

Comprehensive Annual Financial Report

City of Grand Rapids, Michigan

Year Ended June 30, 2011



Water flowing over the rapids in the Grand River has attracted people to the area that is now downtown Grand Rapids since the days of the Mound Builders over 2,000 years ago. Fishermen still populate the river at certain times of the year, but more often today residents and visitors stop to admire the view and listen to the flowing water. Our cover photo was taken by a visitor fascinated by the view from the Gillette pedestrian bridge where it crosses the Grand River at the foot of Lyon Street. Multiple photos, taken with a Droid-X cell phone were assembled into a 360 X 180 degree panorama or stereographic projection that is commonly referred to as a Wee Planet image. Many similar images are available on the internet.

CITY OF GRAND RAPIDS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2011

Prepared by:
Comptroller's Office
Donijo DeJonge
Comptroller

Elected Officials

Mayor

George Heartwell

Commissioners

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

Comptroller

Donijo DeJonge

Appointed Officials

City Manager

Gregory A. Sundstrom

City Attorney

Catherine Mish

City Treasurer

Albert C. Mooney

City Clerk

Lauri S. 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, 2010

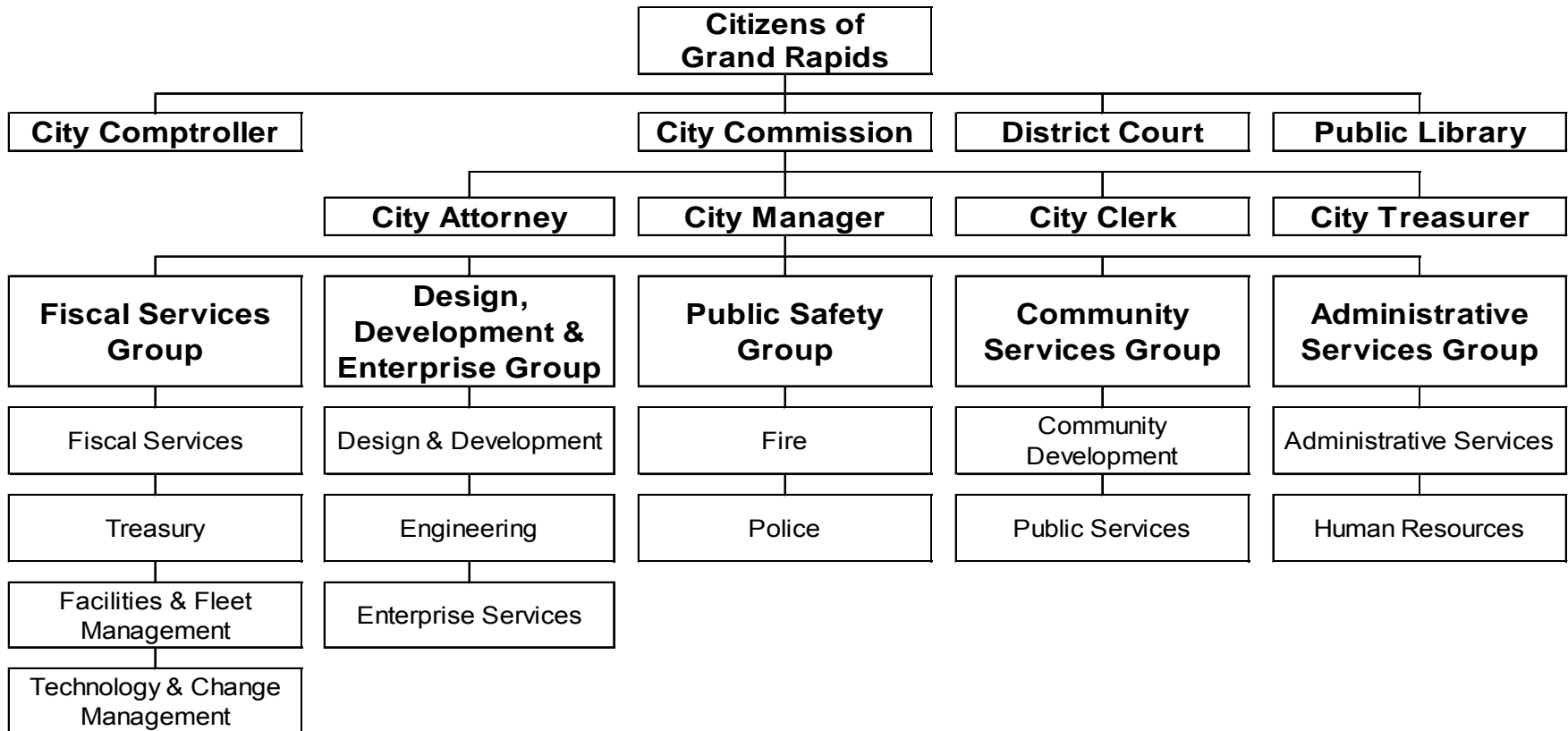
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

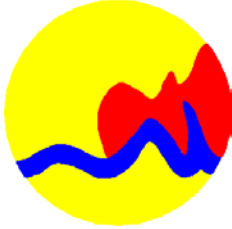


President

Executive Director

**City of Grand Rapids
Organizational Chart
FY2011**





CITY OF GRAND RAPIDS

November 22, 2011

Honorable Mayor George K. Heartwell, City Commissioners, & Residents of Grand Rapids:

Today, I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Grand Rapids (the City), Michigan for the fiscal year ended June 30, 2011 with the Independent Auditors' Report, submitted in compliance with Michigan State Law. State law requires that within six months of the close of each fiscal year local governments publish 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. This CAFR meets state law requirements.

The Office of the City Comptroller 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, 2011. 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 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 that is still in effect today. The City Commission has seven elected nonpartisan commissioners, with two commissioners from each of the three wards and the seventh commissioner elected at large who serves as the Mayor. The City 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 all the elected offices 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 elected at-large and is responsible for the operations of the library system. All other boards, such as the pension board, have members who are appointed by the City Commission.

The City of Grand Rapids provides its citizens with a full range of services. When the City tracks revenues and expenses for these services, it separates them into four broad categories based on activity type: governmental funds, business-type funds, component unit funds, and fiduciary funds. The different services provided by these funds are summarized in the following table.

Governmental Funds		Business-type Funds	Component Units	Fiduciary Funds
General	Grants	Belknap Ice Arena	Grand Rapids Building Authority	Agency Tax Fund
Building Authority Construction	Library	Cemeteries	Grand Rapids Tax Increment Financing Authority	General Retirement Fund
Building Inspections	Local Streets	Auto Parking System	Grand Rapids SmartZone Development Authority	Police & Fire Retirement Funds
Capital Construction	Major Streets	Sewage Disposal System	Grand Rapids Brownfield Redevelopment Authority	Retiree Health Care Funds
Cemetery Perpetual Care	MI Justice Training	Water Supply System	Grand Rapids Downtown Development Authority	
DNR Properties	Neighborhood Business Improvement		State of Michigan 61 st District Court	
Downtown Improvement District	Parks & Recreation			
Drug Law Enforcement	Refuse			
Economic Development	Sidewalk Repair			
General Special Revenue	Streets Capital Construction			
GR Building Authority Debt Service	Vehicle Storage Facility			

Governmental funds provide services including police, fire, street lighting, trash and recycle collection, libraries, and parks and recreation. The City's Traffic Safety Department is responsible for the maintenance of traffic signals throughout Kent and eastern Ottawa Counties. These activities are paid for through income and property taxes and other general revenue sources such as revenue sharing from the state or grant monies from the state and federal governments. These revenue sources do not have a direct relationship between the amount the taxpayer pays and the amount of benefits received from the service. That is, the taxpayer may pay income and property taxes, which are used to fund the fire department, but the taxpayer may never need to call on the fire department for assistance. Additionally, selected governmental services are funded in whole or in part from charges for services.

The City also provides business-type activities which include the water and sewer systems, parking services, Belknap Ice Arena, City cemeteries, and Indian Trails Golf Course. The water and sewer systems provide retail service to some 78,000 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 Auto Parking System maintains over 7,500 off-street parking spaces. These services are like a business and are intended to be funded solely by charges and fees and the charges paid can only be used for these services.

Besides governmental and business-type activities, the financial reporting entity includes component units. Component units are legally separate entities for which the primary government is financially accountable. The component units listed in the above table are incorporated into the City's Comprehensive Annual Financial Report on either a blended or discrete basis.

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 Grand Rapids Building Authority 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.

In fiscal year 2011, governmental expenditures increased 6 percent or \$11.8 million from the previous year. This increase in expenditures is a direct result of increased revenue particularly from higher local income tax rates and grant monies received from the federal government. For example, both revenue from grants and expenditures for urban and community development increased by \$4.5 million. In addition, most of the additional monies generated from the increase in the local income tax rate were allocated to the police and fire departments. Overall, income tax revenue increased 21 percent or \$11.2 million to \$63.9 million and police and fire expenditures increased 9 percent or \$6.5 million to \$78.8 million.

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.

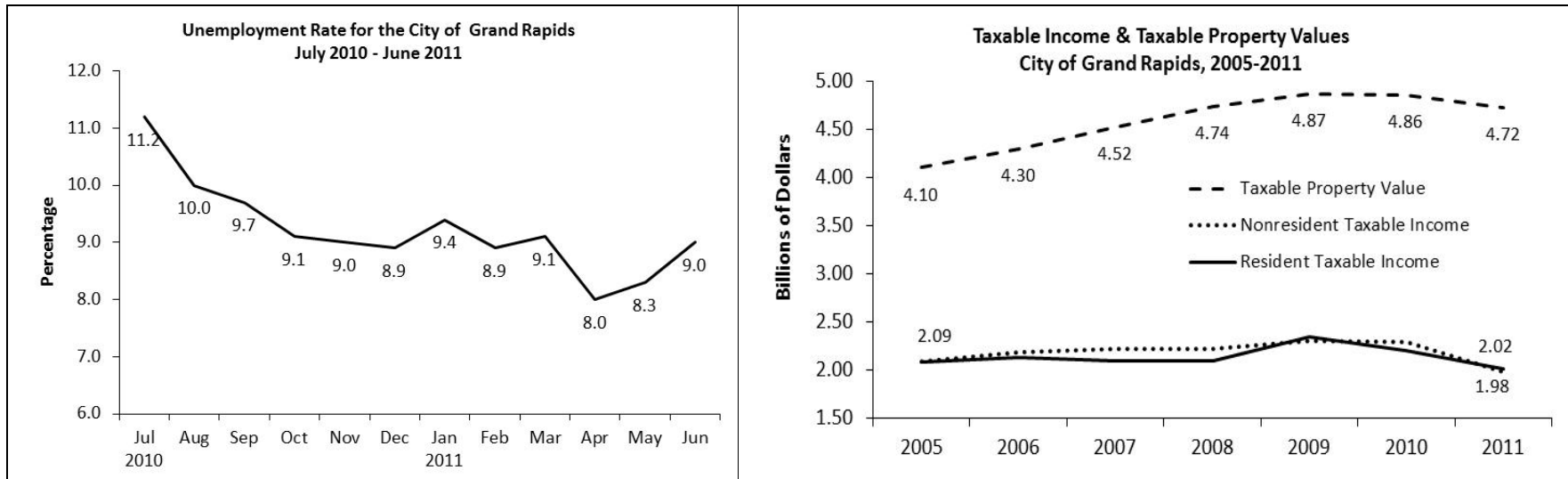
CITY'S FINANCIAL POSITION

For the past decade, the financial position of the City has been deteriorating and without the temporary income tax rate increase, the financial position this fiscal year would have been much worse; that is, the temporary income tax rate increase simply buys management time to solve its financial problems. Many of the City's financial difficulties are a direct result of the local economy. For example, as the economy loses jobs and property values drop and vacancies increase, the tax base for taxable income, taxable property, and taxable sales (which generate state revenue sharing monies for local governments) shrinks yielding less tax revenue for the City to pay for services. Other factors that impact the City's financial position include its \$524 million debt obligations, \$101 million unfunded pension obligations, and roughly \$200 million unfunded retiree health care obligations. Growing unfunded liabilities coupled with these uncertain economic conditions will continue to pose substantial threats to the City's financial sustainability. The discussion that follows focuses on the local economy of West Michigan, as well as the City's long-run financial planning, new financial policies, and initiatives to move the City to a stronger fiscal future.

Local Economy

The City is the economic and cultural hub of west Michigan situated on the Grand River approximately 28 miles east of Lake Michigan and 66 miles west of Lansing, the state capital. The City encompasses an area of 44.4 square miles with a population of 188,040 making it the second populace city in the state of Michigan and the 124th most populated in the United States. The City is the county seat of Kent County, which has a population of 602,622. The urban core of a four-county Metropolitan Statistical Area has a population of 774,160 and a Combined Statistical Area

of 1.3 million (US Census Bureau, 2010). The City boasts a diverse economy hosting major industries like trade, transportation, utilities, manufacturing, education and health services, and professional and business services. Top employers in West Michigan include: Spectrum Health, Meijer, Axios, Spartan Stores, Amway, Mercy General Health Partners, and Grand Rapids Public Schools. All told, these organizations provide 47,000 jobs to the west Michigan economy (The Right Place, 2011 West Michigan Fact Sheet).



The local economy is at best slowly improving but we have yet to recover from our first, single-state recession that began in 2001. In the past year, unemployment has dropped 2 percentage points from 11 percent in July 2010 to 9 percent in June 2011 (see figure on left above). Although unemployment is ostensibly improving, the Grand Rapids – Wyoming MSA economy has lost over 20,000 jobs since 2007 (U.S. Bureau of Labor Statistics, 2011). Grand Rapids does, however, benefit from the growth of the economy in west Michigan, but unemployment in Grand Rapids remains higher than the unemployment rate for west Michigan but lower than the unemployment rate of the state of Michigan. The results of continued high unemployment and job loss include a declining population and a smaller taxable base for income and property.

For the past two years, taxable income and taxable property values have dropped (see figure on right above). Taxable income for the City has decreased by \$304 million since 2004 and \$724 million since 2000 (not adjusted for inflation). Since 2007, the growth in the taxable values of property slowed and in 2010 total taxable property values dropped by 0.2 percent and then decreased another 2.8 percent in 2011. From 2009 to 2011, residential taxable property values decreased 5.5 percent and personal property taxable values declined 0.3 percent while commercial and industrial taxable values all had modest increases. The change in the taxable bases of income and property result in lower revenues from tax receipts.

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, and withdrawals from budget stabilization are treated as one-time revenues.

