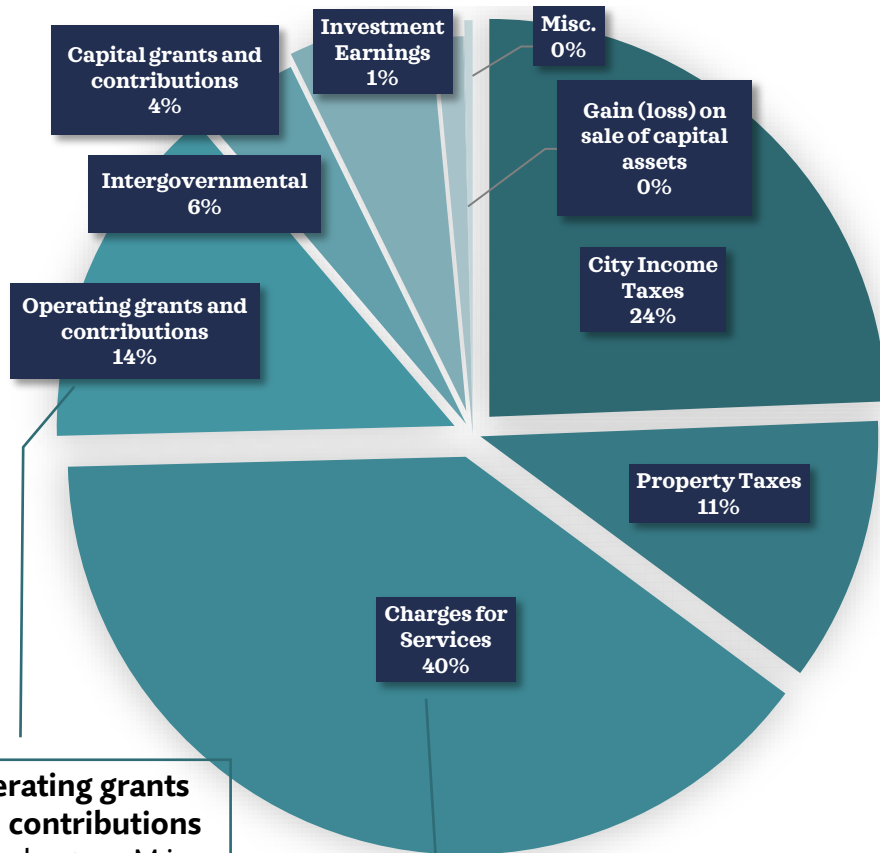


Pensions & Benefits 77% Funded

The City's Pension plans are 77% funded while Other Postemployment Benefits (OPEB) are 86% funded as of year end FY 2021. 77% represents the weighted average percent funded ratio for all plans.

City Revenues

In FY 2021 The City of Grand Rapids generated **\$417.6M** in Revenue. The City's primary sources of revenue (~75%) are Income Taxes, Property Taxes, and charges for Water, Sewage & Parking services.



Operating grants and contributions includes \$14.4M in Federal COVID-19 relief funds.

