



Comprehensive Annual Financial Report
City of Grand Rapids, Michigan
Year Ended June 30, 2010

MICHIGAN STATE
UNIVERSITY
COLLEGE OF
HUMAN MEDICINE

MICHIGAN STREET

IMMANUEL

The Secchia Center

The headquarters for the College of Human Medicine, the Secchia Center is named for MSU alumni Ambassador Peter F. and Joan Secchia and is located on the west end of the Medical Mile in Grand Rapids. The \$90 million, privately-funded medical education building is a symbol of what can be accomplished through collaboration. Its establishment in Grand Rapids, was the indisputable choice to best serve the needs of the College of Human Medicine students and collaborative initiatives with the college's partners Spectrum Health, Van Andel Institute, Saint Mary's Health Care, and Grand Valley State University. This unique public-private partnership is the cornerstone for life sciences in West Michigan – and a new model for medical education and health care nationwide. The Secchia Center is a 180,000 sq ft state-of-the-art medical education facility and will house three high-tech simulation suites: geriatric, pediatric, and surgical.

Founded in 1964, MSU College of Human Medicine was among the nation's first community-based medical schools. An innovator from the start, the college pioneered problem-based learning and introduced this revolutionary teaching model to medical education. The college provides students with comprehensive training in clinical settings that most closely parallel the environment in which most physicians practice. First and second-year students begin the program at either the Secchia Center in Grand Rapids or on the campus of MSU in East Lansing. Clinical experience is provided at 38 leading hospitals in eight communities, including Flint, Grand Rapids, Kalamazoo, Lansing, Midland, Saginaw, Traverse City and the Upper Peninsula.

The college is home to National Institutes for Health Centers for Excellence in Parkinson's Disease Research and Women's Health and Reproduction Research and is ranked among the top medical schools in the country for its social mission of producing doctors who are minorities, practice primary care, or work in underserved areas. With the opening of the Secchia Center in 2010, MSU College of Human Medicine moves closer to its expansion goal of a projected 800 students in 2014, making MSU the nation's largest allopathic medical school expansion currently underway.

We acknowledge and thank, *Jerry Kooiman, Assistant Dean for External Relations, Michigan State University | College of Human Medicine, Secchia Center* for supplying the above information.

CITY OF GRAND RAPIDS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2010

Prepared by:
Comptroller's Office
Ruth M. Lueders
Deputy Comptroller

Elected Officials

Mayor

George Heartwell

Commissioners

Rosalynn Bliss
Walt Gutowski
Dave Shaffer
Ruth E. Kelly
Elias Lumpkins, Jr.
James B. White, Sr.

Comptroller

Position open

Appointed Officials

City Manager

Gregory A. Sundstrom

City Attorney

Catherine Mish

City Treasurer

Albert C. Mooney

City Clerk

Lauri Parks

City of Grand Rapids, Michigan
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Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Grand Rapids
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



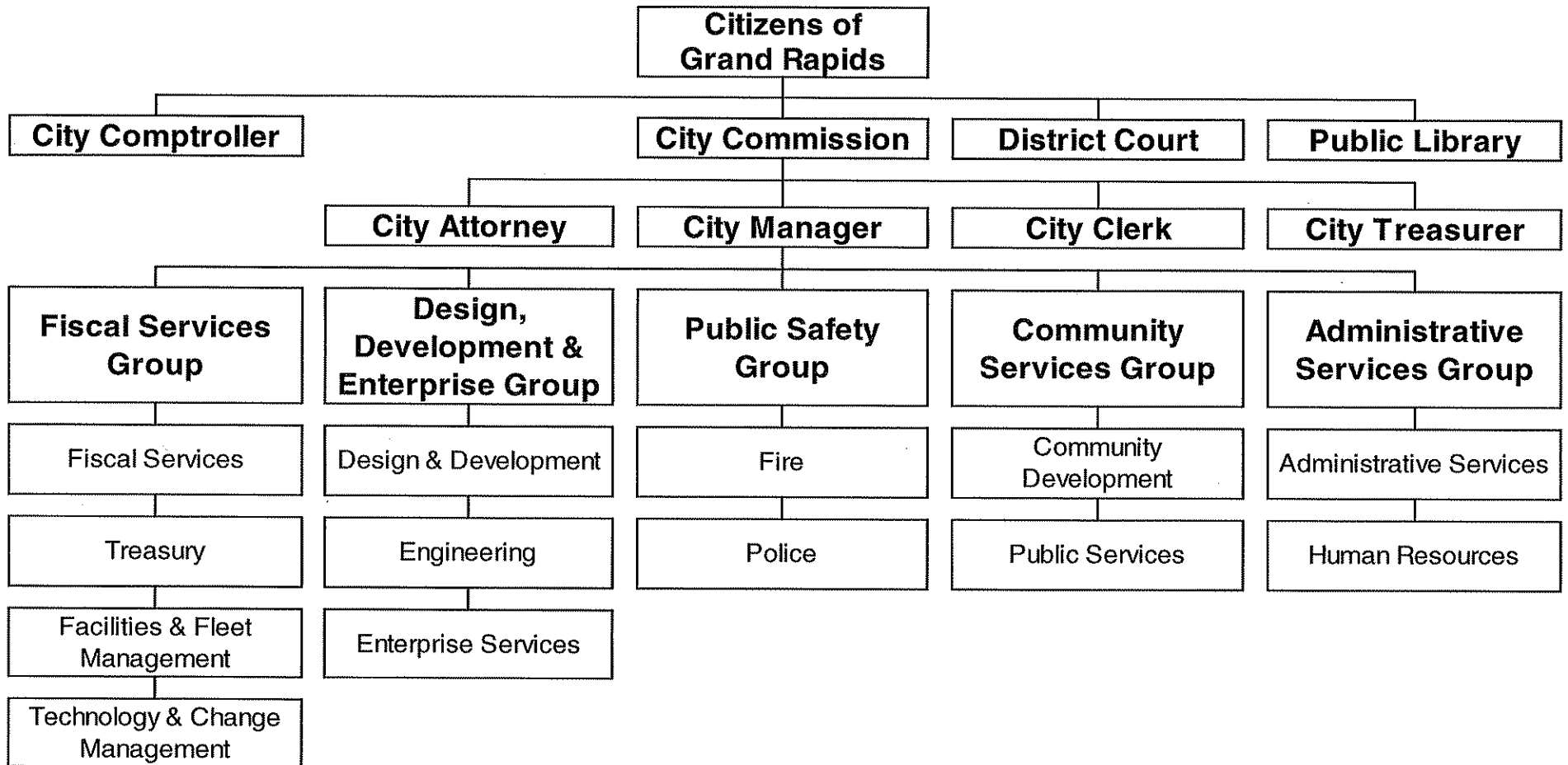
A stylized handwritten signature in black ink, appearing to read "JEFFREY R. EGAN".

President

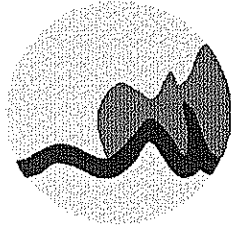
A handwritten signature in black ink, appearing to read "Jeffrey R. Egan".

Executive Director

**City of Grand Rapids
Organizational Chart
FY2010**



Deputy Comptroller
Ruth M Lueders



CITY OF GRAND RAPIDS

December 10, 2010

Honorable Mayor, City Commissioners and Citizens
City of Grand Rapids, Michigan

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited in conformity with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Grand Rapids, Michigan for the fiscal year ended June 30, 2010.

The City Comptroller's Office assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

BDO USA, LLP, independent accountants, have issued an unqualified "clean" opinion on the City of Grand Rapids' financial statements for the year ended June 30, 2010. The independent auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Grand Rapids is the second largest city in the State of Michigan and the 115th largest in the United States. The City encompasses an area of nearly 45 square miles with a population of approximately 200,000. The City is the county seat of Kent County and the urban core of a four-county Metropolitan Statistical Area that had a population of 1.1 million at the time of the 2000 census. It is located in west central Michigan, approximately 30 miles east of Lake Michigan and 65 miles west of Lansing, the State Capital. Approximately one-half of the City's governmental revenues are derived from local property taxes and the City income tax. The City income tax is imposed at a rate of 1.3 percent on income of City residents and 0.65 percent on income earned within the City limits by non-residents.

The City was incorporated on April 2, 1850. On August 29, 1916, the people of Grand Rapids voted to adopt a Home Rule Charter that abolished their old alderman system and replaced it with a Commission-Manager form of government. The 1916 charter is still in effect, although it has been amended several times. All elected City offices are non-partisan. Two commissioners are elected from each of the City's three wards.

The Mayor is elected-at-large. The Comptroller is elected-at-large and this office is responsible for monitoring the financial activities of the City Commission and all City departments. Terms of office are four years, with three commissioners and either the Mayor or Comptroller elected every two years. The City Manager is appointed by the City Commission to serve as the City's chief administrator, and is responsible for the coordination of all City departments and execution of City Commission policies and programs. A seven member Library Board is also elected at-large and is responsible for the operations of the library system.

The City of Grand Rapids provides its citizens with a full range of services including police, fire, inspection, economic development, street lighting, street maintenance, refuse collection, libraries, parks and recreation. In addition, the City operates a water and sewer system that provides retail service to some 75,000 customers in the City of Grand Rapids and suburban communities, as well as wholesale service to other communities that operate their own municipal water and sewer systems. The City's Traffic Safety Department is responsible for the maintenance of traffic signals throughout Kent and eastern Ottawa Counties. The Auto Parking System maintains over 7,500 off-street parking spaces.

The financial reporting entity includes all of the funds of the City, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The following component units are incorporated into the City's Comprehensive Annual Financial Report on either a blended or discrete basis:

Grand Rapids Building Authority (GRBA)	Grand Rapids Tax Increment Financing Authority (TIFA)
City of Grand Rapids General Retirement System	Grand Rapids SmartZone Development Authority (SmartZone Authority)
City of Grand Rapids Police and Fire Retirement System	Grand Rapids Brownfield Redevelopment Authority (Brownfield Authority)
Grand Rapids Downtown Development Authority (DDA)	State of Michigan 61 st District Court (61 st District Court)

Blended component units, although legally separate entities, are part of the primary government's operations and are included as part of the primary government. Accordingly, the activities of the GRBA have been blended within the primary government's activities included in the Auto Parking System and various capital projects and debt service funds of the City of Grand Rapids. The City of Grand Rapids General and Police and Fire Retirement Systems have been reported as pension trust funds within the fiduciary funds.

Discretely presented component units are segregated from the primary government in the government wide financial statements. This emphasizes that they are legally separate from the primary government. The DDA, the TIFA, the SmartZone, the Brownfield Authority, and the 61st District Court are reported as discretely presented component units. The City of Grand Rapids and County of Kent Joint Building Authority (JBA), the Convention Arena Authority (C/AA), and the Grand Valley Regional Biosolids Authority are also legally separate entities. These three joint ventures, two with Kent County and one with the City of Wyoming, are excluded from these financial statements.

The annual budget serves as the foundation for the City of Grand Rapids' financial planning and control. The annual budget process begins in January with departmental proposals for service delivery and required financial resources and culminates in June with a public hearing and subsequent adoption of the general appropriation act by the City Commission. The budget is prepared by fund (e.g. general), function (e.g. public safety), and department (e.g. police). Department heads may transfer resources within the activities they manage. Transfers between departments, between funds, and above administrative amounts set by the City Commission need special approval from the governing body. The City continues to meet its responsibility for sound financial management.

LOCAL ECONOMY

This is truly the best of times for our community and the worst of times for its government. The rise of downtown Grand Rapids as a regional entertainment destination has brought an urban vitality that has been missing since the rise of the suburban shopping malls and the migration of jobs to the suburbs. Over the past decade, in areas near downtown, spurred by a complex combination of work by community development organizations, individuals attracted by the charms of existing urban structures, tax and other redevelopment incentives, and organizations needing to expand their existing facilities, blight has radically decreased; vacant and underutilized structures have been replaced or repurposed into housing, offices and entertainment venues; and streetscapes have noticeably improved.

Shifting attention to the government's financial statements, a different picture emerges. The lingering effects of the international financial meltdown in 2008 are having a continuing negative impact on the City's finances. Most local industries have experienced lower levels of business activity, which translated into job losses. Unemployment has reduced local income tax revenues and increased property foreclosures. All property values have declined, which lowered property tax revenues. The State of Michigan has felt as least as much of a negative impact from this crisis as the City, but the State has transferred some of its budgetary pain to local governments by reducing the statutory revenue sharing previously returned to local communities. While the City has benefited in a small way from an ability to refinance some bond issues at lower interest rates, those future savings do little to offset the lower returns the City Treasurer and pension systems are receiving today on their investment portfolios.

The City of Grand Rapids has three intangibles that suggest the current problems are likely to be temporary. Importantly, the local economy is highly diversified. As shown in the Statistical Tables, the ten largest taxpayers in the City of Grand Rapids represent several industries and collectively account for less than ten percent of the total taxable property within the city. The City is not dependent on any particular industry reviving to trigger future growth. Second, private companies are key components of the local economy. As a consequence, local business leaders look not at the next quarter, but at the next generation. Over twenty years ago, a group of local leaders laid the groundwork for the transformation and revitalization of downtown with no expectation of a profit from it in their lifetimes. More recently they and their successors have been behind efforts to link the regions deep talent base in the design and manufacturing industries to create synergies that will spur new enterprises that may one day employ their children and grandchildren. Last, the community combines a strong work ethic with fiscal conservatism which should help new enterprises survive the typically rocky first few years

Our region's public corporations and non-profits are driven by many of the same values. One manufacturer, Perrigo, has grown throughout the current recession from its focus on producing quality generic pharmaceuticals at low prices. Another, Herman Miller, is mid-way through a 15 year strategic vision of manufacturing with a zero environmental footprint. Its most recent task chair is made with 45% recycled content and is itself 95% recyclable. In May, the firm announced that its entire power consumption now comes from green sources. In the non-profit sector, the local Habitat for Humanity organization has committed to building only LEED certified houses.

LONG-TERM FINANCIAL PLANNING

The City Commission adopted a set of Budget Development Policy Assumptions and Principles in March of 2005 that are designed to clarify the long-term impact of decision making. The policy deals with four areas; approve the Annual Budget within the context of a five-year plan, on-going expenditures are matched to on-going revenues, one-time revenues are matched to one-time expenditures, withdrawals from budget stabilization are treated as one-time revenues. Each year this look-ahead has allowed the early identification of potential financial problems and resulted in the adjustment of programs before a potential problem can develop into a crisis.

This planning process has clearly revealed that in spite of all the positive steps taken by the community to prepare for the future economy and the restructuring and efficiency gains created by City staff, funding to maintain the current level of City services will not be available. Every month brings news of decreases in state shared revenues, yet the demands on the City from state agencies to fund the local share of road improvements, to continue to spend tens of millions annually for increasingly marginal improvements in water quality in the Grand River, and to support the District Court continue. Funds provided by the American Recovery and Reinvestment Act of 2009 have allowed both the City and the State a year's grace to adjust to the new economic reality. Although the State Legislature appears to have chosen to use the unexpected funds to "kick-the-can down the road" and put off dealing with the situation, the City has chosen to spend the funds on sustainability and energy efficiency and use fiscal years 2010 and 2011 for shrinking and adapting the organization to the new economic reality.

One result of this process was the elimination of 130 positions and transforming new combined departments into business units. Another step was the decision to increase the employee's contribution toward the cost of health care and put in place a new financing mechanism to limit the future cost of retiree health care. Recognizing the growth in the cost of health care, the City has negotiated with its employee unions the transfer of newly hired employees into a defined contribution retiree health care plan, leaving only long-term employees covered by the existing defined benefit retiree health care plans. Recognizing the extreme volatility that has seized the financial markets in recent years, the City's pension plans have adopted five-year asset smoothing to reduce the size of annual changes in required contributions produced by the peaks and valleys of the changes in the market value of assets. Complementing this proactive approach, the Comptroller's Office is working with departments across the City to implement new financial software that will make information available more quickly at the level of detail each user requires for effective decision making.

In the intermediate-term, the citizens of Grand Rapids have approved a five-year increase in the income tax rate to provide time for the City to adjust in a rational and thoughtful manner to this new economic reality. With new leadership in both Lansing and Washington, the best response to the economic challenges may be different in two years than they appeared to be two years ago. As that debate plays out, the City management is committed to increased partnering with other local governments and organizations to deliver services in as cost effective manner as possible while adjusting head-count and employee benefits to sustainable levels.

MAJOR INITIATIVES

The Cities of Grand Rapids and Wyoming have partnered to create a single Police Dispatch Center to provide 911 response for the residents of both cities. This is the latest successful effort in an ongoing effort by local units of government in the metropolitan area to find efficiencies and cost reductions in service delivery by partnering with other governments and the private sector to reduce capital and staffing costs.

In response to the immediate funding available as a result of the American Recovery and Reinvestment Act of 2009, a team of city employees was assembled to focus on obtaining, tracking, and reporting on funds available to accelerate spending on a variety of projects that stabilize neighborhoods negatively impacted by the foreclosure crisis and improve the condition or energy efficiency of City assets. Grants have been accepted to assist developers renovate and remarket foreclosed properties, install double-pane glass in City Hall, and retrofit other facilities for energy efficiency.

The City of Grand Rapids had partnered with Clearwire Corporation to create a broadband wireless internet access system covering the entire city. After Clearwire was acquired by a national telecommunications company, a lengthy implementation delay caused by litigation between Clearwire's new parent company and a third-party was finally resolved and Wi-Max technology became available throughout the city in 2010.


AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grand Rapids for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. The City has received this award for over twenty consecutive years. In order to be awarded a Certificate of Achievement, a governmental unit must publish a user-friendly and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

In addition, the City has also received the GFOA's award for Distinguished Budget Presentation for the twenty-second consecutive year for its budget document for the fiscal year beginning July 1, 2009. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operating guide, as a financial plan and as a communications medium.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Comptroller's Office. I express my appreciation to all members of the Comptroller's Office who assisted and contributed to its preparation. I would also like to thank the members of the City Commission and the City Manager and his staff for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Ruth M Lueders
Deputy Comptroller



Tel: 616-774-7000
Fax: 616-776-3680
www.bdo.com

99 Monroe Avenue NW, Suite 800
Grand Rapids, MI 49503-2654

Independent Auditors' Report

The Honorable Members of
the City Commission
City of Grand Rapids, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Grand Rapids, Michigan (the City) as of and for the year ended June 30, 2010 (December 31, 2009 for the Police and Fire Pension System), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Grand Rapids Retirement Systems which represents 99% of the total assets of the Fiduciary Funds. Those financial statements were audited by other auditors whose report thereon has been furnished to us. Our opinion expressed herein, insofar as it relates to the amounts included for the City of Grand Rapids Retirement Systems, is based solely upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information at June 30, 2010 (December 31, 2009 for the Police and Fire Pension System), and the respective changes in financial position and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2010 on our consideration of the City of Grand Rapids' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis, the budgetary comparison schedules and the schedules of funding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Grand Rapids. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BDO USA, LLP

December 10, 2010

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City of Grand Rapids, Michigan Management's Discussion and Analysis

As the management of the City of Grand Rapids (the "City") we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the information that we have furnished in our letter of transmittal, which is contained in the introductory section of this report.

Financial Highlights

- The Net Assets of the City is the amount by which the City's assets exceeded its liabilities. At June 30, 2010, net assets totalled \$826,990,951. The unrestricted portion of this amount, \$125,561,895, may be used to meet the government's ongoing obligations to citizens and creditors, consistent with the purpose that the funds were accumulated.
- The City's total net assets decreased by \$57,549 as the result of activities during the fiscal year. In governmental activities, depreciation expenses overwhelmed generally positive increases in fund balances in individual funds. Business type activities saw only a modest increase in net assets after charges to the auto parking system as a result of the property transfer described below.
- At June 30, 2010, the City's governmental funds reported combined fund balances of \$77,640,991. This is an increase of \$12,709,107 from the prior year. A total of \$30,570,645 of the fund balance for governmental funds is *unreserved, undesignated fund balance*, which means it is available for spending for the purpose of the individual funds where the fund balance is located.
- The unreserved and undesignated portion of the fund balance of the general fund saw an increase of \$5,108,926, primarily because \$4,201,632 of fund balance is no longer designated for the subsequent year deficits and reductions in the amounts set aside for the compensated absences as a result of mid-year staff reductions lowering accruals of staff paid time-off and smaller than expected declines in income tax revenues allowing a balanced budget. At June 30, 2010, the balance stands at 12.5% of 2010 general fund expenditures, compared with 6.9% in 2009 and a current goal of 15%.
- The City's total debt decreased by \$4,799,416 during the current fiscal year. Payments reducing debt totalled \$58,619,559 and new debt included \$42,005,143 issued and \$11,815,000 long-term advance from the general fund to the parking system for the government center ramp. A schedule of the City's long-term obligations can be found in Note 6 of the notes to financial statements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, and urban and community development. The major business-type activities of the City include the Water Supply System, Sewage Disposal System, and the Auto Parking System.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also five legally separate authorities for which the City is financially accountable. They are a Downtown Development Authority, a Tax Increment Finance Authority, a SmartZone Authority, a Brownfield Redevelopment Authority, and the 61st District Court. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government wide statements can be found on pages 13-14 of this report.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers will better understand the long-term impact of the government's near term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Government Accounting Standards Board (GASB) has evaluated whether fund balance categories provided meaningful information regarding the amount of resources that are available to meet current spending requirements. The conclusion of GASB was that the reporting of fund balance often resulted in confusion regarding the financial condition of the government entity. Therefore, the GASB issued Statement No. 54 with the objective of improving the usefulness, including the understandability, of governmental fund balance information. Under the guidance promulgated by GASB No. 54, the focus of the financial condition of the City will shift from current fund balance categories to nonspendable, restricted, committed, assigned and unassigned fund balance. The City will implement the provisions of GASB No. 54 in the year ended June 30, 2011.

The City maintains eight major and sixteen non-major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and all major special revenue and capital project funds. Data from the non-major governmental funds are combined in a single column presentation on the governmental funds statements. Individual fund data for each of these non-major governmental funds is provided in the *combining statements* section of this report on pages 84-88.

The City adopts an annual appropriated budget for most of its governmental funds. Budgetary comparison statements have been provided in the required supplementary information section of this report for the major funds to demonstrate compliance with this budget. Budget comparison statements have also been provided for the non major special revenue funds on page 83.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

Proprietary funds: The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Water Supply System, Sewage Disposal System, Auto Parking System, Cemeteries and Belknap Ice Arena. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Department of Information Technology, Motor Equipment System, Facilities Management, Engineering, and the Insurance Payment Fund. The internal service funds have been allocated to both *business activities* and to *governmental activities* in the government-wide Statement of Activities.

The proprietary fund financial statements provide separate information for the major enterprise funds of the City. The non-major enterprise funds and the internal service funds are each combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and internal service funds are provided in the *combining statements* section of this report.

The basic proprietary fund financial statements can be found on pages 19-23 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City uses fiduciary funds to account for its pension trust, other post employment benefit trusts, private-purpose and agency funds.

The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the financial statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-71 of this report.

Other information: In addition to the basic financial statements and the accompanying notes, this report also presents certain *required supplementary information* regarding the budgetary comparisons of the City's general fund and four major special revenue funds as well as schedules of funding progress for the City's defined benefit retirement programs. This supplementary information is contained behind its own tab following the notes to financial statements on pages 72-77 of this report.

Also included under the tab “statistical section” are various statistical tables containing information presented to assist the reader in further evaluating the financial information and the overall position of the City.

Government-wide Financial Analysis

	City of Grand Rapids' Net Assets					
	Governmental Activities 2010	Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total Primary Government 2010	Total Primary Government 2009
Current and other assets	\$ 134,528,293	\$ 119,127,330	\$ 141,965,691	\$ 181,760,385	\$ 276,493,984	\$ 300,887,715
Capital assets, net of accumulated depreciation	412,144,550	435,018,806	739,593,203	705,210,060	1,151,737,753	1,140,228,866
Total Assets	\$ 546,672,843	\$ 554,146,136	\$ 881,558,894	\$ 886,970,445	\$ 1,428,231,737	\$ 1,441,116,581
Current liabilities	\$ 25,747,943	\$ 28,015,898	\$ 34,104,480	\$ 36,820,381	\$ 59,852,423	\$ 64,836,279
Non-current liabilities	133,529,495	136,488,671	407,858,868	412,743,131	541,388,363	549,231,802
Total Liabilities	\$ 159,277,438	\$ 164,504,569	\$ 441,963,348	\$ 449,563,512	\$ 601,240,786	\$ 614,068,081
Net assets						
Invested in capital assets, net of related debt	\$ 306,253,632	\$ 324,267,977	\$ 359,840,998	\$ 352,038,798	\$ 666,094,630	\$ 676,306,775
Restricted	15,806,474	12,971,423	19,527,952	18,602,657	35,334,426	31,574,080
Unrestricted	65,335,299	52,402,167	60,226,596	66,765,478	125,561,895	119,167,645
Total Net Assets	\$ 387,395,405	\$ 389,641,567	\$ 439,595,546	\$ 437,406,933	\$ 826,990,951	\$ 827,048,500

Assets exceeded liabilities by \$826,990,951 at June 30, 2010 and \$827,048,500 at June 30, 2009.

The City's current and other assets decreased by \$24,393,731 or 8.1%. The decrease was due primarily to the spending of the proceeds of bonds issued to fund replacements and additions for the water, sewer, and parking systems during the prior fiscal year.

The total liabilities decreased 2.1% or \$12,827,295, primarily as the result of debt repayments and less unpaid bills at the end of the fiscal year.

By far, the largest portion of the City's net assets (80.5%) is its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Restricted net assets represent resources that are subject to external restrictions on how they may be used. The City's restricted net assets are primarily restricted for debt service and authorized capital projects. The remaining balance of *unrestricted net assets* (\$125,561,895) may be used to meet government's ongoing obligations to citizens and creditors consistent with the purpose of the fund, however only the \$12.7 million of undesignated General Fund fund balance shown on page 15 is freely available or transferable to support the operations the general fund or of any other fund.

At June 30, 2010, the City is able to report positive balances in all three categories of net assets.

Capital Asset and Debt Administration

City of Grand Rapids' Capital Assets (net of depreciation)						
	Governmental Activities 2010	Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total 2010	Total 2009
Land	\$ 18,088,973	\$ 17,161,976	\$ 13,213,826	\$ 11,928,313	\$ 31,302,799	\$ 29,090,289
Easements/Right of Way	454,381	-	129,000	-	583,381	-
Land improvements	16,091,547	17,442,572	9,583,631	8,655,780	25,675,178	26,098,352
Buildings and structures	106,424,963	108,578,282	110,326,188	99,242,884	216,751,151	207,821,166
Leasehold improvements	-	-	-	-	-	-
Storage tanks	-	-	8,054,673	7,627,265	8,054,673	7,627,265
Machinery and equipment	9,892,247	10,591,210	83,989,175	85,505,486	93,881,422	96,096,696
Motor vehicles	13,509,108	15,374,810	673,427	821,243	14,182,535	16,196,053
Furniture	1,036,421	1,108,967	150,613	184,705	1,187,034	1,293,672
Software	679,162	-	-	-	679,162	-
Water and sewer mains Infrastructure	-	-	493,875,713	469,558,687	493,875,713	469,558,687
Construction in progress	243,949,937	256,695,430	-	-	243,949,937	256,695,430
	2,017,811	8,065,559	19,596,957	21,685,697	21,614,768	29,751,256
Total	\$ 412,144,550	\$ 435,018,806	\$ 739,593,203	\$ 705,210,060	\$ 1,151,737,753	\$ 1,140,228,866

Capital assets: The City's investment in capital assets for its governmental and business type activities as of June 30, 2010 amounts to \$1,151,737,753 (net of accumulated depreciation). This investment in capital assets is summarized above. The City's new investments in capital assets for the current fiscal year (before disposals or depreciation allowances) were over \$76.4 million. Major capital asset events during the current fiscal year included the following:

- Various additions and improvements were completed in the Water Supply System at a cost of \$11,797,061. Construction in progress on ongoing projects at the close of the fiscal year had reached \$3,233,387.
- Various additions and improvements were completed in the Sewage Disposal System at a cost of \$30,620,741. Construction in progress on additional projects as of June 30, 2010 had reached \$15,950,484.

Additional information on the City's capital assets can be found in note 5 of the notes to the financial statements.

City of Grand Rapids' Outstanding Debt

Limited Tax Bonds, Revenue Bonds and Long-term Contracts

	Governmental Activities 2010	Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total 2010	Total 2009
Limited tax pledge bonds	\$ 66,649,187	\$ 60,230,442	\$ 30,170,812	\$ 31,009,558	\$ 96,819,999	\$ 91,240,000
Revenue bonds	33,055,000	33,995,000	377,633,846	395,450,279	410,688,846	429,445,279
Long-term contracts	13,723,635	17,096,117	12,569,500	820,000	26,293,135	17,916,117
Total	\$ 113,427,822	\$ 111,321,559	\$ 420,374,158	\$ 427,279,837	\$533,801,980	\$538,601,396

Long-term debt: At June 30, 2010, the City had total long-term debt outstanding of \$533,801,980. Of this amount, \$96,819,999 comprises limited tax full faith and credit general obligations. Limited tax full faith and credit general obligation bonds require the City to provide sufficient moneys from its general fund as a first budget obligation for principal and interest, including the collection of ad valorem taxes which the City is authorized to levy on all taxable property within its boundaries. Such tax levies, however, are subject to applicable statutory, constitutional, and charter tax limitations. The remainder of the City's debt represents bonds secured solely by specified revenue sources and long-term contracts. These long-term contracts are general obligations of the City.

The City's total bonded debt does not include the June 30, 2010 balance of the City of Grand Rapids and County of Kent Building Authority bonds of \$73,893,904 issued in 2001 and 2003 to finance a substantial portion of the new DeVos Place Convention Center. The County of Kent has the sole responsibility for the repayment of this debt through their Hotel/Motel tax receipts and general assets. The City is not liable for the payment of principal or interest and therefore has excluded them from the financial statements.

All normally scheduled debt payments were made during fiscal year 2010.

Additional information on the City's long-term debt can be found in note 6 in the notes to the financial statements.

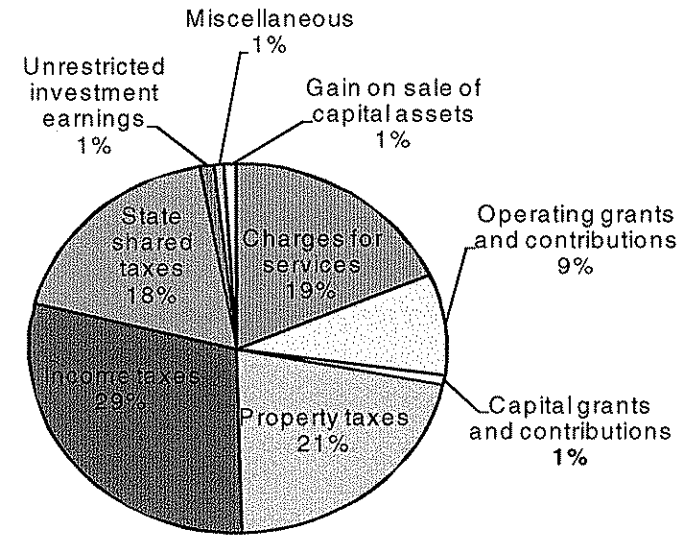
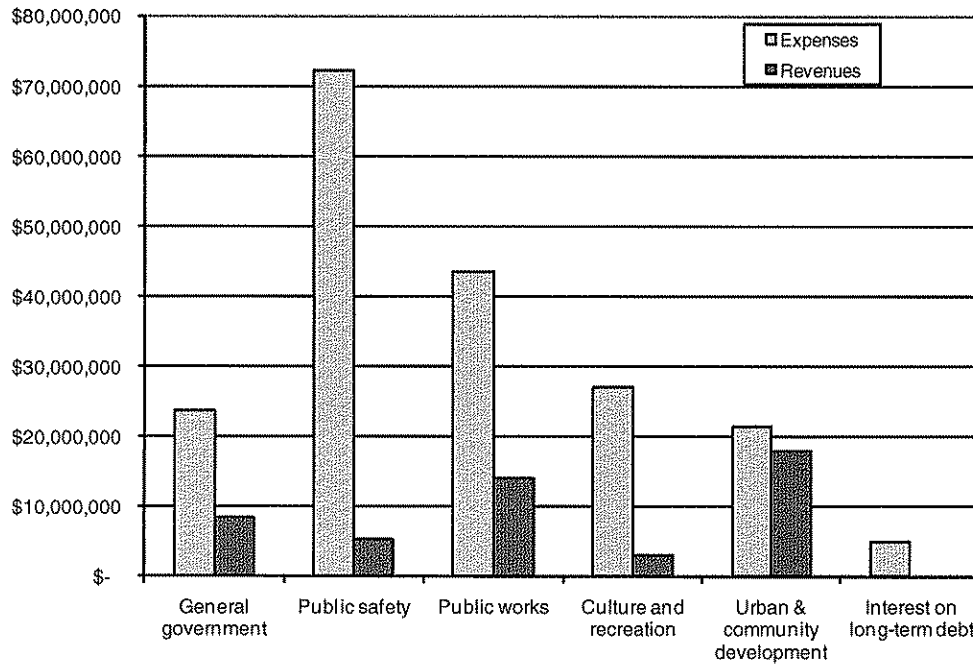
Changes in Net Assets:

City of Grand Rapids' Changes in Net Assets						
	Governmental Activities 2010	Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total Primary Government 2010	Total Primary Government 2009
Revenues:						
Program Revenues:						
Charges for services	\$ 33,179,001	\$ 31,400,761	\$ 102,162,255	\$ 95,809,500	\$ 135,341,256	\$ 127,210,261
Operating grants and contributions	15,755,323	11,057,758	131,096	-	15,886,419	11,057,758
Capital grants and contributions	1,568,133	2,536,753	1,034,755	1,836,608	2,602,888	4,373,361
General Revenues:						
Property taxes	38,551,862	38,371,239	-	-	38,551,862	38,371,239
Income taxes	52,656,179	53,086,986	-	-	52,656,179	53,086,986
State shared taxes	32,731,782	35,443,205	-	-	32,731,782	35,443,205
Unrestricted investment earnings	2,079,940	3,281,495	2,030,100	2,677,764	4,110,040	5,959,259
Miscellaneous	1,297,311	1,927,713	2,755,680	2,816,747	4,052,991	4,744,460
Gain on sale of capital assets	1,759,429	96,376	-	-	1,759,429	96,376
Total Revenues	179,578,960	177,202,286	108,113,886	103,140,619	287,692,846	280,342,905
Expenses:						
General government	24,244,049	28,569,892	-	-	24,244,049	28,569,892
Public safety	72,301,627	74,485,764	-	-	72,301,627	74,485,764
Public works	47,956,043	52,457,035	-	-	47,956,043	52,457,035
Culture and Recreation	22,130,169	21,740,208	-	-	22,130,169	21,740,208
Urban & Community Development	21,519,381	18,223,093	-	-	21,519,381	18,223,093
Interest on long-term debt	5,085,083	5,985,292	-	-	5,085,083	5,985,292
Water Supply System	-	-	39,797,298	40,839,383	39,797,298	40,839,383
Sewage Disposal System	-	-	43,555,979	45,152,263	43,555,979	45,152,263
Auto Parking System	-	-	8,901,722	9,192,422	8,901,722	9,192,422
Other Enterprises	-	-	2,259,044	2,781,803	2,259,044	2,781,803
Total Expenses	193,236,352	201,461,284	94,514,043	97,965,871	287,750,395	299,427,155
Change in Net Assets before Transfers	(13,657,392)	(24,258,998)	13,599,843	5,174,748	(57,549)	(19,084,250)
Transfers	11,411,230	1,632,809	(11,411,230)	(1,632,809)	-	-
Change in Net Assets	(2,246,162)	(22,626,189)	2,188,613	3,541,939	(57,549)	(19,084,250)
Net Assets - beginning	389,641,567	412,267,756	437,406,933	433,864,994	827,048,500	846,132,750
Net Assets - ending	\$ 387,395,405	\$ 389,641,567	\$ 439,595,546	\$ 437,406,933	\$ 826,990,951	\$ 827,048,500

Governmental activities: Governmental activities decreased the City's net assets by \$2,246,162. Key elements of this decrease are as follows:

- Depreciation for Infrastructure assets was \$17.9 million, substantially in excess of the \$5.2 million cost of newly capitalized streets. Most of the \$3.7 million of City resources spent during the fiscal year in the street construction budget was for uncapitalized repairs or is a required local contribution to the Michigan Department of Transportation's cost of bridge replacements on or across highways the State maintains.
- Tax revenues used to finance most governmental activities have continued to decline. Local property tax revenue increased 0.5% because of a rate increase. Our largest tax revenue, the local income tax, decreased only \$431,000, or 0.8%, as the economy appeared to have stopped its decline. State shared taxes fell \$2.7 million or 7.7%, and continue to fall farther below the property tax as the third largest revenue source.
- Accounting rules for the transfer of assets within an entity require the General Fund to show the difference between the net book value of the Government Center Ramp and the market value based "sale price" as revenue in the period of transfer. This resulted in an increase in net assets of \$8,878,108.
- With last year's anaemic interest rates falling even lower, investment earnings have decreased \$1.2 million or 36.6% below the prior year.