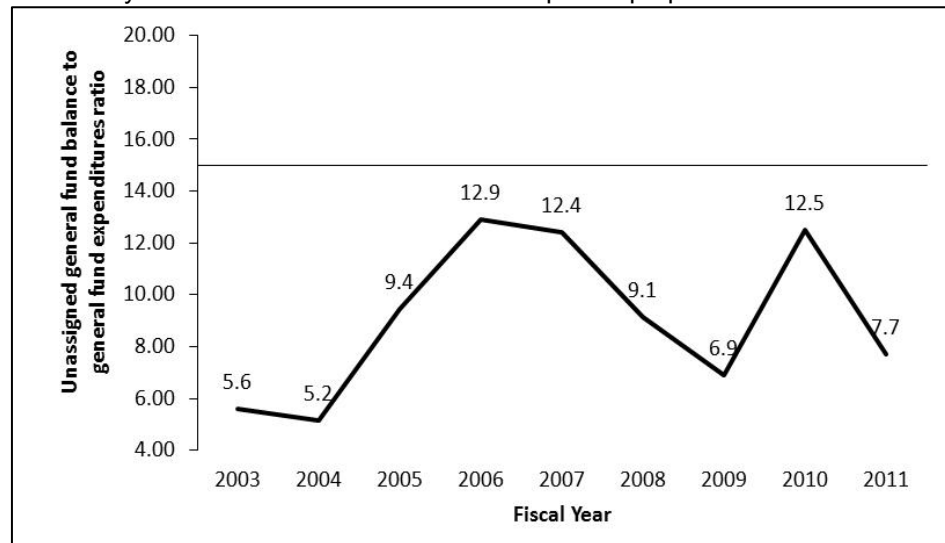
This planning process has clearly revealed that in spite of all the positive steps taken by the community to prepare for the future economy and the restructuring and efficiency gains created by City staff, funding to maintain the current level of City services will not be available. The funds provided by the temporary income tax rate and the American Recovery and Reinvestment Act of 2009 allow the City a grace period to adjust to the new economic reality, but the City cannot grow its way out of this financial crisis by relying on an irresolute local economy, additional debt, or increased grant monies from the federal government. Instead, additional remedies are necessary to create a fiscally sustainable City of the 21st Century—the City must not just set but also follow strict financial policies and take on bold initiatives to solve the problems.

To assist with long-term financial planning, a new financing mechanism has been implemented for new hires to limit the future cost of retiree health care. Given 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. Moreover, 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 addition, the City Comptroller is working with the Chief Financial Officer and others to implement financial policies, performance measures, and other long term planning practices that will create a City of the 21st Century.

Relevant Financial Policies

In June, the City Commission adopted a new fund balance policy that complies with GASB 54. This policy established five new classifications (nonspendable, restricted, committed, assigned, and unassigned) of fund balances for the general fund, debt, capital, and all special revenue funds. The funds comprise a hierarchy based on the extent to which the City is bound to honor constraints on specific purposes for which amounts in those funds can be spent. The five classifications can be further categorized into two groups, restricted (nonspendable and restricted) and unrestricted (committed, assigned, and unassigned).

Those resources classified as restricted are either not available to be spent or must be spent according to external constraints. Amounts categorized as unrestricted can be spent on specific purposes because of constraints imposed by the City Commission (committed) or imposed by the City Manager (assigned). However, unlike the external restraints placed on the restricted resources, the constraints for unrestricted amounts can be changed or removed by the City Commission or City Manager. This policy states specifically that for governmental funds other than the General Operating Fund, the City will maintain an assigned or spendable portion of each special revenue fund assigned fund balance for cash flow equal to 15 percent of the respective fund's expenditures. In



addition, the unassigned fund balance is the residual classification for the General Operating Fund only and includes all amounts not contained within the other classifications. These unassigned amounts are available for any purpose; however, the size of the unassigned fund balance shall be maintained at no less than 15 percent of General Operating Fund expenditures. To date, the City has yet to achieve this 15 percent minimum fund balance (see the figure above). Until more robust financial policies with spending and revenue triggers are implemented, the 15 percent minimum is likely to remain unattainable.

Major Initiatives

Management has launched a number of initiatives to help put the City back on the track to fiscal sustainability. For example, the City converted to a VoIP digital telephone system that saved taxpayers \$750,000; consolidated emergency dispatch operation with the City of Wyoming; received 10 percent compensation reductions from elected officials, appointed officials, top managers, and non-represented employees.

AWARDS

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, 2010; an award the City has received 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 conforms to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for consideration.

In addition, the City has received the GFOA's award for Distinguished Budget Presentation for the twenty-third consecutive year for its budget document for the fiscal year beginning July 1, 2010. 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.

ACKNOWLEDGEMENTS

The timely and orderly preparation and completion of this report is not possible without the dedication of the staff in the Office of the City Comptroller. I appreciate the times and talents of all those in the office who contributed to this document. The citizens of Grand Rapids should be proud of this outstanding staff, I know I am! Also, I extend my appreciation to the Mayor, Commissioners, and City Manager and his staff whose leadership and commitment are imperative to the sustainability of this great City!

Respectfully submitted,



Donijo Robbins De Jonge, PhD
City Comptroller



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, 2011 (December 31, 2010 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, 2011 (December 31, 2010 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.

As described in Note 1 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 21, 2011 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

November 21, 2011

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, 2011. 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 for the City is the amount by which the City's assets exceeded its liabilities. At June 30, 2011, net assets totaled \$824,272,153. The unrestricted portion of this amount, \$140,075,380, may be used to meet the government's on-going obligations to citizens and creditors, consistent with the purpose that the funds were accumulated.
- The City's total net assets decreased by \$2,718,798. A \$12,736,826 decrease in the net assets for governmental activities was mostly offset by an increase of the net assets for business-type activities of \$10,018,028. For governmental activities, depreciation expenses on existing assets overwhelmed closely matched revenues and expenses in individual funds.
- At June 30, 2011, the City's governmental funds reported combined fund balances of \$81,824,437; an increase of \$4,183,446 from the previous year. A total of \$15,709,975 of the fund balance for governmental funds is *nonspendable*, and the spending of \$16,774,016 is *restricted* as to purpose by an outside party, which means \$49,340,446 is available for spending at the City's discretion, but only within the purpose of the individual funds where the fund balance is located. Only the *unassigned* fund balance of the General Fund is available for any purpose.
- In fiscal year 2011, the City Commission established a policy that the general fund's unassigned fund balance should be 15% of current expenditures. The unassigned portion of the fund balance of the General Fund totaled \$7,885,595; a decrease of \$4,858,512 from the previous year. This decrease was primarily because \$5,541,833 of the fund balance was assigned to cover the fiscal year 2012 budget deficit. At June 30, 2011, the unassigned balance stands at 8% of 2011 general fund expenditures, compared with 12.5% in 2010. At year end the unassigned fund balance was \$6,826,810 below the fund balance policy.
- The City's total debt increased by \$738,878 during the current fiscal year. Payments reducing debt totaled \$76,157,911 and new debt issued included \$43,025,000 of refunding bonds and \$32,279,789 new debt. 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 shifts from reserved and unreserved fund balance categories to nonspendable, restricted, committed, assigned and unassigned fund balance. The City has implemented the provisions of GASB No. 54 in these financial statements for 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 85-88.

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 89.

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 28-72 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 73-78 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 2011	Governmental Activities 2010	Business-Type Activities 2011	Business-Type Activities 2010	Total Primary Government 2011	Total Primary Government 2010
Current and other assets	\$ 141,470,421	\$ 134,528,293	\$ 145,651,566	\$ 141,965,691	\$ 287,121,987	\$ 276,493,984
Capital assets, net of accumulated depreciation	<u>385,346,637</u>	<u>412,144,550</u>	<u>756,428,728</u>	<u>739,593,203</u>	<u>1,141,775,365</u>	<u>1,151,737,753</u>
Total Assets	<u>\$ 526,817,058</u>	<u>\$ 546,672,843</u>	<u>\$ 902,080,294</u>	<u>\$ 881,558,894</u>	<u>\$ 1,428,897,352</u>	<u>\$ 1,428,231,737</u>
Current liabilities	\$ 23,736,720	\$ 25,747,943	\$ 31,951,161	\$ 34,104,480	\$ 55,687,881	\$ 59,852,423
Non-current liabilities	<u>128,421,759</u>	<u>133,529,495</u>	<u>420,515,559</u>	<u>407,858,868</u>	<u>548,937,318</u>	<u>541,388,363</u>
Total Liabilities	<u>\$ 152,158,479</u>	<u>\$ 159,277,438</u>	<u>\$ 452,466,720</u>	<u>\$ 441,963,348</u>	<u>\$ 604,625,199</u>	<u>\$ 601,240,786</u>
Net assets						
Invested in capital assets, net of related debt	\$ 286,842,665	\$ 306,253,632	\$ 360,515,741	\$ 359,840,998	\$ 647,358,406	\$ 666,094,630
Restricted	15,069,304	15,806,474	21,769,063	19,527,952	36,838,367	35,334,426
Unrestricted	<u>72,746,610</u>	<u>65,335,299</u>	<u>67,328,770</u>	<u>60,226,596</u>	<u>140,075,380</u>	<u>125,561,895</u>
Total Net Assets	<u>\$ 374,658,579</u>	<u>\$ 387,395,405</u>	<u>\$ 449,613,574</u>	<u>\$ 439,595,546</u>	<u>\$ 824,272,153</u>	<u>\$ 826,990,951</u>

Assets exceeded liabilities by \$824,272,153 at June 30, 2011 and \$826,990,951 at June 30, 2010.

The City's current and other assets increased by \$10,628,003 or 3.8%. Most of the increase is explained by the unspent revenue from the income tax increase, with the rest due primarily to the results of operations in business type activities.

The total liabilities increased 0.5% or \$3,384,413, primarily as the result of new debt issued to finance additions to the Auto Parking and Sewage Disposal System.

By far, the largest portion of the City's net assets (78.8%) 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* (\$140,075,380) may be used to meet government's on-going obligations to citizens and creditors consistent with the purpose of the fund, however only the \$7.8 million of the General Fund's *unassigned* fund balance shown on page 15 is freely available or transferable to support the operations of the General Fund or of any other fund.

At June 30, 2011, 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 2011	Governmental Activities 2010	Business-Type Activities 2011	Business-Type Activities 2010	Total 2011	Total 2010
Land	\$ 18,088,973	\$ 18,088,973	\$ 14,918,335	\$ 13,213,826	\$ 33,007,308	\$ 31,302,799
Easements/Right of Way	462,031	454,381.00	167,992	129,000.00	630,023	583,381
Land improvements	14,735,301	16,091,547	9,110,437	9,583,631	23,845,738	25,675,178
Buildings and structures	100,611,453	106,424,963	116,470,986	110,326,188	217,082,439	216,751,151
Leasehold improvements	-	-	-	-	-	-
Storage tanks	-	-	7,633,389	8,054,673	7,633,389	8,054,673
Machinery and equipment	7,982,148	9,892,247	85,432,813	83,989,175	93,414,961	93,881,422
Motor vehicles	11,213,011	13,509,108	2,117,211	673,427	13,330,222	14,182,535
Furniture	788,855	1,036,421	124,855	150,613	913,710	1,187,034
Software	610,675	679,162	-	-	610,675	679,162
Water and sewer mains	-	-	509,948,991	493,875,713	509,948,991	493,875,713
Infrastructure	226,698,932	243,949,937	-	-	226,698,932	243,949,937
Construction in progress	4,155,258	2,017,811	10,503,719	19,596,957	14,658,977	21,614,768
Total	<u>\$ 385,346,637</u>	<u>\$ 412,144,550</u>	<u>\$ 756,428,728</u>	<u>\$ 739,593,203</u>	<u>\$ 1,141,775,365</u>	<u>\$ 1,151,737,753</u>

Capital assets: The City's investment in capital assets for its governmental and business type activities as of June 30, 2011 amounts to \$1,141,775,365 (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 \$44 million. Major capital asset events during the current fiscal year included the following:

- Two new parking ramps were acquired by the Auto Parking System at a cost of \$10,117,235.
- Various additions and improvements were completed in the Sewage Disposal System at a cost of \$30,910,290. Construction in progress on additional projects as of June 30, 2011 had reached \$6,185,635.
- Various additions and improvements were completed in the Water Supply System at a cost of \$6,408,871. Construction in progress in on-going projects at the close of the fiscal year was \$4,274,611.

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 2011	Governmental Activities 2010	Business-Type Activities 2011	Business-Type Activities 2010	Total 2011	Total 2010
Limited tax pledge bonds	\$ 61,278,557	\$ 66,649,187	\$ 36,526,443	\$ 30,170,812	\$ 97,805,000	\$ 96,819,999
Revenue bonds	32,025,000	33,055,000	382,676,778	377,633,846	414,701,778	410,688,846
Long-term contracts	<u>10,620,080</u>	<u>13,723,635</u>	<u>11,414,000</u>	<u>12,569,500</u>	<u>22,034,080</u>	<u>26,293,135</u>
Total	<u><u>\$ 103,923,637</u></u>	<u><u>\$ 113,427,822</u></u>	<u><u>\$ 430,617,221</u></u>	<u><u>\$ 420,374,158</u></u>	<u><u>\$ 534,540,858</u></u>	<u><u>\$ 533,801,980</u></u>

Long-term debt: At June 30, 2011, the City had total long-term debt outstanding of \$534,540,858. Of this amount, \$97,805,000 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, 2011 balance of the City of Grand Rapids and County of Kent Building Authority bonds of \$69,633,904 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 2011.