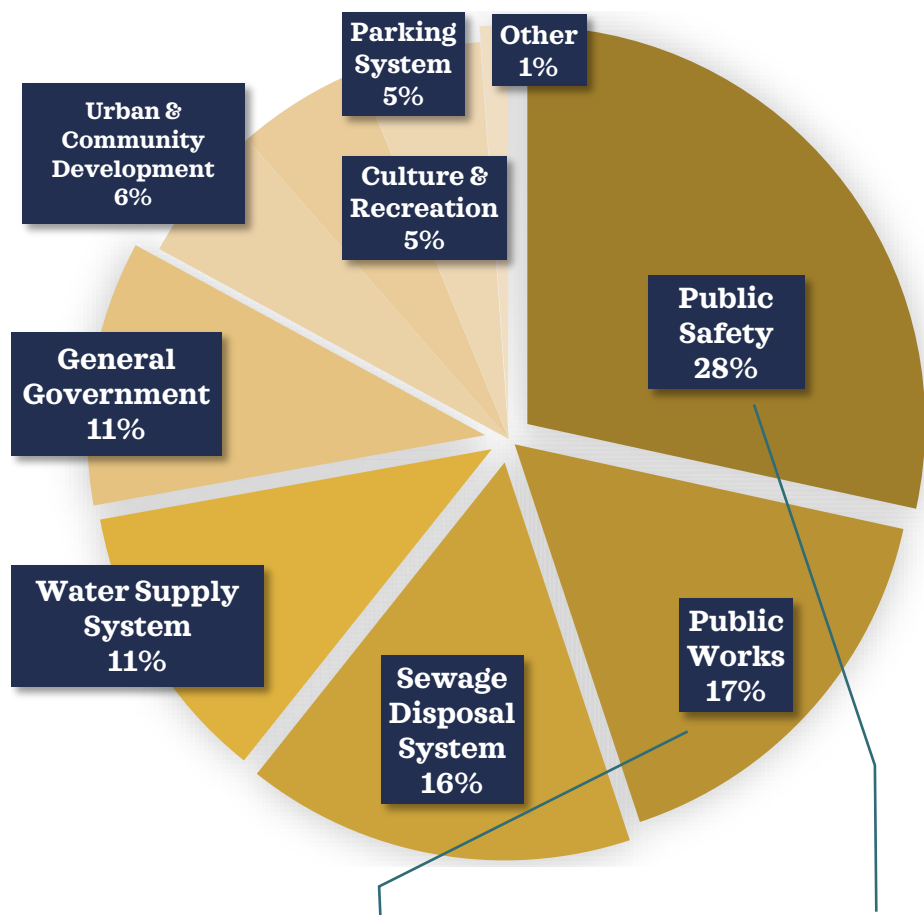
Charges for Services include Water, Sewage & Parking.

Revenues	2021	% vs. 2020
Charges for Services	\$164.8M	-0.2%
City Income Taxes	\$101.8M	-2.7%
Property Taxes	\$44.9M	3.9%
Operating Grants & Cont.	\$59.2M	55.0%
Intergovernmental	\$24.1M	15.3%
Investment Earnings	\$4.7M	-72.0%
Capital Grants & Cont.	\$16.6M	124.3%
Gain (loss) on sale	\$0.2M	100%
Miscellaneous	\$1.4M	75.0%
Total Revenues	\$417.6M	5.2% (\$20.6M)

Source Detail: Total Primary Government Revenue represents aggregate City revenues generated across all Governmental and Enterprise funds. The Total Primary Government Revenue is stated on Pg. 9 in the in the Changes in Net Position table of the FY2021 ACFR. The governmental and business-type activities of the City combine to represent the total primary government. Financial figures are displayed in \$millions.

City Expenses

In FY 2021 The City of Grand Rapid incurred expenses of **\$379.6M**. The City's primary expenses (~80%) were Public Safety, Public Works, Sewage Disposal, Water Supply, and General government.



Public Works includes street maintenance, refuse collection and sidewalk repairs.

Public Safety include the Police & Fire departments.

Expenses	2021	% vs. 2020
Public Safety	\$97.3M	-8.6% * see footnote
Public Works	\$60.1M	-2.8%
Sewage Disposal System	\$63.9M	7.9%
Water Supply System	\$45.0M	4.7%
General Government	\$39.1M	-3.0%
Urban & Community Development	\$24.0M	13.2%
Culture & Recreation	\$25.4M	30.3%
Parking System	\$20.1M	5.8%
Interest on Long-term debt	\$2.2M	59.4%
Other	\$2.5M	14.3%
Total Expenses	\$379.6M	1.3% (\$4.7M)

***Lower Public Safety expenditures** was driven by lower pension related expenses in FY 2021 relative to FY 2020 (not a reduction in day-to-day operational expenses). When excluding the impact of pension expense, Public Safety expenditures increased 2.3% in FY 2021.

Source Detail: Total Primary Government Expenses represents aggregate City expenses generated across all Governmental and Enterprise funds. For more detail, please reference pg. 9 of the Annual Comprehensive Financial Report. Financial figures are displayed in \$millions.

Vendor Detail

The City partners and works with a variety of vendors and organizations to procure goods & services and complete major projects. In FY 2021 The State of Michigan was the top recipient of City funds driven by work related to General Construction Management Services for the City.