Expenses and Program Revenues - Governmental Activities

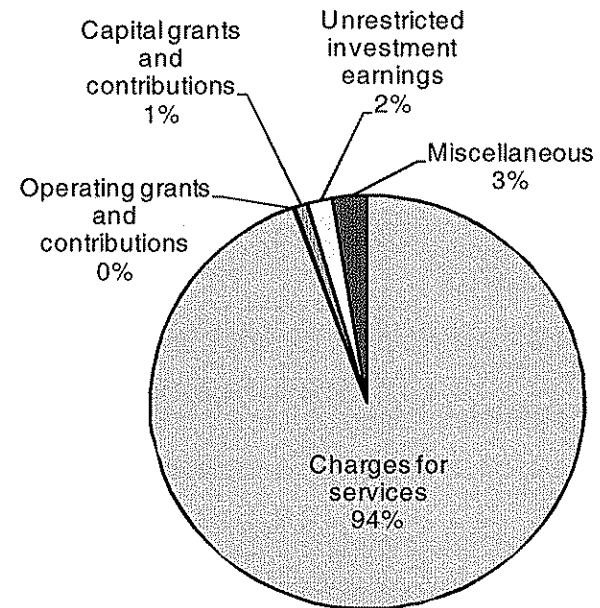
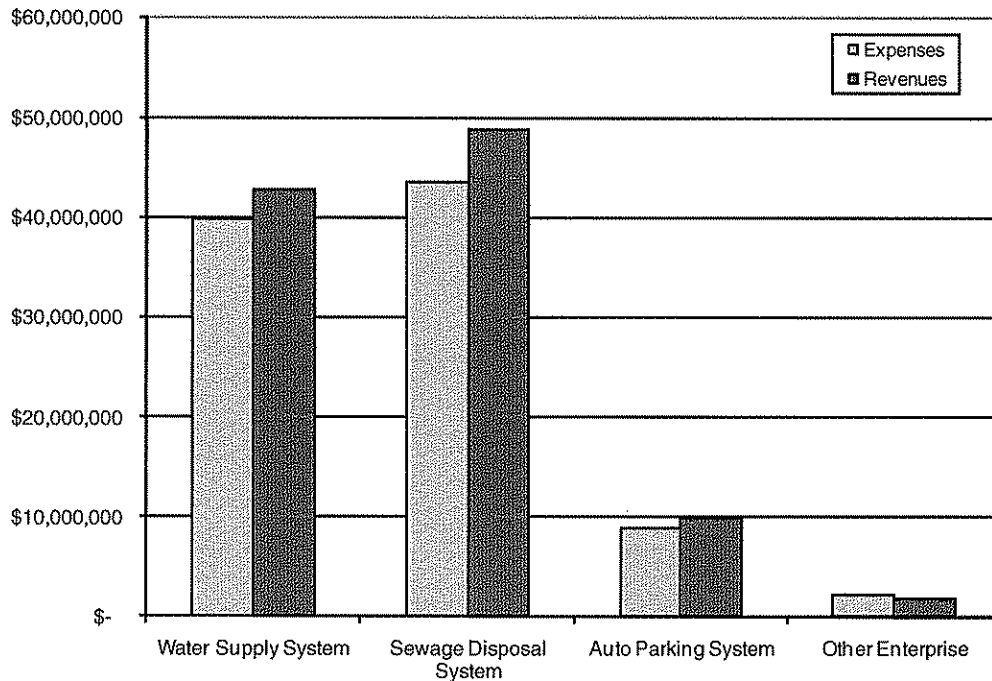


Revenues by Source - Governmental Activities

Business-type activities: Business-type activities increased the City's net assets by \$2,188,613. The key elements of this increase are as follows:

- The Water and Sewer System rate increases helped create a 6.6% increase in operating revenues for business-type activities.
- All funds were able to reduce their operating expenses compared to the prior year, improving operating results.
- New water and sewer mains costing \$974,000 were contributed to the system's capital assets by customer communities at no cost to either system.
- The increase in net assets was reduced by \$8,878,108 because accounting rules for the transfer of assets within an entity require the Auto Parking System to show the difference between the net book value of the Government Center Ramp and the market value based "sale price" as an expense of the period of transfer.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved undesignated fund balance* may serve as a useful measure of a government's net resources available to defray spending requirements in future years.

As of June 30, 2010, the City's governmental funds reported combined ending fund balances of \$77,640,991. Approximately 39.4% of this total amount, or \$30,570,645, constitutes the *unreserved, undesignated fund balance*, which is available for spending within the purposes of the individual fund that holds the balance. The remainder of fund balance is *reserved or designated* to indicate that it is not available for new spending because it has already been committed. As previously noted, only the \$12.7 million is freely transferable for any purpose. In FY2011, the City will implement the new fund balance pronouncement (GASB 53) that will categorize the fund balance as nonspendable, restricted, committed, assigned and unassigned.

The general fund is the chief operating fund of the City. At June 30, 2010, undesignated fund balance of the general fund was \$12,745,107. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. Undesignated and total fund balance represented 12.5% and 31.7% respectively of total FY2010 general fund expenditures, changed from 6.9% and 17.8% in 2009.

The fund balance of the City's general fund increased \$12,511,708 during fiscal year 2010. The key factors of that increase are:

- Transfer of the Government Center Parking Ramp to the Auto Parking System in exchange for cash payments that are due over several future years, added \$11.8 million.
- Decreases in state shared revenue of \$2,323,230 were largely offset by expenditure reductions.
- A headcount reduction of 130 authorized positions created significant savings.
- A transfer of \$828,295, from General Capital Improvement fund to the General fund reduced the number of positions that needed to be eliminated.

The fund balance of the Library Fund increased \$53,775 despite a \$85,000 decrease in State Library Aid and a one-time cost of \$752,000 to convert most existing employees to a lower cost retiree health care program.

The budget process anticipated the Major and Local Street Funds would drawdown \$2.5 million and \$2.2 million respectively of fund balance. Actual results saw a reduction in fund balance of \$926,444 in the Major Street Fund and an increase of \$736,026 in the Local Street Fund. Both funds were positively impacted by the mild winter that reduced the need for salt and reduced the staff and equipment time devoted to plowing. The Local Street Fund was also impacted by the City Manager's decision to eliminate all spring paving projects to retain resources for future budget years.

The fund balances of the City's Street Capital Fund decreased \$1,211,054 primarily as a result of continuing spending on previously planned projects. The fund balance of the General Capital Construction and Building Authority Construction Funds increased by \$42,653 and \$413,795 respectively, primarily as a result of issuing \$6,810,000 in new debt to fund new projects.

The fund balances of the City's Non-Major Governmental funds increased by \$1,543,689. The key factors of that increase are:

- Asset seizures in the Drug Law Enforcement Fund were unexpectedly higher than usual.
- The Neighborhood Business Improvement Fund recorded revenue from the sale of one property and from debt issued to acquire another property.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements.

Unrestricted net assets of the Water Supply System, Sewage Disposal System, Auto Parking System and non-major enterprise funds at the end of the year amounted to \$55,927,445. The total growth in net assets for enterprise funds was \$2,188,613. The major factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$2,143,151 increase in expenditure appropriations between the original and final amended budget. The major components of the increase were:

- \$682,012 of funds was reappropriated to allow completion of departmental projects that had not been completed in the prior fiscal year.
- Public safety grants totalling \$4,033,395 were accepted mid-year by the Police and Community Development Departments.
- A mid-year reduction in force removed 24 fire-fighter and 41 uniformed police personnel positions resulting in a reduction in appropriations of \$1,023,049 in the Fire Department \$1,910,679 in the Police Department.
- Transfers to the District Court were reduced by \$387,725 because completed grants had not required as much local match as previously provided.

Actual departmental expenditures in the General Fund were \$5,795,389 below amended appropriations. After considering the expected appropriation lapse of \$2,388,893 budgeted at the fund level, departmental expenditures were \$3,406,496 below budget. This was primarily because it was expected that the public safety grants accepted and appropriated at mid-year would be carried over and primarily spent in the following two years. The City Commission subsequently authorized staff to move the multi-year grant funds from the general fund to special revenue funds.

Revenues for the year ended June 30, 2010 were \$2,448,149 higher than originally budgeted, primarily because of three items. Local income taxes finally stabilized, decreasing 0.8% versus the 8.0% anticipated in the amended budget while receipts from new federal grants in the amount of \$1,480,812 offset most of the larger than expected decline in State revenue sharing of \$1,761,488.

Economic Factors and Next Year's Budgets and Rates

City Commission, top management, and fiscal staff considered many factors when preparing the fiscal year 2011 budget. The primary factor impacting the budgeting process in recent years has been that the City of Grand Rapids is located in the State of Michigan, which continues to experience economic stress. Recognizing both a need to reduce costs in the future, and the nature of the current recession, the voters approved a five-year, 15.4% increase in local income tax rates to allow current service levels to continue and provide time and resources to revise future service delivery methods.

The initial FY 2011 budget projected a 1% drop in the local income tax base offset by higher rates and a lower personal exemption amount. Based on projections from the State of Michigan, state revenue sharing was anticipated to decline approximately 0.6%. As a consequence of revised contracts with customer communities that recognize the lower inflation rate and spread changes in volume over three years, the water and sewer systems have implemented rate decreases of 6.27% and 3.3% respectively to generate their required revenues. The City adopts the annual budget within the context of a five year plan. That five year plan shows new revenue sources are required or substantial additional service cuts will be required to operate beyond 2013.

On the expenditure side of the ledger, future budgets anticipate continuing General Fund subsidies providing over 40% of the cost of operating the District Court, almost 20% of the cost of operations and debt service in the Cemetery Fund, 50% of the cost of operating the Parks and Recreation Funds, as well as continuing to provide required local match dollars in the Grants Fund. General Fund support for the Street Funds has been eliminated after fiscal 2010, resulting in a projected deficit in 2012 that continues to grow in future years while support of the Streets Capital Fund has been reduced 73% from the fiscal 2010 level.

Overall, the City's current and most recent budgets emphasize cost containment and, when feasible, maintenance of existing service levels. The City's capital plans have been prepared within the context of five years for many years. FY2011 is the fifth year that five-year operating budgets have been prepared. These five-year forecasts give City Commission and staff better information regarding the current and future impact of funding priorities and are guiding the on-going reinvention the City organization. Putting current changes in a multi-year context will positively affect the long-term financial health of the City.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Comptroller Department, 300 Monroe NW, Grand Rapids, MI 49503. Contact telephone number (616) 456-3189.

City of Grand Rapids, Michigan
Statement of Net Assets
Government Wide
June 30, 2010

	Primary Government			
	Governmental Activities	Business-type Activities	Total Primary Government	Total Component Units
ASSETS				
Equity in pooled cash and investments (Note 2)	\$ 104,682,159	\$ 50,963,300	\$ 155,645,459	\$ 21,884,189
Investments held by trustee	-	-	-	5,393,263
Receivables, net	8,526,093	22,381,818	30,907,911	1,076,193
Internal balances	(4,299,151)	4,299,151	-	-
Due from other governmental units	8,469,340	-	8,469,340	14,391
Advance to component unit	-	565,444	565,444	-
Inventories	2,835,402	3,715,661	6,551,063	-
Deferred expenses and other assets	255,949	686,535	942,484	860,813
Restricted assets (Notes 2 and 4)	2,243,501	56,665,452	58,908,953	-
Investment in joint venture (Note 1)	-	2,472,900	2,472,900	-
Long-term advance	11,815,000	-	11,815,000	-
Other assets	-	215,430	215,430	-
Capital Assets (Note 5):				
Non-depreciable	20,561,165	32,939,783	53,500,948	15,106,357
Depreciable, net	391,583,385	706,653,420	1,098,236,805	42,253,537
Total assets	<u>\$ 546,672,843</u>	<u>\$ 881,558,894</u>	<u>\$ 1,428,231,737</u>	<u>\$ 86,588,743</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 20,089,637	\$ 3,107,504	\$ 23,197,141	\$ 6,962,314
Accrued interest payable	1,328,419	9,360,246	10,688,665	146,471
Due to other governmental units	2,456,297	-	2,456,297	11,583
Unearned revenues	1,513,238	6,300	1,519,538	-
Customer deposits	360,352	-	360,352	-
Current portion of claims payable	-	1,000,000	1,000,000	-
Payable from restricted assets (Note 6):				
Bonds and contracts payable	-	16,641,357	16,641,357	-
Accrued interest and other	-	3,989,073	3,989,073	-
Noncurrent liabilities (Note 6):				
Due within 1 year:	17,861,710	3,696,274	21,557,984	4,240,129
Due in more than 1 year:	115,667,785	404,162,594	519,830,379	51,769,273
Total liabilities	<u>159,277,438</u>	<u>441,963,348</u>	<u>601,240,786</u>	<u>63,129,770</u>
NET ASSETS				
Invested in capital assets, net of related debt	306,253,632	359,840,998	666,094,630	27,008,701
Restricted for:				
Expendable:				
Public Safety	2,123,638	-	2,123,638	-
Cultural and recreation	4,793,659	-	4,793,659	-
Public Works	4,725,009	-	4,725,009	-
Debt service	-	19,527,952	19,527,952	-
Authorized projects	-	-	-	3,907,311
Urban and community development	1,286,669	-	1,286,669	-
Nonexpendable:				
Perpetual care	2,736,794	-	2,736,794	-
Cultural and recreation	140,705	-	140,705	-
Unrestricted	<u>65,335,299</u>	<u>60,226,596</u>	<u>125,561,895</u>	<u>(7,457,039)</u>
Total net assets	<u>387,395,405</u>	<u>439,595,546</u>	<u>826,990,951</u>	<u>23,458,973</u>
Total liabilities and net assets	<u>\$ 546,672,843</u>	<u>\$ 881,558,894</u>	<u>\$ 1,428,231,737</u>	<u>\$ 86,588,743</u>

The accompanying notes are an integral part of the financial statements.

City of Grand Rapids, Michigan
Statement of Activities
Government Wide
for the year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
<i>Governmental activities:</i>								
General government	\$ 24,244,049	\$ 8,566,152	\$ 17,842	\$ -	\$ (15,660,055)	\$ -	\$ (15,660,055)	\$ -
Public safety	72,301,627	3,193,456	2,371,126	-	(66,737,045)	-	(66,737,045)	-
Public works	47,956,043	12,409,177	207,996	1,568,133	(33,770,737)	-	(33,770,737)	-
Culture and recreation	22,130,169	2,831,131	152,769	-	(19,146,269)	-	(19,146,269)	-
Urban & community development	21,519,381	6,179,085	13,005,590	-	(2,334,706)	-	(2,334,706)	-
Interest on long-term debt	5,085,083	-	-	-	(5,085,083)	-	(5,085,083)	-
Total governmental activities	193,236,352	33,179,001	15,755,323	1,568,133	(142,733,895)	-	(142,733,895)	-
<i>Business-type activities:</i>								
Water Supply System	39,797,298	41,982,356	-	807,251	-	2,992,309	2,992,309	-
Sewage Disposal System	43,555,979	48,484,433	131,096	227,504	-	5,287,054	5,287,054	-
Auto Parking System	8,901,722	9,867,098	-	-	-	965,376	965,376	-
Other Enterprise	2,259,044	1,828,368	-	-	-	(430,676)	(430,676)	-
Total business-type activities	94,514,043	102,162,255	131,096	1,034,755	-	8,814,063	8,814,063	-
Total primary government	\$ 287,750,395	\$ 135,341,256	\$ 15,886,419	\$ 2,602,888	(142,733,895)	8,814,063	(133,919,832)	-
Component Units:								
Downtown Development Authority	\$ 12,421,059	\$ 286,025	\$ -	\$ -	-	-	-	(12,135,034)
Tax Increment Financing Authority	525,870	-	-	-	-	-	-	(525,870)
SmartZone Development Authority	1,303,199	-	-	-	-	-	-	(1,303,199)
Brownfield Redevelopment Authority	2,210,661	38,439	-	-	-	-	-	(2,172,222)
61st District Court	12,725,213	7,587,592	4,798,863	-	-	-	-	(338,758)
Total component units	\$ 29,186,002	\$ 7,912,056	\$ 4,798,863	\$ -	-	-	-	(16,475,083)
General revenues:								
Property taxes					38,551,862	-	38,551,862	14,179,531
City income taxes					52,656,179	-	52,656,179	-
Intergovernmental, unrestricted					32,731,782	-	32,731,782	-
Unrestricted investment earnings					2,079,940	2,030,100	4,110,040	370,409
Miscellaneous					1,297,311	2,755,680	4,052,991	-
Gain on sale of capital assets					1,759,429	-	1,759,429	-
Transfers (Note 9)					11,411,230	(11,411,230)	-	-
Total general revenues and transfers					140,487,733	(6,625,450)	133,862,283	14,549,940
Change in net assets					(2,246,162)	2,188,613	(57,549)	(1,925,143)
Net assets - beginning					389,641,567	437,406,933	827,048,500	25,384,116
Net assets - ending					\$ 387,395,405	\$ 439,595,546	\$ 826,990,951	\$ 23,458,973

The accompanying notes are an integral part of the financial statements.

City of Grand Rapids, Michigan
Balance Sheet
Governmental Funds
June 30, 2010

Major Governmental Funds

	General	Library	Refuse	Major Streets	Local Streets	Streets Capital Construction	General Capital Construction	Building Authority Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS										
Equity in pooled cash & investments (Note 2)	\$ 24,272,297	\$ 5,137,356	\$ 3,517,395	\$ 922,377	\$ 3,805,427	\$ 8,787,580	\$ 4,456,984	\$ 1,429,675	\$ 14,430,274	\$ 66,759,365
Receivables, net	5,570,632	18,227	32,177	289,709	5,494	268,431	442,715	1,050	479,321	7,107,756
Due from other funds (Note 9)	220,522	-	-	-	-	-	-	-	-	220,522
Due from other governmental units	4,382,625	-	-	1,738,806	435,153	-	158,360	-	1,754,396	8,469,340
Inventories	716,844	-	-	1,436,380	-	-	-	-	18,690	2,171,914
Long-term advance	11,815,000	-	-	-	-	-	-	-	-	11,815,000
Total assets	\$ 46,977,920	\$ 5,155,583	\$ 3,549,572	\$ 4,387,272	\$ 4,246,074	\$ 9,056,011	\$ 5,058,059	\$ 1,430,725	\$ 16,682,681	\$ 96,543,897
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accruals	\$ 11,403,644	\$ 337,127	\$ 491,374	\$ 93,572	\$ 40,182	\$ 238,518	\$ 278,607	\$ 145,272	\$ 1,646,613	\$ 14,674,909
Due to other governmental units	2,261,216	9,044	24,039	1,810	5,361	-	-	-	154,828	2,456,297
Deferred revenues	1,068,704	-	-	-	-	117,934	158,838	-	65,872	1,411,348
Customer deposits	-	-	226,804	-	-	-	103,192	-	30,356	360,352
Total liabilities	14,733,563	346,171	742,217	95,382	45,543	356,452	540,637	145,272	1,897,669	18,902,906
Fund balances:										
Reserved for:										
Perpetual care	-	-	-	-	-	-	-	-	2,736,794	2,736,794
Nonexpendable Trust principal	-	115,705	-	-	-	-	-	-	25,000	140,705
Library purchases	-	280,290	-	-	-	-	-	-	-	280,290
Authorized projects	-	-	-	-	-	8,699,559	4,517,422	1,285,453	-	14,502,434
Inventories	716,844	-	-	1,436,380	-	-	-	-	18,690	2,171,914
Encumbrances	689,022	3,595	11,884	49,733	70,712	-	-	-	1,098,601	1,923,547
Long-term advance	11,815,000	-	-	-	-	-	-	-	-	11,815,000
Unreserved, designated for debt service: Debt Service fund	-	-	-	-	-	-	-	-	1,298,148	1,298,148
Unreserved, designated for ensuing year budget, reported in:										
Special revenue funds	-	-	505,688	656,142	2,445,656	-	-	-	507,888	4,115,374
Unreserved, designated for compensated absences, reported in:										
General fund	6,278,384	-	-	-	-	-	-	-	-	6,278,384
Special revenue funds	-	523,754	304,271	324,870	130,797	-	-	-	524,064	1,807,756
Unreserved, undesignated, reported in:										
General fund	12,745,107	-	-	-	-	-	-	-	-	12,745,107
Special revenue funds	-	3,886,068	1,985,512	1,824,765	1,553,366	-	-	-	8,575,827	17,825,538
Total fund balance	32,244,357	4,809,412	2,807,355	4,291,890	4,200,531	8,699,559	4,517,422	1,285,453	14,785,012	77,640,991
Total liabilities and fund balances	\$ 46,977,920	\$ 5,155,583	\$ 3,549,572	\$ 4,387,272	\$ 4,246,074	\$ 9,056,011	\$ 5,058,059	\$ 1,430,725	\$ 16,682,681	\$ 96,543,897

The accompanying notes are an integral part of the financial statements.

City of Grand Rapids, Michigan
Reconciliation of the Fund Balances of Governmental Funds to the
Net Assets of Governmental Activities on the Statement of Net Assets
June 30, 2010

Total governmental funds, fund balances \$ 77,640,991

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets, at cost	840,576,474
Accumulated depreciation	<u>(428,431,924)</u>
Net capital assets	412,144,550

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These assets consist of:

Deferred issuance costs	3,427,347
Prepaid Expenses	255,949

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

32,211,829

Long-term liabilities, including interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Bonds and contracts payable	(113,427,822)
Premium on bonds	(1,257,797)
Compensated absences	(9,166,190)
Net OPEB Obligation	(9,361,933)
Insurance claims	(3,743,100)
Accrued interest on bonds	<u>(1,328,419)</u>

Net assets of governmental activities \$ 387,395,405

City of Grand Rapids, Michigan
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the year ended June 30, 2010

	Major Governmental Funds									
	General	Library	Refuse	Major Streets	Local Streets	Street Capital Construction	General Capital Construction	Building Authority Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:										
Property taxes	\$ 14,179,660	\$ 11,201,479	\$ 7,770,098	\$ -	\$ -	\$ -	\$ 5,400,625	\$ -	\$ -	\$ 38,551,862
City income taxes	50,549,128	-	-	-	-	-	2,107,051	-	-	52,656,179
State shared taxes	19,749,185	38,848	-	9,935,595	2,656,859	-	-	-	-	32,380,487
Licenses and permits	521,337	-	-	-	-	-	-	-	2,676,345	3,197,682
Fines and forfeitures	2,106,351	195,312	-	-	-	-	-	-	-	2,301,663
Federal grants	1,816,812	-	-	288,605	-	383,229	787,643	-	12,017,768	15,294,057
State grants	301,586	-	-	-	-	26,500	-	-	261,988	590,074
Other grants & contributions	341,888	351,295	-	-	-	129,863	240,898	-	726,676	1,790,620
Charges for services	12,820,348	131,346	4,544,944	2,395,544	7,488	53,664	-	-	7,511,322	27,464,656
Investment earnings	708,752	142,143	90,307	2	43,153	25,928	16,072	7,619	232,121	1,266,097
Miscellaneous	1,126,104	-	-	71,559	1,284	-	61,351	320	108,250	1,368,868
Total revenues	104,221,151	12,060,423	12,405,349	12,691,305	2,708,784	619,184	8,613,640	7,939	23,534,470	176,862,245
Expenditures:										
Current:										
General government	21,913,576	-	-	-	-	-	1,448,698	-	-	23,362,274
Public safety	70,731,673	-	-	-	-	-	-	-	1,379,062	72,110,735
Public works	5,294,345	-	12,580,520	8,342,415	4,318,997	-	-	-	-	30,536,277
Culture and recreation	-	9,891,061	-	-	-	-	-	-	6,928,893	16,819,954
Urban and community development	3,539,556	-	-	-	-	-	-	-	18,545,764	22,085,320
Debt service:										
Principal	277,139	-	-	562,132	-	-	1,100,350	-	5,346,111	7,285,732
Interest, fees, and bond issue costs	92,046	300	-	493,720	-	-	530,246	-	3,592,528	4,708,840
Capital outlay	-	19,326	-	12,849	695	3,773,025	3,783,700	5,062,006	1,261	12,652,862
Total expenditures	101,848,335	9,910,687	12,580,520	9,411,116	4,319,692	3,773,025	6,862,994	5,062,006	35,793,619	189,561,994
Excess (deficit) of revenues over expenditures	2,372,816	2,149,736	(175,171)	3,280,189	(1,610,908)	(3,153,841)	1,750,646	(5,054,067)	(12,259,149)	(12,699,749)
Other financing sources (uses):										
Transfers in (Note 9)	17,761,466	-	-	-	2,500,000	1,942,787	142,403	480,262	14,807,201	37,634,119
Transfers out (Note 9)	(11,085,410)	(2,095,961)	(279,870)	(4,382,543)	(153,066)	-	(4,075,396)	-	(2,090,613)	(24,172,859)
Sale of capital assets	3,388,142	-	-	-	-	-	-	402,600	451,250	4,241,992
Face value of bonds and contracts issued	-	-	-	-	-	-	2,225,000	4,585,000	635,000	7,445,000
Total other financing sources (uses)	10,054,198	(2,095,961)	(279,870)	(4,382,543)	2,346,934	1,942,787	(1,707,993)	5,467,862	13,802,838	25,148,252
Net change in fund balances	12,427,014	53,775	(455,041)	(1,102,354)	736,026	(1,211,054)	42,653	413,795	1,543,689	12,448,503
Fund balances - beginning	19,732,649	4,755,637	3,262,396	5,218,334	3,464,505	9,910,613	4,474,769	871,658	13,241,323	64,931,884
Current year change in inventory levels	84,694	-	-	175,910	-	-	-	-	-	260,604
Fund balances - ending	\$ 32,244,357	\$ 4,809,412	\$ 2,807,355	\$ 4,291,890	\$ 4,200,531	\$ 8,699,559	\$ 4,517,422	\$ 1,285,453	\$ 14,785,012	\$ 77,640,991

City of Grand Rapids, Michigan
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
for the year ended June 30, 2010

Net change in fund balances - total governmental funds	\$ 12,448,503
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$27,298,391) exceeded capital outlays (\$8,791,304).	(18,507,087)
In the statement of activities only the gain on the sale of property and equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net assets differs from the change in fund balance by the cost of the property sold.	(2,551,746)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Debt issued	(7,445,000)
Repayments	7,285,732
Issue costs on bonds	207,108
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Accrued interest	6,060
Compensated absences	839,176
Net OPEB obligation	1,225,926
Other	285,854
Internal service funds are used by management to charge the costs of certain activities, to individual funds. The governmental share of the net expense of the internal service fund is reported in governmental activities.	<u>3,959,312</u>
Change in net assets of governmental activities	<u><u>\$ (2,246,162)</u></u>

City of Grand Rapids, Michigan
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Major Funds			Nonmajor Proprietary Funds	Totals	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Auto Parking System			
ASSETS						
Current assets:						
Equity in pooled cash and investments (Note 2)	\$ 17,880,584	\$ 15,780,414	\$ 16,390,233	\$ 912,069	\$ 50,963,300	\$ 37,922,794
Receivables, net	9,395,565	12,144,246	713,154	128,853	22,381,818	1,003,043
Due from component units	565,444	-	-	-	565,444	-
Due from other governmental units	-	-	-	-	-	194,771
Investment in joint venture (Note 1)	-	2,472,900	-	-	2,472,900	-
Inventory	2,298,828	1,399,547	-	17,286	3,715,661	663,488
Restricted Assets (Note 4)	9,669,036	10,961,394	-	-	20,630,430	2,243,501
Deferred expenses and other assets	-	-	686,535	-	686,535	412,972
Total current assets	<u>39,809,457</u>	<u>42,758,501</u>	<u>17,789,922</u>	<u>1,058,208</u>	<u>101,416,088</u>	<u>42,440,569</u>
Noncurrent assets:						
Restricted assets (Note 4)	23,351,309	12,683,713	-	-	36,035,022	-
Other assets	-	-	-	215,430	215,430	-
Capital assets: (Note 5)						
Non-depreciable	6,675,997	19,054,179	7,204,352	5,255	32,939,783	21,000
Depreciable	422,379,561	589,015,802	75,026,283	5,078,024	1,091,499,670	50,457,898
Less accumulated depreciation	(145,331,159)	(206,697,383)	(29,366,230)	(3,451,478)	(384,846,250)	(37,085,869)
Total noncurrent assets	<u>307,075,708</u>	<u>414,056,311</u>	<u>52,864,405</u>	<u>1,847,231</u>	<u>775,843,655</u>	<u>13,393,029</u>
Total assets	<u>\$ 346,885,165</u>	<u>\$ 456,814,812</u>	<u>\$ 70,654,327</u>	<u>\$ 2,905,439</u>	<u>\$ 877,259,743</u>	<u>\$ 55,833,598</u>

City of Grand Rapids, Michigan
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Major Funds			Nonmajor Proprietary Funds	Totals	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Auto Parking System			
LIABILITIES						
Current liabilities:						
Vouchers and accounts payable	\$ 1,105,121	\$ 1,114,899	\$ 678,188	\$ 209,296	\$ 3,107,504	\$ 2,808,928
Accrued interest payable	3,485,545	5,428,053	446,648	-	9,360,246	48,587
Unearned revenues	-	-	6,300	-	6,300	101,890
Current portion of claims payable	200,000	800,000	-	-	1,000,000	4,732,400
Current maturities of bonds, notes and contracts payable (Note 6)	-	70,500	969,369	-	1,039,869	2,263,147
Current portion of compensated absences and workers' compensation	872,256	538,342	122,499	38,308	1,571,405	1,232,230
Current portion of long-term advance	-	-	1,085,000	-	1,085,000	-
Liabilities payable from restricted assets (Note 6):						
Current maturities of bonds, notes and contracts payable	8,760,000	7,881,357	-	-	16,641,357	-
Other	909,036	3,080,037	-	-	3,989,073	-
Total current liabilities	<u>15,331,958</u>	<u>18,913,188</u>	<u>3,308,004</u>	<u>247,604</u>	<u>37,800,754</u>	<u>11,187,182</u>
Noncurrent liabilities (net of current portion) (Note 6):						
Bonds payable	130,628,513	224,322,262	29,021,639	-	383,972,414	3,940,000
Contracts and notes payable	-	684,000	-	-	684,000	2,120,916
Long-term advance	-	-	10,730,000	-	10,730,000	-
General claims payable	-	-	-	-	-	275,000
Bond premium	1,733,689	5,243,911	14,170	-	6,991,770	55,002
Compensated absences and workers' compensation	469,676	289,876	65,961	20,628	846,141	1,068,600
Net OPEB Obligation (Note 8)	527,158	301,733	81,550	27,828	938,269	349,977
Total noncurrent liabilities	<u>133,359,036</u>	<u>230,841,782</u>	<u>39,913,320</u>	<u>48,456</u>	<u>404,162,594</u>	<u>7,809,495</u>
Total liabilities	<u>148,690,994</u>	<u>249,754,970</u>	<u>43,221,324</u>	<u>296,060</u>	<u>441,963,348</u>	<u>18,996,677</u>
NET ASSETS						
Invested in capital assets net of related debt	160,646,046	174,488,494	22,859,227	1,847,231	359,840,998	7,445,825
Restricted:						
Debt service	9,233,852	10,294,100	-	-	19,527,952	-
Unrestricted	28,314,273	22,277,248	4,573,776	762,148	55,927,445	29,391,096
Total net assets	<u>198,194,171</u>	<u>207,059,842</u>	<u>27,433,003</u>	<u>2,609,379</u>	<u>435,296,395</u>	<u>36,836,921</u>
Total liabilities and net assets	<u>\$ 346,885,165</u>	<u>\$ 456,814,812</u>	<u>\$ 70,654,327</u>	<u>\$ 2,905,439</u>		<u>\$ 55,833,598</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					4,299,151	
Net assets of business-type activities					<u>\$ 439,595,546</u>	

City of Grand Rapids, Michigan
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
for the year ended June 30, 2010

	Major Funds			Nonmajor Proprietary Funds	Totals	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Auto Parking System			
Operating revenues:						
Charges for services	\$ 915,565	\$ 48,408,572	\$ 9,867,098	\$ 1,476,448	\$ 60,667,683	\$ 54,426,096
Sales	40,595,152	-	-	351,920	40,947,072	-
Miscellaneous	471,639	75,861	-	-	547,500	264,204
Total operating revenues	<u>41,982,356</u>	<u>48,484,433</u>	<u>9,867,098</u>	<u>1,828,368</u>	<u>102,162,255</u>	<u>54,690,300</u>
Operating expenses:						
Personal services	13,893,603	8,638,896	2,502,628	1,169,376	26,204,503	8,015,618
Supplies and materials	2,290,350	1,367,305	107,091	393,013	4,157,759	3,935,280
Utilities	5,337,689	2,747,947	442,378	178,874	8,706,888	1,613,802
Contractual services	1,229,153	6,514,268	1,207,941	234,974	9,186,336	4,305,317
Other services and charges	2,887,283	2,520,772	1,433,284	144,481	6,985,820	25,138,178
Depreciation	7,342,229	12,169,499	1,789,656	193,280	21,494,664	4,262,189
Total operating expenses	<u>32,980,307</u>	<u>33,958,687</u>	<u>7,482,978</u>	<u>2,313,998</u>	<u>76,735,970</u>	<u>47,270,384</u>
Operating income (loss)	<u>9,002,049</u>	<u>14,525,746</u>	<u>2,384,120</u>	<u>(485,630)</u>	<u>25,426,285</u>	<u>7,419,916</u>
Nonoperating revenues (expenses):						
State grants	-	131,096	-	-	131,096	-
Interest revenue	497,578	899,517	628,254	4,751	2,030,100	645,160
Miscellaneous revenue	549,247	2,176,715	29,718	-	2,755,680	-
Gain on sale of capital assets	-	-	-	-	-	69,183
Interest expense and paying agent fees	(7,600,227)	(10,403,762)	(1,572,749)	-	(19,576,738)	(302,546)
Miscellaneous expenses	-	-	(23,705)	-	(23,705)	-
Total nonoperating revenues (expenses)	<u>(6,553,402)</u>	<u>(7,196,434)</u>	<u>(938,482)</u>	<u>4,751</u>	<u>(14,683,567)</u>	<u>411,797</u>
Income (loss) before capital contributions and transfers	2,448,647	7,329,312	1,445,638	(480,879)	10,742,718	7,831,713
Capital contributions	807,251	227,504	-	-	1,034,755	-
Transfers in (Note 9)	2,192,292	-	-	770,495	2,962,787	-
Transfers out (Note 9)	<u>(1,279,605)</u>	<u>(3,401,685)</u>	<u>(9,284,758)</u>	<u>(407,970)</u>	<u>(14,374,018)</u>	<u>(2,050,030)</u>
Change in net assets	4,168,585	4,155,131	(7,839,120)	(118,354)	366,242	5,781,683
Total net assets - beginning	194,025,586	202,904,711	35,272,123	2,727,733		31,055,238
Total net assets - ending	<u>\$ 198,194,171</u>	<u>\$ 207,059,842</u>	<u>\$ 27,433,003</u>	<u>\$ 2,609,379</u>		<u>\$ 36,836,921</u>
					1,822,371	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>\$ 2,188,613</u>	
Change in net assets of business-type activities						

The accompanying notes are an integral part of the financial statements.

City of Grand Rapids, Michigan
Statement of Cash Flows
Proprietary Funds

for the year ended June 30, 2010

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Totals	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Auto Parking System			
Cash flows from operating activities:						
Receipts from customers	\$ 40,010,909	\$ 46,332,755	\$ 9,608,846	\$ 1,854,625	\$ 97,807,135	\$ 54,100,672
Payments to suppliers	(12,210,008)	(14,902,092)	(3,440,251)	(991,927)	(31,544,278)	(39,747,340)
Payments to employees	(9,381,858)	(5,879,724)	(1,843,145)	(902,943)	(18,007,670)	(5,583,711)
Payments for payroll taxes and benefits	(5,019,829)	(3,087,457)	(714,448)	(321,525)	(9,143,259)	(2,770,037)
Other operating revenues (expenses)	225,503	2,176,715	29,718	-	2,431,936	264,204
Net cash provided (used) by operating activities	13,624,717	24,640,197	3,640,720	(361,770)	41,543,864	6,263,788
Cash flows from noncapital financing activities:						
Proceeds from grants	-	131,096	-	-	131,096	-
Transfers from other funds	2,192,292	-	-	770,495	2,962,787	-
Transfers to other funds	(1,279,605)	(3,401,685)	(406,649)	(407,970)	(5,495,909)	(2,050,030)
Net cash provided (used) by noncapital financing activities	912,687	(3,270,589)	(406,649)	362,525	(2,402,026)	(2,050,030)
Cash flows from capital and related financing activities:						
Proceeds from capital debt	-	32,202,822	-	-	32,202,822	4,471,388
Capital contributions	-	60,823	-	-	60,823	-
Purchase of capital assets	(9,790,946)	(35,478,465)	(6,721,277)	-	(51,990,688)	(2,844,043)
Sale of capital assets	-	-	-	3,430	3,430	81,315
Principal paid on capital debt	(7,830,000)	(39,904,755)	(838,745)	-	(48,573,500)	(2,002,861)
Interest paid on capital debt	(6,988,742)	(10,660,915)	(1,480,207)	-	(19,129,864)	(259,501)
Net cash provided (used) by capital and related financing activities	(24,609,688)	(53,780,490)	(9,040,229)	3,430	(87,426,977)	(553,702)
Cash flows from investing activities:						
Interest received	497,578	899,517	628,254	4,751	2,030,100	642,527
Net increase (decrease) in equity in pooled cash and investments	(9,574,706)	(31,511,365)	(5,177,904)	8,936	(46,255,039)	4,302,583
Equity in pooled cash and investments - beginning of year	45,499,139	58,609,705	21,568,137	903,133	126,580,114	35,863,712
Equity in pooled cash and investments - end of year (including \$18,043,849; \$11,317,926 and \$2,243,501 for the Water System, Sewage System and Internal Service, respectively, reported in restricted accounts)	\$ 35,924,433	\$ 27,098,340	\$ 16,390,233	\$ 912,069	\$ 80,325,075	\$ 40,166,295

The accompanying notes are an integral part of the financial statements.