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

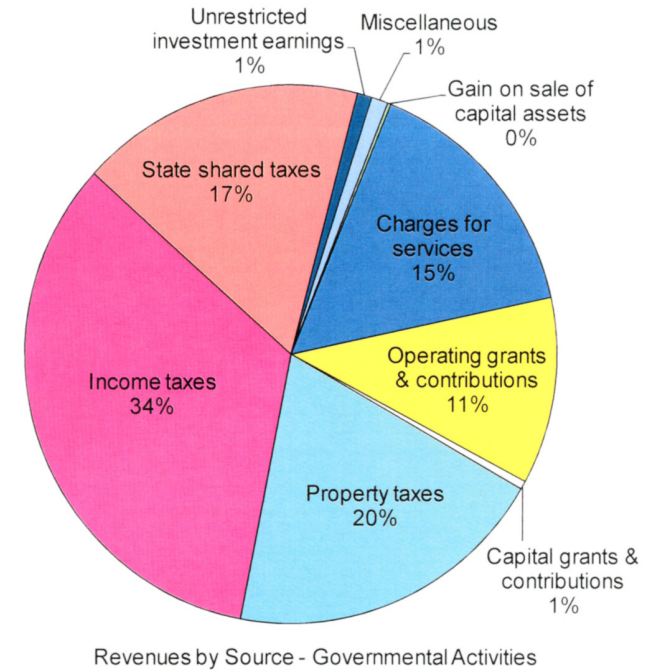
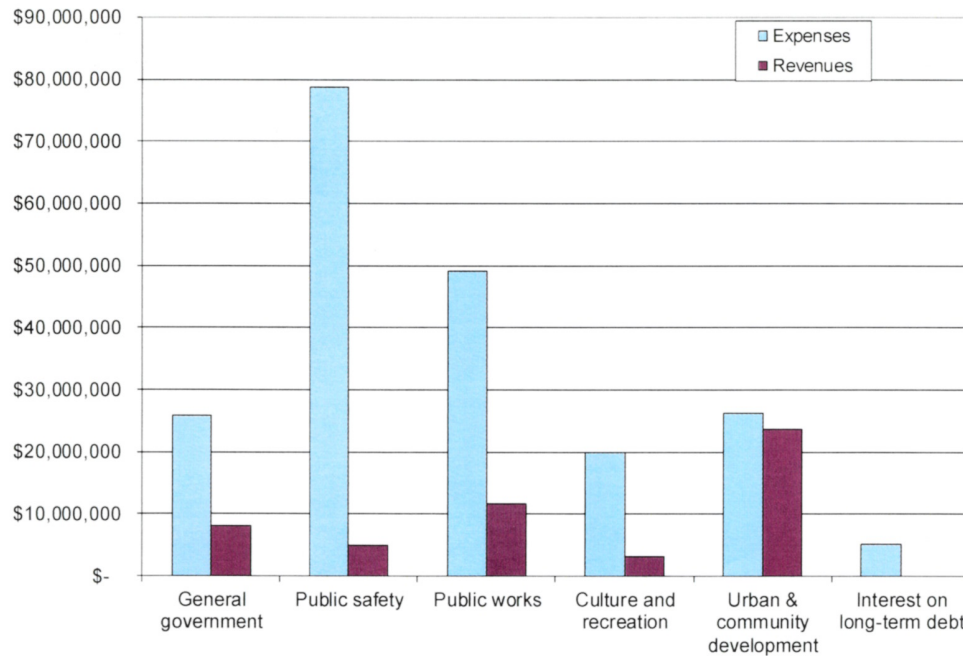
Changes in Net Assets:

	City of Grand Rapids' Changes in Net Assets					
	Governmental Activities 2011	Governmental Activities 2010	Business-Type Activities 2011	Business-Type Activities 2010	Total Primary Government 2011	Total Primary Government 2010
Revenues:						
Program Revenues:						
Charges for services	\$ 29,417,499	\$ 33,179,001	\$ 105,230,818	\$ 102,162,255	\$ 134,648,317	\$ 135,341,256
Operating grants and contributions	21,175,008	15,755,323	208,000	131,096	21,383,008	15,886,419
Capital grants and contributions	968,301	1,568,133	1,098,463	1,034,755	2,066,764	2,602,888
General Revenues:						
Property taxes	37,451,239	38,551,862	-	-	37,451,239	38,551,862
Income taxes	63,852,926	52,656,179	-	-	63,852,926	52,656,179
State shared taxes	32,775,451	32,731,782	-	-	32,775,451	32,731,782
Unrestricted investment earnings	1,738,367	2,079,940	975,845	2,030,100	2,714,212	4,110,040
Miscellaneous	1,962,840	1,297,311	1,378,751	2,755,680	3,341,591	4,052,991
Gain on sale of capital assets	292,191	1,759,429	-	-	292,191	1,759,429
Total Revenues	<u>189,633,822</u>	<u>179,578,960</u>	<u>108,891,877</u>	<u>108,113,886</u>	<u>298,525,699</u>	<u>287,692,846</u>
Expenses:						
General government	25,886,186	24,244,049	-	-	25,886,186	24,244,049
Public safety	78,776,861	72,301,627	-	-	78,776,861	72,301,627
Public works	49,113,508	47,956,043	-	-	49,113,508	47,956,043
Culture and Recreation	19,853,225	22,130,169	-	-	19,853,225	22,130,169
Urban & Community Development	26,234,918	21,519,381	-	-	26,234,918	21,519,381
Interest on long-term debt	5,139,731	5,085,083	-	-	5,139,731	5,085,083
Water Supply System	-	-	38,356,092	39,797,298	38,356,092	39,797,298
Sewage Disposal System	-	-	45,298,196	43,555,979	45,298,196	43,555,979
Auto Parking System	-	-	10,214,180	8,901,722	10,214,180	8,901,722
Other Enterprises	-	-	2,371,600	2,259,044	2,371,600	2,259,044
Total Expenses	<u>205,004,429</u>	<u>193,236,352</u>	<u>96,240,068</u>	<u>94,514,043</u>	<u>301,244,497</u>	<u>287,750,395</u>
Change in Net Assets before Transfers	(15,370,607)	(13,657,392)	12,651,809	13,599,843	(2,718,798)	(57,549)
Transfers	2,633,781	11,411,230	(2,633,781)	(11,411,230)	-	-
Change in Net Assets	(12,736,826)	(2,246,162)	10,018,028	2,188,613	(2,718,798)	(57,549)
Net Assets - beginning	387,395,405	389,641,567	439,595,546	437,406,933	826,990,951	827,048,500
Net Assets - ending	<u>\$ 374,658,579</u>	<u>\$ 387,395,405</u>	<u>\$ 449,613,574</u>	<u>\$ 439,595,546</u>	<u>\$ 824,272,153</u>	<u>\$ 826,990,951</u>

Governmental activities: Governmental activities decreased the City's net assets by \$12,736,826. Key elements of this decrease are as follows:

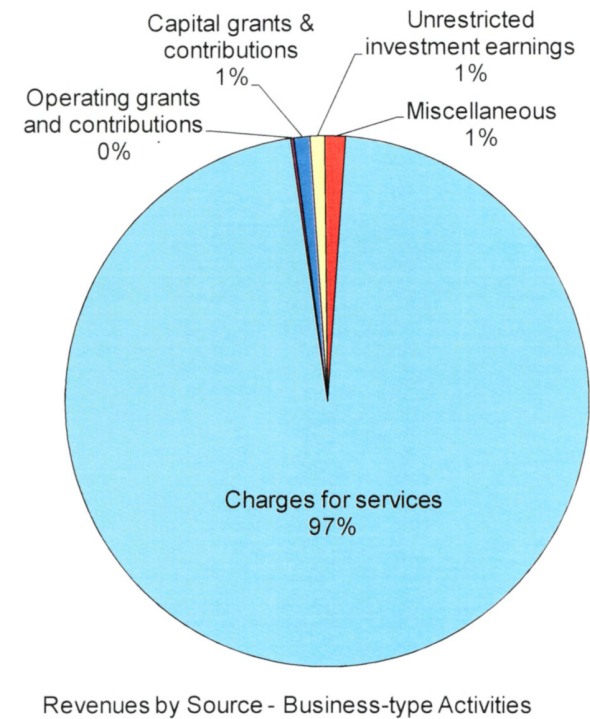
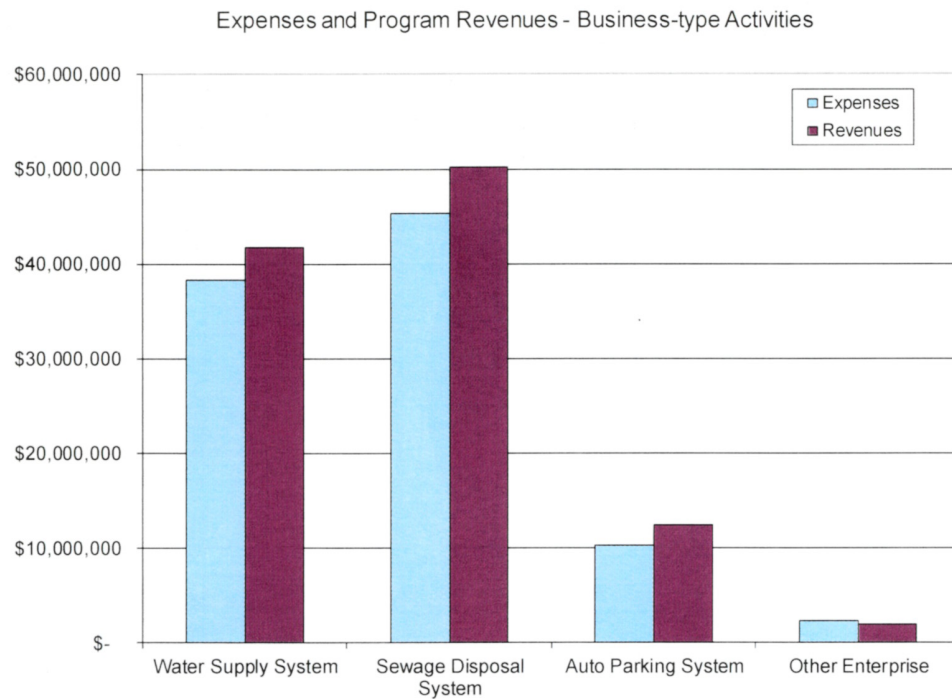
- Depreciation on existing assets of \$26.9 million, substantially in excess of the \$2.7 million cost of newly capitalized assets, reduced net assets by \$24.2 million.
- Tax revenues are used to finance most governmental activities. Local property tax revenue decreased 2.8% because of declining property values and vacated properties, but the City's largest tax revenue, the local income tax, increased \$11,196,747, or 21.3%, from a combination of a 15.4% voter-approved, five-year rate increase, a decrease in the personal exemption from \$750 to \$600, and increasing per capita incomes. State shared taxes were mostly unchanged compared to the previous year.

Expenses and Program Revenues - Governmental Activities



Business-type activities: Business-type activities increased the City's net assets by \$10,018,028. The key elements of this increase are as follows:

- The Water and Sewer System's return on invested capital was sufficient to offset a mid-year rate decrease and flat to falling volume to produce increases in net assets needed to maintain their capital spending program.
- All the major funds were able to generate an operating margin sufficient to fund their current operating expenses and all required debt service payments.



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. The adoption of GASB #54's new standards on the reporting of fund balance prevent a direct comparison of the components of fund balance between the current and prior year, but the change in total fund balance, less any non-spendable portion indicates whether the City is accumulating or using resources that were available to support future activities.

As of June 30, 2011, the City's governmental funds reported combined ending fund balances of \$81,824,437. Of this total, all but \$7,584,811 of *unassigned* fund balance has been spoken for in the sense that it is either *non-spendable*, *restricted* by an outside party, *committed* to identified projects by the City Commission, or *assigned* to a specific fund or purpose prior to year end. A summary by fund of those restrictions appears on page 15.

The General Fund is the primary operating fund of the City. At June 30, 2011, the fund had an unassigned fund balance of \$7,886,595. This is similar in concept to the undesignated category reported in prior years. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represented 8.0% and 32.3% respectively of total fiscal year 2011 General Fund expenditures, changed from undesignated and total fund balance representing 12.5% and 31.7% of fund expenditures a year earlier.

The fund balance of the City's General Fund decreased \$531,884 during fiscal year 2011. As originally adopted, the budget was in balance, despite a need to increase pension contributions over \$7.1 million as a result of 2008 losses in pension investments. As detailed on the following page, the key factor in the final decrease was the acceptance of three new public safety grants requiring local match dollars that were only available from the General Fund.

The fund balance of the Library Fund increased \$367,836 despite a \$405,971 decrease in property tax revenue as they benefited from the first full year of a multiyear effort to reduce compensation costs and some planned maintenance expenditures could not be completed before year end.

The budget process anticipated the Major and Local Street Funds would drawdown \$688,107 and \$2,477,621 million respectively of fund balance. Actual results saw an increase in fund balance of \$2,237,913 in the Major Street Fund and a reduction of only \$1,385,017 in the Local Street Fund. The Major Street Fund received the financial benefit of several vacant positions and the reassignment of a number of personnel to fill positions in other funds. Both funds were positively impacted by the City Manager's decision to reduce cap-sealing and paving projects to retain resources that could replace General Fund support of the Street Capital Construction Fund in future budget years.

The fund balances of the City's Street Capital Fund decreased \$773,243 primarily as a result of continued spending on previously planned projects. The fund balance of the General Capital Construction increased by \$929,717 while the Building Authority Construction Funds decreased by \$488,265, in both cases primarily as a result of a mismatch in timing of acquiring resources and spending on multi-year construction projects.

The fund balances of the City's Non-Major Governmental funds increased by \$5,863,172. That increase came from the new Transformation Fund established to account for the revenues received from a five-year increase in the income tax rates. At June 30, 2011, \$7,319,161 of those revenues remained in fund balance.

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 \$62,842,760. The total growth in net assets for enterprise funds was \$9,831,169. 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 \$680,357 increase in expenditure appropriations between the original and final amended budget. The major components of the increase were:

- \$234,296 of funds was reappropriated to allow completion of departmental projects that had not been completed in the prior fiscal year.
- \$168,815 was appropriated to provide the required local grant match funding to acquire abandoned railroad right-of-way to add to the park system.
- \$165,469 was appropriated to provide the required local match on a state auto theft prevention grant.
- Transfers to the District Court were increased by \$224,694 to provide the local match required to accept another year of grant funding for two programs.

Actual departmental expenditures in the General Fund were \$5,570,568 below amended appropriations. After considering the expected appropriation lapse of \$3,944,236 budgeted at the fund level, departmental expenditures were \$1,626,332 below budget. This was primarily because a new company of 13 fire-fighters were authorized in the original budget, but only 2 of the new positions were filled.

Revenues for the year ended June 30, 2011 were \$219,910 lower than originally budgeted. There were number off-setting differences within the total change. The largest variances were a \$1,259,758 reduction from the anticipated income tax receipts, \$836,543 of anticipated fee for service revenue that never materialized and \$313,354 of parking fines below anticipated receipts. Off-setting the shortfalls was \$1,117,195 of unanticipated state shared revenue, a \$500,000 payment received from the Downtown Development Authority, and reimbursements of police officer overtime at community events that were \$317,364 above expectations.

Economic Factors and Next Year's Budgets and Rates

City Commission, top management, and fiscal staff considered many factors when preparing the fiscal year 2012 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 public safety service levels to continue and to provide time and resources to revise future service delivery methods.