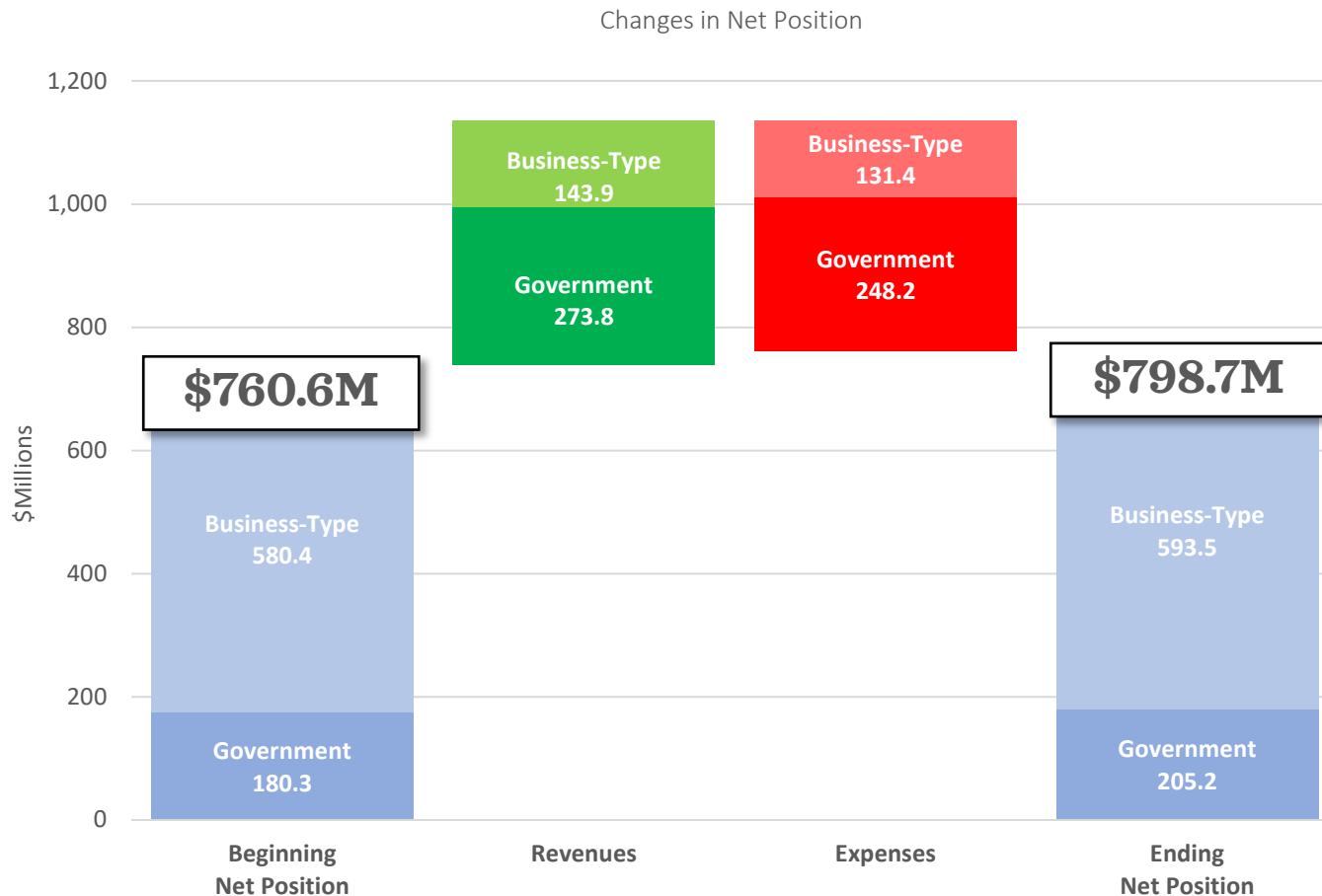
Aggregate Payments in FY 2021 – Ranked highest to lowest (\$Millions)