City of Grand Rapids, Michigan
Statement of Cash Flows
Proprietary Funds

for the year ended June 30, 2010

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Totals	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Auto Parking System			
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 9,002,049	\$ 14,525,746	\$ 2,384,120	\$ (485,630)	\$ 25,426,285	\$ 7,419,916
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	7,342,229	12,169,499	1,789,656	193,280	21,494,664	4,262,189
Miscellaneous cash received	549,247	2,176,715	29,718	-	2,755,680	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(1,709,533)	(2,187,708)	(276,856)	7,194	(4,166,903)	(260,750)
Increase in intergovernmental receivables	(228,149)	-	-	-	(228,149)	(194,771)
Decrease in due from other funds	47,151	29,500	-	1,156	77,807	15,629
(Increase) decrease in inventory	(80,916)	(34,735)	-	17,907	(97,744)	12,578
Increase in deferred expenses	-	-	18,604	-	18,604	(255,951)
Increase in vouchers and accounts payable	(465,533)	(1,001,275)	(255,857)	(40,585)	(1,763,250)	(1,618,960)
Decrease in due to other funds	-	-	-	-	-	(101,058)
Decrease in due to component units	-	-	-	-	-	(15,909)
Decrease in deferred revenues	-	-	6,300	-	6,300	101,890
Increase in restricted assets	(323,744)	(709,260)	-	-	(1,033,004)	-
Increase in compensated absences	(55,448)	(44,318)	5,846	(31,680)	(125,600)	(56,157)
Increase in Net OPEB Obligation	(452,636)	(283,967)	(60,811)	(23,412)	(820,826)	(281,973)
Decrease in general claims payable	-	-	-	-	-	(2,762,885)
Total adjustments	<u>4,622,668</u>	<u>10,114,451</u>	<u>1,256,600</u>	<u>123,860</u>	<u>16,117,579</u>	<u>(1,156,128)</u>
Net cash provided (used) by operating activities	<u>\$ 13,624,717</u>	<u>\$ 24,640,197</u>	<u>\$ 3,640,720</u>	<u>\$ (361,770)</u>	<u>\$ 41,543,864</u>	<u>\$ 6,263,788</u>
Noncash capital activities						
Contributions of capital assets from other governments	\$ 807,251	\$ 166,681	\$ -	\$ -	\$ 973,932	\$ -

The accompanying notes are an integral part of the financial statements.

City of Grand Rapids, Michigan
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Total Employee Benefit Trust Funds</u>	<u>Agency Tax Fund</u>
ASSETS		
Equity in pooled cash and investments (Note 2)	\$ 1,676,693	\$ 189,808
Investments held by trustee (Note 2):		
Cash and money market funds	9,161,715	-
United States Government Securities	34,736,607	-
State and municipal bonds	176,648	-
Corporate bonds	108,356,739	-
Common stocks and equity mutual funds	371,911,231	-
Asset-backed securities	23,986,775	-
Other	30,255,052	-
Collateral held by broker under securities lending	38,504,171	-
Collateral deficiency on securities lending agreement	(35,207)	-
Receivables, net:		
Investment securities sold	758,279	-
Property taxes	-	733,758
Other accounts	531,262	-
Accrued interest	1,327,813	-
Total assets	<u>\$ 621,347,778</u>	<u>\$ 923,566</u>
LIABILITIES		
Compensated absences	\$ 20,360	\$ -
Investment securities purchased	574,079	-
Vouchers and accounts payable	1,080,057	-
Due to other funds (Note 9)	213,756	-
Due to other governmental units		923,566
Deferred Revenue	2,514	
Liabilities under securities lending program	<u>38,504,171</u>	<u>-</u>
Total liabilities	<u>40,394,937</u>	<u>923,566</u>
NET ASSETS		
Held in trust for pension and OPEB benefits	<u>580,952,841</u>	<u>-</u>
Total net assets	<u>580,952,841</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 621,347,778</u>	<u>\$ 923,566</u>

City of Grand Rapids, Michigan
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
for the year ended June 30, 2010

	<u>Total Employee Benefit Trust Funds</u>
ADDITIONS	
Plan Contributions:	
Employer	\$ 15,171,965
Plan members	<u>4,422,827</u>
Total contributions	19,594,792
Investment income (loss):	
Interest and dividends	8,683,076
Net depreciation in fair value of investments	<u>110,495,583</u>
Total investment earnings	119,178,659
Investment management expense	<u>(1,890,074)</u>
Net income from investment activities	<u>117,288,585</u>
Securities lending income	149,623
Securities lending expenses	<u>(44,818)</u>
Net income from securities lending activities	<u>104,805</u>
Total net investment income	<u>117,393,390</u>
Total additions	<u>136,988,182</u>
DEDUCTIONS	
Benefits paid	49,472,085
Administration expenses	<u>1,022,499</u>
Total deductions	<u>50,494,584</u>
Change in net assets	86,493,598
Total net assets - beginning	<u>494,459,243</u>
Total net assets - ending	<u>\$ 580,952,841</u>

City of Grand Rapids, Michigan
Combining Statement of Net Assets
Component Units
June 30, 2010

	Downtown Development Authority	Tax Increment Financing Authority	SmartZone Local Development Financing Authority	Brownfield Redevelopment Authority	61st District Court	Totals
ASSETS						
Equity in pooled cash and investments (Note 2)	\$ 15,244,698	\$ 1,317,746	\$ 2,520,949	\$ 657,387	\$ 2,143,409	\$ 21,884,189
Investments held by trustee (Note 2)	5,393,263	-	-	-	-	5,393,263
Receivables, net:						
Accounts	54,531	3,956	-	-	-	58,487
Loans	898,848	-	-	-	1,286	900,134
Accrued interest	107,921	113	3,852	5,686	-	117,572
Due from other governmental units	-	-	-	-	14,391	14,391
Prepaid expenses and other assets	860,813	-	-	-	-	860,813
Capital Assets (Note 5):						
Non-depreciable	13,826,357	1,280,000	-	-	-	15,106,357
Depreciable	75,806,460	4,027,124	-	-	20,212	79,853,796
Less: accumulated depreciation	(35,576,328)	(2,016,231)	-	-	(7,700)	(37,600,259)
Total assets	<u>\$ 76,616,563</u>	<u>\$ 4,612,708</u>	<u>\$ 2,524,801</u>	<u>\$ 663,073</u>	<u>\$ 2,171,598</u>	<u>\$ 86,588,743</u>
LIABILITIES						
Vouchers payable and accruals	\$ 4,870,169	\$ 28,421	\$ 189,626	\$ 36,481	\$ 368,277	\$ 5,492,974
Accrued Interest	125,995	5,483	14,993	-	-	146,471
Due to other governmental units	-	-	-	-	11,583	11,583
Due to participants	1,009,207	-	-	288,928	171,205	1,469,340
Non-current liabilities (Note 6):						
Due within 1 year	3,670,262	89,254	119,254	14,290	347,069	4,240,129
Due in more than 1 year	46,429,161	790,956	4,147,843	9,242	392,071	51,769,273
Total liabilities	<u>56,104,794</u>	<u>914,114</u>	<u>4,471,716</u>	<u>348,941</u>	<u>1,290,205</u>	<u>63,129,770</u>
NET ASSETS						
Invested in capital assets, net of related debt	24,578,346	2,417,843	-	-	12,512	27,008,701
Restricted for authorized projects	-	1,280,751	2,312,428	314,132	-	3,907,311
Unrestricted	(4,066,577)	-	(4,259,343)	-	868,881	(7,457,039)
Total net assets (deficit)	<u>20,511,769</u>	<u>3,698,594</u>	<u>(1,946,915)</u>	<u>314,132</u>	<u>881,393</u>	<u>23,458,973</u>
Total liabilities and net assets	<u>\$ 76,616,563</u>	<u>\$ 4,612,708</u>	<u>\$ 2,524,801</u>	<u>\$ 663,073</u>	<u>\$ 2,171,598</u>	<u>\$ 86,588,743</u>

The accompanying notes are an integral part of the financial statements.

City of Grand Rapids, Michigan
Combining Statement of Activities
Component Units
for the year ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets						Total
		Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Tax Increment Financing Authority	SmartZone Local Development Financing Authority	Brownfield Redevelopment Authority	61st District Court		
Urban & community development:										
Downtown Development Authority	\$ 12,421,059	\$ 286,025	\$ -	\$ (12,135,034)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,135,034)
Tax Increment Financing Authority	525,870	-	-	-	(525,870)	-	-	-	-	(525,870)
SmartZone Development Authority	1,303,199	-	-	-	-	(1,303,199)	-	-	-	(1,303,199)
Brownfield Redevelopment Authority	2,210,661	38,439	-	-	-	-	(2,172,222)	-	-	(2,172,222)
Public safety:										
61st District Court	12,725,213	7,587,592	4,798,863	-	-	-	-	(338,758)	-	(338,758)
	<u>\$ 29,186,002</u>	<u>\$ 7,912,056</u>	<u>\$ 4,798,863</u>	<u>(12,135,034)</u>	<u>(525,870)</u>	<u>(1,303,199)</u>	<u>(2,172,222)</u>	<u>(338,758)</u>		<u>(16,475,083)</u>
General revenues:										
Investment earnings				308,030	16,069	34,023	12,287	-	-	370,409
Property taxes				9,952,741	522,001	1,490,827	2,213,962	-	-	14,179,531
Total general revenues				<u>10,260,771</u>	<u>538,070</u>	<u>1,524,850</u>	<u>2,226,249</u>	<u>-</u>	<u>-</u>	<u>14,549,940</u>
Change in net assets				<u>(1,874,263)</u>	<u>12,200</u>	<u>221,651</u>	<u>54,027</u>	<u>(338,758)</u>	<u>-</u>	<u>(1,925,143)</u>
Net assets (deficit) - beginning				<u>22,386,032</u>	<u>3,686,394</u>	<u>(2,168,566)</u>	<u>260,105</u>	<u>1,220,151</u>	<u>-</u>	<u>25,384,116</u>
Net assets (deficit) - ending				<u>\$ 20,511,769</u>	<u>\$ 3,698,594</u>	<u>\$ (1,946,915)</u>	<u>\$ 314,132</u>	<u>\$ 881,393</u>	<u>\$ -</u>	<u>\$ 23,458,973</u>

The accompanying notes are an integral part of the financial statements

1. Summary of Significant Accounting Policies

THE REPORTING ENTITY

The City of Grand Rapids, Michigan (the "City") was incorporated as a village in 1838. It was incorporated as a city under a mayor-council form of government in 1850 and remained under that form of government until 1916 when the commission-manager system of government was instituted by the current City Charter. The City provides the following services: public safety, public works, streets, recreation and culture, urban development and general administrative services.

In accordance with generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operations or financial relationship with the City.

Blended Component Units—Blended component units of the City have been included in the various fund types as follows:

The Grand Rapids Building Authority ("GRBA") was created by the City of Grand Rapids under the provisions of Act 31, Public Acts of 1948 of the State of Michigan (First Extra Session), as amended, and is governed by a three member board appointed by the City Commission. Although it is legally separate from the City, the GRBA is reported as if it were part of the primary government because its sole purpose is to finance and construct facilities for any legitimate public purpose of the City. The City has included in its financial statements the capital projects funds for projects in process during the fiscal year as well as debt service funds used for the accumulation of resources to repay the related debt on current projects and those previously financed. Likewise, the City has incorporated the bond issues and the related capital assets in governmental activities for Government-wide presentation. For completed proprietary project facilities, the City has included the capital assets and related debt within the specific proprietary funds and reported them in the vities column of the Government-wide presentation.

The City of Grand Rapids General Retirement System ("General Retirement System") was established by City Ordinance which provides that general administration and responsibility for the operation of the General Retirement System is vested in a seven member Board of Trustees, the majority of whom are appointed by the City Commission (four of the seven members are common among the General and Police and Fire Retirement Systems). Three members are elected by current employees. The General Retirement System is a defined benefit pension plan that covers all eligible employees of the City of Grand Rapids, except for police officers and firefighters. Funding for the General Retirement System is primarily provided by the City. Additional details of the General Retirement System are included in Note 7. Separate audited financial statements are issued. The General Retirement System is included in these statements as a fiduciary fund.

The City of Grand Rapids Police and Fire Retirement System ("Police and Fire Retirement System") was established by City Ordinance which provides that the general administration and responsibility for the operation of the Police and Fire Retirement System is vested in a seven member Board of Trustees, the majority of whom are appointed by the City Commission (four of the seven members are common among the General and Police and Fire Retirement Systems). The Police and Fire Retirement System covers all the eligible uniformed police and fire personnel of the City of Grand Rapids under a defined benefit pension plan. Funding for the Police and Fire Retirement System is primarily provided by the City. The fiscal year-end of this system changed to December 31st during the 2004 fiscal year. Additional details of the Police and Fire Retirement System are included in Note 7. Separate audited financial statements are issued. The Police and Fire Retirement System is included in these statements as a fiduciary fund.

1. Summary of Significant Accounting Policies, continued:

Discretely Presented Component Units—The component unit column in the combined financial statements includes the financial data of the City's other component units. They are reported in a separate column to emphasize that they are legally separate from the City. The City has the ability to impose its will as it must annually approve their budgets and their development and tax increment financing plans.

The Grand Rapids Downtown Development Authority ("DDA") was created under the provisions of Act 197, Public Acts of 1975 of the State of Michigan, to correct and prevent deterioration, encourage historic preservation and promote economic growth of business districts in the City. The DDA is under the supervision and control of a nine member Board consisting of the Mayor and eight members appointed by the Mayor and confirmed by the City Commission. Tax increment revenue is the DDA's primary source of financing its programs and activities.

The Grand Rapids Tax Increment Financing Authority ("TIFA") was created in 1985 under the provisions of Act 450, Public Acts of 1980 of the State of Michigan, to provide for the development of the Monroe North Development Area through tax increment revenues. The TIFA is under the supervision and control of an eleven member Board appointed by the Mayor and confirmed by the City Commission.

The City of Grand Rapids SmartZone Local Development Financing Authority ("SmartZone") was created on October 16, 2001 under the provisions of the Local Development Financing Act, Act 281 of the Public Acts of 1986 of the State of Michigan, as amended by Act 248 of the Public Acts of 2000 of the State of Michigan, to promote economic development within an area, or areas, of specified boundaries. The SmartZone is under the supervision and control of an eleven member Board. Seven members are appointed by the Mayor, one by the Kent County Commission, one by the President of Grand Rapids Community College, and two by the Superintendent of the Grand Rapids Public Schools. Tax increment revenue from each of the zones is the authority's primary source of financing its development plan.

The City of Grand Rapids Brownfield Redevelopment Authority ("Brownfield") was created under the provisions of Act 381, Public Acts of 1996 of the State of Michigan. The purpose of the Authority is to promote the revitalization of environmentally distressed areas within the boundaries of the City. The Authority consists of a seven member board that has an interest in the revitalization of environmentally distressed properties. Members are appointed by the Mayor with City Commission approval.

State of Michigan 61st District Court is one of 104 districts in the State of Michigan District Court system, which in turn is part of the one Court of Justice, established by Article 6 of the Michigan Constitution. The City is the Local Funding Unit (LFU) for the 61st District Court, in accordance with the Revised Judicature Act of 1961, Public Acts 374 and 388 of 1996 and Supreme Court Administrative Order No. 1998-5. In most instances providing funding gives control, in this case it does not. Rather, the 61st District Court is subject to control by the Michigan Supreme Court. The 61st District Court accounts for the collection and payment to the State of Michigan, Kent County and the City of Grand Rapids of fines and fees collected on their behalf. Bond and other trust money held by the Court are also accounted for as liabilities in this fund. The City is financially accountable for the 61st District Court and is required to fund its operations. The 61st District Court does not issue separate financial statements.

1. Summary of Significant Accounting Policies, continued:

Joint Ventures—The joint ventures of the City have not been included in the City's financial statements. They are:

The City of Grand Rapids and County of Kent Joint Building Authority ("JBA") was created by the City and the County of Kent, Michigan (the "County") under the provisions of Act 31, Public Acts of 1948 of the State of Michigan (First Extra Session), as amended. The JBA is governed by a three member Board of Commissioners of which one member is appointed by the City Commission, one member is appointed by the County Commission and one member is appointed by joint action of the City Commission and the County Commission. Because it is legally separate from the City, the JBA is not reported as part of the primary government. Summary financial information is as follows:

	<u>At June 30, 2010</u>		<u>Year ended June 30, 2010</u>
Total Assets	\$ 207,019,359		
Total Liabilities	\$ 101,427,632	Revenues	\$ 5,700,122
Total Net Assets	105,591,727	Expenses	(9,930,228)
Total Liabilities and Net Assets	<u>\$ 207,019,359</u>	Change in Net Assets	<u>\$ (4,230,106)</u>

The Grand Rapids—Kent County Convention / Arena Authority ("C/AA") was created when the City entered into an agreement with the County of Kent to establish an authority pursuant to Act 203 of the Public Acts of 1999, the Convention Facility Authority Act. The C/AA is a separate legal entity established for the purpose of acquiring, constructing and operating convention facilities. The operating agreement provides that any facility operating deficits will be covered first by the net income of other C/AA facilities, second by an operating reserve fund and third by certain lodging excise tax revenues. The City and the County will share any remaining deficit equally. Summary financial information is as follows:

	<u>At June 30, 2010</u>		<u>Year ended June 30, 2010</u>
Total Assets	\$ 29,722,864		
Total Liabilities	\$ 4,205,629	Revenues	\$ 11,099,547
Total Net Assets	25,517,235	Expenses	(10,361,316)
Total Liabilities and Net Assets	<u>\$ 29,722,864</u>	Change in Net Assets	<u>\$ 738,231</u>

Grand Valley Regional Biosolids Authority was created by the City and the City of Wyoming under the provisions of Act 233, (Public Acts of Michigan of 1955, as amended, MCL 124.281), for the development, construction and operation of a regional biosolids management project. The City and Wyoming will share equally the initial costs, ongoing administrative costs and planning and design of the project. Articles of incorporation were adopted April 2004. Summary financial information is as follows:

	<u>At June 30, 2010</u>		<u>Year ended June 30, 2010</u>
Total Assets	\$ 37,123,987		
Total Liabilities	\$ 32,475,442	Revenues	\$ 6,520,187
Total Net Assets	4,648,545	Expenses	(6,652,097)
Total Liabilities and Net Assets	<u>\$ 37,123,987</u>	Change in Net Assets	<u>\$ (131,910)</u>

1. Summary of Significant Accounting Policies, continued:

REPORT COPIES

Individual audited financial reports of the component units and joint ventures of the City can be obtained from the City Comptroller's Office in City Hall, except for Pension Fund reports—which can be obtained from the City's Pension Office. Selected reports are also available in the Comptroller's Department and Retirement System sections of the City's web site, www.grcity.us.

City of Grand Rapids
Comptroller's Office
300 Monroe Avenue NW
Grand Rapids, Michigan 49503
(616) 456-3189

City of Grand Rapids
Pension Office
233 East Fulton Avenue, Suite 216
Grand Rapids, Michigan 49503
(616) 456-4300

BASIC FINANCIAL STATEMENTS

The basic financial statements include both Government-wide financial statements (based on the City as a whole) and Fund statements (based on individual funds). Both the Government-wide and Fund financial statements categorize primary activities as either governmental or business-type.

Government-wide financial statements:

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. On the statement of net assets, net assets are reported in three categories as follows:

1. *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other related debt attributed to the acquisition, construction, or improvements of those assets.
2. *Restricted net assets* result when constraints placed on the use of assets are either externally imposed by creditors, grantors, or contributors or imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories and thus are generally available for use in operations. Unrestricted net assets are sometimes segregated and designated to indicate that management does not consider them to be available for general operations. Such designations can be increased, decreased or eliminated at management's discretion.

The Government Wide Statement of Activities reflects both the gross and net costs per functional category (General Governmental, Public Safety, Public Works, Culture and Recreation, and Urban and Community Development), which are otherwise being supported by general government revenues (property, income tax and certain intergovernmental revenues). The Statement of Activities analyzes gross expenses (including depreciation) by program revenues, operating and capital grants by functional area. Revenues reported as program revenues must be directly associated with a function or they are reported as a general revenue. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

1. Summary of Significant Accounting Policies, continued:

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The net expense for each function or activity is normally covered by the City's general revenues.

This government-wide focus is centered on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Funds financial statements:

The Funds financial statements are, in substance, similar to the financial statements presented in the previous financial reporting model. Emphasis in the Funds financial statements is on the major funds in either the governmental or business-type categories. Non-major funds are summarized into a single column by category.

Since the Governmental Fund statements are presented on a different measurement focus and basis of accounting than the Government-wide statements, reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the Fund-based financial statements to the governmental column of the Government-wide presentation.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's ongoing operations. The principal operating revenues of the City's Enterprise and Internal Service Funds are charges to customers for sales and services. The City also recognizes as operating revenue fees intended for the costs of connecting new customers to the system. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Funds of the City government (which provide services primarily to the various funds of the government) are presented, in summary form, as part of the Proprietary Fund financial statements. Since the principal user of the internal services are the City's governmental activities these services are allocated and included in the governmental column when presented at the Government-wide level. The costs of these services are allocated to the appropriate functional activity.

When appropriate, surplus or deficits in the Internal Service Funds are allocated back to various users within the Government Wide Statement of Activities.

The City's Fiduciary Funds are presented in the Fund financial statements by type. Since the assets in these funds are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the Government-wide statements.

1. Summary of Significant Accounting Policies, continued:

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary, Internal Services and Fiduciary Trust Fund statements. Revenues are recognized when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within 60 days thereafter for property taxes or 90 days for other revenues. Expenditures are recorded when the related fund liability is incurred, except for debt service and expenditures related to certain compensated absences; claims and judgments are recognized when the payment is due.

Property and income taxes, intergovernmental revenue and grants, state-shared taxes, interest earned and payments in lieu of taxes are susceptible to accrual because they are both measurable and available to finance expenditures of the current period.

Entitlements and shared revenues are recorded at the time of receipt or earlier if they meet the accrual criteria. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

For its business-type activities and Proprietary Funds, the City has elected to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to follow subsequent private-sector (FASB) guidance.

The City of Grand Rapids reports the following major Governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in the other funds.

The Library Fund accounts for the operation, maintenance and capital improvements of the Public Library System. Financing is provided by a dedicated property tax levy, library revenues, contributions and trust assets willed to the City for the purpose of buying new books and other library operations.

The Refuse Fund accounts for the collection and removal of trash and debris. Financing is provided by special tax millage, sale of refuse bags and tags, and rentals of trash collection units.

1. Summary of Significant Accounting Policies, continued:

The Major and Local Streets Funds account for the maintenance and construction of all major streets, trunk lines and local streets. Financing is provided by special revenue from P.A. 51 State Shared Gas and Weight Taxes and charges for various services.

The Streets Capital Construction Fund accounts for the construction of capital projects to be used in governmental activities. Financing is provided by bonds, property taxes, the Major Streets Fund and contributions from private sources.

The General Capital Construction Fund accounts for the construction for capital projects to be used in governmental activities. Financing is provided by bonds, property taxes, income taxes, transfers from other funds and contributions from private sources.

The Grand Rapids Building Authority Construction Fund accounts for the construction projects of the Grand Rapids Building Authority. The only current project is Phase III of the Community Archive and Research Center, Weston/Commerce Ramp, Gallery on Fulton, and Ionia/Mason Lot. Financing is provided by bonds and private contributions.

The City of Grand Rapids reports the following major Proprietary funds:

The Water Supply System Fund accounts for the operation and maintenance, capital additions, improvements and retirement of revenue bonds of the water supply system. Financing is provided by user charges and contributions by other funds, municipalities and customers.

The Sewer Disposal System Fund accounts for the operation and maintenance, capital additions, improvements and retirement of bonds of the sewage disposal system. Financing is provided by user charges, federal grants and contributions from other funds, municipalities and customers.

The Auto Parking System Fund accounts for the operations and maintenance, capital additions, improvements and retirement of bonds of the auto parking system. The fund was established to provide parking facilities on and off the streets. Financing is provided by user charges.

Additionally, the City reports the following fund types:

The Internal Service Funds account for data processing, fleet management, facilities management, insurance services and engineering services provided to City departments on a cost reimbursement basis.

The Employee Benefit Trust Funds account for the accumulation of resources to be used for retirement annuity payments and retiree health care payments in appropriate amounts and times in the future.

The Agency Funds account for the collection and distribution of property taxes.

USE OF RESOURCES:

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

1. Summary of Significant Accounting Policies, continued:

BUDGETS AND BUDGETARY ACCOUNTING

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

The Uniform Budgeting Act (P.A. 2 of 1968) of the State of Michigan requires that annually a balanced budget on the modified accrual basis of accounting be adopted by the local legislative body in the form of a general appropriation act for the General and all Special Revenue Funds. The City's budget is adopted on the modified accrual basis consistent with generally accepted accounting principles ("GAAP").

Prior to May 31, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted by the City Commission to obtain taxpayer comments.

Prior to June 30, a separately issued budget report, which demonstrates legal compliance at the legal level of budgetary control, is enacted through passage of an ordinance.

Appropriations are authorized by ordinance at the departmental level within the General and Street Funds and by fund for all other annually budgeted funds. This is the legal level of budgetary control. Administrative control is maintained through the establishment of more detailed line-item budgets. Budgeted amounts presented in the financial statements are as originally adopted, or as amended by the City Commission during the fiscal year.

The general appropriation ordinance authorizes the City Comptroller to transfer budgeted amounts between accounts within the same department of any fund upon written request by a department or division head and approval by the City Manager. Transfers between departments or between funds must be approved by the City Commission.

Supplemental appropriations are approved by the City Commission in the form of budget ordinance amendments. These appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the City Commission.

CASH AND INVESTMENTS

Cash resources of the primary government and component units, except for the Pension Funds and certain restricted assets related to bond issues, are managed by the City Treasurer in an internal investment pool. Each fund's equity in this pool is deemed to be a cash equivalent for financial reporting purposes because cash may be withdrawn at any time without prior notice or penalty.

Bank deposits are stated at cost plus compounded interest receivable. Investments are stated at fair value. Interest income earned as a result of cash and investment pooling is distributed to the appropriate funds. Interest earned on cash balances of funds whose continued existence is reliant on an annual subsidy from the General Fund, including Cemetery Operations, Capital Project, Street Capital Project, and the District Court Fund is recorded in the General Fund.

1. Summary of Significant Accounting Policies, continued:

DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Reimbursements received more than 90 days after year-end are not recognized as revenue until the following year. Revenues received in advance of project costs being incurred are deferred. Capital grants for capital asset additions to the Proprietary Funds are recorded as receivables and a corresponding increase to revenues when reimbursable project costs are incurred.

In evaluating the appropriate accruals for intergovernmental revenues (grants, subsidies and shared revenues), the legal and contractual requirements of the numerous individual programs are used as guidance. There are essentially two types of revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable. These resources are reflected as revenues at the time of receipt or earlier if they meet the criterion of availability.

INVENTORIES

Inventories recorded in the Proprietary Funds, with the exception of Sewage Disposal System, are valued at the lower of cost (first-in, first-out) or market. The Sewage Disposal System inventories are valued at average cost. Governmental Funds use the purchases method to account for inventories by charging the inventory items to expenditures at the time of purchase. The purchases method requires that significant year end inventory balances be reflected by a direct adjustment to beginning fund balance.

CAPITAL ASSETS

Capital assets, which include property, buildings, equipment, and infrastructure assets, are reported in the applicable columns in the government-wide financial statements. Capital assets having a useful life in excess of one year with costs in excess of threshold amounts are capitalized. Capital assets are valued at historical cost or estimated cost if actual cost is not available. Donated capital assets are valued at fair market value on the date of donation. Infrastructure, such as roads, bridges, and traffic signals, was capitalized for the first time in fiscal year 2002. Because a large portion of the assets were donated, transferred from another unit of government, or partially funded by other parties, the capitalization was based on an inventory of the public infrastructure assets. GASB 51 was implemented in FY2010 to add intangible assets to the capital assets of the City. Now included with capital assets are easements, right of ways and software. Current replacement cost data was calculated and then trended back to the year of the construction, or most recent reconstruction, of the asset to determine the cost and depreciation presented in the financial statements.

<u>Asset Category</u>	<u>Useful Life (Years)</u>	<u>Threshold</u>
Land improvements	20	\$ 10,000
Buildings and structures	20-50	50,000
Leasehold improvements	10	50,000
Equipment	3-30	10,000
Software	5-10	50,000
Water mains	75	20,000
Sewer service mains	50	20,000
Infrastructure	20-25	1,000,000

1. Summary of Significant Accounting Policies, continued:

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest accrued during the construction phase of capital assets of business-type activities is included as part of the capitalized value. Depreciation is computed using the straight-line method over the estimated useful lives shown in the preceding table.

PROPERTY AND INCOME TAXES

The City bills and collects its own property taxes. Taxes are levied on July 1 and are due without penalty on or before July 31. The property taxes attach as an enforceable lien on all property as of July 1. Uncollected real property taxes as of March 1 each fiscal year are turned over to Kent County for collection. Collection of delinquent personal property taxes remains the responsibility of the City Treasurer. Since all City property taxes levied are current receivables, tax revenues are recognized when levied. An allowance reducing revenues is recorded for uncollected delinquent personal property taxes and for estimated refunds resulting from property tax appeals.

The City also acts as the billing and collection agent for the State of Michigan, Kent County, the local transit authority ("Interurban Transit Partnership") and the independent school districts within the City limits. All state and school district taxes are billed with the City taxes on the July 1 levy and due without penalty on July 31. The majority of Kent County taxes are billed on July 1 with the remainder billed on December 1 and are due without penalty on or before February 14. Taxes collected on behalf of other governmental units are accounted for in agency funds. Uncollectable real property taxes as of March 1 are turned over to Kent County for collection. The City Treasurer remains responsible for collecting delinquent personal property taxes.

At July 2009, the total assessed value of all real and personal property in the City subject to *ad valorem* taxation was \$5,471,356,300 before the reductions described in this paragraph. The assessed value generally represents 50% of the estimated current value of the property. Beginning in fiscal year 1995 the State constitution has limited the annual increase in taxable portion of the assessed value of existing property to the lesser of the rate of inflation or 5% until a transfer of ownership of the property occurs. At the time of transfer of ownership of property, all property is assessed at 50% of current value. The total *ad valorem* base was reduced \$613,587,945 by this limitation, reducing City tax revenues by approximately \$5,136,300 for fiscal year 2010.

Additionally, beginning in fiscal year 1998, State law exempted from virtually all State and local taxation, for a period of 12 years, income earned and property located in the City's six "Renaissance Zones". This exemption reduced the *ad valorem* roll total by approximately \$238,026,000 reducing City property tax revenues by approximately \$1,992,000 for fiscal year 2010.

The City's portion of the property tax levy per \$1,000 of taxable value for fiscal year 2010 was based on the following rates:

	<u>Millage Rate Used</u>	<u>Authorized Millage Rate by either State law or City charter</u>	<u>Millage Rate as permanently reduced by State Constitution</u>
General operating	4.1070	4.2600	4.1070
Promotional and advertising	0.0106	\$50,000 maximum	\$50,000 maximum
Refuse collection	1.8000	3.0000	2.7711
Library operating	2.0728	2.1500	2.0728
Library capital	0.3805	0.3950	0.3805

1. Summary of Significant Accounting Policies, continued:

An income tax is imposed on income earned within the City regardless of the residence of the taxpayer and on all income of City residents. Residents paid 1.3% of all taxable income and non-residents paid 0.65% of taxable income earned within the City limits during fiscal year 2010.

COMPENSATED ABSENCES

City employees are granted vacation and sick leave in varying amounts based on length of service, terms of collective bargaining agreements, and City policies. Employees are limited by bargaining agreements or policy as to the amount of vacation that can be carried from one calendar year to another. Upon termination, employees are paid for unused vacation at their current rates. Unused accumulated sick leave is paid to employees with ten or more years of continuous service who retire or resign as provided by bargaining agreements on policy. It is the City's policy to recognize as a liability the obligation for vacation pay and sick leave in the government-wide and proprietary funds at the time the liability is incurred. In governmental fund statements, only amounts immediately payable due to terminations are reported as liabilities. A portion of the Governmental Fund balance is reported as Designated for Compensated Absences, representing the vested portion of compensated absences.

SELF INSURANCE

The City is predominantly self-insured (general liability, workers' compensation and health). It is the City's policy to recognize the cost of self-insured claims at the time the liability is incurred in the Enterprise Funds and the Insurance Payment Internal Service Fund, as applicable. Budgetary appropriations are made to the extent that current claims can be anticipated. Changes in the balances of claim liabilities are as follows:

	<u>2010</u>	<u>2009</u>
Unpaid claims - beginning of year	\$ 10,111,785	\$ 10,400,814
Incurred claims, net of changes in estimates	19,005,113	30,068,557
Claim payments	(20,646,098)	(30,357,586)
Unpaid claims - end of year	<u>\$ 8,470,800</u>	<u>\$ 10,111,785</u>

The extent of purchased insurance coverage (i.e., property, workers' compensation, and general liability stop loss coverage) has not changed significantly from previous years. Settlements, if any, on losses covered by insurance have not exceeded insurance coverage for each of the past three fiscal years.

2. Equity in Pooled Cash and Investments

The City maintains an investment pool for most City funds. Each fund's portion of the investment pool is displayed on the balance sheet as "Equity in pooled cash and investments". The City Treasurer is responsible for most investments, with the exception of the resources of the Retirement Systems' trust funds which are managed by their own Boards of Trustees.

The laws of the State of Michigan, the City of Grand Rapids Charter and the City ordinance on investments, and the City's Investment Policy authorize the Treasurer to invest surplus monies belonging to and under the control of the City in investment instruments as follows:

Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two of the following four nationally recognized statistical rating organizations (NRSRO): Moodys, Standard and Poors, Fitch ICBA, or Duff and Phelps. Maturities can not be more than 270 days after the date of the purchase. Commercial paper of any one firm shall not exceed 10% of the City's investments, excluding bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States. The City shall be limited to a maximum of 10% of a firm's total outstanding commercial paper.

United States or federal agency or instrumentality obligation repurchase agreements.

Banker's Acceptances of United States Banks.

Obligations of this state or any of its political subdivisions that, at the time of purchase, are rated as investment grade by not less than 1 standard rating service.

Mutual funds, registered under the investment company act of 1940, composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Investment pools organized under the local government investment pools acts and/or, investment pools organized under the surplus funds investment pool act, provided the fund has an average maturity less than 90 days.

GENERAL CITY—DEPOSITS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be returned to the City. Most deposits are uninsured and uncollateralized. At year-end, the carrying value of the City's deposits (included in "Equity in Pooled Cash and Investments") was \$186,029,967 and the associated bank balances totaled \$189,003,443. Of the bank balances, \$2,836,141 was covered by federal deposit insurance. Accordingly, the remaining deposits of \$186,167,302 were uninsured and exposed to custodial credit risk. The City has no policy regarding custodial credit risk.

2. Equity in Pooled Cash and Investments, continued:

The State of Michigan requires deposits be maintained in depositories that maintain a principal office or branch office within the State of Michigan. City Commission Policy #400-01, initially adopted on September 26, 1989, establishes various criteria that qualify certain financial institutions, limits the total amount of certificates of deposit with any one institution, and provides for other practices used by the City of Grand Rapids to invest funds and control portfolio risk. Not less than annually, the City Treasurer's Office reviews the financial data of the banks with which deposits are placed to make sure the banks meet the City's profitability standard. Banks must show a net profit on three of their last four annual financial statements and an aggregate profit over the four-year period. The review includes, but is not limited to, evaluating the safety of the City's capital and defining parameters on the amount of City investments placed with any one institution. Pursuant to the Investment Policy, certificates of deposit with any one financial institution at the time of the investment are limited to 25% of total of certificates of deposits plus other investments. The City's certificates of deposits with an institution shall not exceed 25% of the total certificates the institution has issued over \$100,000.

If a bank is a new institution, the profitability standards are to be adjusted to available information requiring that financial reporting reflect an aggregate profit for the available reporting periods and an overall profit in 75% of the available periods for which information is available. In the event that the City Treasurer deems that sufficient capital exists, the profitability standard may be waived and amounts may be invested up to 1/10th of the capital (excluding borrowing, loan losses, and goodwill) of the financial institution.