The initial FY 2012 budget projected a 4% increase in the local income tax base. Based on projections from the State of Michigan, the statutory portion of state revenue sharing is expected to be eliminated, but the budget anticipates that the City will qualify for \$4.5 million of funding from the incentive based replacement. These proceeds will be placed in the new Transformation Fund to support on-going efforts to create a leaner more sustainable City organization. The City adopts the annual budget within the context of a five year plan. Two years ago the five year plan showed rising deficits each year within governmental activities. The latest five-year plan shows some progress has been made in bringing expenditures in line with anticipated revenue sources. Despite the progress, few reserves exist to cope with the unexpected but inevitable shocks.

Future budgets anticipate continuing General Fund subsidies providing over 40% of the cost of operating the District Court, almost 25% of the cost of operations and debt service in the Cemetery Fund, almost 50% of the cost of operating the Parks and Recreation Fund, almost 60% of the cost of operating the consolidated Dispatch Fund, as well as continuing to provide any required local match dollars in the Grants Fund.

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. FY2012 is the sixth 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 of the City organization. Putting current changes in a multi-year context allows proactive responses fiscal challenges facing 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, 2011

	<u>Primary Government</u>			<u>Total Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	
ASSETS				
Equity in pooled cash and investments (Note 2)	\$ 111,202,641	\$ 55,321,114	\$ 166,523,755	\$ 18,482,448
Investments held by trustee	-	-	-	5,401,543
Receivables, net	9,828,200	20,950,470	30,778,670	978,521
Internal balances	(4,421,010)	4,421,010	-	-
Due from other governmental units	8,633,320	-	8,633,320	116,302
Advance to component unit	-	789,573	789,573	-
Inventories	2,949,083	3,481,015	6,430,098	-
Deferred expenses and other assets	-	778,337	778,337	790,876
Restricted assets (Notes 2 and 4)	2,548,187	57,224,884	59,773,071	-
Investment in joint venture (Note 1)	-	2,472,900	2,472,900	-
Long-term advance	10,730,000	-	10,730,000	-
Other assets	-	212,263	212,263	-
Capital Assets (Note 5):				
Non-depreciable	22,706,262	25,590,046	48,296,308	15,106,357
Depreciable, net	<u>362,640,375</u>	<u>730,838,682</u>	<u>1,093,479,057</u>	<u>40,349,071</u>
Total assets	<u>\$ 526,817,058</u>	<u>\$ 902,080,294</u>	<u>\$ 1,428,897,352</u>	<u>\$ 81,225,118</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 17,182,312	\$ 2,208,444	\$ 19,390,756	\$ 4,604,618
Accrued interest payable	1,293,615	9,552,179	10,845,794	269,099
Due to other governmental units	2,565,904	-	2,565,904	-
Unearned revenues	2,244,228	-	2,244,228	-
Customer deposits	450,661	-	450,661	-
Current portion of claims payable	-	42,894	42,894	-
Payable from restricted assets (Note 6):				
Bonds and contracts payable	-	17,326,281	17,326,281	-
Accrued interest and other	-	2,821,363	2,821,363	-
Noncurrent liabilities (Note 6):				
Due within 1 year:	20,968,952	3,869,120	24,838,072	4,434,408
Due in more than 1 year:	<u>107,452,807</u>	<u>416,646,439</u>	<u>524,099,246</u>	<u>49,777,427</u>
Total liabilities	<u>152,158,479</u>	<u>452,466,720</u>	<u>604,625,199</u>	<u>59,085,552</u>
NET ASSETS				
Invested in capital assets, net of related debt	286,842,665	360,515,741	647,358,406	26,302,623
Restricted for:				
Expendable:				
Public Safety	2,054,559	-	2,054,559	-
Cultural and recreation	5,255,296	-	5,255,296	-
Public Works	4,073,218	-	4,073,218	-
Debt service	-	21,769,063	21,769,063	-
Authorized projects	-	-	-	4,024,543
Urban and community development	848,818	-	848,818	-
Nonexpendable:				
Perpetual care	2,798,143	-	2,798,143	-
Cultural and recreation	39,270	-	39,270	-
Unrestricted	<u>72,746,610</u>	<u>67,328,770</u>	<u>140,075,380</u>	<u>(8,187,600)</u>
Total net assets	<u>374,658,579</u>	<u>449,613,574</u>	<u>824,272,153</u>	<u>22,139,566</u>
Total liabilities and net assets	<u>\$ 526,817,058</u>	<u>\$ 902,080,294</u>	<u>\$ 1,428,897,352</u>	<u>\$ 81,225,118</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, 2011

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	Governmental Activities	Business-type Activities	Total	
Primary government:								
<i>Governmental activities:</i>								
General government	\$ 25,886,186	\$ 8,064,316	\$ -	\$ -	\$ (17,821,870)	\$ -	\$ (17,821,870)	\$ -
Public safety	78,776,861	2,260,699	2,710,023	-	(73,806,139)	-	(73,806,139)	-
Public works	49,113,508	10,141,484	530,990	968,301	(37,472,733)	-	(37,472,733)	-
Culture and recreation	19,853,225	2,766,016	364,102	-	(16,723,107)	-	(16,723,107)	-
Urban & community development	26,234,918	6,184,984	17,569,893	-	(2,480,041)	-	(2,480,041)	-
Interest on long-term debt	5,139,731	-	-	-	(5,139,731)	-	(5,139,731)	-
Total governmental activities	<u>205,004,429</u>	<u>29,417,499</u>	<u>21,175,008</u>	<u>968,301</u>	<u>(153,443,621)</u>	<u>-</u>	<u>(153,443,621)</u>	<u>-</u>
<i>Business-type activities:</i>								
Water Supply System	38,356,092	41,639,821	-	120,366	-	3,404,095	3,404,095	-
Sewage Disposal System	45,298,196	50,130,450	-	128,119	-	4,960,373	4,960,373	-
Auto Parking System	10,214,180	11,570,553	208,000	849,978	-	2,414,351	2,414,351	-
Other Enterprise	2,371,600	1,889,994	-	-	-	(481,606)	(481,606)	-
Total business-type activities	<u>96,240,068</u>	<u>105,230,818</u>	<u>208,000</u>	<u>1,098,463</u>	<u>-</u>	<u>10,297,213</u>	<u>10,297,213</u>	<u>-</u>
Total primary government	<u>\$ 301,244,497</u>	<u>\$ 134,648,317</u>	<u>\$ 21,383,008</u>	<u>\$ 2,066,764</u>	<u>(153,443,621)</u>	<u>10,297,213</u>	<u>(143,146,408)</u>	<u>-</u>
Component Units:								
Downtown Development Authority	\$ 13,092,163	\$ 339,642	\$ 1,136,207	\$ -	-	-	-	(11,616,314)
Tax Increment Financing Authority	492,266	-	-	-	-	-	-	(492,266)
SmartZone Development Authority	1,611,970	-	-	-	-	-	-	(1,611,970)
Brownfield Redevelopment Authority	2,645,960	61,501	-	-	-	-	-	(2,584,459)
61st District Court	13,008,342	7,240,896	6,091,425	-	-	-	-	323,979
Total component units	<u>\$ 30,850,701</u>	<u>\$ 7,642,039</u>	<u>\$ 7,227,632</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,981,030)</u>
General revenues:								
Property taxes					37,451,239	-	37,451,239	14,348,245
City income taxes					63,852,926	-	63,852,926	-
Intergovernmental, unrestricted					32,775,451	-	32,775,451	-
Unrestricted investment earnings					1,738,367	975,845	2,714,212	313,378
Miscellaneous					1,962,840	1,378,751	3,341,591	-
Gain on sale of capital assets					292,191	-	292,191	-
Transfers (Note 9)					2,633,781	(2,633,781)	-	-
Total general revenues and transfers					<u>140,706,795</u>	<u>(279,185)</u>	<u>140,427,610</u>	<u>14,661,623</u>
Change in net assets					<u>(12,736,826)</u>	<u>10,018,028</u>	<u>(2,718,798)</u>	<u>(1,319,407)</u>
Net assets - beginning					<u>387,395,405</u>	<u>439,595,546</u>	<u>826,990,951</u>	<u>23,458,973</u>
Net assets - ending					<u>\$ 374,658,579</u>	<u>\$ 449,613,574</u>	<u>\$ 824,272,153</u>	<u>\$ 22,139,566</u>

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

City of Grand Rapids, Michigan
Balance Sheet
Governmental Funds
June 30, 2011

	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)	\$ 22,308,485	\$ 5,348,006	\$ 1,556,086	\$ 3,114,168	\$ 2,404,411	\$ 8,083,202	\$ 5,971,050	\$ 801,465	\$ 19,836,130	\$ 69,423,003
Receivables, net	6,131,398	10,024	5,453	498,269	4,728	179,704	329,437	-	1,713,350	8,872,363
Due from other funds (Note 9)	483,100	-	-	-	-	-	-	-	-	483,100
Due from other governmental units	4,184,255	-	-	1,575,070	434,747	120,363	-	-	2,318,885	8,633,320
Inventories	737,913	-	-	1,411,109	-	-	-	-	18,540	2,167,562
Long-term advance	10,730,000	-	-	-	-	-	-	-	-	10,730,000
Total assets	\$ 44,575,151	\$ 5,358,030	\$ 1,561,539	\$ 6,598,616	\$ 2,843,886	\$ 8,383,269	\$ 6,300,487	\$ 801,465	\$ 23,886,905	\$ 100,309,348
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable and accruals	\$ 10,986,132	\$ 180,782	\$ 538,456	\$ 68,813	\$ 28,372	\$ 396,669	\$ 642,187	\$ 4,277	\$ 2,081,341	\$ 14,927,029
Due to other funds (Note 9)	-	-	-	-	-	-	-	-	395,657	395,657
Due to other governmental units	1,846,339	-	-	-	-	-	-	-	550	1,846,889
Deferred revenues	30,207	-	-	-	-	60,284	69,856	-	704,328	864,675
Customer deposits	-	-	252,511	-	-	-	141,305	-	56,845	450,661
Total liabilities	12,862,678	180,782	790,967	68,813	28,372	456,953	853,348	4,277	3,238,721	18,484,911
Fund balance:										
Nonspendable:										
Long-term advance	10,730,000	-	-	-	-	-	-	-	-	10,730,000
Inventories	737,913	-	-	1,411,109	-	-	-	-	18,540	2,167,562
Nonexpendable Trust principal	-	14,270	-	-	-	-	-	-	2,798,143	2,812,413
Restricted:										
Public safety programs	-	-	-	-	-	-	-	-	2,092,398	2,092,398
Housing and community redevelopment	-	-	-	-	-	-	-	-	840,943	840,943
Culture and recreation	-	377,400	-	-	-	-	-	-	-	377,400
Public works	-	-	-	5,118,694	2,815,514	-	-	-	-	7,934,208
Debt service	-	-	-	-	-	2,024,772	958,104	542,203	-	3,525,079
Committed:										
Authorized projects	-	-	-	-	-	5,901,544	4,489,035	254,985	7,319,161	17,964,725
Other purposes	-	-	-	-	-	-	-	-	1,013,363	1,013,363
Assigned:										
Culture & recreation	-	3,958,484	-	-	-	-	-	-	338,842	4,297,326
Urban & community development	-	-	-	-	-	-	-	-	3,498,509	3,498,509
Public works	-	-	438,504	-	-	-	-	-	557,463	995,967
Ensuing year budget	5,541,833	396,802	-	-	-	-	-	-	580,411	6,519,046
Compensated absences	6,386,415	430,292	332,068	-	-	-	-	-	406,219	7,554,994
Other purposes	429,717	-	-	-	-	-	-	-	1,485,976	1,915,693
Unassigned	7,886,595	-	-	-	-	-	-	-	(301,784)	7,584,811
Total fund balance	31,712,473	5,177,248	770,572	6,529,803	2,815,514	7,926,316	5,447,139	797,188	20,648,184	81,824,437
Total liabilities and fund balances	\$ 44,575,151	\$ 5,358,030	\$ 1,561,539	\$ 6,598,616	\$ 2,843,886	\$ 8,383,269	\$ 6,300,487	\$ 801,465	\$ 23,886,905	\$ 100,309,348

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, 2011

Total governmental funds, fund balances	\$ 81,824,437
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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	842,530,481
Accumulated depreciation	<u>(457,183,844)</u>
Net capital assets	385,346,637

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	3,141,238
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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.

	37,202,881
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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	(103,923,637)
Premium on bonds	(1,150,963)
Compensated absences	(9,308,943)
Net OPEB Obligation	(10,306,965)
Insurance claims	(6,872,491)
Accrued interest on bonds	<u>(1,293,615)</u>

Net assets of governmental activities	<u>\$ 374,658,579</u>
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City of Grand Rapids, Michigan
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the year ended June 30, 2011

	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	\$ 13,816,716	\$ 10,795,508	\$ 7,574,592	\$ -	\$ -	\$ -	\$ 5,264,423	\$ -	\$ -	\$ 37,451,239
City income taxes	53,122,501	-	-	-	-	-	2,213,170	-	8,517,255	63,852,926
State shared taxes	19,439,000	105,906	-	10,095,408	2,694,480	-	-	-	70,222	32,405,016
Licenses and permits	394,134	-	-	-	-	-	-	-	2,101,770	2,495,904
Fines and forfeitures	1,966,646	212,646	-	-	-	-	-	-	-	2,179,292
Federal grants	109,662	-	-	302,509	-	210,345	187,743	-	17,545,911	18,356,170
State grants	283,610	-	-	399	-	-	-	-	222,772	506,781
Other grants & contributions	64,003	370,434	-	7,500	-	69,176	501,037	-	2,638,642	3,650,792
Charges for services	10,963,058	146,216	4,864,311	2,177,098	10,129	191,693	-	-	6,153,621	24,506,126
Investment earnings	582,727	101,430	67,703	-	39,550	16,268	8,473	9,304	191,628	1,017,083
Miscellaneous	1,468,669	-	-	123,951	2,625	-	92,585	440	285,748	1,974,018
Total revenues	102,210,726	11,732,140	12,506,606	12,706,865	2,746,784	487,482	8,267,431	9,744	37,727,569	188,395,347
Expenditures:										
Current:										
General government	22,210,976	-	-	-	-	-	1,447,716	-	-	23,658,692
Public safety	67,385,063	-	-	-	-	-	-	-	6,802,077	74,187,140
Public works	5,014,222	-	14,263,448	7,752,911	4,004,027	-	-	-	1,312,855	32,347,463
Culture and recreation	-	9,323,322	-	-	-	-	-	-	5,988,267	15,311,589
Urban and community development	3,059,324	-	-	-	-	-	-	-	23,380,242	26,439,566
Debt service:										
Principal	336,853	-	1,592,500	585,417	-	-	1,248,138	-	4,845,631	8,608,539
Interest, fees, and bond issue costs	82,929	300	16,152	470,939	-	-	481,979	-	3,625,945	4,678,244
Capital outlay	-	-	-	28,437	-	2,143,099	1,353,793	498,009	-	4,023,338
Total expenditures	98,089,367	9,323,622	15,872,100	8,837,704	4,004,027	2,143,099	4,531,626	498,009	45,955,017	189,254,571
Excess (deficit) of revenues over expenditures	4,121,359	2,408,518	(3,365,494)	3,869,161	(1,257,243)	(1,655,617)	3,735,805	(488,265)	(8,227,448)	(859,224)
Other financing sources (uses):										
Transfers in (Note 9)	7,916,303	-	-	-	-	910,000	313,045	-	16,717,294	25,856,642
Transfers out (Note 9)	(12,590,615)	(2,040,682)	(263,789)	(1,605,978)	(127,774)	(27,626)	(3,119,133)	-	(2,626,674)	(22,402,271)
Face value of bonds and contracts issued	-	-	1,592,500	-	-	-	-	-	-	1,592,500
Total other financing sources (uses)	(4,674,312)	(2,040,682)	1,328,711	(1,605,978)	(127,774)	882,374	(2,806,088)	-	14,090,620	5,046,871
Net change in fund balances	(552,953)	367,836	(2,036,783)	2,263,183	(1,385,017)	(773,243)	929,717	(488,265)	5,863,172	4,187,647
Fund balances - beginning	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
Current year change in inventory levels	21,069	-	-	(25,270)	-	-	-	-	-	(4,201)
Fund balances - ending	\$ 31,712,473	\$ 5,177,248	\$ 770,572	\$ 6,529,803	\$ 2,815,514	\$ 7,926,316	\$ 5,447,139	\$ 797,188	\$ 20,648,184	\$ 81,824,437