State Of Michigan	\$ 11.8	Nagel Construction Inc.	\$ 1.9
County Of Kent	8.8	Strain Electric Co.	1.6
Consumers Energy	7.8	P.I.E. Management, LLC	1.6
Ev Construction Co.	6.0	Pioneer Construction	1.5
Grand Valley Regional Biosolids	5.9	Etna Supply Co.	1.4
Kamminga & Roodvoets Inc.	5.7	Cdw Government Inc.	1.4
Wyoming Excavators Inc.	5.0	M One Limited Inc.	1.4
Davis Construction, Inc.	4.8	The Safety 1 LLC	1.4
Fishbeck, Thompson, Carr & Huber, Inc.	4.4	Rieth-Riley Construction Co.	1.4
Lodestar Construction Inc.	4.1	Progressive Architecture	1.4
Dewpoint Inc.	3.9	Arthur J. Gallagher Risk Management Serv	1.3
Ponstein Enterprises, LLC	3.4	Polydyne Inc.	1.3
Halt Fire, Inc.	2.6	City of Wyoming	1.3
Interurban Transit Partnership	2.4	Geotech Inc.	1.2
Andy J Egan Co Inc.	2.2	Jackson Entertainment LLC	1.2
Katerberg Verhage	2.0	J & H Oil Co.	1.2
The Christman Company	2.0	Hamlett Engineering Sales Co.	1.1
Republic Services	1.9	Community Rebuilders	1.1
Newkirk Electric Associates, Inc.	1.9	Mydatt Service Inc.	1.1
Biotech Agronomics Inc.	1.9		

Source Detail: Vendors & organizations included on this page received aggregate payments exceeding \$1,000,000 during Fiscal Year 2021. The total expenses incurred with the 39 entities above equated to \$114,381,159.22 and is sourced from the City's accounting system. Financial figures are displayed in \$millions.

Net Position

As of the Fiscal Year ended June 30, 2021, the City had Total Assets of \$1.76 billion and Total Liabilities of \$974.2 million dollars. **The City's Net Position is \$798.7M** representing a positive \$38.0M increase throughout the year. Examples of City assets are land, buildings, and water & sewer mains. Examples of City liabilities are employee retirement benefits and bonds used to finance City projects.



Source Detail: Government-wide Financial Analysis and Changes in Net Position (Pg. 6 & 9 of the Annual Comprehensive Financial Report (ACFR). For full figures please reference cited pages of the ACFR. The FY 21 year end net position of \$798.7M is calculated as \$1.76B in Total Assets + Deferred Outflows of \$80.4M – Total Liabilities of \$974.2M - Deferred inflow of \$71.4M. Deferred inflows and outflows of resources primarily reflect the difference between projected and actual earnings on pension and retiree health care plan investments. Unlike Fund Balance which focuses on current-year resources and excludes long-term assets and liabilities, **Net Position** is used when presenting the Government-wide financial statements (total government) and incorporates the City's long-term assets and liabilities. Financial figures are displayed in \$millions.

General Fund

The General Fund is the primary operating fund of the City and is the recipient of the bulk of the income and property taxes paid by the community. The fund had an **unassigned fund balance of \$45.1M** (33.3% of total FY 2021 general fund expenditures) which can be spent at the City's discretion.

Fund Balance by Component	\$ Amount	% Change	Descriptions
Nonspendable	\$0.4M	-77.8%	Inventory (such as Streetlight poles).
Committed (Budget Stabilization)	14.3M	-%	Rainy day fund
Committed (Other)	0.2M	-50.0%	Authorized Projects (Third Ward Equity)
Assigned	13.9M	29.9%	Compensated absences
Unassigned	45.1M	21.9%	Amount not constrained
Total Fund Balance:	73.9M	15.1%	Sum of the above components

Police Dept. Expenditures

In FY 2021 actual Police Department expenditures totaled \$53.7M equating to 35.7% of total general fund expenditures. Over time, operations including the District Court, Engineering Dept., Parks Dept. and Golf Course have been removed from the General Fund resulting in lower expenditures in the fund and increasing the percentage share of the Police Department. When normalizing for these 4 changes, the Police Departments share of actual expenditures in FY 2021 would equate to 32.2% of total expenditures.



Fund Revenues	2021	% vs. 2020
Taxes	\$120.9M	0.7%
Charges For Services	\$13.8M	6.2%
Investment Earnings	\$1.0M	-63.0%
Licenses & Permits	\$2.3M	-4.2%
Fines & Forfeitures	\$2.0M	11.1%
Grants & Contributions	\$15.0M	782.4%
Other Revenues	\$0.4M	100.0%
Total Revenues	\$155.4M	9.5%
Other Financing Sources	\$4.6M	9.5%