At June 30, 2010, the City had the following deposits:

Financial Institution	Certificates of Deposit	Money Market Accounts	Other Deposit Accounts	Totals	
				Dollars	Percentages
Bank of NewYork Mellon	\$ -	\$ -	\$ 1,420,725	\$ 1,420,725	0.76 %
Fifth Third Bank	25,000,000	804,449	-	25,804,449	13.87
Grand Rapids Family CU	500,000	-	-	500,000	0.27
Huntington Bank	-	52,941,176	-	52,941,176	28.46
JP Morgan Chase Bank	-	752,053	-	752,053	0.40
Lake Michigan C U	1,000,000	-	-	1,000,000	0.54
Mercantile Bank	32,600,000	10,185,024	-	42,785,024	23.00
PNC Bank	-	27,851	-	27,851	0.01
The Bank of Holland	2,500,000	8,294,765	-	10,794,765	5.80
The Private Bank	41,000,000	-	-	41,000,000	22.04
United Bank of Michigan	5,000,000	-	-	5,000,000	2.68
Other deposits, various banks	-	6,126	3,997,798	4,003,924	2.15
Total	\$ 107,600,000	\$ 73,011,444	\$ 5,418,523	\$ 186,029,967	100.00 %
Percentage	57.84 %	39.25 %	2.91 %	100.00 %	

2. Equity in Pooled Cash and Investments, continued:

GENERAL CITY—INVESTMENTS

Credit Risk

Credit Risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The investment policy limits this risk by limiting investments in commercial paper to those rated in one of the two highest classifications established by at least two NRSROs at the time of purchase and limiting the purchase of municipal obligations to those rated investment grade by at least one NRSRO. All Money Market Mutual Funds are rated AAA by two or more of the NRSROs.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the City may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City minimizes custodial credit risk by pre-qualifying broker/dealers, intermediaries and advisors with which the City executes investment transactions by reviewing references and the net worth of their investment company. At June 30, 2010, all investments were held by the City's agents in the City's name.

Interest Rate Risk

Interest rate risk is the exposure of investments to change in market value as interest rates change. The Treasurer's policy limits maturities of each investment to no longer than three years to minimize interest rate risk. As a general rule, the Treasurer's office avoids the risk that changes in market interest rates will negatively impact any fund by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations. The City avoids the need to sell securities in the open market by investing operating funds primarily in shorter-term laddered certificates of deposit securities, liquid asset funds, money market funds, or similar accounts and/or investment pools in accordance with the City's cash requirements. At June 30, 2010 the City's investments had the following maturities:

	<u>Fair Value</u>	<u>Maturity (Days)</u>
U. S. Treasury Bills	\$ 16,949,000	1
U. S. Treasury Bills	376,834	92
U. S. Treasury Notes	605,683	92
Commercial Paper	19,995,989	6
Commercial Paper	1,496,896	62
Municipal Bonds	1,115,000	305
Money Market Mutual Funds	7,290,803	<90

Concentration of Credit Risk

The City's Investment Policy places limits on the amount that may be invested in any one issuer. There is a maximum of 25% per financial institution at the time of investment. In addition, the purchase of commercial paper of any one company shall be limited to 10% of that company's total outstanding commercial paper and shall not exceed 10% of the City's investments at the time of purchase, when non-negotiable Certificates of Deposit are included, and U.S. Treasury Securities are excluded from the calculation. On June 30, 2010 more than 5% of the City's investments were in commercial paper of ING America. These investments as shown above were 44.95% of the City's total investments, excluding non-negotiable certificates of deposit.

2. Equity in Pooled Cash and Investments, continued:

RETIREMENT SYSTEMS—DEPOSITS

The systems do not maintain any checking or other demand/time deposit accounts. Accounts reported as cash in the statement of plan net assets are composed entirely of short-term investments in investment accounts or funds in the custody of the counter-party of an unsettled trade.

RETIREMENT SYSTEMS—INVESTMENTS

The investments of the City's two Retirement Systems are designed to comply with requirements of the State of Michigan, Public Act 314 of 1965 (MCL 38.1132 *et seq*), which has numerous investment limitations depending on the type of investment. These restrictions are summarized in Note 7. In addition, contracts between the systems and their investment managers impose additional restrictions on the securities each investment manager may purchase on behalf of the system. Currently both retirement systems are utilizing the same managers with the same investment mandates, although the individual securities in each portfolio may differ. Each Retirement System has a different fiscal year end which also contributes to differences in the reported portfolio composition. The assets accumulated by a pension system are used to fund liabilities that mature decades in the future. Because of this long-term orientation, they are allowed to invest in assets that have substantially greater risk of decline in value over the short-term than would be prudent for the investments described above that are used to fund general city functions.

Custodial Credit Risk

Custodial Credit Risk for investments is the risk that in the event of the failure of the counter-party to a transaction, the system will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Custodial Credit Risk is minimized by having most investments either in the form of open end mutual funds, or held by the system's agent, Northern Trust Co., in the name of the system. As of December 31, 2009, no cash equivalents of the Police and Fire Retirement System (P&F) were exposed to custodial credit risk. As of June 30, 2010, \$5,802 of the General Retirement System (GRS) cash equivalents were exposed to custodial credit risk because they were an uninsured, uncollateralized deposit not held by the system's custodian.

Concentration of Credit Risk

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. State statute and the systems' investment policies provide that no single issuer will represent more than 5% of the total fund. As of each system's fiscal year end, no single issuer within either portfolio represented more than 5% of the total fund or of the plan net assets.

Credit Risk

Credit Risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligations. The fixed income portfolio invests in both investment grade bonds as well as high yield bonds rated below investment grade, however, the Investment Policy states the composite credit rating for the entire portfolio is not to be below an "A" rating.

2. Equity in Pooled Cash and Investments, continued:

As of December 31, 2009, the fixed income securities in the P&F portfolio had the following credit ratings:

Fair value by Investment Type	S&P Rating									
	AAA	AA	A	BBB	BB	B	CCC	CC	AGY/TSY	Not Rated
Asset Backed Securities	\$ 2,874,067	\$ -	\$ -	\$ -	\$ 163,200	\$ 385,495	\$ -	\$ 242,160	\$ -	\$ 618,122
Commercial Mortgage Bkd	1,275,223	-	-	-	-	-	-	-	626,609	180,654
Commercial Paper	-	-	-	-	-	-	-	-	-	-
Corporate Bonds	-	814,900	3,550,641	2,905,373	522,134	172,375	259,048	15,840	-	41,241,037
Government Agencies	655,520	-	152,597	-	-	-	-	-	-	-
Government Bonds	5,535,227	-	-	79,125	-	-	-	-	-	-
Gov't Mortgage Backed	-	-	-	-	-	-	-	-	8,495,150	-
Municipal/Provincial Bonds	-	-	-	93,715	-	-	-	-	-	-
Non-Gov't Backed. – CMOs	674,730	-	-	-	443,885	371,424	904,955	-	-	2,307,191
Other Fixed Income	-	-	-	-	-	-	-	-	-	5,998
Short-term Investment Funds	-	-	-	-	-	-	-	-	-	3,039,575
	<u>\$ 11,014,767</u>	<u>\$ 814,900</u>	<u>\$ 3,703,238</u>	<u>\$ 3,078,213</u>	<u>\$ 1,129,219</u>	<u>\$ 929,294</u>	<u>\$ 1,164,003</u>	<u>\$ 258,000</u>	<u>\$ 9,121,759</u>	<u>\$ 47,392,577</u>

As of June 30, 2010, the fixed income securities in the GRS portfolio had the following credit ratings:

Fair value by Investment Type	S&P Rating									
	AAA	AA	A	BBB	BB	B	CCC	CC	AGY/TSY	Not Rated
Asset Backed Securities	\$ 3,477,404	\$ -	\$ -	\$ -	\$ 426,579	\$ 355,075	\$ -	\$ 245,961	\$ -	\$ -
Commercial Mortgage Bkd	3,830,890	-	-	-	-	-	-	-	-	-
Corporate Bonds	-	836,478	3,799,073	3,290,386	751,627	116,222	214,060	-	-	49,867,545
Government Agencies	802,654	-	201,312	-	-	-	-	-	-	293,850
Government Bonds	7,845,204	-	-	86,437	-	-	-	-	-	-
Gov't Mortgage Backed	-	-	-	-	-	-	-	-	10,589,531	-
Municipal/Provincial Bonds	-	-	-	82,933	-	-	-	-	-	-
Non-Gov't Backed. – CMOs	564,036	-	-	-	-	-	1,399,471	231,478	-	2,388,166
Other Fixed Income	-	-	-	-	-	-	-	-	-	6,166
Short-term Investment Funds	-	-	-	-	-	-	-	-	-	1,950,818
	<u>\$ 16,520,188</u>	<u>\$ 836,478</u>	<u>\$ 4,000,385</u>	<u>\$ 3,459,756</u>	<u>\$ 1,178,206</u>	<u>\$ 471,297</u>	<u>\$ 1,613,531</u>	<u>\$ 477,439</u>	<u>\$ 10,589,531</u>	<u>\$ 54,506,545</u>

2. Equity in Pooled Cash and Investments, continued:

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Both Retirement Systems structure their fixed income portfolios to be approximately neutral in duration and interest rate risk to that of the benchmark (Barclays Aggregate Index). The two portfolios contained the following debt investments and maturities at their respective fiscal year ends:

Investment Type	Fair value	Investment Maturities in Years				Not Determined
		Less than 1	1 - 6	6 - 10	More than 10	
Asset Backed Sec.	\$ 4,283,043	\$ -	\$ 1,610,838	\$ -	\$ 2,672,205	\$ -
Commercial Mtg. Bkd.	2,082,487	-	-	-	2,082,487	-
Corporate Bonds	49,481,348	576,993	3,970,946	1,171,956	3,260,233	40,501,220
Government Agencies	808,117	152,597	655,520	-	-	-
Government Bonds	5,614,352	-	-	1,554,668	4,059,684	-
Government Mortgage Backed	8,495,150	-	48,481	1,010,737	7,435,932	-
Index Linked Gov. Bonds	-	-	-	-	-	-
Municipal/Provincial Bonds	93,715	-	-	-	93,715	-
Non-Government Bkd. – CMOs	4,702,186	-	-	173,656	4,528,530	-
Short-Term Bills & Notes	-	-	-	-	-	-
Other Fixed Income	5,998	-	-	-	-	5,998
Short-Term Investment Funds	3,039,575	-	-	-	-	3,039,575
	<u>\$ 78,605,971</u>	<u>\$ 729,590</u>	<u>\$ 6,285,785</u>	<u>\$ 3,911,017</u>	<u>\$ 24,132,786</u>	<u>\$ 43,546,793</u>

Investment Type	Fair value	Investment Maturities in Years				Not Determined
		Less than 1	1 - 6	6 - 10	More than 10	
Asset Backed Sec.	\$ 4,505,019	\$ -	\$ 1,609,618	\$ -	\$ 2,895,401	\$ -
Commercial Mtg. Bkd.	3,830,890	-	-	-	3,830,890	-
Corporate Bonds	58,875,391	2,799,508	28,742,874	16,181,990	11,151,019	-
Government Agencies	1,297,816	201,312	802,654	-	293,850	-
Government Bonds	7,931,641	-	1,725,102	-	6,206,539	-
Government Mortgage Backed	10,589,531	-	378,947	577,813	9,632,771	-
Municipal/Provincial Bonds	82,933	-	-	-	82,933	-
Non-Government Bkd. – CMOs	4,583,151	-	-	911,024	3,672,127	-
Other Fixed Income	6,166	-	-	-	-	6,166
Short-Term Investment Funds	1,950,818	1,950,818	-	-	-	-
	<u>\$ 93,653,356</u>	<u>\$ 4,951,638</u>	<u>\$33,259,195</u>	<u>\$17,670,827</u>	<u>\$ 37,765,530</u>	<u>\$ 6,166</u>

2. Equity in Pooled Cash and Investments, continued:

Foreign Currency Risk

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. In general, the foreign currency exposure resulting from international investments is not hedged. This exposes the portfolio to foreign currency risk, which is not expected to harm or help the performance of the fund in a significant way over the long term. As of the indicated fiscal year-ends, the systems had the following U.S. dollar value of investments denominated in the indicated foreign currencies:

<u>Investment Type</u>	<u>Currency Denomination</u>	<u>P&F at December 31, 2009</u>	<u>GRS at June 30, 2010</u>
Common & Preferred Stock	Australian dollar	\$ 382,900	\$ 416,394
	Brazilian real	1,012,368	1,753,166
	British pound	7,817,920	7,499,880
	Canadian dollar	2,879,598	4,000,735
	Chilean peso	409,513	404,364
	Chinese yuan renminbi	428,649	757,872
	Danish krone	890,045	964,928
	Euro	14,128,010	11,529,817
	Hong Kong dollar	1,206,040	1,356,472
	Indian rupee	104,148	119,081
	Israel	370,625	627,199
	Japanese yen	4,723,897	5,888,693
	Norwegian krone	892,987	778,388
	Singapore dollar	449,019	-
	South African	221,734	418,754
	Swedish krona	697,560	397,638
	Swiss franc	3,248,039	3,657,671
Government Bonds	Mexican peso	79,125	86,438
Corporate Bonds	Australian dollar	376,985	587,306
	Brazilian real	249,790	286,691
	British pound	644,143	661,248
	Euro	928,559	971,486
	Republic of Korea won	542,152	556,217
Government agencies	Mexican peso	152,597	-
	Republic of Korea won	-	201,312
		<u>\$ 42,836,403</u>	<u>\$ 43,921,750</u>

2. Equity in Pooled Cash and Investments, continued:

Securities Lending Risk

Public Act 314 permits and Trustees have implemented a securities lending program whereby each system, through The Northern Trust Company (NT), lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. Both systems authorized NT to utilize the Core U.S.A. Collateral Section in which all collateral is in U.S. dollars only and available to participating lenders who are domiciled or reside in the U.S.A. Cash, letters of credit, or government securities are collateral for loans of securities to approved borrowers. Cash collateral is invested in the short-term investment pool that maintains a maturity independent of, and longer than, the average length of a securities loan. Cash collateral may also be invested separately in "term loans", in which case the investments match the loan term. These loans can be terminated on demand by either lender or borrower. Initial collateral levels will not be less than 102% of the market value of the borrowed securities, or not less than 105% if the borrowed securities and the collateral are denominated in different currencies.

As of December 31, 2009, the P&F had the following balances related to securities lending transactions:

Investment Type	Fair Value of Loaned Securities Collateralized by Cash Collateral	Cash Collateral
Global Equities	\$ 4,303,942	\$ 4,521,687
U.S. Corporate Fixed Income	1,622,826	1,672,465
U.S. Equities	7,529,915	7,773,237
U.S. Govt. Fixed Income	3,696,310	3,788,455
	\$ 17,152,993	\$ 17,755,844

As of June 30, 2010, the GRS had the following balances related to securities lending transactions:

Investment Type	Fair Value of Loaned Securities Collateralized by Cash Collateral	Cash Collateral	Fair Value of Loaned Securities Collateralized by Non-Cash Collateral	Non-Cash Collateral
Global Equities	\$ 5,033,584	\$ 5,311,085	\$ 67,183	\$ 70,926
U.S. Agencies	-	-	-	-
U.S. Corporate Fixed Income	813,730	835,831	-	-
U.S. Equities	6,272,787	6,485,393	-	-
U.S. Govt. Fixed Income	7,954,183	8,116,018	-	-
	\$ 20,074,284	\$ 20,748,327	\$ 67,183	\$ 70,926

2. Equity in Pooled Cash and Investments, continued:

At their fiscal year-ends, neither system had credit risk exposure to borrowers because the amounts owed to the borrowers exceeded the amounts the borrowers owed the Retirement Systems. NT shall indemnify the systems if it is unable to recover borrowed securities and distributions made during the term of the loan or loans with respect to those securities as a result of either 1) NT fails to make a reasonable determination of the creditworthiness of a borrower, 2) NT fails to demand adequate and appropriate collateral on a prompt and timely basis, perfect a security interest, obtain equivalent rights in the collateral or maintain control of the collateral or 3) NT fails to otherwise perform its duties and responsibilities under its agreement with the systems or applicable law. All securities loans can be terminated on demand by either the system or NT and is subject to the performance by both parties of any of their respective obligations that remain outstanding at the time of termination. Upon termination of this program by either party, NT shall terminate all outstanding loans of the securities and shall make no further loans. The systems do not have the ability to pledge or sell collateral securities without a borrower default. There are no restrictions on the amount of the loans that can be made..

3. Stewardship, Compliance and Accountability

The legal level of budgetary control is the department level within each fund. With the exception of, the General Fund, the Street Funds, and various Capital Project and Grant Funds where authorized appropriations span multiple years, funds contain the operations of a single department. For the year ended June 30, 2010, expenditures exceeded appropriations in the following annually budgeted governmental funds:

<u>Fund</u>	<u>Excess</u>
General Special Revenue	\$ 5,239
Economic Development Corp	53,359
Drug Law Enforcement	153,324

The SmartZone Local Development Financing Authority, a discretely presented component unit, had a fund deficit of \$1,946,915 at June 30, 2010. The deficit is solely the result of the issuance of long-term bonds that are a liability of the Authority to finance development projects that are not an asset of the authority. Funding is available to pay annual required debt service payments.

4. Restricted Assets

Certain bond issues require the restriction of assets. The amount of restricted assets is determined by authorized construction projects, requirements specified in bond ordinances and current bond maturities. Restricted assets as shown in the Statement of Net Assets as of June 30, 2010 consist of the following:

	<u>Proprietary Funds</u>			
	<u>Water Supply System</u>	<u>Sewage Disposal System</u>	<u>Internal Service</u>	<u>Total</u>
Equity in pooled cash and investments	\$ 18,043,849	\$ 11,317,926	\$ -	\$ 29,361,775
Funds held by trustee	9,233,852	10,294,100	2,243,501	21,771,453
Loans receivable	223,528	166,719	-	390,247
Deferred bond costs	5,519,116	1,866,362	-	7,385,478
Total restricted assets	<u>\$ 33,020,345</u>	<u>\$ 23,645,107</u>	<u>\$ 2,243,501</u>	<u>\$ 58,908,953</u>

5. Capital Assets

Capital assets at June 30, 2010 are summarized as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 17,161,976	\$ 926,997	\$ -	\$ 18,088,973
Easement/Right of Way	-	454,381	-	454,381
Construction in progress	8,065,559	1,758,901	7,806,649	2,017,811
Total capital assets, not being depreciated	<u>25,227,535</u>	<u>3,140,279</u>	<u>7,806,649</u>	<u>20,561,165</u>
Capital assets, being depreciated:				
Land improvements	37,481,894	149,099	-	37,630,993
Buildings and structures	177,507,772	6,688,611	11,643,571	172,552,812
Leasehold improvements	254,766	-	-	254,766
Machinery and equipment	30,200,128	1,799,416	208,874	31,790,670
Motor vehicles	45,850,122	1,665,278	847,804	46,667,596
Furniture	5,162,224	154,345	-	5,316,569
Software	-	684,869	-	684,869
Infrastructure	519,956,935	5,160,099	-	525,117,034
Total capital assets, being depreciated	<u>816,413,841</u>	<u>16,301,717</u>	<u>12,700,249</u>	<u>820,015,309</u>
Less accumulated depreciation for:				
Land improvements	20,039,322	1,500,124	-	21,539,446
Buildings and structures	68,929,490	5,967,544	8,769,185	66,127,849
Leasehold improvements	254,766	-	-	254,766
Machinery and equipment	19,608,918	2,435,874	146,369	21,898,423
Motor vehicles	30,475,312	3,518,848	835,672	33,158,488
Furniture	4,053,257	226,891	-	4,280,148
Software	-	5,707	-	5,707
Infrastructure	263,261,505	17,905,592	-	281,167,097
Total accumulated depreciation	<u>406,622,570</u>	<u>31,560,580</u>	<u>9,751,226</u>	<u>428,431,924</u>
Total capital assets, being depreciated, net	<u>409,791,271</u>	<u>(15,258,863)</u>	<u>2,949,023</u>	<u>391,583,385</u>
Governmental activities capital assets, net	<u>\$ 435,018,806</u>	<u>\$ (12,118,584)</u>	<u>\$ 10,755,672</u>	<u>\$ 412,144,550</u>

5. Capital Assets, continued:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 11,928,313	\$ 1,285,513	\$ -	\$ 13,213,826
Easement/Right of Way	-	129,000	-	129,000
Construction in progress	21,685,697	6,945,154	9,033,894	19,596,957
Total capital assets, not being depreciated	<u>33,614,010</u>	<u>8,359,667</u>	<u>9,033,894</u>	<u>32,939,783</u>
Capital assets, being depreciated:				
Land improvements	23,627,154	2,020,477	-	\$ 25,647,631
Buildings and structures	163,400,839	23,708,586	-	187,109,425
Storage tanks	16,210,013	836,738	-	17,046,751
Water meters	7,375,481	-	-	7,375,481
Machinery and equipment	190,074,334	3,703,245	-	193,777,579
Motor vehicles	1,345,372	-	177,790	1,167,582
Furniture	1,856,988	-	-	1,856,988
Sewer service mains	378,009,357	26,482,660	-	404,492,017
Water mains	244,340,308	8,685,908	-	253,026,216
Total capital assets, being depreciated	<u>1,026,239,846</u>	<u>65,437,614</u>	<u>177,790</u>	<u>1,091,499,670</u>
Less accumulated depreciation for:				
Land improvements	14,971,374	1,092,626	-	16,064,000
Buildings and structures	64,157,955	12,625,282	-	76,783,237
Storage tanks	8,582,749	409,329	-	8,992,078
Water meters	7,215,051	27,231	-	7,242,282
Machinery and equipment	104,729,278	5,192,325	-	109,921,603
Motor vehicles	524,128	124,111	154,084	494,155
Furniture	1,672,283	34,092	-	1,706,375
Sewer service mains	97,975,488	7,568,789	-	105,544,277
Water mains	54,815,490	3,282,753	-	58,098,243
Total accumulated depreciation	<u>354,643,796</u>	<u>30,356,538</u>	<u>154,084</u>	<u>384,846,250</u>
Total capital assets, being depreciated, net	<u>671,596,050</u>	<u>35,081,076</u>	<u>23,706</u>	<u>706,653,420</u>
Business-type activities capital assets, net	<u>\$ 705,210,060</u>	<u>\$ 43,440,743</u>	<u>\$ 9,057,600</u>	<u>\$ 739,593,203</u>

5. Capital Assets, continued:

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 1,466,041
Public safety	2,904,100
Public works	18,364,114
Culture and recreation	4,564,136
Capital assets held by the government's internal service funds	<u>4,262,189</u>
Total depreciation expense - governmental activities	<u>\$ 31,560,580</u>
Business-type activities	
Water	\$ 7,342,228
Sewer	12,169,500
Auto parking	10,651,530
Other	<u>193,280</u>
Total depreciation expense - business-type activities	<u>\$ 30,356,538</u>

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the 61st District Court for the year ended June 30, 2010 was as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Capital assets, being depreciated:				
Motor vehicles	\$ 20,212	\$ -	\$ -	\$ 20,212
Total capital assets, being depreciated	<u>20,212</u>	<u>-</u>	<u>-</u>	<u>20,212</u>
Less accumulated depreciation for:				
Motor vehicles	4,812	2,888	-	7,700
Total accumulated depreciation	<u>4,812</u>	<u>2,888</u>	<u>-</u>	<u>7,700</u>
Total capital assets, being depreciated, net	<u>15,400</u>	<u>(2,888)</u>	<u>-</u>	<u>12,512</u>
61st District Court capital assets, net	<u>\$ 15,400</u>	<u>\$ (2,888)</u>	<u>\$ -</u>	<u>\$ 12,512</u>

5. Capital Assets, continued:

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the Downtown Development Authority for the year ended June 30, 2010 was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital assets, not being depreciated:				
Land	\$ 13,826,357	\$ -	\$ -	\$ 13,826,357
Construction in progress	149,099	-	149,099	-
	<u>13,975,456</u>	<u>-</u>	<u>149,099</u>	<u>13,826,357</u>
Capital assets, being depreciated:				
Land improvements	7,899,072	-	-	7,899,072
Buildings and structures	58,845,693	-	-	58,845,693
Machinery and equipment	6,234,155	-	-	6,234,155
Furniture	2,827,540	-	-	2,827,540
Total capital assets, being depreciated	<u>75,806,460</u>	<u>-</u>	<u>-</u>	<u>75,806,460</u>
Less accumulated depreciation for:				
Land improvements	3,709,354	335,682	-	4,045,036
Buildings and structures	25,016,450	1,962,226	-	26,978,676
Machinery and equipment	3,037,244	219,417	-	3,256,661
Furniture	1,201,704	94,251	-	1,295,955
Total accumulated depreciation	<u>32,964,752</u>	<u>2,611,576</u>	<u>-</u>	<u>35,576,328</u>
Total capital assets, being depreciated, net	<u>42,841,708</u>	<u>(2,611,576)</u>	<u>-</u>	<u>40,230,132</u>
Downtown Development Authority capital assets, net	<u>\$ 56,817,164</u>	<u>\$ (2,611,576)</u>	<u>\$ 149,099</u>	<u>\$ 54,056,489</u>

5. Capital Assets, continued:

Activity for the Tax Increment Financing Authority for the year ended June 30, 2010 was as follows:

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
Capital assets, not being depreciated:				
Land	\$ 1,280,000	\$ -	\$ -	\$ 1,280,000
Construction in progress	-	-	-	-
	<u>1,280,000</u>	<u>-</u>	<u>-</u>	<u>1,280,000</u>
Capital assets, being depreciated:				
Land improvements	3,853,469			3,853,469
Buildings and structures	173,655	-	-	173,655
Total capital assets, being depreciated	<u>4,027,124</u>	<u>-</u>	<u>-</u>	<u>4,027,124</u>
Less accumulated depreciation for:				
Land improvements	1,727,324	192,673		1,919,997
Buildings and structures	87,551	8,683	-	96,234
Total accumulated depreciation	<u>1,814,875</u>	<u>201,356</u>	<u>-</u>	<u>2,016,231</u>
Total capital assets, being depreciated, net	<u>2,336,851</u>	<u>(201,356)</u>	<u>-</u>	<u>2,010,893</u>
Tax Increment Financing Authority capital assets, net	<u>\$ 3,616,851</u>	<u>\$ (201,356)</u>	<u>\$ -</u>	<u>\$ 3,290,893</u>

The SmartZone Local Development Financing Authority and the Brownfield Redevelopment Authority do not have capital assets.

The City has active construction projects as of June 30, 2010. The major projects include various Water Supply System, Sewage Disposal System and Street Construction Projects. At year-end, the City's major commitments with contractors are as follows:

<u>Fund</u>	<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Water	Various water mains and system construction projects	\$ 10,591,001	\$ 3,840,202
Sewer	Various sewer mains and system construction projects	21,206,475	18,195,935
General Capital	Various street construction projects	10,687,050	1,989,400
	Total	<u>\$ 42,484,526</u>	<u>\$ 24,025,537</u>

6. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2010:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 76,694,474	\$ 11,995,000	\$ (8,741,605)	\$ 79,947,869	\$ 8,258,769
Revenue bonds	33,995,000	-	(940,000)	33,055,000	1,030,000
State Loans	632,085	-	(207,132)	424,953	215,417
Premium on bonds	1,373,114	-	(115,317)	1,257,797	-
Less deferred amounts:					
On refunding	(1,943,842)	-	157,032	(1,786,810)	-
Issue costs/discounts	(1,514,089)	(288,353)	161,905	(1,640,537)	-
Total bonds & contracts payable	<u>109,236,742</u>	<u>11,706,647</u>	<u>(9,685,117)</u>	<u>111,258,272</u>	<u>9,504,186</u>
Insurance Claims	6,320,585	18,068,613	(20,646,098)	3,743,100	2,399,500
Compensated absences	10,061,522	9,215,144	(10,110,476)	9,166,190	5,958,024
Net OPEB Obligation	<u>10,869,822</u>	<u>12,693,673</u>	<u>(14,201,562)</u>	<u>9,361,933</u>	<u>-</u>
Total Long-term Liabilities-					
Governmental Activities	<u>\$ 136,488,671</u>	<u>\$ 51,684,077</u>	<u>\$ (54,643,253)</u>	<u>\$ 133,529,495</u>	<u>\$ 17,861,710</u>
Business-Type Activities					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 31,829,558	\$ 385,143	\$ (1,289,389)	\$ 30,925,312	\$ 1,039,869
Revenue bonds	395,450,279	29,625,000	(47,441,433)	377,633,846	16,641,357
Long term advance	-	11,815,000	-	11,815,000	1,085,000
Premium on bonds	4,617,965	2,865,290	(491,485)	6,991,770	-
Less deferred amounts:					
On refunding	(6,515,455)	(1,610,090)	1,904,026	(6,221,519)	-
Total bonds & contracts payable	<u>425,382,347</u>	<u>43,080,343</u>	<u>(47,318,281)</u>	<u>421,144,409</u>	<u>18,766,226</u>
Compensated absences	2,543,146	2,393,103	(2,518,702)	2,417,547	1,571,405
Net OPEB Obligation	<u>1,759,095</u>	<u>2,069,111</u>	<u>(2,889,937)</u>	<u>938,269</u>	<u>-</u>
Total Long-term Liabilities-					
Business-Type Activities	<u>\$ 429,684,588</u>	<u>\$ 47,542,557</u>	<u>\$ (52,726,920)</u>	<u>\$ 424,500,225</u>	<u>\$ 20,337,631</u>
Component Units					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 33,509,000	\$ -	\$ (171,350)	\$ 33,337,650	\$ 224,850
Revenue bonds	8,680,420	-	(1,150,875)	7,529,545	1,104,281
Accrued interest	15,623,856	1,793,567	(2,259,125)	15,158,298	2,405,719
State Loans	253,660	-	(83,123)	170,537	86,449
Premium on bonds	305,213	-	(19,552)	285,661	-
Less deferred amounts:					
On refunding	(2,037,298)	-	137,042	(1,900,256)	-
Total bonds & contracts payable	<u>56,334,851</u>	<u>1,793,567</u>	<u>(3,546,983)</u>	<u>54,581,435</u>	<u>3,821,299</u>
Satellite SmartZone, long-term advance-Water System	337,295	228,149	-	565,444	-
Compensated absences	634,429	515,558	(505,634)	644,353	418,830
Net OPEB Obligation	<u>442,460</u>	<u>573,487</u>	<u>(797,777)</u>	<u>218,170</u>	<u>-</u>
Total Long-term Liabilities-					
Component Units	<u>\$ 57,749,035</u>	<u>\$ 3,110,761</u>	<u>\$ (4,850,394)</u>	<u>\$ 56,009,402</u>	<u>\$ 4,240,129</u>

6. Long-Term Obligations, continued:

Governmental Activities	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
Bonds and Contracts:			
2010A Grand Rapids Building Authority Bonds (415 Franklin-1120 Monroe)	10-33 to 10-39	6.50%	\$ 1,770,000
2010B Grand Rapids Building Authority Bonds (415 Franklin-1120 Monroe-taxable)	10-11 to 10-32	1.25-6.33%	2,815,000
2009 Grand Rapids Building Authority Refunding (Archive Center)	8-10 to 8-18	2.5 - 3.75%	1,110,000
2009 Grand Rapids Building Authority Refunding (Police Facilities)	8-10 to 8-20	2.5 - 4.78%	16,545,000
2004A Grand Rapids Building Authority (Condo II-sublease)	10-10 to 10-28	4.3 - 5.75%	16,305,000
2003 Grand Rapids Building Authority Refunding Bonds	4-11 to 4-13	3.55 - 3.85%	79,187
2002A Grand Rapids Building Authority (Condo II)	10-10 to 10-28	3.8 - 5.5%	16,750,000
2002 Grand Rapids Building Authority (Arch. Ctr. Ph II)	4-11 to 4-22	4.4 - 5.1%	2,600,000
2000 Grand Rapids Building Authority (Police Facilities)	8-10	4.85%	1,170,000
1998 Grand Rapids Building Authority (Library)	4-11 to 4-18	4.6 - 5%	12,335,000
1993 Grand Rapids and County of Kent Joint Building Authority Contract	1-11 to 1-14	5%	980,000
2009 Capital Improvement Bonds	8-10 to 8-29	1.6 - 6.05%	7,410,000
2007 Capital Improvement Bonds	9-10 to 9-27	4 - 5%	13,615,000
2003 Michigan Transportation Fund Bonds (Act 175 Bonds)	10-10 to 10-16	3.5 - 4%	1,605,000
1999 Michigan Transportation Fund Bonds (Act 175 Bonds)	10-10 to 10-14	5.15 - 5.5%	4,615,000
Kent County Drain Commission Contract payable (2003)	11-10 to 11-15	3.1 - 4.25%	2,365,832
Kent County Drain Commission Contract payable (2008 Floodwalls)	11-10 to 11-20	3.25 - 4%	5,383,750
Kent County Drain Commission Contract payable (2000 Floodwalls)	11-10	5%	124,100
2001 MDOT Contract Payable	7-10 to 7-12	4%	424,953
Other 2008 installment purchase agreements	6-11 to 6-16	4.57%	935,000
Other 2004 installment purchase agreements	6-11 to 6-12	3.875 - 4%	370,644
Other 2002A installment purchase agreements	6-11 to 6-17	3.75 - 4.4%	345,293
Information Technology - 2006A Installment Purchase agreements	12-10 to 12-11	4%	827,000
Motor Equipment System - 2006A Installment Purchase agreements	12-10 to 12-14	4%	958,000
Motor Equipment System - 2006 Installment Purchase agreements	6-11 to 6-14	4%	1,425,000
Motor Equipment System - 2004 Installment Purchase agreements	6-11 to 6-12	3.875 - 4%	164,356
Motor Equipment System - 2002A Installment Purchase agreements	6-11 to 6-17	3.75 - 4.4%	399,707
			<u>113,427,822</u>
Other:			
Insurance Claims			3,743,100
Compensated Absences			9,166,190
Net OPEB Obligation			9,361,933
Unamortized Bond Premium			1,257,797
Unamortized Bond Discount/Issue Costs			(1,640,537)
Deferred amount on Refunding Bonds			(1,786,810)
			<u>133,529,495</u>
Less amounts due within one year:			
Bonds & Contracts Payable			(9,504,186)
Insurance Claims			(2,399,500)
Compensated Absences			(5,958,024)
			<u>(17,861,710)</u>
Total Long-Term Portion Governmental Activities			<u>\$ 115,667,785</u>

6. Long-Term Obligations, continued:

Business-Type Activities	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
Bonds and Contracts:			
2009 Water Supply System Revenue Bonds	1-11 to 1-39	3.5 - 5%	\$ 30,000,000
2005 Water Supply System Revenue Bonds	1-11 to 1-35	3.625 - 5%	32,395,000
2000 Water Supply System Refunding Bonds	1-11 to 1-18	5.25 - 5.75%	51,580,000
1993 Water Supply System Revenue Bonds	1-11 to 1-20	2.9 - 4.45%	28,900,000
2010 Sanitary Sewer System Revenue Refunding Bonds	1-23 to 1-28	5%	29,625,000
2008 Sanitary Sewer System Revenue Bonds	1-11 to 1-38	3.5 - 5%	66,075,000
2005 Sanitary Sewer System Revenue Bonds	1-11 to 1-35	3.75 - 5.125%	48,500,000
2004 Sanitary Sewer System Revenue Bonds	1-11 to 1-34	3.25 - 5%	36,360,000
1998 Sanitary Sewer System Refunding and Improvement Revenue Bonds	1-11 to 1-28	4.75 - 5.5%	37,940,000
1995A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-11 to 4-16	2%	1,248,846
1995B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-10 to 10-16	2%	1,385,000
1994A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-10 to 10-14	2%	3,050,000
1994B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-11 to 4-15	2%	1,690,000
1993A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-10 to 10-13	2%	2,425,000
1993B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-10 to 10-14	2%	2,455,000
1992A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-10 to 10-13	2%	3,325,000
1992B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-10 to 10-13	2%	400,000
1991 Sanitary Sewer System Junior Lien Revenue Bonds	10-10 to 10-13	2%	280,000
2008 Grand Rapids Building Authority Bonds	10-10 to 10-29	3 - 6.25%	8,850,000
2006 Grand Rapids Building Authority Bonds	10-10 to 10-36	4 - 4.5%	6,980,000
2003 Grand Rapids Building Authority Bonds Refunding Bonds	4-11 to 4-13	3.55 - 3.85%	955,812
2001 Grand Rapids Building Authority Bonds Refunding Bonds	10-10 to 10-20	4.375 - 5.1%	4,235,000
2001 Grand Rapids Building Authority Bonds	10-10 to 10-31	4.38 - 5.13%	9,150,000
Long term advance	4-11 to 4-19	4%	11,815,000
Kent County Drain Commission Contract Payable (2008 Floodwall Refunding)	11-10 to 11-20	3.25 - 4%	737,500
Kent County Drain Commission Contract Payable (2000 Floodwall Project)	11-10	5%	17,000
			<u>420,374,158</u>
Other:			
Bond Premium			6,991,770
Net OPEB Obligation			938,269
Compensated Absences			2,417,547
Deferred Amount on Refunding Bonds			<u>(6,221,519)</u>
			424,500,225
Less amounts due within one year:			
Bonds & Contracts Payable			(17,681,226)
Long term advance			(1,085,000)
Compensated Absences			<u>(1,571,405)</u>
			<u>(20,337,631)</u>
Total Long-Term Portion Business-Type Activities			<u>\$ 404,162,594</u>

6. Long-Term Obligations, continued:

Governmental Funds Component Units	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
Bonds and Contracts:			
2009 Downtown Development Authority MMBA Refunding Bonds	5-17 to 5-24	4 - 5.499%	\$ 28,430,000
1994 Downtown Development Authority Tax Increment Revenue Bonds	6-11 to 6-19	7.15 - 7.35%	7,529,545
MDOT Contract Payable	7-10 to 7-12	4%	170,537
Kent County Drain Commission Contracts Payable (2008 Floodwall Refunding)	11-10 to 11-20	3.25 - 4%	1,253,750
Kent County Drain Commission Contracts Payable (2000 Floodwall Project)	11-10	5%	28,900
Satellite SmartZone (2004)	6-11 to 6-28	4 - 5.375%	<u>3,625,000</u>
Other:			41,037,732
Accrued interest on Capital appreciation portion of 1994 issue			15,158,298
Satellite SmartZone, long-term advance from the Water Supply System			565,444
Compensated absences			644,353
Net OPEB Obligation			218,170
Unamortized Bond Premium			285,661
Deferred amount on Refunding Bonds			<u>(1,900,256)</u>
			56,009,402
Less amounts due within one year:			
Bonds & Contracts Payable			(3,821,299)
Compensated absences			<u>(418,830)</u>
			<u>(4,240,129)</u>
Total Long-Term Portion Governmental Component Units			<u>\$ 51,769,273</u>

On September 3, 2009, the City of Grand Rapids issued Sanitary Capital Improvement Bonds in the amount of \$7,410,000. Interest rates range from 1.6% to 6.05% with maturities at varying amounts from August 2010 to 2030. The net proceeds of \$7,195,900 (less issue costs of \$74,100) are being used for (1) to acquire various trucks and other vehicles, (2) to acquire and install financial system replacement software, (3) to acquire a building at 233 Market Ave for public purpose use, and (4) to install and construct utility conduits related to various streets improvement projects. The bonds are a general obligation of the City and are federally taxable "Build America Bonds" which qualify for a refundable credit of 35% of interest costs from the federal government, a total savings of \$754,758 over the life of the bonds.