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

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, 2011

Net change in fund balances - total governmental funds \$ 4,187,647

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 (\$26,902,872) exceeded capital outlays (\$2,744,090). (24,158,782)

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 (1,592,500)
Repayments 8,608,539

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 26,672
Compensated absences (238,334)
Net OPEB obligation (936,593)
Other 56,428

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.

1,310,097

Change in net assets of governmental activities \$ (12,736,826)

City of Grand Rapids, Michigan
Statement of Net Assets
Proprietary Funds
June 30, 2011

	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)	\$ 20,125,018	\$ 20,501,308	\$ 13,895,480	\$ 799,308	\$ 55,321,114	\$ 41,779,638
Receivables, net	8,312,683	11,554,100	930,708	152,979	20,950,470	933,393
Due from component units	789,573	-	-	-	789,573	-
Investment in joint venture (Note 1)	-	2,472,900	-	-	2,472,900	-
Inventory	2,306,071	1,157,488	-	17,456	3,481,015	781,521
Restricted Assets (Note 4)	9,770,856	10,376,788	-	-	20,147,644	2,548,187
Deferred expenses and other assets	-	-	778,337	-	778,337	123,929
Total current assets	<u>41,304,201</u>	<u>46,062,584</u>	<u>15,604,525</u>	<u>969,743</u>	<u>103,941,053</u>	<u>46,166,668</u>
Noncurrent assets:						
Restricted assets (Note 4)	17,296,223	19,781,017	-	-	37,077,240	-
Other assets	-	-	-	212,263	212,263	-
Capital assets: (Note 5)						
Non-depreciable	8,226,997	10,523,053	6,834,741	5,255	25,590,046	576,671
Depreciable	428,278,655	618,692,368	86,926,703	5,078,024	1,138,975,750	49,112,144
Less accumulated depreciation	(152,730,172)	(219,540,634)	(32,233,515)	(3,632,747)	(408,137,068)	(38,934,917)
Total noncurrent assets	<u>301,071,703</u>	<u>429,455,804</u>	<u>61,527,929</u>	<u>1,662,795</u>	<u>793,718,231</u>	<u>10,753,898</u>
Total assets	<u>\$ 342,375,904</u>	<u>\$ 475,518,388</u>	<u>\$ 77,132,454</u>	<u>\$ 2,632,538</u>	<u>\$ 897,659,284</u>	<u>\$ 56,920,566</u>

City of Grand Rapids, Michigan
Statement of Net Assets
Proprietary Funds
June 30, 2011

	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	\$ 923,286	\$ 857,606	\$ 181,967	\$ 245,585	\$ 2,208,444	\$ 2,255,283
Accrued interest payable	2,891,264	6,254,703	406,212	-	9,552,179	40,454
Due to other governmental units	-	-	-	-	-	719,015
Due to other funds (Note 9)	-	-	-	65,000	65,000	-
Unearned revenues	-	-	42,894	-	42,894	1,379,553
Current portion of claims payable	-	-	-	-	-	5,364,991
Current maturities of bonds, notes and contracts payable (Note 6)	-	74,000	1,223,604	-	1,297,604	1,715,830
Current portion of compensated absences and workers' compensation	834,178	489,960	86,387	30,991	1,441,516	787,200
Current portion of long-term advance	-	-	1,130,000	-	1,130,000	-
Liabilities payable from restricted assets (Note 6):						
Current maturities of bonds, notes and contracts payable	9,110,000	8,216,281	-	-	17,326,281	-
Other	660,856	2,160,507	-	-	2,821,363	-
Total current liabilities	<u>14,419,584</u>	<u>18,053,057</u>	<u>3,071,064</u>	<u>341,576</u>	<u>35,885,281</u>	<u>12,262,326</u>
Noncurrent liabilities (net of current portion) (Note 6):						
Bonds payable	117,886,099	241,231,041	35,145,419	-	394,262,559	3,315,000
Contracts and notes payable	-	610,000	-	-	610,000	1,030,086
Long-term advance	-	-	9,600,000	-	9,600,000	-
General claims payable	-	-	-	-	-	344,300
Bond premium	5,363,813	5,044,011	13,462	-	10,421,286	36,811
Compensated absences and workers' compensation	469,226	275,602	48,592	17,433	810,853	1,239,751
Net OPEB Obligation (Note 8)	529,117	302,962	81,776	27,886	941,741	358,415
Total noncurrent liabilities	<u>124,248,255</u>	<u>247,463,616</u>	<u>44,889,249</u>	<u>45,319</u>	<u>416,646,439</u>	<u>6,324,363</u>
Total liabilities	<u>138,667,839</u>	<u>265,516,673</u>	<u>47,960,313</u>	<u>386,895</u>	<u>452,531,720</u>	<u>18,586,689</u>
NET ASSETS						
Invested in capital assets net of related debt	164,471,519	169,448,246	25,145,444	1,450,532	360,515,741	5,661,767
Restricted:						
Debt service	8,711,547	13,057,516	-	-	21,769,063	-
Unrestricted	<u>30,524,999</u>	<u>27,495,953</u>	<u>4,026,697</u>	<u>795,111</u>	<u>62,842,760</u>	<u>32,672,110</u>
Total net assets	<u>203,708,065</u>	<u>210,001,715</u>	<u>29,172,141</u>	<u>2,245,643</u>	<u>445,127,564</u>	<u>38,333,877</u>
Total liabilities and net assets	<u>\$ 342,375,904</u>	<u>\$ 475,518,388</u>	<u>\$ 77,132,454</u>	<u>\$ 2,632,538</u>		<u>\$ 56,920,566</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					<u>4,486,010</u>	
Net assets of business-type activities					<u>\$ 449,613,574</u>	

City of Grand Rapids, Michigan
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
for the year ended June 30, 2011

	Major Funds			Nonmajor Proprietary Funds	Totals	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Auto Parking System			
Operating revenues:						
Charges for services	\$ 577,586	\$ 49,923,594	\$ 11,570,553	\$ 1,546,758	\$ 63,618,491	\$ 50,292,013
Sales	40,465,190	-	-	333,255	40,798,445	-
Miscellaneous	597,045	206,856	-	9,981	813,882	326,375
Total operating revenues	41,639,821	50,130,450	11,570,553	1,889,994	105,230,818	50,618,388
Operating expenses:						
Personal services	13,766,407	8,642,417	2,043,442	980,498	25,432,764	8,103,322
Supplies and materials	2,946,242	1,424,828	106,958	449,501	4,927,529	3,695,622
Utilities	4,946,594	2,645,769	509,149	180,442	8,281,954	1,671,961
Contractual services	898,754	6,086,971	1,367,875	450,552	8,804,152	4,293,177
Other services and charges	2,809,278	2,496,828	1,747,707	135,050	7,188,863	27,362,974
Depreciation	7,399,012	12,843,252	2,867,285	181,269	23,290,818	3,863,472
Total operating expenses	32,766,287	34,140,065	8,642,416	2,377,312	77,926,080	48,990,528
Operating income (loss)	8,873,534	15,990,385	2,928,137	(487,318)	27,304,738	1,627,860
Nonoperating revenues (expenses):						
Federal grants	-	-	208,000	-	208,000	-
Interest revenue	365,265	283,149	323,737	3,694	975,845	632,640
Miscellaneous revenue	623,599	698,689	56,462	-	1,378,750	-
Gain on sale of capital assets	-	-	-	-	-	292,191
Interest expense and paying agent fees	(5,688,529)	(11,239,789)	(1,592,528)	-	(18,500,846)	(235,145)
Total nonoperating revenues (expenses)	(4,679,665)	(10,257,951)	(1,004,329)	3,694	(15,938,251)	689,686
Income (loss) before capital contributions and transfers	4,193,869	5,732,434	1,923,808	(483,624)	11,366,487	2,317,546
Capital contributions	120,366	128,119	849,978	-	1,098,463	-
Transfers in (Note 9)	1,991,121	-	-	442,331	2,433,452	798,109
Transfers out (Note 9)	(791,462)	(2,918,680)	(1,034,648)	(322,443)	(5,067,233)	(1,618,699)
Change in net assets	5,513,894	2,941,873	1,739,138	(363,736)	9,831,169	1,496,956
Total net assets - beginning	198,194,171	207,059,842	27,433,003	2,609,379		36,836,921
Total net assets - ending	\$ 203,708,065	\$ 210,001,715	\$ 29,172,141	\$ 2,245,643		\$ 38,333,877
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					186,859	
Change in net assets of business-type activities					\$ 10,018,028	

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

for the year ended June 30, 2011

	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	\$ 42,491,331	\$ 51,016,981	\$ 11,316,135	\$ 1,855,717	\$ 106,680,164	\$ 51,716,064
Payments to suppliers	(11,982,703)	(17,394,635)	(4,191,317)	(1,114,256)	(34,682,911)	(36,078,822)
Payments to employees	(8,743,058)	(5,546,107)	(1,468,993)	(749,964)	(16,508,122)	(5,303,815)
Payments for payroll taxes and benefits	(5,059,918)	(3,157,737)	(627,704)	(240,988)	(9,086,347)	(2,886,648)
Other operating revenues (expenses)	1,442,503	698,689	56,462	9,981	2,207,635	326,375
Net cash provided (used) by operating activities	18,148,155	25,617,191	5,084,583	(239,510)	48,610,419	7,773,154
Cash flows from noncapital financing activities:						
Transfers from other funds	1,991,121	-	-	442,331	2,433,452	798,109
Transfers to other funds	(791,462)	(2,918,680)	(1,034,648)	(322,443)	(5,067,233)	(1,618,699)
Net cash provided (used) by noncapital financing activities	1,199,659	(2,918,680)	(1,034,648)	119,888	(2,633,781)	(820,590)
Cash flows from capital and related financing activities:						
Proceeds from capital debt	47,573,351	24,862,114	7,270,063	-	79,705,528	-
Proceeds from capital grant	-	-	208,000	-	208,000	-
Purchase of capital assets	(7,329,728)	(21,017,321)	(10,680,831)	-	(39,027,880)	(1,224,341)
Sale of capital assets	-	-	-	3,167	3,167	292,191
Principal paid on capital debt	(55,055,000)	(7,951,857)	(2,054,370)	-	(65,061,227)	(2,263,147)
Interest paid on capital debt	(7,645,166)	(10,522,836)	(1,611,287)	-	(19,779,289)	(228,377)
Net cash provided (used) by capital and related financing activities	(22,456,543)	(14,629,900)	(6,868,425)	3,167	(43,951,701)	(3,423,674)
Cash flows from investing activities:						
Interest received	365,265	283,149	323,737	3,694	975,845	632,640
Net increase (decrease) in equity in pooled cash and investments	(2,743,464)	8,351,760	(2,494,753)	(112,761)	3,000,782	4,161,530
Equity in pooled cash and investments - beginning of year	35,924,433	27,098,340	16,390,233	912,069	80,325,075	40,166,295
Equity in pooled cash and investments - end of year (including \$13,055,951, \$14,948,792 and \$2,548,187 for the Water System, Sewage System and Internal Service, respectively, reported in restricted accounts)	\$ 33,180,969	\$ 35,450,100	\$ 13,895,480	\$ 799,308	\$ 83,325,857	\$ 44,327,825

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, 2011

	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)	\$ 8,873,534	\$ 15,990,385	\$ 2,928,137	\$ (487,318)	\$ 27,304,738	\$ 1,627,860
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	7,399,012	12,843,252	2,867,285	181,269	23,290,818	3,863,472
Miscellaneous cash received	623,599	698,689	56,462	-	1,378,750	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	1,082,882	590,146	(217,554)	(24,126)	1,431,348	69,650
(Increase) decrease in due from other intergovernmental units	(224,129)	-	-	-	(224,129)	194,771
(Increase) decrease in inventory	(7,243)	242,059	-	(170)	234,646	(118,033)
(Increase) decrease in deferred expenses	-	-	(36,864)	-	(36,864)	255,951
Increase (decrease) in vouchers and accounts payable	(181,835)	(257,293)	(496,222)	36,289	(899,061)	(553,645)
Increase in due to other intergovernmental units	-	-	-	-	-	719,015
Increase in due to other funds	-	-	-	65,000	65,000	-
Increase in deferred revenues	-	-	36,594	-	36,594	1,277,663
(Increase) decrease in restricted assets	818,904	(3,628,620)	-	-	(2,809,716)	-
Decrease in compensated absences	(38,528)	(62,656)	(53,481)	(10,512)	(165,177)	(95,579)
Increase in Net OPEB Obligation	1,959	1,229	226	58	3,472	8,438
Increase (decrease) in general claims payable	(200,000)	(800,000)	-	-	(1,000,000)	523,591
	<u>9,274,621</u>	<u>9,626,806</u>	<u>2,156,446</u>	<u>247,808</u>	<u>21,305,681</u>	<u>6,145,294</u>
Net cash provided (used) by operating activities	<u>\$ 18,148,155</u>	<u>\$ 25,617,191</u>	<u>\$ 5,084,583</u>	<u>\$ (239,510)</u>	<u>\$ 48,610,419</u>	<u>\$ 7,773,154</u>
Noncash capital activities						
Contributions of capital assets from other governments	\$ 120,235	\$ 128,119	\$ 849,978	\$ -	\$ 1,098,332	\$ -