Fund Expenditures	2021	% vs. 2020
Police & Fire	\$88.4M	2.6%
General Government	\$34.7M	4.8%
Public Works	\$6.0M	-3.2%
Community & Econ. Dev.	\$6.0M	9.1%
Debt Service	\$0.0M	-100.0%
Total Expenditures	\$135.1M	3.1%
Other Financing Uses	\$15.2M	-10.1%

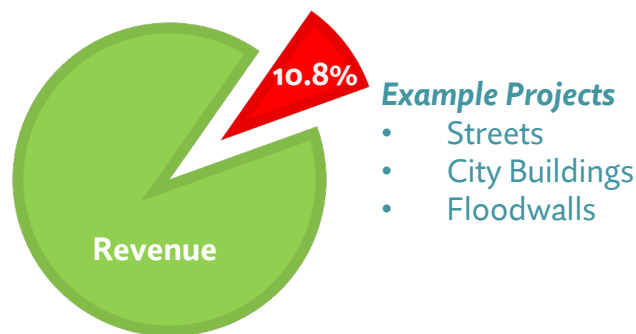
Source Detail: General Fund revenue, expense, and other financing sources and uses are on page 9 of the FY 2021 ACFR. More on the term **Fund**: The City accounts for all revenues and expenses incurred through the utilization of fund accounting. A fund is a fiscal and accounting entity that segregates funds for specific activities. The City maintains several funds however the General fund serves as the City's primary operating fund. Detailed information on other funds the City maintains can be found in the appendix. Financial figures are displayed in \$millions.

Debt

As of June 30, 2021, the City had total long-term debt outstanding of **\$500.3M**. During the fiscal year, the City issued \$16.9M of new debt and paid down \$54.7M of existing debt. New debt issued was used to refund existing debt, which was originally for the purchase and renovation of various City properties including the Gallery Ramp and 1120 Monroe. The City's total long-term debt outstanding is primarily accounted for in 2 classes of activities shown below:

Government Debt = \$58.0M

■ Debt Service Payments as a % of Associated Revenues

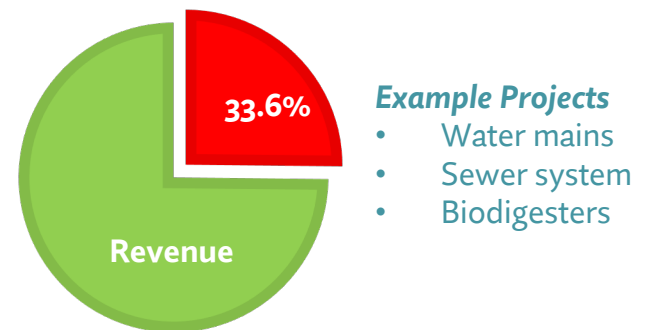


Government Debt is primarily General Obligation Debt:

The municipality pledges its tax revenues unconditionally to pay the interest and principal on the debt as it matures. Principal payments of \$26.8M* and interest expense of \$2.8M represent **10.8%** of the total \$274M of associated revenue in these funds.

Business-Type Debt = \$442.3M

■ Debt Service Payments as a % of Associated Revenues



Business-Type Debt is primarily Revenue Debt:

Guaranteed by the specific revenues generated by the issuer (not tax revenues). Debt service principal payments of 27.9M** and interest expense of \$20.5M represent **33.6%** of the total \$144M of associated revenue in these funds.

Source Detail: Total outstanding debt information is available in footnote 6 beginning on page 62 of the FY 2021 ACFR. The Business Type and Government debts shown above represent 86% of total outstanding debt. The City also has component unit debt of \$8.6M. **Government Debt** is raised for activities that are generally financed by taxes and intergovernmental revenues whereas **Business-Type debt** is raised for activities that are financed in whole or in part by fees charged for goods or services. *\$5,300 governmental debt service paid in internal service funds. **\$17.1M of principal paid with bond refunding. Financial figures are displayed in \$millions.

Pension & OPEB Obligations

Pension and Other Postemployment Benefits (OPEB) represent a significant portion of the City's long-term obligations (liabilities). These City Long-Term Obligations total **\$281.4M**.

5 Plans offered by the City 2 Pension Plans and 3 OPEB Plans

2,950 Retired and current City employees participating and/or receiving **Pension** benefits

1,156 Retired and current City employees participating and/or receiving **OPEB** benefits

\$1.3B Total Plan Liabilities owed to plan participants

\$0.9B Total amount of Assets held in the plans

\$281M Total Net Pension and OPEB Liability.
\$226M is the Net Pension Liability and \$15M is the OPEB Liability. Net Pension Liability decreased \$40M (21%) and the OPEB Liability decreased \$51M (-77%) when compared to the prior year.