On January 26, 2010, the City of Grand Rapids issued Sanitary Sewer System Revenue Refunding Bonds in the amount of \$29,625,000 with an interest rate of 5% with maturities at varying amounts from January 2023 to 2028. The net proceeds of \$32,298,850 (including an original issue premium of \$2,865,290 less issue costs of \$191,439) were used for issue costs of the bonds and the refunding of a portion of the series 1998 Sanitary Sewer System Revenue Refunding Bonds. The net present value savings is 4.15% or \$1,772,427, a final gross savings of \$3,030,277.

6. Long-Term Obligations, continued:

On March 30, 2010, the Grand Rapids Building Authority issued \$1,770,000 of general obligation limited tax, Recovery Zone Economic Development Bonds with an interest rate of 6.5% with maturities at varying amounts from October 2033 to 2039 and \$2,815,000 of general obligation limited tax bonds with interest rates ranging from 1.25% to 6.33% with maturities at varying amounts from October 2011 to 2032. The bonds are titled series 2010A and 2010B respectfully and are both federally taxable. The net proceeds of \$4,539,150 (less \$45,850 underwriter's discount) were used for issue costs and the purchase and improvements to the Development Center at 1120 Monroe Ave NW. The series 2010A bonds are "Build America Bonds" and qualify for a refundable credit of 45% of interest costs from the Federal Government, a total savings of \$1,379,428 over the life of the bonds.

On April 1, 2010 the City transferred the Government Center Parking Ramp from Governmental Fixed Assets to the Parking Services Department. The Parking fund will receive all revenues realized at the ramp and be responsible for all operations and maintenance. The Parking fund will also pay the remaining amount of outstanding debt (\$385,143 – a portion of the 2003 Grand Rapids Building Authority Refunding Bonds) and will pay the General Fund \$11,815,000 plus interest at a rate of 4%, the debt will be paid semi-annually with principal payments commencing April 2010 and ending in 2019.

Revenue bond issues with the exception of the DDA Tax Increment Bonds are collateralized by capital assets constructed from bond proceeds. The current debt service requirements are provided by net revenues derived from operations of the various Enterprise Funds and are specifically restricted as detailed in Note 4.

The bonds issued by the GRBA have been recorded in the governmental activities for government-wide presentation except for the series 2001 Monroe Center Ramp and refunding of Ottawa/Fulton Ramp issue, a portion of the 2003 Refunding bond issue for which the obligations and related assets are recorded in the Auto Parking System Enterprise Fund, the series 2006 issue for the construction of the Cherry/Commerce Parking Ramp, and the series 2008 issue for the construction of the Weston/Commerce Parking Ramp. The City pays the current debt service requirements on these bonds in the form of lease payments to the GRBA. The City has pledged its limited full faith and credit on these bonds.

The 1993 bonds issued by the JBA are recorded in governmental activities for government-wide presentation and the related assets (the museum parking ramp) have been recorded in the governmental activities capital assets. The current debt service requirements are paid by the DDA, a component unit of the City. The City has pledged its limited full faith and credit on these bonds.

Amounts reflected as Contracts Payable (with Kent County) represent the City's liability for road, intra-county drain and improvement projects in which it participated or is participating with the County.

The Motor Vehicle Highway Revenue Bond (Act 175) issues are backed by the limited full faith and credit of the City. Current debt service requirements are funded by state collected taxes returned to the City for highway purposes and are maintained in a debt service fund.

The Installment Purchase Agreements or Municipal Purchase Notes Series issued by the City, depending on the nature of the Purchase Agreements, are reported as business or governmental assets and liabilities for Government-wide presentation. These agreements are general obligations of the City.

The bonds issued by the DDA were issued in anticipation of Tax Increment Revenues on taxable properties in the Development area. The debt service requirements are financed from property tax revenues collected in the DDA Governmental fund type.

6. Long-Term Obligations, continued:

The City's total bonded debt does not include the 2001 JBA bonds of \$66,173,904 or the 2003 JBA bonds of \$7,720,000. These bonds were issued to finance a substantial portion of the new DeVos Place Convention Center Facility. The bonds are payable from the proceeds of semi-annual rental payments in amounts sufficient to pay principal and interest on the bonds. The County has the sole responsibility for the repayment of this debt through its Hotel/Motel tax receipts and general assets. The Downtown Development Authority has pledged to reimburse the county for half of the debt service payments on the 2003 bonds. The City is not liable for the payment of principal or interest and therefore has excluded them from the financial statements.

Amounts due for Compensated Absences are liquidated as they become payable by the funds from which the related employees' compensation is paid.

The annual requirements for debt service payments on long term bonds and contracts payable at June 30, 2010 are:

Fiscal Year	Governmental Activities		Business Type Activities		Component Units		Totals	
	Principal	Interest	Principal	Interest	Governmental		Principal	Interest
					Principal	Interest		
2011	\$ 9,504,186	\$ 4,928,725	\$ 18,766,226	\$ 20,015,521	\$ 1,415,580	\$ 4,121,391	\$ 29,685,992	\$ 29,065,637
2012	9,411,835	4,558,948	19,393,885	19,350,788	1,459,676	4,263,982	30,265,396	28,173,718
2013	8,794,903	4,206,889	20,301,468	18,546,011	1,345,719	4,409,252	30,442,090	27,162,152
2014	9,148,651	3,853,669	20,827,776	17,688,970	1,296,747	4,460,658	31,273,174	26,003,297
2015	8,958,240	3,481,325	20,064,094	16,809,809	1,314,047	4,733,371	30,336,381	25,024,505
2016-2020	33,188,707	12,476,347	88,884,709	69,986,378	12,718,263	18,115,628	134,791,679	100,578,353
2021-2025	17,791,300	6,389,222	66,661,000	51,784,998	20,672,700	2,999,036	105,125,000	61,173,256
2026-2030	14,250,000	2,031,094	76,475,000	32,890,135	815,000	90,569	91,540,000	35,011,798
2031-2035	1,070,000	359,624	69,230,000	15,192,158	-	-	70,300,000	15,551,782
2036-2040	1,310,000	120,120	19,770,000	2,162,991	-	-	21,080,000	2,283,111
	<u>\$ 113,427,822</u>	<u>\$ 42,405,963</u>	<u>\$ 420,374,158</u>	<u>\$ 264,427,759</u>	<u>\$ 41,037,732</u>	<u>\$ 43,193,887</u>	<u>\$ 574,839,712</u>	<u>\$ 350,027,609</u>

The City is in compliance with all significant limitations and restrictions contained in various bond indentures.

6. Long-Term Obligations, continued:

DEFEASANCE OF OUTSTANDING DEBT

In prior years, the City defeased the remaining outstanding principal, or a major portion thereof, of the following issues by depositing U.S. Treasury bonds and notes with an escrow agent:

<u>Year of Issue</u>	<u>Description</u>	<u>Amount Outstanding at June 30, 2010</u>
2000	Grand Rapids Building Authority (Police Facilities)	\$ 15,970,000
2002A	Grand Rapids Building Authority (Condo II)	11,130,000
2003	Michigan Transportation Bonds	865,000

The funds are held by escrow agents in irrevocable trust funds segregated for the benefit of the holders of the outstanding bonds, and accordingly the trust funds' assets and the liability for the defeased bonds are not included in the City's financial statements.

WORKERS COMPENSATION

Although the liability for Workers' Compensation is recorded in the Insurance Payment Internal Services Fund, it remains a liability of the City. The operating budget of the City reflects the amounts required to pay for these liabilities. These amounts are reported as revenue to the Insurance Payment Fund, which is used to pay actual claims and related costs.

COMPENSATED ABSENCES

The City provides employees with paid time off—including vacation, sick and compensatory time off for overtime—as defined by Collective Bargaining Agreements and City policies. This liability for unused time is reported in the Government Funds statements as a designated portion of Fund Balance under modified accrual accounting and in the Government-wide, Proprietary, and Internal Service statements as a liability under the full accrual method of accounting.

7. Retirement Plans

The City has two single-employer defined benefit pension plans which provide retirement and disability benefits to plan members and beneficiaries. The Police and Fire Retirement System covers eligible employees who are police officers and firefighters regularly employed by the City. The General Retirement System covers other eligible employees regularly employed by the City, including the 61st District Court. Benefit provisions are established and amended by City Ordinance. Each System issues publicly available audited financial reports that include financial statements and required supplementary information. The Pension financial reports can be obtained from the City of Grand Rapids Retirement Systems Office at the address shown in Note 1 and are available on-line within the Retirement Systems section of the City web site, www.grcity.us.

BASIS OF ACCOUNTING

The Systems' financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due according to a formal commitment the City has made to provide the contributions. Plan member contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Police and Fire System has adopted a December 31 year-end. The General Retirement System shares a June 30 year-end with the primary government. These financial statements are prepared using the most recent audited statements of each system. The actuarial information is from the most recent available actuarial statements of each system.

INVESTMENTS

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

The investments of these Systems are designed to comply with requirements of the State of Michigan, Public Act 314 of 1965, which has numerous investment limitations depending on the type of investment. The most significant requirements as they impact the Systems are:

1. Investments in U.S. equities are limited to 70% of the Systems' assets and investments in the stock of any one corporation are limited to 5% of the Systems' assets;
2. Equity investments in real estate are limited to 5% of the Systems' assets;
3. Investments in state and local government obligations are limited to 5% of the Systems' assets;
4. Investments in foreign securities are limited to 20% of the Systems' assets.

7. Retirement Plans, continued:

FUNDING POLICY

The contribution requirements of plan members and the City are based on City Ordinance. Employee contribution rates vary based on union contracts. The employer contribution is based on an actuarial valuation conducted annually. The contribution rates for fiscal year 2009 and related actuarial information as of the most recent actuarial valuation for each plan is as follows:

	<u>Police and Fire Retirement System</u>	<u>General Retirement System</u>
Contribution Rates:		
City (employer)	0.00%	7.07%
Plan Members	3.2 - 8.86%	2.0% - 6.27%
Actuarial valuation date	December 31, 2009	June 30, 2009
Actuarial cost method	Individual entry age	Individual entry age
Amortization method	Level percent, open	Level percent, closed
Remaining amortization period	30 years for unfunded actuarial liabilities	29 years for unfunded actuarial liabilities
Asset valuation method	5 year smoothed market	5 year smoothed market
Actuarial assumptions:		
Investment rate of return	7.5%	7.5%
Projected salary increases	4% - 21%	4% - 8%
including wage inflation at	4.0%	3.5%
Post-retirement benefit changes	none, 1%, or 1.5% COLA based on union and date of retirement	none or 1% COLA dependent on union contract

Three year trend information on costs:	<u>Annual Pension Cost</u>			
	<u>Year Ended</u>	<u>(APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
Police and Fire Retirement System	December 30, 2007	\$ -	100%	\$ -
	December 31, 2008	-	100	-
	December 31, 2009	-	100	-
General Retirement System	June 30, 2007	8,733,871	100	-
	June 30, 2008	6,008,558	100	-
	June 30, 2009	3,833,164	100	-

7. Retirement Plans, continued:

Below is funded status information for each plan as of its most recent actuarial valuation dates. The Schedule of Funding Progress in the Required Supplemental Information section immediately following the Notes presents multiyear trend information showing whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
Police and Fire Retirement System						
December 31, 2009	\$ 334,247,051	\$ 348,250,068	\$ 14,003,017	96%	33,490,487	42%
General Retirement System						
June 30, 2009	381,136,182	391,339,300	10,203,118	97%	51,808,141	20%

8. Postemployment Benefits Other Than Pensions

The City administers three single-employer defined benefit (DB) OPEB plans to provide other postemployment benefits (OPEB) consisting of health care benefits for eligible retirees and their eligible dependents until the retiree is age 65. Recently hired employees and employees who have elected, or were required, to opt-out of the defined benefit plans are covered by a defined contribution (DC) plan created in 2009 and administered by a third party. Information about the DC plan is presented following the below discussion of the other plans. The Plans do not issue separate financial statements, accordingly the basic financial statements for each funded plan is presented here for the fiscal year ended June 30, 2010.

BASIS OF ACCOUNTING

The Plans' financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due according to a formal commitment the City has made to provide the contributions. Plan member contributions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Statement of Fiduciary Net Assets <i>for the year ended June 30, 2010</i>	Retiree Health Care Trust Funds		Total Retiree Health Care Trust
	General Retiree	Police Retiree	
ASSETS			
Equity in pooled cash and investments	\$ 1,293,254	\$ 383,439	\$ 1,676,693
Investments held by trustee:			
Diversified investment pool	98,126	9,812	107,938
Receivables, net:			
Other accounts	3,585	46	3,631
Accrued interest	2,507	-	2,507
Total assets	<u>\$ 1,397,472</u>	<u>\$ 393,297</u>	<u>\$ 1,790,769</u>
LIABILITIES			
Vouchers and accounts payable	\$ 372,751	\$ 91,967	\$ 464,718
Due to primary government	-	200,000	200,000
Deferred Revenues	2,255	259	2,514
Total liabilities	<u>375,006</u>	<u>292,226</u>	<u>667,232</u>
NET ASSETS			
Held in trust for health care benefits	1,022,466	101,071	1,123,537
Total liabilities and net assets	<u>\$ 1,397,472</u>	<u>\$ 393,297</u>	<u>\$ 1,790,769</u>

8. Postemployment Benefits Other Than Pensions, continued:

Statement of Changes in Net Assets for the year ended June 30, 2010	Retiree Health Care Trust Funds		Total Retiree Health Care Trust Funds
	General Retiree	Police Retiree	
ADDITIONS			
Employer contributions	\$ 7,715,663	\$ 2,748,282	\$ 10,463,945
Plan member Contributions	1,295	1,036	2,331
Total contributions	<u>7,716,958</u>	<u>2,749,318</u>	<u>10,466,276</u>
Investment income (loss):			
Interest and dividends	24,128	-	24,128
Net depreciation in fair value of investments	(1,837)	(860)	(2,697)
Total investment gains	22,291	(860)	21,431
Investment management expense	(37)	(4)	(41)
Net gains (losses) from investment activities	22,254	(864)	21,390
Total additions	<u>7,739,212</u>	<u>2,748,454</u>	<u>10,487,666</u>
DEDUCTIONS			
Benefits paid	6,716,746	2,647,383	9,364,129
Total deductions	<u>6,716,746</u>	<u>2,647,383</u>	<u>9,364,129</u>
Change in net assets	1,022,466	101,071	1,123,537
Total net assets - beginning	-	-	-
Total net assets - ending	<u>\$ 1,022,466</u>	<u>\$ 101,071</u>	<u>\$ 1,123,537</u>

At June 30, 2010, the number of retirees currently receiving benefits under the three City DB plans was 499. Benefits are established through negotiation with employee unions and have been similar for all retired and active employees. Different employee bargaining units have different eligibility standards to qualify for the benefits, which led to the creation of three separate plans; the General Retiree Health Care Plan (General), the Police Retiree Health Care Plan (Police), and the Fire Retiree Health Care Plan (Fire). The City first reported its OPEB plans under GASB 45 reporting standards in 2008 using biennial actuarial valuations as of July 1, 2007. During the 2010 fiscal year, an agreement was reached with the Municipal Employees' Retirement System of Michigan (MERS) for the City's Plans to become participants in the MERS Retiree Health Funding Vehicle, a governmental trust established under Section 115 of the Internal Revenue Code. MERS is the trustee, investment fiduciary, and manager for the Plan assets that are held in a subaccount within the collective and commingled investment pool of all funds held in trust for approximately 750 Michigan municipal employers. Accounts have been funded for the benefit of General and Police retirees. At June 30, 2010, assets accumulated for the future benefit of firefighters were retained in the Insurance Fund pending an arbitrator's determination of what form retiree health care benefits will be for current firefighters.

FUNDING POLICY

Contribution levels are determined annually by the City Commission during the annual budget process after considering the expected pay-as-you-go cash outlay from each plan for the benefit, the annual required contribution of the employer (ARC), and available resources. No contributions are required from current employees covered by the DB plan, but retirees may have a required premium based on date of retirement and union contract. For fiscal year 2010, the City contributed \$17,889,276 to the three plans. Contributions rates are charged to individual funds at the percentage of payroll rates shown below. The City's net-OPEB obligation under each of the plans increased (decreased) by the difference between the ARC and actual amounts paid on behalf of the participants.

8. Postemployment Benefits Other Than Pensions, continued:

Details for each separate plan can be found below.

	<u>General Retiree Health Care Plan</u>	<u>Police Retiree Health Care Plan</u>	<u>Fire Retiree Health Care Plan</u>
Contribution rates:	Legislatively determined	Legislatively determined	Legislatively determined
City	14.00%	20.00%	18.00%
Plan members	n/a	n/a	n/a
Annual required contribution (ARC)	\$ 7,230,885	\$ 4,673,548	\$ 3,574,369
Interest on net OPEB obligation	171,397	119,769	100,975
Adjustment to ARC	<u>(233,694)</u>	<u>(163,301)</u>	<u>(137,677)</u>
Annual OPEB cost	7,168,588	4,630,016	3,537,667
Contributions made	<u>9,966,794</u>	<u>6,308,834</u>	<u>1,613,648</u>
Increase (decrease) in net OPEB obligation	(2,798,206)	(1,678,818)	1,924,019
Net OPEB obligation - beginning of year	<u>5,713,229</u>	<u>3,992,301</u>	<u>3,365,847</u>
Net OPEB obligation - end of year	<u><u>\$ 2,915,023</u></u>	<u><u>\$ 2,313,483</u></u>	<u><u>\$ 5,289,866</u></u>

The City's annual OPEB cost for each plan is calculated based on the plan's ARC, actuarially determined in accordance with the parameters of Statement No. 45 of the Governmental Accounting Standards Board (GASB). The ARC represents a level of funding, that if paid on an ongoing basis would cover the value of benefits earned during the year by participants, referred to as the normal cost, as well as amortize the unfunded actuarial liability over a period of thirty years. The net OPEB obligation of each plan was set at zero as of July 1, 2007, and will change only to the extent that actual annual contributions are more or less than the ARC plus interest on the net OPEB obligation. The large contributions to the General and Police plans were financed with assets previously accumulated in the Insurance Fund.

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
General Retiree Health Care Plan	June 30, 2008	\$ 9,106,221	47 %	\$ 4,797,394
	June 30, 2009	9,233,752	90	5,713,229
	June 30, 2010	7,168,588	139	2,915,023
Police Retiree Health Care Plan	June 30, 2008	7,352,863	43	4,226,083
	June 30, 2009	7,647,575	103	3,992,301
	June 30, 2010	4,630,016	136	2,313,483
Fire Retiree Health Care Plan	June 30, 2008	3,717,995	56	1,634,448
	June 30, 2009	3,756,879	54	3,365,847
	June 30, 2010	3,537,667	46	5,289,866

8. Postemployment Benefits Other Than Pensions, continued:

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the actuarial valuation date. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in the value of actuarial assets and liabilities. Significant methods and assumptions are as follows:

	General Retiree Health Care Plan	Police Retiree Health Care Plan	Fire Retiree Health Care Plan
Actuarial valuation date	July 1, 2009	July 1, 2009	July 1, 2009
Actuarial cost method	Individual entry age	Individual entry age	Individual entry age
Amortization method	Level percent, closed	Level percent, closed	Level percent, closed
Remaining amortization period	30 years for unfunded actuarial liabilities	30 years for unfunded actuarial liabilities	30 years for unfunded actuarial liabilities
Asset valuation method			
Current	n/a	n/a	n/a
Actuarial assumptions:			
Investment rate of return	3.0%	3.0%	3.0%
Projected salary increases	1.5%	1.5%	1.5%
Healthcare inflation rate	10% falling to 4% over six years	10% falling to 4% over six years	10% falling to 4% over six years

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and healthcare cost trends. Amounts determined regarding the funded status of the plan and the ARC are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Below is funded status information for each plan as of its most recent valuation date. During the time since that valuation date, changes in the covered populations and the plan benefits occurred that will be reflected in the next valuation. The Schedule of Funding Progress in the Required Supplemental Information immediately following the Notes repeats this information along with past valuation information to present multiyear trend information showing whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL of benefits. The actuarial value of plan assets is zero until a trust is established to hold any accumulated assets. At June 30, 2010, plan assets accumulated for the future benefit of firefighters are still zero because they have been retained in the Insurance Fund pending an arbitrator's determination of what form retiree health care benefits will be for current firefighters.

8. Postemployment Benefits Other Than Pensions, continued:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
General Retiree Plan						
July 1, 2009	\$ -	\$ 113,928,362	\$113,928,362	0%	\$ 36,445,037	313%
Police Retiree Plan						
July 1, 2009	\$ -	\$ 64,267,410	\$ 64,267,410	0%	\$ 15,929,689	403%
Fire Retiree Plan						
July 1, 2009	\$ -	\$ 44,488,777	\$ 44,488,777	0%	\$ 14,196,674	313%

The City of Grand Rapids has contracted with the Municipal Employees' Retirement System of Lansing Michigan to administer a DC OPEB plan for certain City employees. The MERS Health Care Savings Program is an Internal Revenue Code Section 115 Governmental Integral Part Trust. Participation is mandatory for permanent, full-time employees not covered by a DB retiree health care plan. Contributions are made every pay period by both the employee and the employer. See Note 11 for more details.

9. Inter-fund Receivables, Payables and Transfers

Inter-fund receivables and payables at June 30, 2010 represent temporary cash flow assistance from the General Fund and are as follows:

<u>Fund</u>	<u>Primary Reason for Receivable/Payable</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	Retiree health temporary cash flow assistance	\$ 220,522	\$ -
Fiduciary	Accrued payroll	-	13,756
Fiduciary	Temporary cash flow assistance	-	200,000
Fiduciary	Timing difference due to different year end	-	6,766
		<u>\$ 220,522</u>	<u>\$ 220,522</u>

9. Inter-fund Receivables, Payables and Transfers, continued:

The City has developed a central service cost allocation plan using the guidance in federal circular A-87, to charge benefited funds a portion of the cost of providing services that benefit several funds. Services that are not billed on a per unit basis are funded by inter-fund transfers. Inter-fund transfers for the year ended June 30, 2010, were as follows:

<u>Fund Type</u>	<u>Fund</u>	<u>Primary Reason for the Transfers</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:	General	Internal cost allocation for services provided to other funds	\$ 7,555,063	\$ -
		Government Center Parking Ramp asset transfer	8,878,108	-
		Transfer from General Capital & Budget Stabilization	1,328,295	-
		Debt service, and support of Streets, Parks & other funds	-	11,095,410
	Library	Debt service	-	2,095,961
	Refuse	Internal cost allocation program	-	279,870
	Major Streets	Support of Street Capital, Local Streets & Debt service	-	4,382,543
	Local Streets	Support from Major Streets Fund	2,500,000	153,066
	Streets Capital	Support from General Fund	1,942,787	-
	General Capital	Project support from/to other funds	142,403	505,262
		Transfer to General Fund	-	828,295
		Debt service	-	2,741,838
	Building Authority	Project support from General Capital	480,262	-
	Non-major Governmental	Transfers to pay debt service by various funds	8,966,960	-
		Support from General Fund / internal cost allocation	5,840,241	-
Support of General Fund		-	2,090,613	
Enterprise Funds:	Water Supply System	From Sewage Disposal Fund for customer service	2,192,292	-
		Internal cost allocation program	-	1,279,605
	Sewage Disposal System	Allocated cost of customer service and internal costs	-	3,401,685
	Auto Parking System	Internal cost allocation program	-	406,650
		Government Center Parking Ramp asset transfer	-	8,878,108
Non-Major Proprietary	General Fund support of cemetery operations	770,495	407,970	
Internal Service Funds:	Information Technology	Internal cost allocation program	-	365,515
	Motor Equipment	Internal cost allocation program	-	505,809
	Facilities Management	Internal cost allocation program	-	494,913
	Engineering	Internal cost allocation program	-	407,608
	Insurance Payment	Internal cost allocation program	-	276,185
			<u>\$ 40,596,906</u>	<u>\$ 40,596,906</u>

10. Commitments, Contingencies, Related Party Transactions and Subsequent Events

1. Federal and State Grants—The City has received several federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although no amounts have been claimed, such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes such disallowance, if any, will be immaterial.
2. Remediation Sites—In addition to sites for which the City reached remediation agreements with the appropriate regulatory bodies, the City has received notice that ground contamination has been discovered on certain properties, either currently owned or previously utilized by the City. The ultimate remediation methods and liability, if any, are presently impossible to estimate. The City is currently analyzing the site in an effort to understand its potential liability, the extent of the contamination and appropriate remediation methods.
3. Litigation—In the normal course of its activities, the City becomes a party in various legal actions. In the opinion of the City attorney, adequate reserves have been established for the potential liability for all claims.
4. Operating Leases—The City entered into a lease agreement with Kent County in October 1998, whereby the City leases part of the new courthouse facility from the County. The lease is scheduled to expire in fiscal year 2026, and includes operation and maintenance fees. Lease payments to the County for fiscal year 2010 were \$2,688,921. Total future lease payments are as follows:

<u>Year ending June 30,</u>	<u>Outstanding Lease Due</u>
2011	\$ 2,786,316
2012	2,837,243
2013	2,841,439
2014	2,841,373
2015	2,842,054
2016-2020	14,233,781
2021-2025	14,169,136
2026	2,742,680

During fiscal year 2010, the City leased operating facilities at 1120 Monroe Avenue NW from the 1120 Monroe Associates Limited Partnership under a March 1998 lease agreement and purchased the building in March 2010. Lease payments to 1120 Monroe Associates Limited Partnership for fiscal year 2010 were \$305,508.

5. Lease Receivable – The City entered into a lease agreement with the Public Museum of West Michigan and the Public Museum of Grand Rapids Friends Foundation in July 2007. The Museum leases the Museum building from the City for \$1 per year for a period of 99 years, with an option to renew for an additional 50 year term to be exercised by the mutual consent of the City and the Public Museum of Grand Rapids Friends Foundation. The City retains title to the buildings and all improvements, fixtures or other types of fixed property appurtenant to the buildings and property located thereon, as well as the collection on display at the Public Museum. In accordance with the lease agreement, the City also retains a reversionary interest in the Museum's inventory and petty cash, valued at \$41,098 and \$14,900, respectively, at June 30, 2010. In the event that Museum operations should ever revert to the City, these items would be returned to the City at their value on the day of reversion.

10. Commitments, Contingencies, Related Party Transactions and Subsequent Events, continued:

The City acquired a building located at 1120 Monroe Avenue, NW, on March 30, 2010 for \$3,604,162. The accumulated depreciation at year end is \$18,021. The City leases parts of the building to various tenants with terms extending into FY2016. The total lease revenue for FY2010 is \$31,451. The aggregate amount of future minimum lease payments receivable for each of the succeeding fiscal years are as follows:

<u>Year ending June 30,</u>	<u>Outstanding Lease Receipts</u>
2011	\$ 114,349
2012	123,166
2013	125,033
2014	128,352
2015	131,679
2016	71,634
Total	<u>\$ 694,213</u>

6. Commitments -- On Aug 14, 2007, the Cities of Grand Rapids and Wyoming received funding commitments from the State of Michigan Water Pollution Control Revolving Fund for financing of the Grand Valley Regional Biosolids Authority's facility at an interest rate of 1.625%. The entire approved financing is \$16,430,000. In March of 2008, the Grand Valley Regional Biosolids Authority also received another Revolving fund commitment at an interest rate of 2.5% for \$17,675,000. Draws against the approved amounts are allowed only for construction expenditures. As of June 30, 2010 draws totaled \$32,716,708, after principal payments made, the total liability at year end was \$31,326,708. Initial operations began in July, 2009. It is anticipated that construction will be completed in 2011. In fiscal year 2010, Grand Rapid's portion of the liability was 64.06%, in fiscal year 2011 it is budgeted at 64.89%.
7. Subsequent Events -- On September 15, 2010, the Grand Rapids Building Authority issued \$7,325,000 of general obligation limited tax, Recovery Zone Economic Development Bonds with an interest rates ranging from 0.95% to 5.90% with maturities at varying amounts from October 2011 to 2035. The bonds are titled series 2010C and are federally taxable. The net proceeds of \$7,270,063 (less \$54,937 underwriter's discount) were used for issue costs and the purchase of the Gallery on Fulton Parking Ramp. The series 2010C bonds are "Build America Bonds" and qualify for a refundable credit of 45% of interest costs from the Federal Government, a total savings of \$2,538,123 over the life of the bonds.

On September 29, 2010, the City of Grand Rapids issued Water Supply System Revenue Refunding Bonds in the amount of \$43,025,000 with interest rates ranging from 2% to 5% with maturities at varying amounts from January 2012 to 2018. The net proceeds of \$47,725,865 (including an original issue premium of \$4,958,800 less issue costs of \$257,935) were used for issue costs of the bonds and the refunding of a portion of the series 2000 Water Supply System Revenue Refunding Bonds. The net present value savings is 13.4% or \$6,209,943.

11. Deferred Compensation Plans

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code ("IRC") Section 457. The plan, available to all City employees, permits deferral of a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or listed emergency. All amounts of compensation deferred under the plan, all property and rights purchased with such amounts and all income attributable to such amounts, property or rights are solely the property and rights of the participants. At June 30, 2010, the total market value of plan assets was approximately \$59,036,000. Net of the effect of employee contributions, withdrawals and earnings, the fair market value of plan assets increased \$5,845,000 for the year ended June 30, 2010. It is the opinion of the City's legal counsel that the City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent administrator.

The City also offers to executive and appointed employees a defined contribution contributory savings plan created in accordance with IRC Section 401(a). Participants with the 401(a) plan may also participate in the 457 plan to specified limits; however, they may not participate in the City's defined benefit pension plans. Participants are immediately vested in required employee contributions at 6% and employer contributions at specified percentages (determined by City Ordinance) of employees' current salaries. Plan contributions are maintained with earnings in a deferred account for each participant. At June 30, 2010, there were 14 active and 22 terminated plan participants. The total fair market value of plan assets for both groups of participants was approximately \$7,104,000. Contributions made by employees and the City totaled \$94,500 and \$299,600 respectively, for the fiscal year ended June 30, 2010.

All permanent, full-time employees that are not covered by one of the City's defined benefit retiree health care plans, are enrolled in a defined contribution post employment health care program which is administered by the Municipal Employees' Retirement System of Michigan. This program is defined in IRC Section 115 as a Governmental Integral Part Trust. After six months of employment, bi-weekly deposits are made into each employee's individual account in amounts determined by labor agreements or personnel policies. Following a 30 month phase-in period after initial employment, an employee's mandatory bi-weekly contribution will be \$38.46, which vests immediately. The employer's contribution steps up over the same time period until it reaches \$67.30 bi-weekly, which will vest after an eight or ten year period as specified in each labor agreement. Withdrawals from each employee's account are permitted at any time after separation from employment, but only for medical expense reimbursement to the former employee or legal dependants. At June 30, 2010, 445 employees were participating in this defined contribution retiree health care plan. For the fiscal year ended June 30, 2010, regular contributions made by employees and the employer totaled \$243,031 and \$665,934 respectively. Initial contributions totaling \$5,831,580 were made into employee accounts during the year to compensate existing employees for the actuarially determined value of future benefits they forfeited by no longer being participants in the defined benefit retiree health care plans described in Note 8.