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, 2011

	Total Employee Benefit Trust Funds	Agency Tax Fund
	<u> </u>	<u> </u>
ASSETS		
Equity in pooled cash and investments (Note 2)	\$ 1,346,944	\$ 213,315
Investments held by trustee (Note 2):		
Cash and money market funds	10,434,824	-
United States Government Securities	39,860,481	-
State and municipal bonds	167,994	-
Corporate bonds	116,641,872	-
Common stocks and equity mutual funds	445,528,136	-
Asset-backed securities	22,271,328	-
Other	42,278,209	-
Collateral held by broker under securities lending		-
U.S. Corporate fixed income	2,213,190	-
U.S. Equity funds	6,887,938	-
U.S. Government fixed income	7,713,323	-
Unspecified	18,806,611	-
Receivables, net:		
Property taxes	24,673	768,270
Other accounts	1,288,546	-
Accrued interest	1,284,129	-
Total assets	<u>\$ 716,748,198</u>	<u>\$ 981,585</u>
LIABILITIES		
Compensated absences	\$ 23,052	\$ -
Investment securities purchased	1,995,681	-
Vouchers and accounts payable	942,213	-
Due to other funds (Note 9)	19,768	-
Due to other governmental units	-	981,585
Liabilities under securities lending program	<u>35,621,062</u>	<u>-</u>
Total liabilities	<u>38,601,776</u>	<u>981,585</u>
NET ASSETS		
Held in trust for pension and OPEB benefits	<u>678,146,422</u>	<u>-</u>
Total net assets	<u>678,146,422</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 716,748,198</u>	<u>\$ 981,585</u>

City of Grand Rapids, Michigan
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

for the year ended June 30, 2011

	Total Employee Benefit Trust Funds
ADDITIONS	
Plan Contributions:	
Employer	\$ 24,574,123
Plan members	4,516,235
	<hr/>
Total contributions	29,090,358
Investment income (loss):	
Interest and dividends	8,288,364
Net depreciation in fair value of investments	116,161,231
	<hr/>
Total investment earnings	124,449,595
Investment management expense	(2,112,259)
	<hr/>
Net income from investment activities	122,337,336
Securities lending income	108,611
Securities lending expenses	(37,983)
	<hr/>
Net income from securities lending activities	70,628
Total net investment income	122,407,964
	<hr/>
Total additions	151,498,322
	<hr/>
DEDUCTIONS	
Benefits paid	53,196,379
Administration expenses	1,108,362
	<hr/>
Total deductions	54,304,741
	<hr/>
Change in net assets	97,193,581
Total net assets - beginning	580,952,841
	<hr/>
Total net assets - ending	\$ 678,146,422
	<hr/>

City of Grand Rapids, Michigan
Combining Statement of Net Assets
Component Units
June 30, 2011

	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)	\$ 11,301,198	\$ 1,431,993	\$ 2,696,265	\$ 783,005	\$ 2,269,987	\$ 18,482,448
Investments held by trustee (Note 2)	5,401,543	-	-	-	-	5,401,543
Receivables, net:						
Accounts	50,560	-	-	-	-	50,560
Loans	898,848	-	-	-	65	898,913
Accrued interest	20,414	2,181	6,453	-	-	29,048
Due from other governmental units	-	-	-	-	116,302	116,302
Prepaid expenses and other assets	790,876	-	-	-	-	790,876
Capital Assets (Note 5):						
Non-depreciable	13,826,357	1,280,000	-	-	-	15,106,357
Depreciable	76,474,967	4,027,124	-	-	20,212	80,522,303
Less: accumulated depreciation	<u>(37,945,058)</u>	<u>(2,217,587)</u>	<u>-</u>	<u>-</u>	<u>(10,587)</u>	<u>(40,173,232)</u>
Total assets	<u>\$ 70,819,705</u>	<u>\$ 4,523,711</u>	<u>\$ 2,702,718</u>	<u>\$ 783,005</u>	<u>\$ 2,395,979</u>	<u>\$ 81,225,118</u>
LIABILITIES						
Vouchers payable and accruals	\$ 3,245,975	\$ 9,426	\$ 365,675	\$ 40,246	\$ 247,019	\$ 3,908,341
Accrued Interest	249,490	4,966	14,643	-	-	269,099
Due to participants	74,303	-	-	434,545	187,429	696,277
Non-current liabilities (Note 6):						
Due within 1 year	3,769,413	89,838	207,939	15,317	351,901	4,434,408
Due in more than 1 year	<u>44,493,811</u>	<u>703,469</u>	<u>4,165,764</u>	<u>10,125</u>	<u>404,258</u>	<u>49,777,427</u>
Total liabilities	<u>51,832,992</u>	<u>807,699</u>	<u>4,754,021</u>	<u>500,233</u>	<u>1,190,607</u>	<u>59,085,552</u>
NET ASSETS						
Invested in capital assets, net of related debt	23,995,146	2,297,852	-	-	9,625	26,302,623
Restricted for authorized projects	-	1,418,160	2,323,611	282,772	-	4,024,543
Unrestricted	<u>(5,008,433)</u>	<u>-</u>	<u>(4,374,914)</u>	<u>-</u>	<u>1,195,747</u>	<u>(8,187,600)</u>
Total net assets (deficit)	<u>18,986,713</u>	<u>3,716,012</u>	<u>(2,051,303)</u>	<u>282,772</u>	<u>1,205,372</u>	<u>22,139,566</u>
Total liabilities and net assets	<u>\$ 70,819,705</u>	<u>\$ 4,523,711</u>	<u>\$ 2,702,718</u>	<u>\$ 783,005</u>	<u>\$ 2,395,979</u>	<u>\$ 81,225,118</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, 2011

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets						Total
	Expenses	Charges for Services	Operating Grants and Contributions	Downtown Development Authority	SmartZone			61st District Court		
					Tax Increment Financing Authority	Local Development Financing Authority	Brownfield Redevelopment Authority			
Urban & community development:										
Downtown Development Authority	\$ 13,092,163	\$ 339,642	\$ 1,136,207	\$ (11,616,314)	\$ -	\$ -	\$ -	\$ -	\$ (11,616,314)	
Tax Increment Financing Authority	492,266	-	-	-	(492,266)	-	-	-	(492,266)	
SmartZone Development Authority	1,611,970	-	-	-	-	(1,611,970)	-	-	(1,611,970)	
Brownfield Redevelopment Authority	2,645,960	61,501	-	-	-	-	(2,584,459)	-	(2,584,459)	
Public safety:										
61st District Court	13,008,342	7,240,896	6,091,425	-	-	-	-	323,979	323,979	
	<u>\$ 30,850,701</u>	<u>\$ 7,642,039</u>	<u>\$ 7,227,632</u>	<u>(11,616,314)</u>	<u>(492,266)</u>	<u>(1,611,970)</u>	<u>(2,584,459)</u>	<u>323,979</u>	<u>(15,981,030)</u>	
General revenues:										
Investment earnings				264,224	13,679	29,282	6,193	-	313,378	
Property taxes				9,827,034	496,005	1,478,300	2,546,906	-	14,348,245	
Total general revenues				<u>10,091,258</u>	<u>509,684</u>	<u>1,507,582</u>	<u>2,553,099</u>	<u>-</u>	<u>14,661,623</u>	
Change in net assets				<u>(1,525,056)</u>	<u>17,418</u>	<u>(104,388)</u>	<u>(31,360)</u>	<u>323,979</u>	<u>(1,319,407)</u>	
Net assets (deficit) - beginning				<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>	
Net assets (deficit) - ending				<u>\$ 18,986,713</u>	<u>\$ 3,716,012</u>	<u>\$ (2,051,303)</u>	<u>\$ 282,772</u>	<u>\$ 1,205,372</u>	<u>\$ 22,139,566</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 business activities 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, 2011</u>		<u>Year ended June 30, 2011</u>
Total Assets	\$ 202,137,853		
Total Liabilities	\$ 100,586,935	Revenues	\$ 5,856,446
Total Net Assets	<u>101,550,918</u>	Expenses	<u>(9,897,255)</u>
Total Liabilities and Net Assets	<u>\$ 202,137,853</u>	Change in Net Assets	<u>\$ (4,040,809)</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, 2011</u>		<u>Year ended June 30, 2011</u>
Total Assets	\$ 29,002,557		
Total Liabilities	\$ 5,325,564	Revenues	\$ 10,702,245
Total Net Assets	<u>23,676,993</u>	Expenses	<u>(12,542,487)</u>
Total Liabilities and Net Assets	<u>\$ 29,002,557</u>	Change in Net Assets	<u>\$ (1,840,242)</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, 2011</u>		<u>Year ended June 30, 2011</u>
Total Assets	\$ 36,775,806		
Total Liabilities	\$ 31,828,504	Revenues	\$ 6,801,673
Total Net Assets	<u>4,947,302</u>	Expenses	<u>(6,502,916)</u>
Total Liabilities and Net Assets	<u>\$ 36,775,806</u>	Change in Net Assets	<u>\$ 298,757</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.

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.

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.

1. Summary of Significant Accounting Policies, continued:

Governmental Fund Balances are reported in specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The City's accounting and finance policies are used to interpret the nature and/or requirements of the funds and their corresponding assignment of restricted, committed, assigned, or unassigned. In FY2011, the City implemented GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions.

The City reports the following classifications:

Nonspendable Fund Balance is the amount that cannot be spent because it is either (a) not in spendable form - such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance is the portion of fund balance that reflects constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance is the amount that can only be used for specific purposes as a result of constraints imposed by formal action of the City Commission.

Assigned Fund Balance is the amount that is constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Commission delegates to the City Manager or his/her designee the authority to assign amounts to be used for other specific purposes.

Unassigned Fund Balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The size of the unassigned fund balance shall be maintained, per City policy, at no less than 15% of General Operating Fund expenditures. Also, for Special Revenue Funds, if expenditures exceed the amounts restricted, committed or assigned, it may be necessary to report a negative unassigned fund balance for those funds.

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 2010, the total assessed value of all real and personal property in the City subject to *ad valorem* taxation was \$5,192,219,200 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, the assessed value becomes the new base taxable value. The total *ad valorem* base was reduced \$469,852,254 by this limitation, reducing City tax revenues by approximately \$3,933,200 for fiscal year 2011.

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 is currently in a phase out period, but for fiscal year 2011, the \$231,184,032 reduction of the *ad valorem* roll total for property located in the Renaissance Zones reduced City property tax revenues by approximately \$1,319,100 for fiscal year 2011.

The City's portion of the property tax levy per \$1,000 of taxable value for fiscal year 2011 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	0.0108	\$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 1.5% of all taxable income and non-residents paid 0.75% of taxable income earned within the City limits during fiscal year 2011.

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>2011</u>	<u>2010</u>
Unpaid claims - beginning of year	\$ 8,470,800	\$ 10,111,785
Incurred claims, net of changes in estimates	20,266,278	19,005,113
Claim payments	<u>(21,864,587)</u>	<u>(20,646,098)</u>
Unpaid claims - end of year	<u>\$ 6,872,491</u>	<u>\$ 8,470,800</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 cannot 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 \$228,988,804 and the associated bank balances totaled \$240,655,767. Of the bank balances, \$3,529,510 was covered by federal deposit insurance. Accordingly, the remaining deposits of \$237,126,257 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, 2011, the City had the following deposits:

Financial Institution	Certificates of Deposit	Money Market Accounts	Other Deposit Accounts	Totals	
				Dollars	Percentages
AAC Credit Union	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000	0.42 %
Bank of New York Mellon	-	-	21,769,063	21,769,063	9.05
ChoiceOne Bank	2,000,000	-	-	2,000,000	0.83
Community West CU	1,600,000	-	-	1,600,000	0.66
Fifth Third Bank	-	300,846	-	300,846	0.13
Grand Rapids Family CU	500,000	-	-	500,000	0.21
Huntington Bank	2,500,000	101,412,595	15,498,638	119,411,233	49.62
JP Morgan Chase Bank	-	755,424	-	755,424	0.31
Lake Michigan C U	7,500,000	-	-	7,500,000	3.12
Macatawa Bank	-	6,054	-	6,054	0.00
Mercantile Bank	40,500,000	2,273,231	-	42,773,231	17.77
National City	-	23,384	-	23,384	0.01
Option 1 Credit Union	1,000,005	-	-	1,000,005	0.42
TCF Bank	-	73	-	73	0.00
The Bank of Holland	4,000,000	4,335,696	-	8,335,696	3.46
The Private Bank	-	15,066,931	-	15,066,931	6.26
US Bank	-	5,401,543	-	5,401,543	2.24
Other deposits, various banks	-	-	13,212,284	13,212,284	5.49
Total	\$ 60,600,005	\$ 129,575,777	\$ 50,479,985	\$ 240,655,767	100.00 %
Percentage	25.18 %	53.84 %	20.98 %	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, 2011, 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, 2011 the City's investments had the following maturities:

	<u>Fair Value</u>	<u>Maturity (Days)</u>
U. S. Treasury Notes	\$ 1,069,501	92
Commercial Paper	1,996,178	64
Municipal Bonds	6,060,000	53
Municipal Bonds	1,050,740	276
Municipal Bonds	1,009,340	290
Municipal Bonds	463,961	306
Municipal Bonds	511,160	520
Money Market Mutual Funds	745,225	<90

Concentration of Credit Risk

The City's Investment Policy places limits on the amount that may be invested in any one issuer. The policy aggregates investments and time deposits to calculate the concentration percentage but excludes U.S. Treasury securities from the limitation. 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, 2011 more than 5% of the City's investments were in commercial paper of ING America and three Municipal Bonds. These investments as shown above were 15.44% for ING of America, 8.14% for Oakland County, 46.97% for Michigan Finance Authority, and 7.82% of Michigan School District Bond 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, 2010, no cash equivalents of the Police and Fire Retirement System (P&F) were exposed to custodial credit risk. As of June 30, 2011, no General Retirement System (GRS) cash equivalents were exposed to custodial credit risk.