77% **Percent funded:** Pension plans are 77% funded and OPEB plans are 86% funded. The State of Michigan triggers “underfunded status” if Pension plans are less than 60% funded and the annual Actuarial Determined Contribution (ADC) is greater than 10% of general fund revenues. For OPEB plans this status is trigger when plans are less than 40% funded and ADC is greater than 12% of general fund revenues. The City's plans exceed the state's thresholds.

Source Detail: For detailed information on the City's pension and OPEB plans, see footnote 7 – 11 beginning on page 61 of the FY2021 ACFR. Financial figures are displayed in millions – full values are presented in the ACFR and additional details can be found at the City of Grand Rapids Retirement Systems page <http://grpensions.org/>

Additional Citizen Resources

A selection of helpful resources for Citizen's on government spending and transparency.

Annual Comprehensive Financial Report (ACFR)

This report is published by the Office of the City Comptroller each year and contains the City's audited financial statements in accordance with accounting requirements provided by the Governmental Accounting Standards Board (GASB). It serves as main the source of information for this guide.

<https://www.grandrapidsmi.gov/Government/Departments/Office-of-the-City-Comptroller>



The City's Annual Fiscal Plan & Budget (Fiscal Plan)

We support the City Manager and Departments in developing the City's annual Fiscal Plan and providing financial guidance and support across the organization. The Fiscal Plan guides the City to fund services to the City's citizens.

<https://www.grandrapidsmi.gov/Government/Departments/Budget-Office>



Grand Rapids Police Department 2020 Annual Report

The Police Department's Annual Report provides details to the public on its organization, performance of divisions and departments, statistics on crime & calls for service, community initiatives and more.

<https://www.grandrapidsmi.gov/Government/Departments/Police-Department>



Office of Oversight and Public Accountability (OPA)

Through targeted change, accountability, restorative justice, empowerment and engagement, the Office of Oversight and Public Accountability (OPA) will help create and improve just outcomes and respectful relationships between public safety and the community.

<https://www.grandrapidsmi.gov/Government/Departments/Office-of-Oversight-and-Public-Accountability>



Government Information

The City of Grand Rapids operates a City Commission – City Manager form of government. 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.

City Commission

Rosalynn Bliss
Mayor



Jon O'Connor
First Ward Commissioner



Kurt Reppart
First Ward Commissioner



Milinda Ysasi
Second Ward Commissioner



Joseph D Jones
Second Ward Commissioner



Nathaniel Moody
Third Ward Commissioner



Senita Lenear
Third Ward Commissioner



<https://www.grandrapidsmi.gov/Government/Elected-Officials>

City Officials

Mark Washington
City Manager



John Globensky
City Treasurer



Joel Hondorp
City Clerk



Anita Hitchcock
City Attorney



<https://www.grandrapidsmi.gov/Government/Appointed-Officials>

For More Information Please Visit:
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 online services such as downloading agendas, meeting minutes and City financial reports.

Social Media

<https://www.facebook.com/CityofGrandRapids>
<https://twitter.com/CityGrandRapids>
<https://www.youtube.com/user/CityofGrandRapids>
<https://www.instagram.com/citygrandrapids/>

Helping citizens understand their government finances is a top priority. Is there a subject or concept in this report we could help explain? We'd be happy to follow up with you. Please reach out to comptroller@grcity.us

City of Grand Rapids Strategic Plan

Learn more about the City's Mission, Values, Vision and Priorities! Information on the City's Strategic Plan covering fiscal years 2021 - 2023 (July 1, 2020 - June 30, 2023) can be found [here](#).

<https://www.grandrapidsmi.gov/Government/Departments/Office-of-the-City-Manager/Strategic-Plan>





Appendix

Government & Enterprise fund detail

Fund Listing Pg. 1 of 2

Information on other funds the City utilizes
to account for revenues and spending.
Amounts shown are in \$ millions

* RE Indicates Retained
Earnings vs. Fund Bal.