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
General Fund

for the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 14,181,018	\$ 14,181,018	\$ 14,179,660	\$ (1,358)
City income taxes	47,991,972	46,884,570	50,549,128	3,664,558
State shared taxes	21,510,673	19,650,890	19,749,185	98,295
Licenses and permits	321,150	321,150	521,337	200,187
Fines and forfeitures	2,625,000	2,625,000	2,106,351	(518,649)
Federal grants	336,000	4,369,395	1,816,812	(2,552,583)
State grants	401,315	401,315	301,586	(99,729)
Other inter-governmental	282,338	282,338	341,888	59,550
Charges for services	12,625,003	12,844,003	12,820,348	(23,655)
Investment earnings	903,380	929,634	708,752	(220,882)
Miscellaneous	595,153	604,225	1,126,104	521,879
Total revenues	<u>101,773,002</u>	<u>103,093,538</u>	<u>104,221,151</u>	<u>1,127,613</u>
Expenditures:				
Current:				
General government	23,835,657	24,095,645	21,913,576	2,182,069
Public safety	73,139,419	73,554,031	70,731,673	2,822,358
Public works	5,742,734	5,695,741	5,294,345	401,396
Urban and community development	3,869,910	3,902,675	3,539,556	363,119
Debt service:				
Principal	277,139	277,139	277,139	-
Interest and paying agent fees	118,493	118,493	92,046	26,447
Total expenditures	<u>106,983,352</u>	<u>107,643,724</u>	<u>101,848,335</u>	<u>5,795,389</u>
Excess (deficit) of revenues over expenditures	<u>(5,210,350)</u>	<u>(4,550,186)</u>	<u>2,372,816</u>	<u>6,923,002</u>
Other financing sources (uses):				
Budgeted appropriation lapse for the fund	(3,871,672)	(2,388,893)	-	2,388,893
Transfers in	10,339,573	9,730,357	17,761,466	8,031,109
Transfers out	(10,474,087)	(11,351,488)	(11,095,410)	256,078
Sale of capital assets	-	-	3,388,142	3,388,142
Total other financing sources (uses)	<u>(4,006,186)</u>	<u>(4,010,024)</u>	<u>10,054,198</u>	<u>14,064,222</u>
Net change in fund balances	<u>(9,216,536)</u>	<u>(8,560,210)</u>	<u>12,427,014</u>	<u>20,987,224</u>
Fund balances - beginning	19,732,649	19,732,649	19,732,649	-
Current year change in inventory levels	-	-	84,694	84,694
Fund balances - ending	<u>\$ 10,516,113</u>	<u>\$ 11,172,439</u>	<u>\$ 32,244,357</u>	<u>\$ 21,071,918</u>

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Public Library

for the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 11,175,272	\$ 11,175,272	\$ 11,201,479	\$ 26,207
Intergovernmental	128,000	128,000	38,848	(89,152)
Fines and forfeitures	230,000	230,000	195,312	(34,688)
Other agencies grants	269,000	269,000	351,295	82,295
Charges for services	207,900	207,900	131,346	(76,554)
Investment earnings	147,000	147,000	142,143	(4,857)
Total revenues	<u>12,157,172</u>	<u>12,157,172</u>	<u>12,060,423</u>	<u>(96,749)</u>
Expenditures:				
Current:				
Culture and recreation	9,753,089	9,753,089	9,891,061	(137,972)
Debt service:				
Interest and paying agent fees	-	-	300	(300)
Capital outlay	<u>258,340</u>	<u>258,340</u>	<u>19,326</u>	<u>239,014</u>
Total expenditures	<u>10,011,429</u>	<u>10,011,429</u>	<u>9,910,687</u>	<u>100,742</u>
Excess of revenues over expenditures	<u>2,145,743</u>	<u>2,145,743</u>	<u>2,149,736</u>	<u>3,993</u>
Other financing sources (uses):				
Transfers out	<u>(2,096,261)</u>	<u>(2,096,261)</u>	<u>(2,095,961)</u>	<u>300</u>
Total other financing sources (uses)	<u>(2,096,261)</u>	<u>(2,096,261)</u>	<u>(2,095,961)</u>	<u>300</u>
Net change in fund balances	49,482	49,482	53,775	4,293
Fund balances - beginning	<u>4,755,637</u>	<u>4,755,637</u>	<u>4,755,637</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,805,119</u>	<u>\$ 4,805,119</u>	<u>\$ 4,809,412</u>	<u>\$ 4,293</u>

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Refuse

for the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 7,822,024	\$ 7,822,024	\$ 7,770,098	\$ (51,926)
Charges for services	5,605,373	5,605,373	4,544,944	(1,060,429)
Investment earnings	140,025	140,025	90,307	(49,718)
Total revenues	<u>13,567,422</u>	<u>13,567,422</u>	<u>12,405,349</u>	<u>(1,162,073)</u>
Expenditures:				
Current:				
Public works	13,767,773	13,718,887	12,580,520	1,138,367
Capital outlay	<u>128,000</u>	<u>128,000</u>	<u>-</u>	<u>128,000</u>
Total expenditures	<u>13,895,773</u>	<u>13,846,887</u>	<u>12,580,520</u>	<u>1,266,367</u>
Excess (deficit) of revenues over expenditures	<u>(328,351)</u>	<u>(279,465)</u>	<u>(175,171)</u>	<u>104,294</u>
Other financing sources (uses):				
Transfers out	<u>(279,870)</u>	<u>(279,870)</u>	<u>(279,870)</u>	<u>-</u>
Total other financing sources (uses)	<u>(279,870)</u>	<u>(279,870)</u>	<u>(279,870)</u>	<u>-</u>
Net change in fund balances	<u>(608,221)</u>	<u>(559,335)</u>	<u>(455,041)</u>	<u>104,294</u>
Fund balances - beginning	<u>3,262,396</u>	<u>3,262,396</u>	<u>3,262,396</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,654,175</u>	<u>\$ 2,703,061</u>	<u>\$ 2,807,355</u>	<u>\$ 104,294</u>

Note: Both budgeted and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Streets

for the year ended June 30, 2010

	Major Streets				Local Streets			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final			Original	Final		
Revenues:								
State shared taxes	\$ 10,492,307	\$ 10,492,307	9,935,595	\$ (556,712)	\$ 2,807,757	\$ 2,807,757	2,656,859	\$ (150,898)
Federal grants	-	-	288,605	288,605	-	-	-	-
Charges for services	1,787,200	1,787,200	2,395,544	608,344	17,500	17,500	7,488	(10,012)
Investment earnings	60,000	60,000	2	(59,998)	30,000	30,000	43,153	13,153
Miscellaneous	33,000	33,000	71,559	38,559	-	-	1,284	1,284
Total revenues	12,372,507	12,372,507	12,691,305	318,798	2,855,257	2,855,257	2,708,784	(146,473)
Expenditures:								
Current:								
Public works	9,796,356	9,750,377	8,342,415	1,407,962	6,348,095	7,416,878	4,318,997	3,097,881
Debt service:								
Principal	562,132	562,132	562,132	-	-	-	-	-
Interest and paying agent fees	493,253	493,253	493,720	(467)	-	-	-	-
Capital outlay:								
	31,500	31,500	12,849	18,651	37,000	37,000	695	36,305
Total expenditures	10,883,241	10,837,262	9,411,116	1,426,146	6,385,095	7,453,878	4,319,692	3,134,186
Excess (deficit) of revenues over expenditures	1,489,266	1,535,245	3,280,189	1,744,944	(3,529,838)	(4,598,621)	(1,610,908)	2,987,713
Other financing sources (uses):								
Transfers in	385,000	385,000	-	(385,000)	2,500,000	2,500,000	2,500,000	-
Transfers out	(4,351,841)	(4,382,543)	(4,382,543)	-	(145,566)	(153,066)	(153,066)	-
Total other financing sources (uses)	(3,966,841)	(3,997,543)	(4,382,543)	(385,000)	2,354,434	2,346,934	2,346,934	-
Net change in fund balances	(2,477,575)	(2,462,298)	(1,102,354)	1,359,944	(1,175,404)	(2,251,687)	736,026	2,987,713
Fund balances - beginning	4,380,007	4,337,728	5,218,334	880,606	1,546,085	338,421	3,464,505	3,126,084
Current year change in inventory levels	-	-	175,910	175,910	-	-	-	-
Fund balances - ending	\$ 1,902,432	\$ 1,875,430	\$ 4,291,890	\$ 2,416,460	\$ 370,681	\$ (1,913,266)	\$ 4,200,531	\$ 6,113,797

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

**City of Grand Rapids, Michigan
Schedules of Funding Progress**

Police and Fire Retirement Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
December 31, 2007	\$ 365,116,538	\$ 300,989,725	(64,126,813)	121%	32,857,305	0%
December 31, 2008 *	346,472,441	310,236,119	(36,236,322)	112%	33,004,358	0%
December 31, 2009	334,247,051	348,250,068	14,003,017	96%	33,490,487	42%

General Retirement Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Entry Age Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
June 30, 2007	\$ 391,693,895	\$ 368,873,096	\$ (22,820,799)	106%	\$ 52,426,527	0%
June 30, 2008	398,766,770	376,984,359	(21,782,411)	106%	49,970,419	0%
June 30, 2009	381,136,182	391,339,300	10,203,118	97%	51,808,141	20%

* Actuarial assumptions were changed in May, 2009.
These funding schedules were prepared using the individual entry-age cost method.

**City of Grand Rapids, Michigan
Schedules of Funding Progress
Defined Benefit Retiree Health Care Plans**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
General Retiree Plan						
June 30, 2007	\$ -	\$ 94,641,249	\$ 94,641,249	0%	\$ 53,191,642	178%
June 30, 2009	-	113,928,362	113,928,362	0%	36,445,037	313%
Police Retiree Plan						
June 30, 2007	\$ -	\$ 69,425,881	\$ 69,425,881	0%	\$ 21,754,032	319%
June 30, 2009	-	64,267,410	64,267,410	0%	15,929,689	403%
Fire Retiree Plan						
June 30, 2007	\$ -	\$ 36,963,257	\$ 36,963,257	0%	\$ 14,637,776	253%
June 30, 2009	-	44,488,777	44,488,777	0%	14,196,674	313%

These funding schedules are copied from the actuarial studies which are prepared biennially using the individual entry-age cost method.

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
General Government - Fiscal and Administrative:				
Executive Offices:				
Personal services	\$ 980,691	\$ 920,120	\$ 903,164	\$ 16,956
Supplies	6,950	6,950	6,181	769
Services and charges	353,578	352,011	307,910	44,101
	<u>1,341,219</u>	<u>1,279,081</u>	<u>1,217,255</u>	<u>61,826</u>
Human Resources:				
Personal services	1,110,371	1,110,371	1,053,332	57,039
Supplies	40,000	40,000	27,272	12,728
Services and charges	672,809	747,809	652,630	95,179
	<u>1,823,180</u>	<u>1,898,180</u>	<u>1,733,234</u>	<u>164,946</u>
Comptroller:				
Personal services	1,570,759	1,550,759	1,469,424	81,335
Supplies	34,338	54,338	41,210	13,128
Services and charges	838,552	838,552	782,468	56,084
Capital Outlay	-	28,640	5,895	22,745
	<u>2,443,649</u>	<u>2,472,289</u>	<u>2,298,997</u>	<u>173,292</u>
Treasurer:				
Personal services	1,342,855	1,339,632	1,230,272	109,360
Supplies	121,000	121,000	78,918	42,082
Services and charges	438,719	438,719	394,982	43,737
Capital Outlay	1,727	2,327	-	2,327
	<u>1,904,301</u>	<u>1,901,678</u>	<u>1,704,172</u>	<u>197,506</u>
Assessor:				
Personal services	1,517,669	1,519,120	1,476,729	42,391
Supplies	49,000	49,000	42,946	6,054
Services and charges	441,956	480,905	433,302	47,603
	<u>\$ 2,008,625</u>	<u>\$ 2,049,025</u>	<u>\$ 1,952,977</u>	<u>\$ 96,048</u>

continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fiscal services:				
Personal services	\$ 1,132,225	\$ 1,098,903	\$ 1,058,059	\$ 40,844
Supplies	23,868	24,968	7,926	17,042
Services and charges	577,838	649,810	590,990	58,820
	<u>1,733,931</u>	<u>1,773,681</u>	<u>1,656,975</u>	<u>116,706</u>
Income tax:				
Personal services	1,621,962	1,583,909	1,492,418	91,491
Supplies	153,785	153,785	136,449	17,336
Services and charges	469,251	579,251	545,237	34,014
Capital Outlay	50,000	50,000	18,729	31,271
	<u>2,294,998</u>	<u>2,366,945</u>	<u>2,192,833</u>	<u>174,112</u>
Attorney:				
Personal services	1,953,485	1,915,320	1,921,872	(6,552)
Supplies	36,450	36,450	35,267	1,183
Services and charges	384,500	384,500	336,555	47,945
Capital Outlay	8,000	8,000	-	8,000
	<u>2,382,435</u>	<u>2,344,270</u>	<u>2,293,694</u>	<u>50,576</u>
Clerk:				
Personal services	1,149,420	1,083,654	982,811	100,843
Supplies	112,700	112,700	94,888	17,812
Services and charges	415,364	415,364	337,423	77,941
Capital Outlay	18,238	18,238	-	18,238
	<u>1,695,722</u>	<u>1,629,956</u>	<u>1,415,122</u>	<u>214,834</u>
Management Services:				
Personal services	66,520	127,881	126,377	1,504
Supplies	2,000	2,000	1,120	880
Services and charges	120,276	119,593	75,059	44,534
	<u>\$ 188,796</u>	<u>\$ 249,474</u>	<u>\$ 202,556</u>	<u>\$ 46,918</u>

continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Diversity and Inclusion				
Personal services	\$ 580,263	\$ 637,505	\$ 649,129	\$ (11,624)
Supplies	7,800	7,800	6,281	1,519
Services and charges	146,415	147,765	118,229	29,536
	<u>734,478</u>	<u>793,070</u>	<u>773,639</u>	<u>19,431</u>
Total general government - fiscal and administrative	\$ 18,551,334	\$ 18,757,649	\$ 17,441,454	\$ 1,316,195
General purpose:				
General administration:				
Personal services	\$ 14,783	\$ 381,378	\$ 15,906	\$ 365,472
Supplies	10,590	10,590	-	10,590
Services and charges	5,258,950	4,946,028	4,456,216	489,812
Total general purpose	\$ 5,284,323	\$ 5,337,996	\$ 4,472,122	\$ 865,874
Total General Government	\$ 23,835,657	\$ 24,095,645	\$ 21,913,576	\$ 2,182,069
Public safety:				
Police:				
Personal services	\$ 40,048,823	\$ 40,925,039	\$ 38,898,743	\$ 2,026,296
Supplies	512,770	512,770	484,770	28,000
Services and charges	8,000,038	8,517,326	8,094,821	422,505
Capital Outlay	85,750	374,550	273,726	100,824
	<u>48,647,381</u>	<u>50,329,685</u>	<u>47,752,060</u>	<u>2,577,625</u>
Fire:				
Personal services	21,736,845	20,498,194	20,798,548	(300,354)
Supplies	270,004	275,004	223,178	51,826
Services and charges	2,109,447	2,110,947	1,796,612	314,335
Capital Outlay	375,742	340,201	161,275	178,926
	<u>24,492,038</u>	<u>23,224,346</u>	<u>22,979,613</u>	<u>244,733</u>
Total public safety	\$ 73,139,419	\$ 73,554,031	\$ 70,731,673	\$ 2,822,358

continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Public works:				
Traffic Safety:				
Personal services	\$ 975,945	\$ 945,654	\$ 1,130,512	\$ (184,858)
Supplies	468,277	468,277	473,633	(5,356)
Services and charges	2,394,094	2,469,094	2,096,276	372,818
Capital Outlay	23,000	23,000	73,439	(50,439)
	<u>3,861,316</u>	<u>3,906,025</u>	<u>3,773,860</u>	<u>132,165</u>
Air pollution/stormwater management:				
Personal services	465,590	366,932	388,620	(21,688)
Supplies	4,750	4,750	226	4,524
Services and charges	164,694	194,294	121,015	73,279
Capital Outlay	12,500	12,500	-	12,500
	<u>647,534</u>	<u>578,476</u>	<u>509,861</u>	<u>68,615</u>
Parking/government center ramp:				
Personal services	550,780	528,136	450,141	77,995
Supplies	14,000	14,000	15,703	(1,703)
Services and charges	669,104	669,104	544,780	124,324
	<u>1,233,884</u>	<u>1,211,240</u>	<u>1,010,624</u>	<u>200,616</u>
Total public works	\$ 5,742,734	\$ 5,695,741	\$ 5,294,345	\$ 401,396
Urban development:				
Planning:				
Personal services	\$ 1,078,507	\$ 964,260	\$ 974,827	\$ (10,567)
Supplies	41,500	41,500	34,490	7,010
Services and charges	350,252	350,252	206,691	143,561
	<u>1,470,259</u>	<u>1,356,012</u>	<u>1,216,008</u>	<u>140,004</u>

continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Economic Development:				
Personal services	\$ 99,089	\$ 90,726	\$ 89,273	\$ 1,453
Supplies	1,000	1,000	1,642	(642)
Services and charges	<u>106,027</u>	<u>106,027</u>	<u>79,178</u>	<u>26,849</u>
	<u>206,116</u>	<u>197,753</u>	<u>170,093</u>	<u>27,660</u>
Neighborhood Improvement:				
Personal services	1,635,986	1,306,304	1,304,583	1,721
Supplies	42,000	42,000	35,048	6,952
Services and charges	<u>515,549</u>	<u>590,549</u>	<u>503,900</u>	<u>86,649</u>
	<u>2,193,535</u>	<u>1,938,853</u>	<u>1,843,531</u>	<u>95,322</u>
Community Development:				
Personal services	-	33,904	37,818	(3,914)
Services and charges	<u>-</u>	<u>376,153</u>	<u>272,106</u>	<u>104,047</u>
	<u>-</u>	<u>410,057</u>	<u>309,924</u>	<u>100,133</u>
Total urban development	\$ 3,869,910	\$ 3,902,675	\$ 3,539,556	\$ 363,119
Debt Service				
Principal	\$ 277,139	\$ 277,139	\$ 277,139	\$ -
Interest	<u>118,493</u>	<u>118,493</u>	<u>92,046</u>	<u>26,447</u>
Total debt service	\$ 395,632	\$ 395,632	\$ 369,185	\$ 26,447
Budgeted Appropriation Lapse within Fund	<u>(3,871,672)</u>	<u>(2,388,893)</u>	<u>-</u>	<u>(2,388,893)</u>
Total expenditures	\$ 103,111,680	\$ 105,254,831	\$ 101,848,335	\$ 3,406,496

* The legal level of budgetary control is the department level. No department had expenditures in excess of appropriations.

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures Street Fund
for the year ended June 30, 2010

	Major Streets				Local Streets			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
Traffic Safety:								
Personal services	\$ 2,442,927	\$ 2,408,404	\$ 1,881,614	\$ 526,790	\$ 7,800	\$ 7,800	\$ 215,125	\$ (207,325)
Supplies	640,500	640,500	757,516	(117,016)	35,000	35,000	2,353	32,647
Services and charges	1,031,367	1,008,165	1,020,122	(11,957)	58,367	58,367	11,504	46,863
Capital Outlay	20,000	20,000	12,849	7,151	-	-	-	-
	<u>4,134,794</u>	<u>4,077,069</u>	<u>3,672,101</u>	<u>404,968</u>	<u>101,167</u>	<u>101,167</u>	<u>228,982</u>	<u>(127,815)</u>
Streets & Sanitation:								
Personal services	1,802,124	1,781,369	1,082,384	698,985	2,110,125	2,086,408	1,879,063	207,345
Supplies	1,151,955	1,151,956	786,145	365,811	1,658,821	2,158,821	864,554	1,294,267
Services and charges	2,546,687	2,579,187	2,631,765	(52,578)	2,125,894	2,718,394	995,497	1,722,897
Capital Outlay	11,500	11,500	-	11,500	37,000	37,000	695	36,305
	<u>5,512,266</u>	<u>5,524,012</u>	<u>4,500,294</u>	<u>1,023,718</u>	<u>5,931,840</u>	<u>7,000,623</u>	<u>3,739,809</u>	<u>3,260,814</u>
Environmental Protection:								
Personal services	76,642	76,642	110,325	(33,683)	157,222	157,222	215,729	(58,507)
Supplies	17,228	17,228	4,298	12,930	31,994	31,994	5,952	26,042
Services and charges	86,926	86,926	68,246	18,680	162,872	162,872	129,220	33,652
	<u>180,796</u>	<u>180,796</u>	<u>182,869</u>	<u>(2,073)</u>	<u>352,088</u>	<u>352,088</u>	<u>350,901</u>	<u>1,187</u>
Total fund	\$ 9,827,856	\$ 9,781,877	\$ 8,355,264	\$ 1,426,613	\$ 6,385,095	\$ 7,453,878	\$ 4,319,692	\$ 3,134,186
Debt Service								
Principal	\$ 562,132	\$ 562,132	\$ 562,132	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	493,253	493,253	493,720	(467)	-	-	-	-
Total debt service	\$ 1,055,385	\$ 1,055,385	\$ 1,055,852	\$ (467)	-	-	-	-
Budgeted Appropriation Lapse within	-	-	-	-	-	-	-	-
Total expenditures	\$ 10,883,241	\$ 10,837,262	\$ 9,411,116	\$ 1,426,146	\$ 6,385,095	\$ 7,453,878	\$ 4,319,692	\$ 3,134,186

Note: Both budgets and actual figures are prepared in accordance with generally accepted accounting principles.

City of Grand Rapids, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

Special Revenue Funds

	Michigan Justice Grants	Vehicle Storage Training	Parks & Recreation Facility	Neighborhood Business Improvement	Building Inspections	DNR Properties	Sidewalk Repair	
ASSETS								
Equity in pooled cash and investments	\$ 558,508	\$ 192,340	\$ 180,369	\$ 222,670	\$ 1,442,414	\$ 2,798,008	\$ 116,441	\$ 660,323
Receivables, net	-	85	-	397,920	4,988	8,193	-	47,530
Inventories	-	-	-	-	-	-	-	-
Due from other governmental units	1,682,730	-	-	-	-	59,236	-	-
Total assets	\$ 2,241,238	\$ 192,425	\$ 180,369	\$ 620,590	\$ 1,447,402	\$ 2,865,437	\$ 116,441	\$ 707,853
LIABILITIES AND FUND BALANCES								
Liabilities								
Vouchers and accounts payable	\$ 1,128,104	\$ -	\$ 32,662	\$ 111,308	\$ 632	\$ 52,919	\$ 18	\$ 127,089
Due to other governmental units	1,858	-	350	131,856	-	10,818	-	9,946
Deferred revenues	65,872	-	-	-	-	-	-	-
Customer deposits	-	-	-	30,356	-	-	-	-
Total liabilities	1,195,834	-	33,012	273,520	632	63,737	18	137,035
Fund balances:								
Reserved for:								
Perpetual Care	-	-	-	-	-	-	-	-
Trust Principal	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Encumbrances	1,045,404	85	819	41,844	-	435	-	7,668
Unreserved:								
Debt service	-	-	-	-	-	-	-	-
Designated for ensuing year budget	-	-	-	-	164,096	272,071	469	22,818
Designated for compensated absences	-	-	20,055	239,179	25,190	162,628	-	42,030
Undesignated	-	192,340	126,483	66,047	1,257,484	2,366,566	115,954	498,302
Total fund balances	1,045,404	192,425	147,357	347,070	1,446,770	2,801,700	116,423	570,818
Total liabilities and fund balances	\$ 2,241,238	\$ 192,425	\$ 180,369	\$ 620,590	\$ 1,447,402	\$ 2,865,437	\$ 116,441	\$ 707,853

City of Grand Rapids, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	<u>Special Revenue Funds</u>				<u>Debt Service Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Law</u>	<u>General</u>	<u>Economic</u>	<u>Downtown</u>	<u>Grand Rapids</u>	<u>Cemeteries</u>	
	<u>Enforcement</u>	<u>Special</u>	<u>Development</u>	<u>Improvement</u>			
			<u>District</u>	<u>Building Authority</u>	<u>Perpetual Care</u>		
ASSETS							
Equity in pooled cash and investments	\$ 1,949,054	\$ 185,708	\$ 617,242	\$ 400,604	\$ 1,298,148	\$ 3,808,445	\$ 14,430,274
Receivables, net	3,217	-	1,556	356	-	15,476	479,321
Inventories	-	-	-	-	-	18,690	18,690
Due from other governmental units	12,430	-	-	-	-	-	1,754,396
Total assets	\$ 1,964,701	\$ 185,708	\$ 618,798	\$ 400,960	\$ 1,298,148	\$ 3,842,611	\$ 16,682,681
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers and accounts payable	\$ 33,488	\$ 698	\$ -	\$ 159,695	\$ -	\$ -	\$ 1,646,613
Due to other governmental units	-	-	-	-	-	-	154,828
Deferred revenues	-	-	-	-	-	-	65,872
Customer deposits	-	-	-	-	-	-	30,356
Total liabilities	33,488	698	-	159,695	-	-	1,897,669
Fund balances:							
Reserved for:							
Perpetual Care	-	-	-	-	-	2,736,794	2,736,794
Trust Principal	-	25,000	-	-	-	-	25,000
Inventories	-	-	-	-	-	18,690	18,690
Encumbrances	2,175	-	171	-	-	-	1,098,601
Unreserved:							
Debt service	-	-	-	-	1,298,148	-	1,298,148
Designated for ensuing year budget	35,109	-	-	13,325	-	-	507,888
Designated for compensated absences	20,716	-	14,266	-	-	-	524,064
Undesignated	1,873,213	160,010	604,361	227,940	-	1,087,127	8,575,827
Total fund balances	1,931,213	185,010	618,798	241,265	1,298,148	3,842,611	14,785,012
Total liabilities and fund balances	\$ 1,964,701	\$ 185,708	\$ 618,798	\$ 400,960	\$ 1,298,148	\$ 3,842,611	\$ 16,682,681

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2010

	Special Revenue Funds								
	Grants	Michigan Justice Training	Vehicle Storage Facility	Parks & Recreation	Neighborhood Business Improvement	Building Inspections	DNR Properties	Sidewalk Repair	Budget Stabilization
Revenues:									
Licenses and permits	\$ -	\$ -	\$ -	-	\$ 1,425	\$ 2,131,385	\$ -	\$ 543,535	\$ -
Federal grants	11,937,862	-	-	40,000	-	-	-	-	-
State grants	196,939	65,049	-	-	-	-	-	-	-
Other grants and contributions	613,907	-	-	112,769	-	-	-	-	-
Charges for services	1,180,429	-	514,096	2,501,756	56,631	129,468	-	871,370	-
Investment Earnings	31,330	1,616	1,857	-	12,456	36,950	2,092	6,414	-
Miscellaneous	21,633	22,610	-	14,395	-	-	2,100	-	-
Total revenues	13,982,100	89,275	515,953	2,668,920	70,512	2,297,803	4,192	1,421,319	-
Expenditures:									
Current:									
Public safety	-	57,073	485,157	-	-	-	-	-	-
Culture and recreation	-	-	-	6,923,654	-	-	-	-	-
Urban and community development	13,628,994	-	-	-	151,175	2,765,934	34,095	1,218,555	-
Debt service:									
Principal	-	-	-	-	-	-	-	-	-
Interest and paying agent fees	-	-	-	-	19,759	-	-	-	-
Capital outlay	-	-	-	-	1,261	-	-	-	-
Total expenditures	13,628,994	57,073	485,157	6,923,654	172,195	2,765,934	34,095	1,218,555	-
Excess (deficiency) of revenues over expenditures	353,106	32,202	30,796	(4,254,734)	(101,683)	(468,131)	(29,903)	202,764	-
Other financing sources (uses):									
Transfers in	201,943	-	-	5,161,908	-	392,233	-	-	-
Transfers out	(302,931)	-	(352,835)	(560,104)	(12,086)	(214,506)	(13,988)	(49,998)	(500,000)
Sale of capital assets	-	-	-	-	451,250	-	-	-	-
Face value of bonds and contracts issued	-	-	-	-	635,000	-	-	-	-
Total other financing sources (uses)	(100,988)	-	(352,835)	4,601,804	1,074,164	177,727	(13,988)	(49,998)	(500,000)
Net change in fund balances	252,118	32,202	(322,039)	347,070	972,481	(290,404)	(43,891)	152,766	(500,000)
Fund balances - beginning	793,286	160,223	469,396	-	474,289	3,092,104	160,314	418,052	500,000
Fund balances - ending	\$ 1,045,404	\$ 192,425	\$ 147,357	\$ 347,070	\$ 1,446,770	\$ 2,801,700	\$ 116,423	\$ 570,818	\$ -

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2010

	Special Revenue Funds				Debt Service Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Drug Law Enforcement	General Special Revenue	Economic Development	Downtown Improvement District	Grand Rapids Building Authority	Public Act 175	Cemeteries Perpetual Care	
Revenues:								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,676,345
Federal grants	39,906	-	-	-	-	-	-	12,017,768
State grants	-	-	-	-	-	-	-	261,988
Other grants and contributions	-	-	-	-	-	-	-	726,676
Charges for services	1,412,958	2,717	47,190	760,085	-	-	34,622	7,511,322
Investment Earnings	23,595	1,756	10,420	6,062	33,497	-	64,076	232,121
Miscellaneous	24,660	22,076	776	-	-	-	-	108,250
Total revenues	1,501,119	26,549	58,386	766,147	33,497	-	98,698	23,534,470
Expenditures:								
Current:								
Public safety	836,832	-	-	-	-	-	-	1,379,062
Culture and recreation	-	5,239	-	-	-	-	-	6,928,893
Urban and community development	-	-	53,359	693,652	-	-	-	18,545,764
Debt service:								
Principal	-	-	-	-	4,336,111	1,010,000	-	5,346,111
Interest and paying agent fees	-	-	-	-	3,241,704	331,065	-	3,592,528
Capital outlay	-	-	-	-	-	-	-	1,261
Total expenditures	836,832	5,239	53,359	693,652	7,577,815	1,341,065	-	35,793,619
Excess (deficiency) of revenues over expenditures	664,287	21,310	5,027	72,495	(7,544,318)	(1,341,065)	98,698	(12,259,149)
Other financing sources (uses):								
Transfers in	425	-	-	-	7,625,895	1,341,065	83,732	14,807,201
Transfers out	-	-	-	-	-	-	(84,165)	(2,090,613)
Sale of capital assets	-	-	-	-	-	-	-	451,250
Face value of bonds and contracts issued	-	-	-	-	-	-	-	635,000
Total other financing sources (uses)	425	-	-	-	7,625,895	1,341,065	(433)	13,802,838
Net change in fund balances	664,712	21,310	5,027	72,495	81,577	-	98,265	1,543,689
Fund balances - beginning	1,266,501	163,700	613,771	168,770	1,216,571	-	3,744,346	13,241,323
Fund balances - ending	\$ 1,931,213	\$ 185,010	\$ 618,798	\$ 241,265	\$ 1,298,148	\$ -	\$ 3,842,611	\$ 14,785,012

City of Grand Rapids
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget to Actual
Non-major Governmental Funds
for the year ended June 30, 2010

	Budget				Actual				
	Revenues	Expenditures	Other Financing Sources (uses)	Net	Revenues	Expenditures	Other Financing Sources (uses)	Net	Net Variance
Grants	\$ 57,278,567	\$ 58,473,833	\$ (204,238)	\$ (1,399,504)	\$ 13,982,100	\$ 13,628,994	\$ (100,988)	\$ 252,118	\$ 1,651,622
Michigan Justice Training	81,800	80,000	-	1,800	89,275	57,073	-	32,202	30,402
Vehicle Storage Facility	692,068	558,875	(352,835)	(219,642)	515,953	485,157	(352,835)	(322,039)	(102,397)
Parks & Recreation	2,794,320	7,194,678	4,485,855	85,497	2,668,920	6,923,654	4,601,804	347,070	261,573
Neighborhood Business Improvement	98,001	1,009,735	1,103,289	191,555	70,512	172,195	1,074,164	972,481	780,926
Building Inspections	2,303,912	3,728,319	177,727	(1,246,680)	2,297,803	2,765,934	177,727	(290,404)	956,276
DNR Properties	36,000	60,250	13,988	(10,262)	4,192	34,095	(13,988)	(43,891)	(33,629)
Sidewalk Repair	1,350,700	1,447,770	(49,998)	(147,068)	1,421,319	1,218,555	(49,998)	152,766	299,834
Budget Stabilization	-	-	(500,000)	(500,000)	-	-	(500,000)	(500,000)	-
Drug Law Enforcement	681,807	683,508	-	(1,701)	1,501,119	836,832	425	664,712	666,413
General Special Revenue	-	-	-	-	26,549	5,239	-	21,310	21,310
Economic Development	-	-	-	-	58,386	53,359	-	5,027	5,027
Downtown Improvement District	835,846	860,846	-	(25,000)	766,147	693,652	-	72,495	97,495
Total	\$ 66,153,021	\$ 74,097,814	\$ 4,673,788	\$ (3,271,005)	\$ 23,402,275	\$ 26,874,739	\$ 4,836,311	\$ 1,363,847	\$ 4,634,852

Note: Both budgeted and actual figures are prepared in conformity with generally accepted accounting principles.

City of Grand Rapids, Michigan
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2010

	<u>Cemeteries Operating</u>	<u>Belknap Ice Arena</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 324,591	\$ 587,478	\$ 912,069
Receivables, net	95,997	32,856	128,853
Inventory	17,286	-	17,286
Total current assets	<u>437,874</u>	<u>620,334</u>	<u>1,058,208</u>
Noncurrent assets:			
Other assets	215,430	-	215,430
Capital assets:			
Non-depreciable	5,255	-	5,255
Depreciable	1,397,305	3,680,719	5,078,024
Less accumulated depreciation	<u>(1,140,246)</u>	<u>(2,311,232)</u>	<u>(3,451,478)</u>
Total noncurrent assets	<u>477,744</u>	<u>1,369,487</u>	<u>1,847,231</u>
Total assets	<u>\$ 915,618</u>	<u>\$ 1,989,821</u>	<u>\$ 2,905,439</u>
LIABILITIES			
Current liabilities:			
Vouchers and accounts payable	\$ 74,112	\$ 135,184	\$ 209,296
Accrual for compensated absences	38,308	-	38,308
Total current liabilities	<u>112,420</u>	<u>135,184</u>	<u>247,604</u>
Noncurrent liabilities (net of portion due within 1 year):			
Compensated absences	20,628	-	20,628
Net OPEB Obligation	27,828	-	27,828
Total noncurrent liabilities	<u>48,456</u>	<u>-</u>	<u>48,456</u>
Total liabilities	<u>160,876</u>	<u>135,184</u>	<u>296,060</u>
NET ASSETS			
Invested in capital assets net of related debt	477,744	1,369,487	1,847,231
Unrestricted	276,998	485,150	762,148
Total net assets	<u>754,742</u>	<u>1,854,637</u>	<u>2,609,379</u>
Total liabilities and net assets	<u>\$ 915,618</u>	<u>\$ 1,989,821</u>	<u>\$ 2,905,439</u>

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenses and Changes in Net Assets
Nonmajor Enterprise Funds
for the year ended June 30, 2010

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Operating revenues:			
Charges for services	\$ 747,175	\$ 729,273	\$ 1,476,448
Sales	293,432	58,488	351,920
Total operating revenues	<u>1,040,607</u>	<u>787,761</u>	<u>1,828,368</u>
Operating expenses:			
Personal services	944,996	224,380	1,169,376
Supplies and materials	364,892	28,121	393,013
Utilities	58,859	120,015	178,874
Contractual services	43,094	191,880	234,974
Other services and charges	22,971	121,510	144,481
Depreciation	33,129	160,151	193,280
Total operating expenses	<u>1,467,941</u>	<u>846,057</u>	<u>2,313,998</u>
Operating Loss	<u>(427,334)</u>	<u>(58,296)</u>	<u>(485,630)</u>
Nonoperating revenues:			
Interest revenue	939	3,812	4,751
Total nonoperating revenues	<u>939</u>	<u>3,812</u>	<u>4,751</u>
Loss before transfers	(426,395)	(54,484)	(480,879)
Transfers in	770,495	-	770,495
Transfers out	<u>(407,970)</u>	<u>-</u>	<u>(407,970)</u>
Change in net assets	(63,870)	(54,484)	(118,354)
Total net assets - beginning	818,612	1,909,121	2,727,733
Total net assets - ending	<u>\$ 754,742</u>	<u>\$ 1,854,637</u>	<u>\$ 2,609,379</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
for the year ended June 30, 2010

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 1,065,974	\$ 788,651	\$ 1,854,625
Payments to suppliers	(460,344)	(531,583)	(991,927)
Payments to employees	(707,339)	(195,604)	(902,943)
Payments for payroll taxes and benefits	(292,749)	(28,776)	(321,525)
Net cash provided (used) by operating activities	<u>(394,458)</u>	<u>32,688</u>	<u>(361,770)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	770,495	-	770,495
Transfers to other funds	(407,970)	-	(407,970)
Net cash provided by noncapital financing activities	<u>362,525</u>	<u>-</u>	<u>362,525</u>
Cash flows from capital and related financing activities:			
Sale of assets	3,430	-	3,430
Net cash provided by capital and related financing activities	<u>3,430</u>	<u>-</u>	<u>3,430</u>
Cash flows from investing activities:			
Interest received	939	3,812	4,751
Net increase (decrease) in equity in pooled cash and investments	(27,564)	36,500	8,936
Equity in pooled cash and investments, beginning	<u>352,155</u>	<u>550,978</u>	<u>903,133</u>
Equity in pooled cash and investments, ending	<u>324,591</u>	<u>587,478</u>	<u>912,069</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating Loss	(427,334)	(58,296)	(485,630)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	33,129	160,151	193,280
Change in assets and liabilities:			
Decrease in accounts receivable	6,304	890	7,194
Decrease in due from other funds	1,156	-	1,156
Decrease in inventory	17,907	-	17,907
Increase (decrease) in vouchers and accounts payable	29,472	(70,057)	(40,585)
Decrease in compensated absences	(31,680)	-	(31,680)
Decrease in Net OPEB Obligation	(23,412)	-	(23,412)
Total adjustments	<u>32,876</u>	<u>90,984</u>	<u>123,860</u>
Net cash provided (used) by operating activities	<u>\$ (394,458)</u>	<u>\$ 32,688</u>	<u>\$ (361,770)</u>

City of Grand Rapids, Michigan
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	Total Internal Service Funds
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$ 5,430,859	\$ 7,254,883	\$ 1,880,127	\$ 21,235,662	\$ 2,121,263	\$ 37,922,794
Receivables, net	38,508	53,215	221,985	414,525	274,810	1,003,043
Due from other governmental units	-	-	194,771	-	-	194,771
Inventory	-	663,488	-	-	-	663,488
Funds held by trustee	423,695	-	-	1,819,806	-	2,243,501
Deferred expenses	95,019	125,859	-	192,094	-	412,972
Total current assets	<u>5,988,081</u>	<u>8,097,445</u>	<u>2,296,883</u>	<u>23,662,087</u>	<u>2,396,073</u>	<u>42,440,569</u>
Noncurrent assets:						
Capital assets:						
Non-depreciable	21,000	-	-	-	-	21,000
Depreciable	12,372,907	38,084,991	-	-	-	50,457,898
Less accumulated depreciation	(7,116,594)	(29,969,275)	-	-	-	(37,085,869)
Total noncurrent assets	<u>5,277,313</u>	<u>8,115,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,393,029</u>
Total assets	<u>\$ 11,265,394</u>	<u>\$ 16,213,161</u>	<u>\$ 2,296,883</u>	<u>\$ 23,662,087</u>	<u>\$ 2,396,073</u>	<u>\$ 55,833,598</u>
LIABILITIES						
Current liabilities:						
Vouchers and accounts payable	\$ 578,129	\$ 802,483	\$ 179,724	\$ 1,230,252	\$ 18,340	\$ 2,808,928
Accrued interest payable	4,884	43,703	-	-	-	48,587
Unearned revenues	-	-	5,388	96,502	-	101,890
Health insurance claims payable	-	-	-	2,605,800	-	2,605,800
Current portion of general claims payable	-	-	-	2,126,600	-	2,126,600
Current maturities of bonds & contracts payable	468,000	1,795,147	-	-	-	2,263,147
Current workers' compensation liability	-	-	-	272,900	-	272,900
Compensated absences	57,353	261,668	150,890	30,134	459,285	959,330
Total current liabilities	<u>1,108,366</u>	<u>2,903,001</u>	<u>336,002</u>	<u>6,362,188</u>	<u>477,625</u>	<u>11,187,182</u>
Noncurrent liabilities (net of current portion):						
Bonds Payable	265,000	3,675,000	-	-	-	3,940,000
Contracts and notes payable	419,000	1,701,916	-	-	-	2,120,916
General claims payable	-	-	-	275,000	-	275,000
Bond premium	16,502	38,500	-	-	-	55,002
Workers compensation liability	-	-	-	1,068,600	-	1,068,600
Net OPEB Obligation	12,585	78,068	37,432	99,883	122,009	349,977
Total noncurrent liabilities	<u>713,087</u>	<u>5,493,484</u>	<u>37,432</u>	<u>1,443,483</u>	<u>122,009</u>	<u>7,809,495</u>
Total liabilities	<u>1,821,453</u>	<u>8,396,485</u>	<u>373,434</u>	<u>7,805,671</u>	<u>599,634</u>	<u>18,996,677</u>
NET ASSETS						
Invested in capital assets net of related debt	4,854,335	2,591,490	-	-	-	7,445,825
Unrestricted	4,589,606	5,225,186	1,923,449	15,856,416	1,796,439	29,391,096
Total net assets	<u>9,443,941</u>	<u>7,816,676</u>	<u>1,923,449</u>	<u>15,856,416</u>	<u>1,796,439</u>	<u>36,836,921</u>
Total liabilities and net assets	<u>\$ 11,265,394</u>	<u>\$ 16,213,161</u>	<u>\$ 2,296,883</u>	<u>\$ 23,662,087</u>	<u>\$ 2,396,073</u>	<u>\$ 55,833,598</u>