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, 2010, 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	\$ 3,807,859	\$ -	\$ -	\$ -	\$ -	\$ 355,253	\$ -	\$ 218,909	\$ -	\$ -
Commercial Mortgage Bkd	2,525,337	-	-	-	-	-	-	-	-	-
Corporate Bonds	712,249	1,116,064	3,638,831	3,303,034	730,673	290,302	248,410	-	-	45,049,499
Government Bonds	7,234,273	-	-	84,375	-	-	-	-	-	-
Gov't Mortgage Backed	-	-	-	-	-	-	-	-	10,874,930	-
Municipal/Provincial Bonds	-	-	-	86,795	-	-	-	-	-	-
Non-Gov't Backed. – CMOs	265,152	-	-	-	-	-	1,040,778	220,527	-	2,642,271
Short-term Investment Funds	-	-	-	-	-	-	-	-	-	4,685,987
	<u>\$ 14,544,870</u>	<u>\$ 1,116,064</u>	<u>\$ 3,638,831</u>	<u>\$ 3,474,204</u>	<u>\$ 730,673</u>	<u>\$ 645,555</u>	<u>\$ 1,289,188</u>	<u>\$ 439,436</u>	<u>\$ 10,874,930</u>	<u>\$ 52,377,757</u>

As of June 30, 2011, 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	C	D	AGY/TSY	Not Rated
Asset Backed Securities	\$ 2,000,495	\$ -	\$ -	\$ -	\$ -	\$ 566,207	\$ -	\$ 197,502	\$ -	\$ -	\$ -	\$ 1,108,932
Commercial Mortgage Bckd	3,673,371	-	-	-	-	-	-	-	-	-	-	-
Corporate Bonds	26,217,573	3,738,906	13,552,932	9,173,444	4,216,810	2,579,063	1,091,949	181,991	70,774	338,706	-	562,277
Government Agencies	-	-	-	-	-	-	-	-	-	-	-	115,042
Government Bonds	-	-	-	87,188	-	-	-	-	-	-	-	9,059,148
Gov't Mortgage Backed	-	-	-	-	-	-	-	-	-	-	12,405,526	-
Municipal/Provincial Bonds	-	-	-	81,199	-	-	-	-	-	-	-	-
Non-Gov't Backed. – CMOs	185,033	-	-	-	-	-	1,034,284	183,105	-	-	-	2,074,698
Short-term Investment Funds	-	-	-	-	-	-	-	-	-	-	-	4,565,130
	<u>\$ 32,076,472</u>	<u>\$ 3,738,906</u>	<u>\$ 13,552,932</u>	<u>\$ 9,341,831</u>	<u>\$ 4,216,810</u>	<u>\$ 3,145,270</u>	<u>\$ 2,126,233</u>	<u>\$ 562,598</u>	<u>\$ 70,774</u>	<u>\$ 338,706</u>	<u>\$ 12,405,526</u>	<u>\$ 17,485,227</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:

Police & Fire:		Investment Maturities in Years			
<u>Investment Type</u>	<u>Fair value</u>	<u>Less than 1</u>	<u>1 - 6</u>	<u>6 - 10</u>	<u>More than 10</u>
Asset Backed Sec.	\$ 6,509,415	\$ 133,798	\$ 2,597,038	\$ 985,648	\$ 2,792,931
Commercial Mtg. Bkd.	4,710,712	115,959	1,440,563	619,933	2,534,257
Corporate Bonds	25,819,091	1,091,099	11,314,519	6,846,019	6,567,454
Government Bonds	11,755,633	142,718	2,496,363	2,273,911	6,842,641
Government Mortgage Backed	30,681,556	985,648	14,175,597	5,702,209	9,818,102
Municipal/Provincial Bonds	86,795	-	-	-	86,795
Non-Government Bkd. – CMOs	4,168,728	-	-	1,424,691	2,744,037
Other Fixed Income	2,881,125	156,098	1,734,919	744,811	245,297
Short-Term Investment Funds	2,518,453	2,513,993	4,460	-	-
	<u>\$ 89,131,508</u>	<u>\$ 5,139,313</u>	<u>\$33,763,459</u>	<u>\$18,597,222</u>	<u>\$ 31,631,514</u>

General Retirement System:		Investment Maturities in Years			
<u>Investment Type</u>	<u>Fair value</u>	<u>Less than 1</u>	<u>1 - 6</u>	<u>6 - 10</u>	<u>More than 10</u>
Asset Backed Sec.	\$ 3,873,136	\$ -	\$ 1,108,932	\$ -	\$ 2,764,204
Commercial Mtg. Bkd.	3,673,371	-	-	-	3,673,371
Corporate Bonds	61,724,425	1,920,754	27,322,845	21,621,253	10,859,573
Government Agencies	115,042	-	-	-	115,042
Government Bonds	9,146,335	-	1,655,374	-	7,490,961
Government Mortgage Backed	12,405,526	-	426,206	1,170,753	10,808,567
Municipal/Provincial Bonds	81,199	-	-	-	81,199
Non-Government Bkd. – CMOs	3,477,120	-	-	1,167,944	2,309,176
Short-Term Investment Funds	4,565,130	4,565,130	-	-	-
	<u>\$ 99,061,284</u>	<u>\$ 6,485,884</u>	<u>\$30,513,357</u>	<u>\$23,959,950</u>	<u>\$ 38,102,093</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, 2010</u>	<u>GRS at June 30, 2011</u>
Common & Preferred Stock	Australian dollar	\$ 230,070	\$ 759,334
	Brazilian real	1,189,499	1,496,334
	British pound	8,746,065	9,039,423
	Canadian dollar	4,315,754	5,203,670
	Chilean peso	636,778	619,750
	Chinese yuan renminbi	431,694	1,619,168
	Danish krone	912,316	1,619,168
	Euro	13,217,940	17,133,658
	Hong Kong dollar	1,997,302	-
	Indian rupee	-	217,750
	Israel	528,441	295,620
	Japanese yen	6,128,604	5,706,171
	Norwegian krone	1,550,606	1,658,251
	Republic of Korea won	423,450	2,233,335
	South African	573,013	630,917
	Swedish krona	724,328	770,501
	Swiss franc	4,387,906	6,069,088
Turkish	-	323,834	
Government Bonds	Mexican peso	84,375	87,188
Corporate Bonds	Australian dollar	393,394	623,214
	Brazilian real	274,995	298,591
	British pound	677,982	941,534
	Canadian dollar	-	224,852
	Euro	980,853	1,300,861
	Republic of Korea won	557,203	552,639
		<u>\$ 48,962,568</u>	<u>\$ 59,424,851</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, 2010, the P&F had the following balances related to securities lending transactions:

<u>Investment Type</u>	Fair Value of Loaned Securities Collateralized		Fair Value of Loaned Securities Collateralized by Non-	
	by Cash Collateral	Cash Collateral	Cash Collateral	Non-Cash Collateral
Global Equities	\$ 4,701,334	\$ 4,926,844	\$ -	\$ -
U.S. Corporate Fixed Income	1,973,697	2,016,551	-	-
U.S. Equities	6,660,833	6,849,936	231,300	236,334
U.S. Govt. Fixed Income	4,956,558	5,013,279	-	-
	<u>\$ 18,292,422</u>	<u>\$ 18,806,610</u>	<u>\$ 231,300</u>	<u>\$ 236,334</u>

As of June 30, 2011, the GRS had the following balances related to securities lending transactions:

<u>Investment Type</u>	Fair Value of Loaned Securities Collateralized		Fair Value of Loaned Securities Collateralized	
	by Cash Collateral	Cash Collateral	by Non-Cash Collateral	Non-Cash Collateral
U.S. Corporate Fixed Income	\$ 2,169,823	\$ 2,213,189	\$ -	\$ -
U.S. Equities	6,767,411	6,887,938	227,400	231,081
U.S. Govt. Fixed Income	7,534,301	7,713,323	-	-
	<u>\$ 16,471,535</u>	<u>\$ 16,814,450</u>	<u>\$ 227,400</u>	<u>\$ 231,081</u>

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, 2011, expenditures exceeded appropriations in the following annually budgeted governmental funds: Michigan Justice Training – excess of \$1,814 and Community Dispatch Fund with an excess of \$653,544. The Community Dispatch fund also had a deficit fund balance of \$298,601. This was the first year for this fund which was created to consolidate municipal dispatch functions. Rates were established at the beginning of the year and were not sufficient to cover all expenditures. The rates will be set appropriately in the future to cover all expenditures.

The SmartZone Local Development Financing Authority, a discretely presented component unit, had a fund deficit of \$2,051,303 at June 30, 2011. 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, 2011 consist of the following:

	Proprietary Funds			
	<u>Water Supply System</u>	<u>Sewage Disposal System</u>	<u>Internal Service</u>	<u>Total</u>
Equity in pooled cash and investments	\$ 13,055,951	\$ 14,948,792	\$ -	\$ 28,004,743
Funds held by trustee	8,711,547	13,057,516	2,548,187	24,317,250
Loans receivable	186,650	112,393	-	299,043
Deferred bond costs	5,112,931	2,039,104	-	7,152,035
Total restricted assets	<u>\$ 27,067,079</u>	<u>\$ 30,157,805</u>	<u>\$ 2,548,187</u>	<u>\$ 59,773,071</u>

5. Capital Assets

Capital assets at June 30, 2011 are summarized as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 18,088,973	\$ -	\$ -	\$ 18,088,973
Easement/Right of Way	454,381	7,650	-	462,031
Construction in progress	<u>2,017,811</u>	<u>2,483,998</u>	<u>346,551</u>	<u>4,155,258</u>
Total capital assets, not being depreciated	<u>20,561,165</u>	<u>2,491,648</u>	<u>346,551</u>	<u>22,706,262</u>
Capital assets, being depreciated:				
Land improvements	37,630,993	150,600	-	37,781,593
Buildings and structures	172,552,812	47,063	-	172,599,875
Leasehold improvements	254,766	-	-	254,766
Machinery and equipment	31,790,670	621,144	-	32,411,814
Motor vehicles	46,667,596	668,670	2,014,424	45,321,842
Furniture	5,316,569	-	-	5,316,569
Software	684,869	-	-	684,869
Infrastructure	<u>525,117,034</u>	<u>335,857</u>	<u>-</u>	<u>525,452,891</u>
Total capital assets, being depreciated	<u>820,015,309</u>	<u>1,823,334</u>	<u>2,014,424</u>	<u>819,824,219</u>
Less accumulated depreciation for:				
Land improvements	21,539,446	1,506,846	-	23,046,292
Buildings and structures	66,127,849	5,860,573	-	71,988,422
Leasehold improvements	254,766	-	-	254,766
Machinery and equipment	21,898,423	2,531,243	-	24,429,666
Motor vehicles	33,158,488	2,964,767	2,014,424	34,108,831
Furniture	4,280,148	247,566	-	4,527,714
Software	5,707	68,487	-	74,194
Infrastructure	<u>281,167,097</u>	<u>17,586,862</u>	<u>-</u>	<u>298,753,959</u>
Total accumulated depreciation	<u>428,431,924</u>	<u>30,766,344</u>	<u>2,014,424</u>	<u>457,183,844</u>
Total capital assets, being depreciated, net	<u>391,583,385</u>	<u>(28,943,010)</u>	<u>-</u>	<u>362,640,375</u>
Governmental activities capital assets, net	<u>\$ 412,144,550</u>	<u>\$ (26,451,362)</u>	<u>\$ 346,551</u>	<u>\$ 385,346,637</u>

5. Capital Assets, continued:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 13,213,826	\$ 1,704,509	\$ -	\$ 14,918,335
Easement/Right of Way	129,000	38,992	-	167,992
Construction in progress	19,596,957	1,041,359	10,134,597	10,503,719
Total capital assets, not being depreciated	<u>32,939,783</u>	<u>2,784,860</u>	<u>10,134,597</u>	<u>25,590,046</u>
Capital assets, being depreciated:				
Land improvements	25,647,631	702,979	-	26,350,610
Buildings and structures	187,109,425	10,775,151	-	197,884,576
Storage tanks	17,046,751	-	-	17,046,751
Water meters	7,375,481	-	-	7,375,481
Machinery and equipment	193,777,579	6,750,676	-	200,528,255
Motor vehicles	1,167,582	1,743,188	-	2,910,770
Furniture	1,856,988	-	-	1,856,988
Sewer service mains	404,492,017	22,061,730	-	426,553,747
Water mains	253,026,216	5,442,356	-	258,468,572
Total capital assets, being depreciated	<u>1,091,499,670</u>	<u>47,476,080</u>	<u>-</u>	<u>1,138,975,750</u>
Less accumulated depreciation for:				
Land improvements	16,064,000	1,176,173	-	17,240,173
Buildings and structures	76,783,237	4,630,353	-	81,413,590
Storage tanks	8,992,078	421,284	-	9,413,362
Water meters	7,242,282	-	-	7,242,282
Machinery and equipment	109,921,603	5,307,038	-	115,228,641
Motor vehicles	494,155	299,404	-	793,559
Furniture	1,706,375	25,758	-	1,732,133
Sewer service mains	105,544,277	8,055,501	-	113,599,778
Water mains	58,098,243	3,375,307	-	61,473,550
Total accumulated depreciation	<u>384,846,250</u>	<u>23,290,818</u>	<u>-</u>	<u>408,137,068</u>
Total capital assets, being depreciated, net	<u>706,653,420</u>	<u>24,185,262</u>	<u>-</u>	<u>730,838,682</u>
Business-type activities capital assets, net	<u>\$ 739,593,203</u>	<u>\$ 26,970,122</u>	<u>\$ 10,134,597</u>	<u>\$ 756,428,728</u>

5. Capital Assets, continued:

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

Governmental activities	
General government	\$ 1,549,118
Public safety	2,932,256
Public works	17,770,623
Culture and recreation	4,650,875
Capital assets held by the government's internal service funds	<u>3,863,472</u>
Total depreciation expense - governmental activities	<u>\$ 30,766,344</u>
Business-type activities	
Water	\$ 7,399,012
Sewer	12,843,252
Auto parking	2,867,285
Other	<u>181,269</u>
Total depreciation expense - business-type activities	<u>\$ 23,290,818</u>

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the 61st District Court for the year ended June 30, 2011 was as follows:

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</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	7,700	2,887	-	10,587
Total accumulated depreciation	<u>7,700</u>	<u>2,887</u>	<u>-</u>	<u>10,587</u>
Total capital assets, being depreciated, net	<u>12,512</u>	<u>(2,887)</u>	<u>-</u>	<u>9,625</u>
61st District Court capital assets, net	<u>\$ 12,512</u>	<u>\$ (2,887)</u>	<u>\$ -</u>	<u>\$ 9,625</u>