Fund	Description	Revenue	Expense	
General	Accounts for all financial resources except those required to be accounted for elsewhere; includes budget stabilization.	\$ 160.0	\$ 150.3	
Sewer	Operation & maintenance of municipal sewage system, capital improvements, and debt service.	74.8	64.0	*RE
Water	Operation & maintenance of municipal water system, capital improvements, and debt service.	54.7	45.0	*RE
Major Streets	Funds used to support the cost of maintaining the City's major highway and street transportation system; primary revenues from State shared gas & weight tax.	38.5	47.6	
Grand Rapids Building Authority	Debt Service Fund	2.5	5.2	
General Capital Construction	Funds used for the acquisition and construction of capital projects used in governmental-type operations; financing provided by bonds, property taxes, private contributions and/or grants.	14.2	17.9	
Parking	Operation & maintenance of major parking facilities/lots, parking meters, and downtown area shuttle (DASH); includes parking-related capital funds.	12.0	20.2	
Refuse	Operations for the collection & removal of trash and debris; financing is provided by tax millage and pay-as-you-throw cart program.	16.2	15.4	*RE
Parks & Recreation	Operations for City-owned parks and recreation programs; includes 2013 parks millage	11.9	11.9	
Library	Operations for main library and seven branches; funding primarily provided by millage & state grants.	12.3	12.6	
Grants	Federal and/or state funds received for specified City use; including community development, police, and fire.	13.1	13.5	
Local Streets	Funds used to support the cost of maintaining the City's local highway and street transportation system; primary revenues from State shared gas & weight tax.	9.1	8.5	
Vital Streets Capital Construction	Funds used for preventative maintenance, rehabilitation, and reconstruction projects	11.0	9.8	
Community Dispatch	Partnership between City & City of Wyoming to operate call taking and dispatch operations. Funding provided by Kent County Dispatch Authority and both cities.	5.7	7.6	
Building Inspections	State required fund (PA 245 of 1999); fee charges for building inspections, licensing, and permitting used only for operations of the enforcing agency.	3.5	4.8	

Fund Listing Pg. 2 of 2

Information on other funds the City utilizes
to account for revenues and spending.
Amounts shown are in \$ millions

* RE Indicates Retained
Earnings vs. Fund Bal.

Fund	Description	Revenue	Expense	
Cemeteries Operating	Includes cemetery & Indian Trails Golf Course operations; golf course land is owned by cemetery.	\$ 2.8	\$ 2.1	*RE
Sidewalk Repair	Receives portion of funds from vital streets income tax for sidewalk repair, improvement, and reconstruction.	2.2	2.3	
Downtown Improvement District	Funds to support daily sidewalk cleaning, landscaping, and beautification of urban core areas; program administered by Downtown Grand Rapids Inc.	1.1	1.2	
Streets Capital Construction	Funds used for traffic safety, street resurfacing, and street reconstruction projects.	0.0	1.2	
Belknap Ice Arena	Operations of City-owned ice arena; managed by DP Fox as Griff's Ice House, official practice ice for Grand Rapids Griffins.	0.5	0.5	*RE
Vehicle Storage Facility	Revenues & expenses associated with the safe storage and disposal of impounded and/or abandoned vehicles.	0.9	0.8	
Drug Law Enforcement	Funds received from the sales of forfeited property and can only be used to enhance drug enforcement laws.	0.8	0.3	
Economic Development	Operations to assist and retain local industries and commercial enterprises; to strengthen and encourage City growth.	0.2	0.3	
Transformation	Funds collected from temporary income tax rate increase (ended in 2015) and used to invest in elements of City transformation plan; fund was adapted for third ward investments in 2019.	0.0	0.2	
MI Indigent Defense Commission	State required fund created to establish and enforce new standards for indigent legal services.	0.6	0.5	
Property Management	Funds held for the maintenance & sale of tax reverted properties; managed by economic development department.	0.2	0.4	
Business Improvement District	Funds to promote and encourage economic vitality and growth within specified business districts; includes East Hills, East Fulton, Eastown, and Wealthy Street business districts.	0.1	0.1	
Michigan Justice Training	State funding provided to the City for criminal justice in-service training of police officers; requires approval from MI Commission on Law Enforcement Standards.	0.0	0.0	
General Special Revenue	Miscellaneous funds received from private contributions and/or endowments for specified use within the City; includes historical commission	0.0	0.0	