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
for the year ended June 30, 2010

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	Total Internal Service Funds
Operating revenues:						
Charges for services	\$ 8,509,427	\$ 10,713,367	\$ 4,640,109	\$ 25,478,120	\$ 5,085,073	\$ 54,426,096
Miscellaneous	44	45,633	217,535	677	315	264,204
Total operating revenues	<u>8,509,471</u>	<u>10,759,000</u>	<u>4,857,644</u>	<u>25,478,797</u>	<u>5,085,388</u>	<u>54,690,300</u>
Operating expenses:						
Personal services	528,137	2,449,059	1,092,560	428,546	3,517,316	8,015,618
Supplies and materials	620,596	2,765,653	471,273	-	77,758	3,935,280
Utilities	199,558	78,553	1,310,371	2,473	22,847	1,613,802
Contractual services	3,336,970	18,625	-	909,313	40,409	4,305,317
Other services and charges	1,376,914	408,576	1,071,994	21,703,772	576,922	25,138,178
Depreciation	1,207,992	3,054,197	-	-	-	4,262,189
Total operating expenses	<u>7,270,167</u>	<u>8,774,663</u>	<u>3,946,198</u>	<u>23,044,104</u>	<u>4,235,252</u>	<u>47,270,384</u>
Operating income	<u>1,239,304</u>	<u>1,984,337</u>	<u>911,446</u>	<u>2,434,693</u>	<u>850,136</u>	<u>7,419,916</u>
Nonoperating revenues (expenses):						
Interest revenue	67,941	95,126	18,635	446,799	16,659	645,160
Gain on sale of capital assets	-	69,183	-	-	-	69,183
Interest expense and paying agent fees	(47,069)	(255,477)	-	-	-	(302,546)
Total nonoperating revenues (expenses)	<u>20,872</u>	<u>(91,168)</u>	<u>18,635</u>	<u>446,799</u>	<u>16,659</u>	<u>411,797</u>
Income (loss) before transfers	1,260,176	1,893,169	930,081	2,881,492	866,795	7,831,713
Transfers out	(365,515)	(505,809)	(494,913)	(276,185)	(407,608)	(2,050,030)
Change in net assets	894,661	1,387,360	435,168	2,605,307	459,187	5,781,683
Total net assets - beginning	<u>8,549,280</u>	<u>6,429,316</u>	<u>1,488,281</u>	<u>13,251,109</u>	<u>1,337,252</u>	<u>31,055,238</u>
Total net assets - ending	<u>\$ 9,443,941</u>	<u>\$ 7,816,676</u>	<u>\$ 1,923,449</u>	<u>\$ 15,856,416</u>	<u>\$ 1,796,439</u>	<u>\$ 36,836,921</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2010

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	Total Internal Service Funds
Cash flows from operating activities:						
Receipts from customers	\$ 8,476,987	\$ 10,682,135	\$ 4,335,809	\$ 25,745,927	\$ 4,859,814	\$ 54,100,672
Payments to suppliers	(5,564,126)	(2,705,649)	(3,023,674)	(27,748,801)	(705,090)	(39,747,340)
Payments to employees	(413,800)	(1,655,815)	(753,166)	(288,449)	(2,472,481)	(5,583,711)
Payments for payroll taxes and benefits	(183,984)	(867,269)	(377,312)	(160,702)	(1,180,770)	(2,770,037)
Other operating revenues	44	45,633	217,535	677	315	264,204
Net cash provided (used) by operating activities	<u>2,315,121</u>	<u>5,499,035</u>	<u>399,192</u>	<u>(2,451,348)</u>	<u>501,788</u>	<u>6,263,788</u>
Cash flows from noncapital financing activities:						
Transfers to other funds	(365,515)	(505,809)	(494,913)	(276,185)	(407,608)	(2,050,030)
Net cash used by noncapital financing activities	<u>(365,515)</u>	<u>(505,809)</u>	<u>(494,913)</u>	<u>(276,185)</u>	<u>(407,608)</u>	<u>(2,050,030)</u>
Cash flows from capital and related financing activities:						
Proceeds from capital debt	321,828	4,149,560	-	-	-	4,471,388
Purchase of capital assets	(1,167,890)	(1,676,153)	-	-	-	(2,844,043)
Sale of capital assets	-	81,315	-	-	-	81,315
Principal paid on capital debt	(388,000)	(1,614,861)	-	-	-	(2,002,861)
Interest paid on capital debt	(43,471)	(216,030)	-	-	-	(259,501)
Net cash provided (used) by capital and related financing activities	<u>(1,277,533)</u>	<u>723,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(553,702)</u>
Cash flows from investing activities:						
Interest received	65,308	95,126	18,635	446,799	16,659	642,527
Net increase (decrease) in equity in pooled cash and investments	737,381	5,812,183	(77,086)	(2,280,734)	110,839	4,302,583
Equity in pooled cash and investments - beginning of year	5,117,173	1,442,700	1,957,213	25,336,202	2,010,424	35,863,712
Equity in pooled cash and investments - end of year (including restricted cash held by trustee: \$423,695 in Information Technology and \$1,819,806 in Insurance Payment fund)	<u>\$ 5,854,554</u>	<u>\$ 7,254,883</u>	<u>\$ 1,880,127</u>	<u>\$ 23,055,468</u>	<u>\$ 2,121,263</u>	<u>\$ 40,166,295</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2010

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	Total Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income	\$ 1,239,304	\$ 1,984,337	\$ 911,446	\$ 2,434,693	\$ 850,136	\$ 7,419,916
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	1,207,992	3,054,197	-	-	-	4,262,189
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(32,440)	(48,676)	(118,192)	171,305	(232,747)	(260,750)
Increase in intergovernmental receivables	-	-	(194,771)	-	-	(194,771)
Decrease in due from other funds	-	4,866	3,275	-	7,488	15,629
Decrease in inventory	-	12,578	-	-	-	12,578
Increase in deferred expenses	(63,857)	-	-	(192,094)	-	(255,951)
Increase (decrease) in vouchers and accounts payable	37,792	565,758	(170,036)	(2,065,320)	12,846	(1,618,960)
Decrease in due to other funds	(4,023)	-	-	(97,035)	-	(101,058)
Decrease in due to component units	-	-	-	(15,909)	-	(15,909)
Increase in deferred revenues	-	-	5,388	96,502	-	101,890
Increase (decrease) in compensated absences	(49,491)	9,487	(1,952)	(74)	(14,127)	(56,157)
Decrease in Net OPEB Obligation	(20,156)	(83,512)	(35,966)	(20,531)	(121,808)	(281,973)
Decrease in general claims payable	-	-	-	(2,762,885)	-	(2,762,885)
Total adjustments	<u>1,075,817</u>	<u>3,514,698</u>	<u>(512,254)</u>	<u>(4,886,041)</u>	<u>(348,348)</u>	<u>(1,156,128)</u>
Net cash provided (used) by operating activities	<u>\$ 2,315,121</u>	<u>\$ 5,499,035</u>	<u>\$ 399,192</u>	<u>\$ (2,451,348)</u>	<u>\$ 501,788</u>	<u>\$ 6,263,788</u>

City of Grand Rapids, Michigan
Combining Statement of Fiduciary Net Assets
Employee Benefit Trust Funds

	Retirement System		Health Care Trust		Total Employee Benefit Trust Funds
	Police and Fire	General	General Retiree	Police Retiree	
	<i>December 31, 2009</i>	<i>June 30, 2010</i>	<i>June 30, 2010</i>	<i>June 30, 2010</i>	
<i>as of:</i>					
ASSETS					
Equity in pooled cash and investments	\$ -	\$ -	\$ 1,293,254	\$ 383,439	\$ 1,676,693
Investments held by trustee:					
Cash and money market funds	5,025,051	4,136,664			9,161,715
United States Government Securities	14,917,619	19,818,988			34,736,607
State and municipal bonds	93,715	82,933			176,648
Corporate bonds	49,481,348	58,875,391			108,356,739
Common stocks and equity mutual funds	183,163,228	188,748,003			371,911,231
Asset-backed securities	11,067,715	12,919,060			23,986,775
Other	14,590,715	15,556,399	98,126	9,812	30,255,052
Collateral held by broker under securities lending	17,755,844	20,748,327			38,504,171
Collateral deficiency on securities lending agreement	(41,373)	6,166			(35,207)
Receivables, net:					
Investment securities sold	758,279	-			758,279
Other accounts	202,917	324,714	3,585	46	531,262
Accrued interest	618,334	706,972	2,507	-	1,327,813
Total assets	<u>\$ 297,633,392</u>	<u>\$ 321,923,617</u>	<u>\$ 1,397,472</u>	<u>\$ 393,297</u>	<u>\$ 621,347,778</u>
LIABILITIES					
Compensated absences	\$ 12,701	\$ 7,659	\$ -	\$ -	20,360
Investment securities purchased	506,399	67,680			574,079
Vouchers and accounts payable	283,663	331,676	372,751	91,967	1,080,057
Due to other funds	2,811	10,945	-	200,000	213,756
Deferred Revenue			2,255	259	2,514
Liabilities under security lending program	17,755,844	20,748,327	-	-	38,504,171
Total liabilities	<u>18,561,418</u>	<u>21,166,287</u>	<u>375,006</u>	<u>292,226</u>	<u>40,394,937</u>
NET ASSETS					
Held in trust for pension benefits and other purposes	279,071,974	300,757,330	1,022,466	101,071	580,952,841
Total liabilities and net assets	<u>\$ 297,633,392</u>	<u>\$ 321,923,617</u>	<u>\$ 1,397,472</u>	<u>\$ 393,297</u>	<u>\$ 621,347,778</u>

City of Grand Rapids, Michigan
Combining Statement of Changes in Net Assets
Employee Benefit Trust Funds

	<u>Pension Trust Funds</u>		<u>Retiree Health Care Trust Funds</u>		<u>Total Pension Trust Funds</u>
	<u>Police and Fire Retirement System</u>	<u>General Retirement System</u>	<u>General Employee</u>	<u>Police</u>	
	<i>December 31, 2009</i>	<i>June 30, 2010</i>	<i>June 30, 2010</i>	<i>June 30, 2010</i>	
<i>for the year ended:</i>					
ADDITIONS					
Plan Contributions:					
Employer	\$ -	\$ 4,708,020	\$ 7,715,663	\$ 2,748,282	\$ 15,171,965
Plan members	1,602,503	2,817,993	1,295	1,036	4,422,827
Total contributions	<u>1,602,503</u>	<u>7,526,013</u>	<u>7,716,958</u>	<u>2,749,318</u>	<u>19,594,792</u>
Investment earnings:					
Interest and dividends	4,142,144	4,516,804	24,128	-	8,683,076
Net appreciation in fair value of investments	<u>62,750,164</u>	<u>47,748,116</u>	<u>(1,837)</u>	<u>(860)</u>	<u>110,495,583</u>
Total investment gains	66,892,308	52,264,920	22,291	(860)	119,178,659
Investment management expense	<u>(817,028)</u>	<u>(1,073,005)</u>	<u>(37)</u>	<u>(4)</u>	<u>(1,890,074)</u>
Net gains from investment activities	<u>66,075,280</u>	<u>51,191,915</u>	<u>22,254</u>	<u>(864)</u>	<u>117,288,585</u>
Securities lending income	79,883	69,740	-	-	149,623
Securities lending expenses	<u>(22,908)</u>	<u>(21,910)</u>	<u>-</u>	<u>-</u>	<u>(44,818)</u>
Net income from securities lending activities	<u>56,975</u>	<u>47,830</u>	<u>-</u>	<u>-</u>	<u>104,805</u>
Total net investment gain	<u>66,132,255</u>	<u>51,239,745</u>	<u>22,254</u>	<u>(864)</u>	<u>117,393,390</u>
Total additions	<u>67,734,758</u>	<u>58,765,758</u>	<u>7,739,212</u>	<u>2,748,454</u>	<u>136,988,182</u>
DEDUCTIONS					
Benefits paid	17,225,453	22,882,503	6,716,746	2,647,383	49,472,085
Administration expenses	<u>504,309</u>	<u>518,190</u>	<u>-</u>	<u>-</u>	<u>1,022,499</u>
Total deductions	<u>17,729,762</u>	<u>23,400,693</u>	<u>6,716,746</u>	<u>2,647,383</u>	<u>50,494,584</u>
Change in net assets	50,004,996	35,365,065	1,022,466	101,071	86,493,598
Total net assets - beginning	<u>229,066,978</u>	<u>265,392,265</u>	<u>-</u>	<u>-</u>	<u>494,459,243</u>
Total net assets - ending	<u>\$ 279,071,974</u>	<u>\$ 300,757,330</u>	<u>\$ 1,022,466</u>	<u>\$ 101,071</u>	<u>\$ 580,952,841</u>

City of Grand Rapids, Michigan
Statement of Changes in Assets and Liabilities
Agency Tax Fund
for the year ended June 30, 2010

	Agency Tax Assets July 1, 2009	Additions	Deductions	Agency Tax Assets June 30, 2010
Assets:				
Equity in pooled cash and investments	\$ 14,886	\$ 174,922	\$ -	\$ 189,808
Taxes receivable	<u>1,439,542</u>	<u>118,250,555</u>	<u>118,956,339</u>	<u>733,758</u>
Total assets	<u>\$ 1,454,428</u>	<u>\$ 118,425,477</u>	<u>\$ 118,956,339</u>	<u>\$ 923,566</u>
Liabilities:				
Due to other governmental units	\$ 1,454,428	\$ 118,425,477	\$ 118,956,339	\$ 923,566
Total liabilities	<u>\$ 1,454,428</u>	<u>\$ 118,425,477</u>	<u>\$ 118,956,339</u>	<u>\$ 923,566</u>

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2010

Governmental funds capital assets:

Land	\$	18,088,973
Easement/Right of Way		454,381
Land improvements		37,630,993
Buildings and structures		172,552,811
Machinery and equipment		20,954,407
Motor vehicles		10,412,752
Office furniture and equipment		2,889,414
Infrastructure		525,117,034
Construction in progress		<u>1,996,811</u>
Total governmental funds capital assets	\$	<u>790,097,576</u>

Investments in governmental funds capital assets by source:

Capital Projects Funds	\$	87,633,089
General Fund		3,394,023
Special Revenue Funds		542,701,833
Grand Rapids Building Authority		137,159,681
Federal grants		3,998,064
State grants		909,963
Gifts and donations		14,138,997
Enterprise Funds		<u>161,926</u>
Total governmental funds capital assets	\$	<u>790,097,576</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2010

Function and Activity	Land	Easements/ Right of way	Land Improvements	Building and Structures	Machinery and Equipment	Motor Vehicles	Office Furniture and Equipment	Infrastructures	Construction in Progress	Totals
General government:	\$ 1,987,516	\$ -	\$ 3,448,891	\$ 41,743,233	\$ 3,710,734	\$ 10,950	\$ 68,149	\$ -	\$ 193,226	\$ 51,162,699
Public safety:										
Police	1,382,456	-	-	23,791,193	10,613,362	1,010,689	224,279	-	-	37,021,979
Fire	453,690	-	-	6,622,702	2,099,949	9,237,822	29,741	-	129,982	18,573,886
	1,836,146	-	-	30,413,895	12,713,311	10,248,511	254,020	-	129,982	55,595,865
Public works:										
Public works	2,591,983	454,381	9,339,607	7,932,493	698,927	-	41,575	504,148,807	1,639,670	526,847,443
Street lighting	-	-	-	-	-	-	-	11,609,955	-	11,609,955
Traffic	42,400	-	-	3,710,930	1,864,112	-	-	9,358,272	-	14,975,714
City/County parking facility	3,505,326	-	149,099	-	129,478	-	-	-	-	3,783,903
	6,139,709	454,381	9,488,706	11,643,423	2,692,517	-	41,575	525,117,034	1,639,670	557,217,015
Culture and recreation:										
Libraries	2,248,625	-	72,997	37,319,279	229,379	25,224	1,994,883	-	-	41,890,387
Museum	3,109,348	-	135,894	41,924,918	1,311,370	-	530,787	-	-	47,012,317
Parks	1,661,839	-	24,484,505	9,088,063	297,096	128,067	-	-	33,933	35,693,503
Art museum	530,000	-	-	420,000	-	-	-	-	-	950,000
	7,549,812	-	24,693,396	88,752,260	1,837,845	153,291	2,525,670	-	33,933	125,546,207
Urban and community development:										
Urban Development	540,397	-	-	-	-	-	-	-	-	540,397
Neighborhood Business Improvements	35,393	-	-	-	-	-	-	-	-	35,393
Total urban and community development	575,790	-	-	-	-	-	-	-	-	575,790
Total governmental funds capital assets	\$ 18,088,973	\$ 454,381	\$ 37,630,993	\$ 172,552,811	\$ 20,954,407	\$ 10,412,752	\$ 2,889,414	\$ 525,117,034	\$ 1,996,811	\$ 790,097,576

This schedule presents only the capital asset balances related to governmental funds.

Accordingly, the capital assets reported in internal service funds are excluded from the above amounts.

Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
for the year ended June 30, 2010

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets June 30, 2010</u>	<u>Adjustments / Additions</u>	<u>Deletions</u>	<u>Governmental Funds Capital Assets June 30, 2010</u>
General government	\$ 46,512,549	\$ 4,650,150	\$ -	\$ 51,162,699
Public safety:				
Police	36,202,708	819,271	-	37,021,979
Fire	<u>18,533,545</u>	<u>40,341</u>	-	<u>18,573,886</u>
Total public safety	<u>54,736,253</u>	<u>859,612</u>	-	<u>55,595,865</u>
Public works:				
Public works	524,291,732	2,555,711	-	526,847,443
Street lighting	11,609,955	-	-	11,609,955
Traffic safety	14,975,714	-	-	14,975,714
City/County parking facility	<u>15,433,569</u>	<u>149,099</u>	<u>11,798,765</u>	<u>3,783,903</u>
Total public works	<u>566,310,970</u>	<u>2,704,810</u>	<u>11,798,765</u>	<u>567,217,015</u>
Culture and recreation:				
Libraries	41,871,061	19,326	-	41,890,387
Museum	46,488,844	523,473	-	47,012,317
Parks	35,659,570	33,933	-	35,693,503
Art museum	<u>950,000</u>	<u>-</u>	<u>-</u>	<u>950,000</u>
Total culture and recreation	<u>124,969,475</u>	<u>576,732</u>	<u>-</u>	<u>125,546,207</u>
Urban and community development:				
Urban Development	540,397	-	-	540,397
Neighborhood Business Improvements	<u>35,393</u>	<u>-</u>	<u>-</u>	<u>35,393</u>
Total urban and community development	<u>575,790</u>	<u>-</u>	<u>-</u>	<u>575,790</u>
Total governmental funds capital assets	<u>\$ 793,105,037</u>	<u>\$ 8,791,304</u>	<u>\$ 11,798,765</u>	<u>\$ 790,097,576</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

City of Grand Rapids, Michigan Contents of the Statistical Section

This part of the City of Grand Rapids' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. Many of the tables present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statement.

Contents

Tables

Financial Trends

1-5

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

Revenue Capacity

6-10

These schedules contain information to help the reader assess two locally levied taxes, the property tax collected by the City Treasurer which is the largest locally levied tax and the income tax collected by the City's Income Tax Department which is the city's most significant revenue source.

Debt Capacity

11-14

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

Demographic and Economic Information

15, 16

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

Operating Information

17-19

These schedules contain service data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002, schedules presenting government-wide information include information beginning in that year. Certain other information had not been presented previously. The reported numbers begin with the year for which information believed to be accurate is available.

City of Grand Rapids, Michigan
Net Assets by Component (unaudited)
Last Nine Fiscal Years

	Fiscal Year Ended								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities									
Invested in capital assets, net of related debt	\$ 72,439,748	\$ 95,971,286	\$ 94,804,365	\$ 87,476,858	\$ 372,091,207	\$ 346,049,782	\$ 337,227,130	\$ 324,267,977	\$ 306,253,632
Restricted	12,316,175	33,675,895	14,354,672	5,767,246	6,479,606	4,895,900	5,142,104	5,587,778	15,806,474
Unrestricted	<u>90,580,952</u>	<u>48,214,112</u>	<u>56,240,841</u>	<u>49,134,684</u>	<u>58,035,464</u>	<u>80,076,513</u>	<u>69,898,522</u>	<u>59,785,812</u>	<u>65,335,299</u>
Total governmental activities net assets	<u>\$ 175,336,875</u>	<u>\$ 177,861,293</u>	<u>\$ 165,399,878</u>	<u>\$ 142,378,788</u>	<u>\$ 436,606,277</u>	<u>\$ 431,022,195</u>	<u>\$ 412,267,756</u>	<u>\$ 389,641,567</u>	<u>\$ 387,395,405</u>
Business-type Activities									
Invested in capital assets, net of related debt	\$ 232,393,479	\$ 251,630,423	\$ 279,644,764	\$ 270,812,583	\$ 336,310,697	\$ 343,690,232	\$ 351,218,972	\$ 352,038,798	\$ 359,840,998
Restricted	11,902,455	5,889,141	7,612,496	31,152,368	92,033,134	54,666,321	19,051,868	18,602,657	19,527,952
Unrestricted	<u>101,644,428</u>	<u>105,492,504</u>	<u>93,496,737</u>	<u>89,450,645</u>	<u>(16,867,351)</u>	<u>22,104,797</u>	<u>63,594,154</u>	<u>66,765,478</u>	<u>60,226,596</u>
Total business-type activities net assets	<u>\$ 345,940,362</u>	<u>\$ 363,012,068</u>	<u>\$ 380,753,997</u>	<u>\$ 391,415,596</u>	<u>\$ 411,476,480</u>	<u>\$ 420,461,350</u>	<u>\$ 433,864,994</u>	<u>\$ 437,406,933</u>	<u>\$ 439,595,546</u>
Primary Government									
Invested in capital assets, net of related debt	\$ 304,833,227	\$ 347,601,709	\$ 374,449,129	\$ 358,289,441	\$ 708,401,904	\$ 689,740,014	\$ 688,446,102	\$ 676,306,775	\$ 666,094,630
Restricted	24,218,630	39,565,036	21,967,168	36,919,614	98,512,740	59,562,221	24,193,972	24,190,435	35,334,426
Unrestricted	<u>192,225,380</u>	<u>153,706,616</u>	<u>149,737,578</u>	<u>138,585,329</u>	<u>41,168,113</u>	<u>102,181,310</u>	<u>133,492,676</u>	<u>126,551,290</u>	<u>125,561,895</u>
Total primary government net assets	<u>\$ 521,277,237</u>	<u>\$ 540,873,361</u>	<u>\$ 546,153,875</u>	<u>\$ 533,794,384</u>	<u>\$ 848,082,757</u>	<u>\$ 851,483,545</u>	<u>\$ 846,132,750</u>	<u>\$ 827,048,500</u>	<u>\$ 826,990,951</u>

City of Grand Rapids, Michigan
Changes in Net Assets (unaudited)
Last Nine Fiscal Years

	Fiscal Year Ended								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses:									
Governmental activities:									
General government	\$ 23,431,677	\$ 21,428,588	\$ 21,333,282	\$ 33,672,302	\$ 33,839,173	\$ 31,560,007	\$ 31,758,040	\$ 28,569,892	\$ 24,244,049
Public safety	78,381,150	81,271,096	78,550,437	63,974,695	65,765,653	70,760,682	78,488,302	74,485,764	72,301,627
Public works	34,493,135	34,634,556	37,049,923	43,527,115	51,053,186	45,630,253	52,100,751	52,457,035	47,956,043
Culture and Recreation	24,736,608	30,663,741	28,419,253	28,834,178	26,871,475	20,017,892	20,471,242	21,740,208	22,130,169
Urban & Community Development	16,156,683	19,293,049	17,214,538	19,631,447	20,772,920	19,701,047	18,111,909	18,223,093	21,519,381
Interest on long-term debt	5,574,922	6,324,449	5,772,221	5,976,465	5,725,618	5,724,165	6,126,343	5,985,292	5,085,083
Total governmental activities expenses	<u>182,774,175</u>	<u>193,615,477</u>	<u>188,339,654</u>	<u>195,616,202</u>	<u>204,028,025</u>	<u>193,394,046</u>	<u>207,056,587</u>	<u>201,461,284</u>	<u>193,236,352</u>
Business-type activities:									
Water Supply System	34,138,136	34,903,597	35,906,598	37,085,727	38,554,561	40,107,062	39,172,761	40,839,383	39,797,298
Sewage Disposal System	27,833,329	25,985,137	32,493,825	30,404,961	31,205,602	38,950,866	38,537,806	45,152,263	43,555,979
Auto Parking System	7,468,280	7,396,315	8,414,363	8,626,703	8,608,427	8,865,252	8,451,634	9,192,422	8,901,722
Other Enterprises	1,752,587	1,889,404	1,842,923	2,368,347	2,504,463	2,463,912	2,369,229	2,781,803	2,259,044
Total business-type activities expenses	<u>71,192,332</u>	<u>70,174,453</u>	<u>78,657,709</u>	<u>78,485,738</u>	<u>80,873,053</u>	<u>90,387,092</u>	<u>88,531,430</u>	<u>97,965,871</u>	<u>94,514,043</u>
Total primary government expenses	<u>\$ 253,966,507</u>	<u>\$ 263,789,930</u>	<u>\$ 266,997,363</u>	<u>\$ 274,101,940</u>	<u>\$ 284,901,078</u>	<u>\$ 283,781,138</u>	<u>\$ 295,588,017</u>	<u>\$ 299,427,155</u>	<u>\$ 287,750,395</u>
Program Revenues:									
Governmental activities:									
Charges for services:									
General government	\$ 1,758,908	\$ 1,688,641	\$ 4,070,796	\$ 7,182,200	\$ 5,957,528	\$ 5,751,788	\$ 7,195,479	\$ 7,989,255	\$ 8,566,152
Public safety	6,166,616	6,421,329	6,730,074	2,398,078	2,518,245	2,495,403	2,515,301	2,036,877	3,193,456
Public works	13,537,028	13,646,250	15,676,915	13,911,524	13,146,848	13,734,660	13,238,694	12,995,564	12,409,177
Culture and recreation	3,276,273	7,696,469	4,390,803	5,367,635	5,307,086	2,229,907	2,202,843	2,728,078	2,831,131
Urban & community development	4,365,060	4,320,668	5,641,525	4,769,981	6,201,119	7,050,487	6,897,964	5,650,987	6,179,085
Total Charges for services:	<u>29,103,885</u>	<u>33,773,357</u>	<u>36,510,113</u>	<u>33,629,418</u>	<u>33,130,826</u>	<u>31,262,245</u>	<u>32,050,281</u>	<u>31,400,761</u>	<u>33,179,001</u>
Operating grants and contributions:	<u>12,024,137</u>	<u>13,588,641</u>	<u>15,608,878</u>	<u>15,906,995</u>	<u>13,559,580</u>	<u>11,856,924</u>	<u>9,094,674</u>	<u>11,057,758</u>	<u>15,755,323</u>
Capital grants and contributions	<u>992,353</u>	<u>8,537,362</u>	<u>1,293,722</u>	<u>1,330,925</u>	<u>1,987,320</u>	<u>689,666</u>	<u>2,149,305</u>	<u>2,536,753</u>	<u>1,568,133</u>
Total governmental activities program revenues	<u>42,120,375</u>	<u>55,899,360</u>	<u>53,412,713</u>	<u>50,867,338</u>	<u>48,677,726</u>	<u>43,808,835</u>	<u>43,294,260</u>	<u>44,995,272</u>	<u>50,502,457</u>
Business-type activities:									
Charges for services:									
Water Supply System	36,105,070	39,042,600	37,160,730	37,449,668	41,026,752	40,518,846	41,881,537	40,128,820	41,982,356
Sewage Disposal System	32,197,087	34,670,720	32,691,392	33,144,157	36,884,655	37,821,828	41,598,797	43,701,325	48,484,433
Auto Parking System	8,725,577	8,708,693	9,408,911	10,007,874	10,241,145	11,277,080	10,173,994	9,939,136	9,867,098
Other Enterprise	1,160,156	1,508,032	1,569,759	1,988,177	1,954,925	2,002,614	1,936,676	2,040,219	1,828,368
Total Charges for services:	<u>78,187,890</u>	<u>83,930,045</u>	<u>80,830,792</u>	<u>82,589,876</u>	<u>90,107,477</u>	<u>91,620,368</u>	<u>95,591,004</u>	<u>95,809,500</u>	<u>102,162,255</u>
Operating grants and contributions:	-	526,411	7,513,430	64,832	5,709,177	481,086	245,032	-	131,096
Capital grants and contributions:	-	-	7,742,882	7,269,318	6,290,514	2,707,224	2,170,346	1,836,608	1,034,755
Total business-type activities program revenues	<u>78,187,890</u>	<u>84,456,456</u>	<u>96,087,104</u>	<u>89,924,026</u>	<u>102,107,168</u>	<u>94,808,678</u>	<u>98,006,382</u>	<u>97,646,108</u>	<u>103,328,106</u>
Total primary government program revenues	<u>\$ 120,308,265</u>	<u>\$ 140,355,816</u>	<u>\$ 149,499,817</u>	<u>\$ 140,791,364</u>	<u>\$ 150,784,894</u>	<u>\$ 138,617,513</u>	<u>\$ 141,300,642</u>	<u>\$ 142,641,380</u>	<u>\$ 153,830,563</u>
Net (expense)/revenue									
Governmental activities	\$ (140,653,800)	\$ (137,716,117)	\$ (134,926,941)	\$ (144,748,864)	\$ (155,350,299)	\$ (149,585,211)	\$ (163,762,327)	\$ (166,466,012)	\$ (142,733,895)
Business-type activities	6,995,558	14,282,003	17,429,395	11,438,288	21,234,115	4,421,586	9,474,952	(319,763)	8,814,063
Total primary government net expense	<u>\$ (133,658,242)</u>	<u>\$ (123,434,114)</u>	<u>\$ (117,497,546)</u>	<u>\$ (133,310,576)</u>	<u>\$ (134,116,184)</u>	<u>\$ (145,163,625)</u>	<u>\$ (154,287,375)</u>	<u>\$ (166,785,775)</u>	<u>\$ (133,919,832)</u>

Table 2

City of Grand Rapids, Michigan
Changes in Net Assets (unaudited)
Last Nine Fiscal Years

	Fiscal Year Ended								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 27,878,106	\$ 30,661,413	\$ 28,716,475	\$ 30,665,405	\$ 33,936,687	\$ 35,486,005	\$ 37,819,932	\$ 38,371,239	\$ 38,551,862
Income taxes	52,625,743	50,356,192	50,939,823	53,110,303	58,199,875	58,475,287	59,496,282	53,086,986	52,656,179
State shared taxes	44,491,309	39,379,693	38,116,803	37,459,858	37,663,040	37,083,659	36,613,479	35,443,205	32,731,782
Unrestricted investment earnings	4,914,340	2,325,007	2,115,509	2,549,172	3,863,086	5,858,969	6,184,748	3,281,495	2,079,940
Miscellaneous	3,862,027	4,421,297	341,141	2,234,021	3,248,806	2,297,981	3,009,628	1,927,713	1,297,311
Gain on sale of capital assets	380,414	-	270,198	2,275,880	302,205	1,959,697	36,998	96,376	1,759,429
Transfers	2,141,781	1,027,381	1,965,577	3,247,121	3,320,778	2,839,531	1,846,821	1,632,809	11,411,230
Total governmental activities:	<u>136,293,720</u>	<u>128,170,983</u>	<u>122,465,526</u>	<u>131,541,760</u>	<u>140,534,477</u>	<u>144,001,129</u>	<u>145,007,888</u>	<u>133,839,823</u>	<u>140,487,733</u>
Business-type activities:									
Unrestricted investment earnings	2,792,900	2,190,115	1,574,371	2,005,844	2,939,706	6,878,811	4,435,828	2,677,764	2,030,100
Miscellaneous	4,647,646	5,639,524	703,740	464,588	580,841	524,004	1,339,685	2,816,747	2,755,680
Gain on sale of capital assets	670,106	289,557	-	-	-	-	-	-	-
Transfers	(1,829,406)	(1,150,937)	(1,965,577)	(3,247,121)	(3,320,778)	(2,839,531)	(1,846,821)	(1,632,809)	(11,411,230)
Total business-type activities	<u>6,281,246</u>	<u>6,968,259</u>	<u>312,534</u>	<u>(776,689)</u>	<u>199,769</u>	<u>4,563,284</u>	<u>3,928,692</u>	<u>3,861,702</u>	<u>(6,625,450)</u>
Total primary government	<u>\$ 142,574,966</u>	<u>\$ 135,139,242</u>	<u>\$ 122,778,060</u>	<u>\$ 130,765,071</u>	<u>\$ 140,734,246</u>	<u>\$ 148,564,413</u>	<u>\$ 148,936,580</u>	<u>\$ 137,701,525</u>	<u>\$ 133,862,283</u>
Change in Net Assets									
Governmental activities	\$ (4,360,080)	\$ (9,545,134)	\$ (12,461,415)	\$ (13,207,104)	\$ (14,815,822)	\$ (5,584,082)	\$ (18,754,439)	\$ (22,626,189)	\$ (2,246,162)
Business-type activities	<u>13,276,804</u>	<u>21,250,262</u>	<u>17,741,929</u>	<u>10,661,599</u>	<u>21,433,884</u>	<u>8,984,870</u>	<u>13,403,644</u>	<u>3,541,939</u>	<u>2,188,613</u>
Total primary government	<u>\$ 8,916,724</u>	<u>\$ 11,705,128</u>	<u>\$ 5,280,514</u>	<u>\$ (2,545,505)</u>	<u>\$ 6,618,062</u>	<u>\$ 3,400,788</u>	<u>\$ (5,350,795)</u>	<u>\$ (19,084,250)</u>	<u>\$ (57,549)</u>

City of Grand Rapids, Michigan
Fund Balances, Governmental Funds (unaudited)
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund									
Reserved	\$ 835,573	\$ 9,044,028	\$ 1,804,703	\$ 1,389,912	\$ 1,208,882	\$ 1,987,359	\$ 1,448,920	\$ 1,616,452	\$ 13,220,866
Unreserved	16,227,534	10,544,224	13,628,370	17,611,164	23,993,189	21,264,507	17,724,256	18,116,197	19,023,491
Total general fund	<u>\$ 17,063,107</u>	<u>\$ 19,588,252</u>	<u>\$ 15,433,073</u>	<u>\$ 19,001,076</u>	<u>\$ 25,202,071</u>	<u>\$ 23,251,866</u>	<u>\$ 19,173,176</u>	<u>\$ 19,732,649</u>	<u>\$ 32,244,357</u>
All other governmental funds									
Reserved	\$ 29,022,390	\$ 43,281,327	\$ 32,524,323	\$ 21,014,731	\$ 18,265,336	\$ 33,567,839	\$ 27,602,015	\$ 21,059,988	\$ 20,349,818
Unreserved, reported in:									
Special revenue funds	33,085,593	18,097,619	8,036,118	12,260,289	13,635,293	18,035,117	23,643,189	22,922,676	23,748,668
Capital projects funds	7,336,488	-	261,087	-	-	-	-	-	-
Debt Service funds	-	-	610,994	640,043	1,092,513	1,063,888	1,115,085	1,216,571	1,298,148
Total all other governmental funds	<u>\$ 69,444,471</u>	<u>\$ 61,378,946</u>	<u>\$ 41,432,522</u>	<u>\$ 33,915,063</u>	<u>\$ 32,993,142</u>	<u>\$ 52,666,844</u>	<u>\$ 52,360,289</u>	<u>\$ 45,199,235</u>	<u>\$ 45,396,634</u>

City of Grand Rapids, Michigan
Changes in Fund Balances, Governmental Funds (unaudited)
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:									
Property taxes	\$ 27,878,106	\$ 29,533,993	\$ 29,843,895	\$ 30,665,405	\$ 33,936,687	\$ 35,486,005	\$ 37,819,932	\$ 38,371,239	\$ 38,551,862
City income taxes	52,625,743	50,356,192	50,939,823	53,110,303	58,199,875	58,475,287	59,496,282	53,086,986	52,656,179
State shared taxes	44,491,309	39,379,693	38,116,803	37,459,858	37,663,040	36,828,342	36,613,479	35,443,205	32,380,487
Licenses and permits	2,373,116	2,206,937	2,110,581	2,505,698	3,046,481	4,077,284	3,823,654	2,903,318	3,197,682
Fines and forfeitures	3,999,529	4,312,681	4,145,387	1,479,619	1,522,692	647,587	1,973,737	2,084,267	2,301,663
Federal grants	8,793,980	2,970,045	9,967,941	11,117,298	9,738,166	10,552,526	8,798,195	10,756,821	15,294,057
State grants	3,614,457	1,924,548	1,139,675	1,381,728	817,447	1,020,516	1,000,072	970,050	590,074
Other grants & contributions	608,053	17,231,410	2,047,994	4,543,370	4,927,413	807,639	1,830,393	1,615,425	1,790,620
Charges for services	22,731,240	27,130,183	30,805,504	27,384,991	28,385,989	25,599,267	25,613,387	25,791,006	27,464,656
Investment earnings	4,365,056	2,319,021	1,732,336	1,998,314	3,017,557	4,376,806	4,553,028	2,324,325	1,266,097
Miscellaneous	3,862,027	4,421,297	3,929,008	4,330,456	3,313,344	2,961,898	3,670,803	2,597,097	1,368,868
Total revenues	\$ 175,342,616	\$ 181,786,000	\$ 174,778,947	\$ 175,977,040	\$ 184,568,691	\$ 180,833,177	\$ 185,192,962	\$ 175,943,739	\$ 176,862,245
Expenditures:									
Current:									
General government	\$ 18,542,056	\$ 18,754,484	\$ 18,616,815	\$ 28,983,009	\$ 28,547,800	\$ 29,382,551	\$ 29,609,107	\$ 26,618,193	\$ 23,362,274
Public safety	76,033,683	77,149,074	76,247,330	59,500,047	59,454,286	67,908,407	71,621,129	69,586,390	72,110,735
Public works	27,500,877	27,390,204	29,756,575	30,756,908	27,832,531	29,580,823	30,342,790	30,234,531	30,536,277
Culture and recreation	22,629,383	25,312,912	22,715,863	23,442,663	22,654,145	16,127,384	15,881,816	16,788,477	16,819,954
Urban and community development	16,100,954	18,820,446	17,222,874	19,220,353	20,310,964	19,781,538	18,358,822	18,129,776	22,085,320
Debt service:									
Principal	3,491,517	3,825,750	4,475,945	5,008,620	5,021,433	5,953,623	6,279,870	6,670,865	7,285,732
Interest, fees, and bond issue costs	4,125,371	5,696,222	5,324,341	6,014,816	5,361,182	5,173,407	5,455,238	5,717,181	4,708,840
Capital outlay	49,943,803	58,799,311	17,333,821	18,189,746	10,963,908	10,365,952	15,424,881	12,920,345	12,652,862
Total expenditures	218,367,644	235,748,403	191,693,564	191,116,162	180,146,249	184,273,685	192,973,653	186,665,758	189,561,994
Excess (deficit) of revenues over expenditures	\$ (43,025,028)	\$ (53,962,403)	\$ (16,914,617)	\$ (15,139,122)	\$ 4,422,442	\$ (3,440,508)	\$ (7,780,691)	\$ (10,722,019)	\$ (12,699,749)

continued

City of Grand Rapids, Michigan
Changes in Fund Balances, Governmental Funds (unaudited)
Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other financing sources (uses):									
Transfers in	\$ 31,762,821	\$ 29,311,040	\$ 24,131,089	\$ 26,121,155	\$ 22,489,046	\$ 22,301,884	\$ 22,354,865	\$ 24,668,660	\$ 37,634,119
Transfers from component units	312,375	-	-	-	-	-	-	-	-
Transfers out	(30,788,062)	(28,856,336)	(23,583,746)	(22,589,426)	(21,632,413)	(20,394,195)	(19,555,589)	(22,017,238)	(24,172,859)
Sale of capital assets	-	-	-	2,544,000	-	2,268,309	945,075	-	4,241,992
Face value of bonds and contracts issued	4,314,313	39,254,017	1,348,640	18,225,000	-	14,740,000	427,560	24,755,100	7,445,000
Premium on bonds issued	-	266,577	-	(81,063)	-	642,623	-	503,856	-
Payment to refunded bond escrow agent	-	(4,070,363)	-	(13,030,000)	-	-	(945,075)	(23,908,566)	-
Total other financing sources (uses)	5,601,447	35,904,935	1,895,983	11,189,666	856,633	19,558,621	3,226,836	4,001,812	25,148,252
Net change in fund balances	(37,423,581)	(18,057,468)	(15,018,634)	(3,949,456)	5,279,075	16,118,113	(4,553,855)	(6,720,207)	12,448,503
Fund balances, beginning	124,931,159	99,024,666	80,967,198	56,865,595	52,916,139	58,195,214	75,918,710	71,533,465	64,931,884
Residual equity transfer	(1,000,000)	-	-	-	-	-	-	-	-
Current year change in inventory levels	-	-	-	-	-	1,605,383	168,610	118,626	260,604
Fund balances, ending	\$ 86,507,578	\$ 80,967,198	\$ 65,948,564	\$ 52,916,139	\$ 58,195,214	\$ 75,918,710	\$ 71,533,465	\$ 64,931,884	\$ 77,640,991
Debt Service as a percentage of non-capital expenditures	4.25%	5.38%	5.36%	5.89%	5.83%	6.43%	6.42%	6.92%	6.64%

City of Grand Rapids, Michigan
Tax Revenue by Source - All Funds (unaudited)
Last Ten Fiscal Years

Fiscal Year	City Taxes		Proportionally Shared State Taxes					Total Tax Revenues, All Funds
	Local Income Tax	Property Tax, All Funds ¹	Sales Tax	Gas and Weight Tax	Library Aid	Fire Protection, State-Owned Facilities	Alcoholic Beverages Tax	
2001	56,244,137	26,796,902	27,132,514	12,072,050	595,526	-	119,725	122,960,854
2002	52,635,205	27,553,547	31,468,924	12,426,631	345,572	129,508	115,000	124,674,387
2003	50,356,192	28,940,220	26,175,653	13,745,362	294,953	65,392	183,523	119,761,295
2004	50,939,823	29,378,553	23,653,513	14,036,759	198,048	71,027	72,525	118,350,248
2005	53,110,303	30,665,405	23,394,253	13,855,765	172,308	74,581	135,259	121,407,874
2006	58,199,875	33,936,687	23,127,660	13,680,293	142,877	150,601	133,734	129,371,727
2007	58,475,287	33,865,482	22,444,741	13,521,754	156,351	207,854	136,863	128,808,332
2008	59,496,282	37,819,932	22,444,741	13,306,408	129,135	165,927	169,527	133,531,952
2009	53,086,986	38,371,239	21,665,044	12,811,157	124,252	263,422	143,949	126,466,049
2010	52,656,179	38,551,862	19,268,891	12,592,453	38,848	312,839	167,456	123,588,528
								% Increase (Decrease)
								Over Prior Year
								Percent to Total Tax Sources
2001	45.7	21.8	22.1	9.8	0.5	0.0	0.1	1.48
2002	42.2	22.1	25.2	10.0	0.3	0.1	0.1	1.39
2003	42.0	24.2	21.9	11.5	0.2	0.1	0.2	(3.94)
2004	43.0	24.8	20.0	11.9	0.2	0.1	0.1	(1.18)
2005	43.7	25.3	19.3	11.4	0.1	0.1	0.1	2.58
2006	45.0	26.2	17.9	10.6	0.1	0.1	0.1	6.56
2007	45.4	26.3	17.4	10.5	0.1	0.2	0.1	(0.44)
2008	44.6	28.3	16.8	10.0	0.1	0.1	0.1	3.67
2009	42.0	30.3	17.1	10.1	0.1	0.2	0.1	(5.29)
2010	42.6	31.2	15.6	10.2	0.0	0.3	0.1	(2.28)

Note: (1) Excludes the discretely presented Component Units and special assessments for Downtown Improvement District.

**City of Grand Rapids, Michigan
Segmented Data on Local Income Tax Filers, Rates and Liability (Unaudited)**

Taxable Income per Return	Calendar Year 2009					Calendar Year 2000				
	# of Returns	% of Total Returns Filed	Total Taxable Income	Tax Dollars	% of Total Tax Dollars	# of Returns	% of Total Returns Filed	Total Taxable Income	Tax Dollars	% of Total Tax Dollars
Individual and Joint Returns										
Resident Taxpayers:										
\$37 or less	3,367	3 %	\$ -	\$ -	0 %	2,260	2 %	\$ -	\$ -	0 %
38 - 12,500	15,557	12	90,500,000	1,180,000	2	20,686	15	113,500,000	1,470,000	3
12,501 - 25,000	11,995	9	223,400,000	2,900,000	6	14,089	10	261,900,000	3,400,000	7
25,001 - 50,000	15,836	12	571,600,000	7,430,000	16	17,250	12	620,700,000	8,070,000	16
50,001 - 100,000	10,807	8	744,200,000	9,670,000	20	10,744	8	721,000,000	9,370,000	18
More than \$100,000	3,133	2	572,800,000	7,450,000	16	2,318	2	844,200,000	10,970,000	21
Subtotal	60,695	48 %	\$ 2,202,500,000	\$ 28,630,000	60 %	67,347	47 %	\$ 2,561,300,000	\$ 33,280,000	65 %
Non-Resident Taxpayers:										
\$75 or less	7,269	6 %	\$ -	\$ -	0 %	8,184	6 %	\$ -	\$ -	0 %
76 - 12,500	14,801	12	77,100,000	500,000	1	18,724	13	96,000,000	620,000	1
12,501 - 25,000	9,286	7	174,800,000	1,140,000	2	12,260	9	231,400,000	1,500,000	3
25,001 - 50,000	15,960	13	583,900,000	3,800,000	8	19,048	13	684,600,000	4,450,000	9
50,001 - 100,000	10,396	8	698,600,000	4,540,000	9	8,358	6	551,300,000	3,580,000	7
More than \$100,000	3,712	3	758,400,000	4,930,000	10	2,410	2	477,800,000	3,110,000	6
Subtotal	61,424	48 %	\$ 2,292,800,000	\$ 14,910,000	31 %	68,984	48 %	\$ 2,041,100,000	\$ 13,260,000	26 %
All Other Returns										
Subtotal	5,135	4 %	\$ 270,300,000	\$ 4,380,000	9 %	5,969	4 %	\$ 397,900,000	\$ 5,030,000	10 %
Total	127,254	100 %	\$ 4,765,600,000	\$ 47,920,000	100 %	142,300	100 %	\$ 5,000,300,000	\$ 51,570,000	100 %

Source: City Income Tax Department

Note: Information is taken from returns filed for the calendar year. Current tax rates were established by the City's electorate in 1995. City resident income, after exemptions, exclusions and deductions, is taxed at a flat rate of 1.3%. Non-residents and trusts pay at a rate of 0.65% on all City source income. Other taxpayers are corporations, which pay 1.3% on all City source income and partnerships which may be filing information returns or remit the tax at a rate based on the partner's residence status. The income tax is the most significant local revenue source.

The most recent calendar year is compared to the earliest year from which complete information is available.
Numbers may not total due to rounding.

City of Grand Rapids, Michigan
Assessed and Estimated Actual Value of Taxable Property (unaudited)
Last Ten Fiscal Years

Taxable Values									Ratio of Total	Percent
Fiscal	Residential	Commercial	Industrial	Personal	Total Taxable	Renaissance	Total Direct	Estimated	Taxable to	Increase /
Year	Property	Property	Property	Property	Value	Zone Property	Tax Rate	Actual Value	Estimated	(Decrease) in
									Actual Value	Estimated
									Actual Value	Actual Value
										Over Prior Year
2001	1,983,494,041	793,949,128	199,226,313	463,585,023	3,440,254,505	(47,455,297)	8.1266	7,494,309,600	46	4.71
2002	2,099,702,781	847,008,558	215,406,528	475,722,545	3,637,840,412	(76,460,167)	8.0723	8,133,318,200	45	8.53
2003	2,223,486,355	889,515,820	226,865,880	477,672,209	3,817,540,264	(92,933,347)	8.0386	8,710,012,200	44	7.09
2004	2,318,085,017	923,763,420	239,013,889	453,233,500	3,934,095,826	(125,082,362)	7.9740	9,293,591,000	42	6.70
2005	2,433,217,121	959,707,142	248,312,237	460,070,964	4,101,307,464	(145,669,332)	8.1517	9,705,688,400	42	4.43
2006	2,564,563,659	1,027,474,796	256,293,237	453,659,214	4,301,990,906	(172,046,412)	8.1223	10,236,127,400	42	5.47
2007	2,723,809,045	1,080,152,938	275,610,938	441,456,423	4,521,029,344	(194,798,099)	8.1217	10,731,463,200	42	4.84
2008	2,900,213,075	1,120,213,609	276,191,900	444,703,215	4,741,321,799	(225,905,875)	8.2413	11,050,637,600	43	2.97
2009	2,965,407,637	1,192,518,721	274,670,895	435,993,300	4,868,590,553	(246,011,916)	8.2410	11,066,034,400	44	0.14
2010	2,920,645,940	1,208,016,820	284,017,195	445,088,400	4,857,768,355	(238,026,374)	8.3709	10,942,712,600	44	(1.11)

Note: State statute requires all property subject to *ad valorem* taxation be assessed at 50 percent of market value. Estimated actual value as shown is calculated by doubling the assessed value. Since 1994, any increase in the taxable value of existing property has been limited each year to the lower of 5% or the rate of inflation, until the property ownership is transferred. Only the taxable portion of the assessed value is presented above under the Taxable Value headings. Property located in designated Renaissance Zones is assessed on the *ad valorem* roll, but taxes due, other than school debt millages, are abated for 15 years.

City of Grand Rapids, Michigan
Property Tax Levies and Collections (unaudited)
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Year	Original Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (net of adjustments)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Original Levy
2001	2000	26,095,693	25,921,062	99.33	59,881	25,980,943	99.56
2002	2001	27,760,859	27,593,449	99.40	(15,236)	27,578,213	99.34
2003	2002	28,327,549	28,111,333	99.24	41,822	28,153,155	99.38
2004	2003	28,727,962	28,484,072	99.15	53,563	28,537,635	99.34
2005	2004	30,520,491	30,229,415	99.05	190,208	30,419,623	99.67
2006	2005	31,489,290	31,189,355	99.05	280,511	31,469,866	99.94
2007	2006	33,103,919	33,003,553	99.70	383,687	33,387,240	100.86
2008	2007	34,822,801	34,724,866	99.72	228,544	34,953,410	100.38
2009	2008	35,403,361	35,341,720	99.83	(23,667)	35,318,053	99.76
2010	2009	35,607,847	35,562,537	99.87	-	35,562,537	99.87

Note: The tax levies and collections shown above are *ad valorem* taxes only and exclude amounts payable to discretely presented Component Units.

City of Grand Rapids, Michigan
Property Tax Rates
Direct and Overlapping Governments (unaudited)
Last Ten Fiscal Years

City of Grand Rapids Direct Tax Rates ¹

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>General Operating</u>	<u>Promotional and Advertising</u>	<u>Library ²</u>	<u>Refuse Collection</u>	<u>Total City</u>	<u>Total School ³</u>	<u>Total State Education</u>	<u>Total Intermodal Transit</u>	<u>Total County</u>	<u>Combined Total</u>
Tax Rates: ⁴											
2001	2000	4.2332	0.0145	2.5289	1.3500	8.1266	24.5635	6.0000	0.7500	5.3340	44.7741
2002	2001	4.1997	0.0138	2.5088	1.3500	8.0723	24.4729	6.0000	0.7300	5.3000	44.5752
2003	2002	4.1791	0.0131	2.4964	1.3500	8.0386	24.5992	6.0000	0.7480	5.3140	44.6998
2004	2003	4.1389	0.0127	2.4724	1.3500	7.9740	24.2922	5.0000	0.7603	5.3140	43.3405
2005	2004	4.1256	0.0116	2.4645	1.5500	8.1517	26.8256	6.0000	0.9500	5.3140	47.2413
2006	2005	4.1070	0.0120	2.4533	1.5500	8.1223	26.3676	6.0000	0.9500	5.3140	46.7539
2007	2006	4.1070	0.0114	2.4533	1.5500	8.1217	26.0726	6.0000	0.9500	5.3940	46.5383
2008	2007	4.1070	0.0110	2.4533	1.6700	8.2413	27.1768	6.0000	0.9500	5.3940	47.7621
2009	2008	4.1070	0.0107	2.4533	1.6700	8.2410	27.1768	6.0000	1.1200	5.3940	47.9318
2010	2009	4.1070	0.0106	2.4533	1.8000	8.3709	26.8968	6.0000	1.1200	5.3940	47.7817

- Note:** (1) City taxes, includes amounts payable to discretely presented Component Units: Due-July 1; Delinquent-August 1; Penalties-1 percent per month til paid, after February 16, a total of 4 percent (3 percent penalty and 1 percent collection fee) is added.
(2) Library includes Library Capital Improvement of 0.3805 mills and portion of General Operating millage dedicated to Library Operations.
(3) Rate includes Grand Rapids Public School non-homestead rate, Kent Intermediate School District, and Grand Rapids Community College.
(4) Property tax rates: per \$1,000 of Taxable Value.

City of Grand Rapids, Michigan
Principal Property Tax Taxpayers (unaudited)
Current Year and Nine Years Previous

Taxpayer	Type of Business	December 31, 2008		Percentage of Total	December 31, 1999		Percentage of Total
		Taxable Valuation	Rank	Taxable Valuation	Taxable Valuation	Rank	Taxable Valuation
Consumers Energy	Electric Utility	\$ 47,747,290	1	0.97 %	\$ 38,667,014	3	1.10 %
Amway Hotel Corp.	Hotel / Real Estate	36,533,430	2	0.75			
Kellogg/Keebler Company*	Bakery Products	32,865,300	3	0.67	16,431,415	8	0.47
HP3 LLC	Hotel	30,016,800	4	0.61			
SH-2 LLC & BT-2 LLC	Real Estate	27,345,200	5	0.56			
Centerpointe LLC	Shopping Center/Real Estate	27,183,634	6	0.55			
Bridgewater Place	Real Estate	25,031,804	7	0.51			
Steelcase, Inc.	Furniture Manufacturing	24,698,128	8	0.50	99,771,697	1	2.85
Fifth Third Bank, Michigan	Banking/Real Estate	21,751,302	9	0.44	17,810,877	7	0.51
DTE Energy Co.	Gas Utility	20,269,565	10	0.41	29,125,368	5	0.83
Alticor, Inc	Hotel/Real Estate				52,566,906	2	1.50
Visser Brothers	Real Estate				32,552,517	4	0.93
New York Life Ins Co	Real Estate				20,423,900	6	0.58
Meijer, Inc.	Retailer				15,486,018	9	0.44
Waters Corp	Real Estate				14,438,271	10	0.41
		<u>\$ 293,442,453</u>		<u>5.97 %</u>	<u>\$ 337,273,983</u>		<u>9.62 %</u>

Note: Total Taxable Valuation for largest taxpayers includes qualified real and personal properties exempted from ad valorem property taxes but subject to a specific Industrial Facilities Tax under Public Act 198 of 1974. *Keebler property is eligible for exemption under the Michigan Renaissance Zone Act, Public Act 376 of 1996.

The percentage calculation is based on the Taxable Values of \$4,902,393,268 in 2008 and \$3,504,541,026 in 1999 on the ad valorem tax roll and property granted tax abatements.

Some taxpayers operated under a different name in the earlier reporting period, but the business and major assets were essentially the same.

City of Grand Rapids, Michigan
Computation of Direct and Overlapping Debt (unaudited)

June 30, 2010

Name of Governmental Unit	Total Debt	Balances	Net Debt	Self	Debt Supported by
	Outstanding	On Hand	Outstanding	Supporting	City General Property Taxes
Direct debt:					
City of Grand Rapids:					
Revenue Bonds	\$ 377,633,846	\$ 1,775,000	\$ 375,858,846	\$ 375,858,846	\$ -
Grand Rapids Building Authority	101,649,999	-	101,649,999	63,225,812	38,424,187
Grand Rapids and Kent County Joint Building Authority	980,000	-	980,000	980,000	-
Act 175 Motor Vehicle Highway	6,220,000	-	6,220,000	6,220,000	-
Capital Improvement Bonds	16,475,000	-	16,475,000	-	16,475,000
Downtown Development Authority	35,959,545	1,030,000	34,929,545	34,929,545	-
Kent County Drain Commission contracts	9,910,832	-	9,910,832	-	9,910,832
Installment Purchase Agreements	1,650,937	-	1,650,937	-	1,650,937
Internal Service Installment Purchase Agreements	8,324,063	-	8,324,063	-	8,324,063
SmartZone - Local Finance Authority	3,625,000	-	3,625,000	3,625,000	-
State of Michigan Infrastructure Loan	595,490	-	595,490	595,490	-
Total City direct debt	<u>\$ 563,024,712</u>	<u>\$ 2,805,000</u>	<u>\$ 560,219,712</u>	<u>\$ 485,434,693</u>	<u>\$ 74,785,019</u>
City Share as					
Gross Percent of Gross Net					
Overlapping debt:					
Grand Rapids Public Schools			\$ 152,240,000	100.00%	\$ 152,240,000
Caledonia Community Schools			115,197,210	0.30%	345,592
Forest Hills Public Schools			211,135,000	1.65%	3,483,728
Godwin Heights Public Schools			8,785,000	4.73%	415,531
Grandville Public Schools			22,350,000	0.00%	-
Kenowa Hills Public Schools			41,385,000	0.11%	45,524
Kentwood Public Schools			82,626,000	8.37%	6,915,796
Kent County			189,795,000	21.45%	40,711,028
Grand Rapids Community College			<u>52,655,000</u>	20.85%	<u>10,978,568</u>
Total overlapping debt			<u>\$ 876,168,210</u>		<u>215,135,767</u>
Total City direct and overlapping debt					<u>\$ 289,920,786</u>

Note: The City of Grand Rapids does not carry debt supported by special assessment billing and collections.

The following statistical schedules are not relevant to the City of Grand Rapids and therefore have not been included in the statistical presentation:

Special assessments billings and collections

Computation of legal debt margin for special improvements

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Grand Rapids, Michigan
Ratios of Outstanding Debt by Type (unaudited)
Last Ten Fiscal Years

Governmental Activities						
Fiscal Year	General Bonded Debt			Other Debt		Total Governmental Activities
	General Obligation Limited Tax Bonds	Percentage of Personal Income	Per Capita ¹	Revenue Bonds	State Loans	
2001	91,239,256	2.52	462	-	1,080,975	92,320,231
2002	91,426,527	2.63	465	-	1,862,795	93,289,322
2003	91,867,232	2.65	468	30,855,000	1,750,824	124,473,056
2004	89,017,106	2.58	456	30,855,000	1,576,841	121,448,947
2005	82,323,826	1.86	422	36,590,000	1,383,951	120,297,777
2006	80,654,785	1.78	413	36,370,000	1,206,894	118,231,679
2007	91,465,096	1.87	471	35,650,000	1,022,755	128,137,851
2008	82,940,146	1.80	431	34,860,000	831,250	118,631,396
2009	76,694,474	1.74	397	33,995,000	632,085	111,321,559
2010	79,947,869	1.78	415	33,055,000	424,953	113,427,822

Business-Type Activities						
Fiscal Year	General Obligation Limited Tax Bonds	Revenue Bonds	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
2001	14,139,948	264,769,321	278,909,269	371,229,500	10.25	1,880
2002	22,456,948	256,002,281	278,459,229	371,748,551	10.71	1,891
2003	22,757,733	246,260,393	269,018,126	393,491,182	11.35	2,004
2004	21,553,114	236,203,505	257,756,619	379,205,566	11.00	1,943
2005	20,405,101	262,961,693	283,366,794	403,664,571	9.11	2,067
2006	19,043,923	337,454,957	356,498,880	474,730,559	10.48	2,433
2007	25,463,909	324,883,297	350,347,206	478,485,057	9.80	2,462
2008	23,927,892	311,801,712	335,729,604	454,361,000	9.87	2,359
2009	31,829,558	395,450,279	427,279,837	538,601,396	12.19	2,788
2010	30,925,312	377,633,846	408,559,158	521,986,980	11.63	2,713

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) 2001-2004: CACI FILE 581: Population Demographics - per 2000 Census
2005 and later: The Right Place, Inc.

City of Grand Rapids, Michigan
Legal Debt Margin Information (unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 385,504,200	\$ 418,384,250	\$ 446,813,800	\$ 475,370,080	\$ 495,389,880	\$ 521,158,190	\$ 545,804,600	\$ 561,637,260	\$ 562,226,090	\$ 555,850,540
Total net debt applicable to limit	<u>104,190,502</u>	<u>107,643,780</u>	<u>134,182,865</u>	<u>130,645,976</u>	<u>129,282,227</u>	<u>130,605,409</u>	<u>147,919,856</u>	<u>138,707,088</u>	<u>140,368,032</u>	<u>154,430,831</u>
Legal debt margin	<u>\$ 281,313,698</u>	<u>\$ 310,740,470</u>	<u>\$ 312,630,935</u>	<u>\$ 344,724,104</u>	<u>\$ 366,107,653</u>	<u>\$ 390,552,781</u>	<u>\$ 397,884,744</u>	<u>\$ 422,930,172</u>	<u>\$ 421,858,058</u>	<u>\$ 401,419,709</u>
Total net debt applicable to the limit (as a percentage of debt limit)	27.03%	25.73%	30.03%	27.48%	26.10%	25.06%	27.10%	24.70%	24.97%	27.78%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	\$ 5,471,356,300
Add back: exempt real property	<u>87,149,100</u>
Total Assessed Value	5,558,505,400
Debt limit (10% of total AV)	555,850,540
Debt applicable to limit:	
Total debt outstanding	574,839,712
Less: exempt debt	<u>420,408,881</u>
Total net debt applicable to limit	<u>154,430,831</u>
Legal debt margin	<u>\$ 401,419,709</u>

Note: Under authority granted to the State Legislature, the Home Rule Cities Act limits the amount of debt a city may have to ten percent of total assessed property value. However significant exceptions to the limitations are permitted for certain types of indebtedness which include: State transportation bonds, Water and Sewer revenue bonds, and Tax Increment Bonds.

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Grand Rapids, Michigan
Pledged Revenue Coverage (unaudited)
Last Ten Fiscal Years

Fiscal Year	Gross Revenue ¹	Direct Operating Expenses ²	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
<u>Water Supply System Fund:</u>							
2001	35,785,814	20,945,222	14,840,592	4,085,000	7,948,089	12,033,089	1.23
2002	37,522,806	20,524,180	16,998,626	4,210,000	7,680,133	11,890,133	1.43
2003	39,845,409	21,344,581	18,500,828	5,040,000	6,683,900	11,723,900	1.58
2004	38,102,756	22,860,685	15,242,071	5,215,000	6,431,900	11,646,900	1.31
2005	38,643,997	24,404,759	14,239,238	5,800,000	5,895,900	11,695,900	1.22
2006	42,699,936	25,711,372	16,988,564	6,645,000	7,318,848	13,963,848	1.22
2007	43,798,379	26,089,718	17,708,661	7,030,000	6,961,606	13,991,606	1.27
2008	44,474,320	26,896,625	17,577,695	7,380,000	6,177,056	13,557,056	1.30
2009	41,688,692	26,992,261	14,696,431	7,830,000	6,808,246	14,638,246	1.00
2010	43,029,181	25,638,078	17,391,103	8,760,000	6,971,090	15,731,090	1.11
<u>Sewage Disposal System Fund:</u>							
2001	32,862,464	15,521,477	17,340,987	4,420,000	8,992,558	13,412,558	1.29
2002	33,336,969	16,253,230	17,083,739	4,560,000	7,406,142	11,966,142	1.43
2003	35,399,884	14,227,141	21,172,743	4,701,888	7,270,048	11,971,936	1.77
2004	33,598,127	16,938,028	16,660,099	4,841,888	7,129,146	11,971,034	1.39
2005	34,165,655	17,972,556	16,193,099	5,296,736	6,568,594	11,865,330	1.36
2006	38,207,316	17,719,500	20,487,816	5,926,660	8,873,755	14,800,415	1.38
2007	41,209,166	21,051,938	20,157,228	6,051,585	8,690,230	14,741,815	1.37
2008	43,266,185	20,035,372	23,230,813	6,231,433	8,492,507	14,723,940	1.58
2009	45,221,517	23,189,892	22,031,625	7,636,433	11,497,769	19,134,202	1.15
2010	51,560,665	21,789,188	29,771,477	7,881,357	11,086,778	18,968,135	1.57

Notes: (1) Gross revenue includes operating revenues, interest revenue and miscellaneous revenue.
(2) Direct operating expenses are total operating expenses less depreciation expense
Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Grand Rapids, Michigan
Demographic Statistics (unaudited)
Last Ten Fiscal Years

Fiscal Year	Population ¹	Personal Income	Per Capita Income ¹	Median Age ¹	School Enrollment ²	Unemployment ³
2001	197,433	3,621,316,086	18,342	30.4	27,415	5.4
2002	196,598	3,472,117,278	17,661	30.4	26,168	8.3
2003	196,306	3,466,960,266	17,661	30.4	25,823	9.4
2004	195,115	3,445,926,015	17,661	30.4	24,219	10.1
2005	195,287	4,430,476,169	22,687	34.2	23,233	8.7
2006	195,100	4,529,051,400	23,214	30.8	23,234	7.5
2007	194,341	4,883,594,989	25,129	34.6	22,340	8.0
2008	192,643	4,604,167,700	23,900	34.8	21,382	8.3
2009	193,167	4,419,660,960	22,880	35.2	20,300	12.3
2010	192,435	4,487,584,200	23,320	35.5	19,100	15.6

- Notes:** (1) 2001-2004: CACI FILE 581: Population Demographics - per 2000 Census
2005 and later: The Right Place, Inc.
U.S. Census Bureau - American Fact Finder
(2) Grand Rapids Public Schools - School Matters
(3) Michigan Employment Security Commission, Michigan Labor Market Information. Average percent for Fiscal Year.

City of Grand Rapids, Michigan
Principal Local Employers (unaudited)
Current Year and Nine Years Previous

Employer	Type of Business	2010			2001		
		West Michigan	Rank	Total City	West Michigan	Rank	Total City
		Employees		Employment	Employees		Employment
Spectrum Health	Hospital and medical services	16,092	1	13.0 %	12,000	1	9.7
Meijer Inc	Retailer	7,421	2	6.0	12,000	1	9.7
Steelcase Inc.	Furniture manufacturing	4,800	3	3.9	8,866	2	7.1
Spartan Stores Inc	Food distributor and retailer	4,200	4	3.4	3,500	7	2.8
Amway Inc.	Consumer products manufacturer	4,000	5	3.2	4,300	5	3.5
Axios Incorporated	Human resources and employment service	3,522	6	2.8			
Grand Rapids Public Schools	Education	3,463	7	2.8	5,500	3	4.4
St. Mary's Health Care	Hospital and medical services	2,672	8	2.2	2,400	10	1.9
Metro Health Hospital	Hospital and medical services	2,163	9	1.7			
Kent County	Government	1,841	10	1.5			
Gordon Food Service	Wholesale food services				5,000	4	
U.S. Postal Service	Postal delivery				3,600	6	2.9
D & W Food Centers	Groceries				2,500	8	2.0
General Motors	Automotive components				2,450	9	2.0
		<u>50,174</u>		<u>40.4 %</u>	<u>62,116</u>		<u>50.0 %</u>

Note: The above listed employers are selected from a list compiled by The Right Place, Inc. of self-reported employment by the largest employers in the seven county metropolitan area. Employers selected for inclusion here are those with a significant presence in Kent County. According to the 2000 Census while less than half of employed city residents work in the city, 90% of employed city residents work in Kent County. Non-city residents fill 63% of the employment in the city. Focusing on the county rather than the city provides a better indication of the potential economic impact on the city of a closure or relocation of one or more major local employers. Percentages are based on the total employment in the city at the time of the 2000 census, 124,193. The complete list of employers is available at [www.rightplace.org/ Regional Data - Local Companies](http://www.rightplace.org/RegionalData-LocalCompanies).

Some employers operated under a different name in the earlier reporting period, but the business and major assets were essentially the same.

City of Grand Rapids, Michigan
Full-time Equivalent City Government Employees by Department (unaudited)
Last Ten Fiscal Years

Department	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessor	23	24	20	20	19	19	18	19	19	16
Attorney	22	22	22	19	18	18	18	18	17	16
City Clerk	14	14	13	11	11	11	10	10	10	9
Community Development	25	24	30	30	29	27	19	18	20	22
Comptroller	21	21	20	19	17	15	17	17	17	15
61st District Court	105	105	105	96	91	91	91	89	91	91
Economic Development	4	6	4	4	4	5	5	5	5	4
Engineering	55	55	54	51	51	51	51	50.5	48	51
Environmental Protection	137	136	127	124	124	126	126	128.5	128.5	122.0
Equal Opportunity	-	-	-	-	-	7	7	7	6	6
Executive	18	17	17	14	14	14	12	12.5	12	11
Facilities Management	18	20	20	20	15	15	15	15	15	13
Fire	269	269	271	262	253	241	239	238	238	221
Fiscal Services	19	19	19	18	14	12	12	13.5	13	10
General Administration	-	-	-	1	1	1	-	-	-	-
Human Resources	30	30	30	29	28	18	17	17	17	16
Income Tax	18	18	18	16	15	16	16	17	18	16
Information Technology	9	10	8	8	8	8	8	5	6	6
Management Services	-	-	-	3	3	5	6	6	4	2
Motor Equipment	43	41	40	39	37	34	34	34	32	32
Neighborhood Improvement	67	69	63	58	57	53	52	52.5	51.5	37.0
Parking Services	38	37	36	37	37	37	37	36	35	31
Parks and Recreation	72	71	68	59	63	43	41	42	40	28
Planning	25	24	22	18	18	14	12	12	11	9
Police	468	471	458	445	411	412	411	411	404	378
Public Library	58	58	71	71	66	67	63	63	62	62
Public Museum	35	35	34	21	17	17	-	-	-	-
Streets & Sanitation	110	112	111	111	113	112	107	106	107	101
Traffic Safety	42	44	44	44	40	41	41	42	42	34
Treasurer	22	22	22	21	21	20	20	20	20	20
Water	186	185	185	186	186	186	186	186	186	176
Seasonal and Other FTE's					368	337	263	246	246	289
	<u>1,953</u>	<u>1,959</u>	<u>1,932</u>	<u>1,855</u>	<u>2,149</u>	<u>2,070</u>	<u>1,954</u>	<u>1,936</u>	<u>1,921</u>	<u>1,844</u>

Notes: Source, Annual Fiscal Plan authorized positions.

City of Grand Rapids, Michigan
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cemeteries										
Burials	650	639	616	639	636	561	552	537	491	467
Clerk										
Voters in November election	74,645	8,356	54,881	15,005	83,369	15,070	66,264	10,840	86,499	12,821
Environmental Protection/Sewage										
Billions of gallons treated *	20.12	20.69	18.67	16.99	18.64	17.96	18.73	16.66	17.97	17.18
Fire										
Total calls *	16,838	17,164	17,394	18,874	18,861	19,000	19,079	19,642	20,057	18,709
Civilian fire deaths *	4	2	7	9	4	0	2	2	2	3
Neighborhood Improvement										
Building permits issued	1,293	1,447	1,733	1,723	1,945	1,964	1,813	1,905	1,719	1,747
Parks and Recreation										
Open swim participants	102,644	82,769	60,425	32,573	26,829	41,586	70,650	77,130	45,235	47,924
Swimming lesson participants	10,254	11,698	7,120	7,322	668	601	670	882	835	-
Softball league participants	39,689	38,232	37,296	35,102	24,788	174 teams	131 teams	135 teams	159 teams	175 teams
Police										
Major crimes *	13,057	12,092	11,485	11,956	11,625	12,427	12,544	12,792	11,241	10,502
Physical Arrests *	17,548	18,200	15,291	13,813	14,304	13,373	16,902	14,487	16,211	12,959
Public Library										
Library card holders	112,681	122,418	132,986	144,600	154,259	110,145	106,558	115,352	124,519	133,311
Total user count	495,578	654,666	738,226	908,786	910,513	954,027	985,011	1,037,686	1,017,075	1,030,585
Local history collection users	15,625	18,273	14,002	33,409	30,073	23,826	32,363	33,410	46,723	42,105
Total circulation of materials	1,118,899	1,410,829	1,393,001	1,546,593	1,428,096	1,523,566	1,587,379	1,597,192	1,484,578	1,601,934
Public Works										
Tons of refuse picked up	37,180	35,553	34,422	37,937	34,086	32,668	31,098	30,520	29,032	29,013
Tons of recycling removed	5,600	6,300	6,500	6,600	5,685	5,823	5,955	5,840	5,739	5,867
Water										
Number of retail customers	74,891	75,750	76,537	77,483	78,284	79,852	77,629	77,820	77,793	78,084
New connections							488	355	209	263
Billions of gallons produced	14.64	14.49	15.16	14.07	14.71	14.81	14.71	14.42	13.17	12.48
Peak daily flow (millions of gal.)	75.60	79.60	90.10	71.90	79.20	82.35	83.66	87.85	74.30	61.86

Notes: * Calendar information for the previous calendar year.

City of Grand Rapids, Michigan
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Fire stations	11	11	11	11	11	11	11	11	11	11
Parking Services										
Parking Ramps	6	5	5	6	5	5	5	6	6	7
Parks and Recreation										
Number of major parks	67	67	67	67	67	67	63	67	67	71
Number of swimming pools	10	10	10	9	9	9	6	9	9	9
Number of ball diamonds	70	70	70	70	70	70	40	70	70	74
Supervised playgrounds					19	19	19	32	32	25
Public Library										
Number of Libraries	6	7	8	8	8	8	8	8	8	8
Public Works										
Environmental Protection										
Miles of sanitary sewers	833	843	850	864	870	882	890	893	897	898
Streets										
Miles of paved streets-major	399	397	168	170	205	205	205	205	205	205
Miles of paved streets-local	165	168	397	395	390	390	390	390	390	389
Streetlights	18,708	18,708	19,026	19,026	19,026	19,026	19,026	20,191	20,202	20,178
Water										
Miles of water mains	1,084	1,094	1,101	1,112	1,122	1,134	1,143	1,147	1,152	1,157