5. Capital Assets, continued:

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the Downtown Development Authority for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 13,826,357	\$ -	\$ -	\$ 13,826,357
Construction in progress	-	-	-	-
	<u>13,826,357</u>	<u>-</u>	<u>-</u>	<u>13,826,357</u>
Capital assets, being depreciated:				
Land improvements	7,899,072	-	-	7,899,072
Buildings and structures	58,845,693	1,102,407	-	59,948,100
Machinery and equipment	6,234,155	-	433,900	5,800,255
Furniture	2,827,540	-	-	2,827,540
Total capital assets, being depreciated	<u>75,806,460</u>	<u>1,102,407</u>	<u>433,900</u>	<u>76,474,967</u>
Less accumulated depreciation for:				
Land improvements	4,045,036	335,683	-	4,380,719
Buildings and structures	26,978,676	1,980,599	-	28,959,275
Machinery and equipment	3,256,661	209,330	251,133	3,214,858
Furniture	1,295,955	94,251	-	1,390,206
Total accumulated depreciation	<u>35,576,328</u>	<u>2,619,863</u>	<u>251,133</u>	<u>37,945,058</u>
Total capital assets, being depreciated, net	<u>40,230,132</u>	<u>(1,517,456)</u>	<u>182,767</u>	<u>38,529,909</u>
Downtown Development Authority capital assets, net	<u>\$ 54,056,489</u>	<u>\$ (1,517,456)</u>	<u>\$ 182,767</u>	<u>\$ 52,356,266</u>

5. Capital Assets, continued:

Activity for the Tax Increment Financing Authority for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
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	1,919,997	192,673		2,112,670
Buildings and structures	96,234	8,683	-	104,917
Total accumulated depreciation	<u>2,016,231</u>	<u>201,356</u>	<u>-</u>	<u>2,217,587</u>
Total capital assets, being depreciated, net	<u>2,010,893</u>	<u>(201,356)</u>	<u>-</u>	<u>1,809,537</u>
Tax Increment Financing Authority capital assets, net	<u>\$ 3,290,893</u>	<u>\$ (201,356)</u>	<u>\$ -</u>	<u>\$ 3,089,537</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, 2011. 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:

Fund	Project	Spent-to-Date	Remaining Commitment
Water	Various water mains and system construction projects	\$ 2,885,147	\$ 6,782,132
Sewer	Various sewer mains and system construction projects	4,667,557	19,949,592
General Capital	Various street construction projects	972,957	2,530,633
	Total	<u>\$ 8,525,661</u>	<u>\$ 29,262,357</u>

6. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2011:

	<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	\$ 79,947,869	\$ 1,592,500	\$ (9,851,268)	\$ 71,689,101	\$ 8,082,300
Revenue bonds	33,055,000	-	(1,030,000)	32,025,000	1,120,000
State Loans	424,953	-	(215,417)	209,536	209,536
Premium on bonds	1,257,797	-	(106,834)	1,150,963	-
Less deferred amounts:					
On refunding	(1,786,810)	-	157,034	(1,629,776)	-
Issue costs/discounts	(1,640,537)	-	129,073	(1,511,464)	-
Total bonds & contracts payable	111,258,272	1,592,500	(10,917,412)	101,933,360	9,411,836
Insurance Claims	3,743,100	24,993,978	(21,864,587)	6,872,491	5,599,391
Compensated absences	9,166,190	8,939,140	(8,796,387)	9,308,943	5,957,725
Net OPEB Obligation	9,361,933	945,032	-	10,306,965	-
Total Long-term Liabilities-					
Governmental Activities	<u>\$ 133,529,495</u>	<u>\$ 36,470,650</u>	<u>\$ (41,578,386)</u>	<u>\$ 128,421,759</u>	<u>\$ 20,968,952</u>
Business-Type Activities					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 30,925,312	\$ 7,325,000	\$ (1,039,869)	\$ 37,210,443	\$ 1,297,604
Revenue bonds	377,633,846	67,979,289	(62,936,357)	382,676,778	17,326,281
Long term advance	11,815,000	-	(1,085,000)	10,730,000	1,130,000
Premium on bonds	6,991,770	5,014,442	(1,584,926)	10,421,286	-
Less deferred amounts:					
On refunding	(6,221,519)	(4,261,288)	4,092,030	(6,390,777)	-
Total bonds & contracts payable	421,144,409	76,057,443	(62,554,122)	434,647,730	19,753,885
Compensated absences	2,417,547	2,039,869	(2,205,047)	2,252,369	1,441,516
Net OPEB Obligation	938,269	3,472	-	941,741	-
Total Long-term Liabilities-					
Business-Type Activities	<u>\$ 424,500,225</u>	<u>\$ 78,100,784</u>	<u>\$ (64,759,169)</u>	<u>\$ 437,841,840</u>	<u>\$ 21,195,401</u>
Component Units					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 33,337,650	\$ -	\$ (224,850)	\$ 33,112,800	\$ 325,800
Revenue bonds	7,529,545	-	(1,104,281)	6,425,264	1,049,788
Accrued interest	15,158,298	1,677,761	(2,405,719)	14,430,340	2,560,212
State Loans	170,537	-	(86,449)	84,088	84,088
Premium on bonds	285,661	-	(19,553)	266,108	-
Less deferred amounts:					
On refunding	(1,900,256)	-	137,043	(1,763,213)	-
Total bonds & contracts payable	54,581,435	1,677,761	(3,703,809)	52,555,387	4,019,888
Satellite SmartZone, long-term advance-Water System	565,444	224,129	-	789,573	-
Compensated absences	644,353	479,093	(475,759)	647,687	414,520
Net OPEB Obligation	218,170	1,018	-	219,188	-
Total Long-term Liabilities-					
Component Units	<u>\$ 56,009,402</u>	<u>\$ 2,382,001</u>	<u>\$ (4,179,568)</u>	<u>\$ 54,211,835</u>	<u>\$ 4,434,408</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)	8-11 to 8-18	2.5 - 3.75%	1,000,000
2009 Grand Rapids Building Authority Refunding (Police Facilities)	8-11 to 8-20	2.5 - 4.81%	16,355,000
2004A Grand Rapids Building Authority (Condo II-sublease)	10-11 to 10-28	4.5 - 5.75%	15,775,000
2003 Grand Rapids Building Authority Refunding Bonds	4-12 to 4-13	3.7 - 3.85%	53,557
2002A Grand Rapids Building Authority (Condo II)	10-11 to 10-28	3.9 - 5.5%	16,250,000
2002 Grand Rapids Building Authority (Arch. Ctr. Ph II)	4-12 to 4-22	4.4 - 5.1%	2,465,000
1998 Grand Rapids Building Authority (Library)	4-12 to 4-18	5%	11,235,000
1993 Grand Rapids and County of Kent Joint Building Authority Contract	1-12 to 1-14	5%	755,000
2009 Capital Improvement Bonds	8-11 to 8-29	1.95 - 6.05%	6,655,000
2007 Capital Improvement Bonds	9-11 to 9-27	4 - 5%	13,020,000
2003 Michigan Transportation Fund Bonds (Act 175 Bonds)	10-11 to 10-16	3.75 - 4%	1,370,000
1999 Michigan Transportation Fund Bonds (Act 175 Bonds)	10-11 to 10-14	5.2 - 5.5%	3,785,000
Kent County Drain Commission Contract payable (2003)	11-11 to 11-15	3.35 - 4.25%	1,942,344
Kent County Drain Commission Contract payable (2008 Floodwalls)	11-11 to 11-20	3.25 - 4.25%	4,993,200
2001 MDOT Contract Payable	7-11 to 7-12	4%	209,536
Other 2008 installment purchase agreements	6-12 to 6-16	4.57%	865,000
Other 2004 installment purchase agreements	6-12	4%	187,822
Other 2002A installment purchase agreements	6-12 to 6-17	3.75 - 4.4%	301,262
Information Technology - 2006A Installment Purchase agreements	12-11	4%	419,000
Motor Equipment System - 2006A Installment Purchase agreements	12-11 to 12-14	4%	686,000
Motor Equipment System - 2006 Installment Purchase agreements	6-12 to 6-14	4%	585,000
Motor Equipment System - 2004 Installment Purchase agreements	6-12	4%	82,178
Motor Equipment System - 2002A Installment Purchase agreements	6-12 to 6-17	3.75 - 4.4%	348,738
			<u>103,923,637</u>
Other:			
Insurance Claims			6,872,491
Compensated Absences			9,308,943
Net OPEB Obligation			10,306,965
Unamortized Bond Premium			1,150,963
Unamortized Bond Discount/Issue Costs			(1,511,464)
Deferred amount on Refunding Bonds			(1,629,776)
			<u>128,421,759</u>
Less amounts due within one year:			
Bonds & Contracts Payable			(9,411,836)
Insurance Claims			(5,599,391)
Compensated Absences			(5,957,725)
			<u>(20,968,952)</u>
Total Long-Term Portion Governmental Activities			<u>\$ 107,452,807</u>

City of Grand Rapids, Michigan
Notes to Financial Statements

6. Long-Term Obligations, continued:

<u>Business-Type Activities</u>	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
Bonds and Contracts:			
2010 Water Supply System Revenue Refunding Bonds	1-12 to 1-18	2 - 5%	\$ 43,025,000
2009 Water Supply System Revenue Bonds	1-12 to 1-39	3.5 - 5%	29,455,000
2005 Water Supply System Revenue Bonds	1-12 to 1-35	3.7 - 5%	31,665,000
1993 Water Supply System Revenue Bonds	1-12 to 1-20	3.2 - 4.45%	26,700,000
2010A Sanitary Sewer System Revenue Bonds (BAB's)	1-26 to 1-41	6.62 - 6.72%	21,330,000
2010B Sanitary Sewer System Revenue Bonds	1-12 to 1-25	2 - 4%	3,485,000
2010 Sanitary Sewer System Revenue Refunding Bonds	1-23 to 1-28	5%	29,625,000
2008 Sanitary Sewer System Revenue Bonds	1-12 to 1-38	3.5 - 5%	64,845,000
2005 Sanitary Sewer System Revenue Bonds	1-12 to 1-35	4 - 5.125%	47,925,000
2004 Sanitary Sewer System Revenue Bonds	1-12 to 1-34	3.5 - 5%	36,165,000
1998 Sanitary Sewer System Refunding and Improvement Revenue Bonds	1-12 to 1-28	5.375 - 5.5%	35,615,000
2011A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-13	2.5%	139,289
1995A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-12 to 4-16	2%	1,012,489
1995B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-11 to 10-16	2%	1,200,000
1994A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-11 to 10-14	2%	2,440,000
1994B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-12 to 4-15	2%	1,240,000
1993A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-11 to 10-13	2%	1,835,000
1993B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-11 to 10-14	2%	1,940,000
1992A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-11 to 10-13	2%	2,520,000
1992B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-11 to 10-13	2%	305,000
1991 Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-11 to 10-13	2%	210,000
2010C Grand Rapids Building Authority Bonds	10-11 to 10-35	.95 - 5.9%	7,325,000
2008 Grand Rapids Building Authority Bonds	10-11 to 10-29	3.25 - 6.25%	8,685,000
2006 Grand Rapids Building Authority Bonds	10-11 to 10-36	4 - 4.5%	6,835,000
2003 Grand Rapids Building Authority Bonds Refunding Bonds	4-12 to 4-13	3.7 - 3.85%	646,443
2001 Grand Rapids Building Authority Bonds Refunding Bonds	10-11 to 10-20	4.375 - 5.1%	3,925,000
2001 Grand Rapids Building Authority Bonds	10-10 to 10-31	4.375 - 5.13%	9,110,000
Long term advance	4-12 to 4-19	4%	10,730,000
Kent County Drain Commission Contract Payable (2008 Floodwall Refunding)	11-11 to 11-20	3.25 - 4.25%	684,000
			<u>430,617,221</u>
Other:			
Bond Premium			10,421,286
Net OPEB Obligation			941,741
Compensated Absences			2,252,369
Deferred Amount on Refunding Bonds			<u>(6,390,777)</u>
			437,841,840
Less amounts due within one year:			
Bonds & Contracts Payable			(18,623,885)
Long term advance			(1,130,000)
Compensated Absences			<u>(1,441,516)</u>
			<u>(21,195,401)</u>
Total Long-Term Portion Business-Type Activities			<u>\$ 416,646,439</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	6-12 to 6-19	7.2 - 7.35%	6,425,264
MDOT Contract Payable	7-11 to 7-12	4%	84,088
Kent County Drain Commission Contracts Payable (2008 Floodwall Refunding)	11-11 to 11-20	3.25 - 4.25%	1,162,800
Satellite SmartZone (2004)	6-12 to 6-28	4 - 5.375%	<u>3,520,000</u>
Other:			39,622,152
Accrued interest on Capital appreciation portion of 1994 issue			14,430,340
Satellite SmartZone, long-term advance from the Water Supply System			789,573
Compensated absences			647,687
Net OPEB Obligation			219,188
Unamortized Bond Premium			266,108
Deferred amount on Refunding Bonds			<u>(1,763,213)</u>
			54,211,835
Less amounts due within one year:			
Bonds & Contracts Payable			(4,019,888)
Compensated absences			<u>(414,520)</u>
			<u>(4,434,408)</u>
Total Long-Term Portion Governmental Component Units			<u>\$ 49,777,427</u>

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 \$47,725,866 (including an original issue premium of \$4,958,800 less underwriter's discount of \$257,934) were used for issue costs of the bonds and deposited with an escrow agent to advance refund the series 2000 Water Supply System Revenue Refunding Bonds called January 1, 2011. The net present value savings is \$6,209,943, actual savings is \$6,619,567.

6. Long-Term Obligations, continued:

On December 8, 2010, the City of Grand Rapids issued \$21,330,000 Sanitary Sewer System Revenue, Recovery Zone Economic Development Bonds with an interest rate range of 6.62% to 6.72% with maturities at varying amounts from July 2026 to 2041 and \$3,485,000 of Sanitary Sewer System Revenue Bonds with interest rates ranging from 2% to 4% with maturities at varying amounts from July 2012 to 2025. The bonds are titled series 2010A and 2010B respectfully, series 2010A is federally taxable and series 2010B is tax exempt. The net proceeds of \$24,722,826 (plus \$55,642 original issue premium, less \$147,816 underwriter's discount) were used for issue costs and improvements to the City's sewer system. The series 2010A bonds are "Build America Bonds" and qualify for a refundable credit of 35% of interest costs from the Federal Government, a total savings of \$13,297,527 over the life of the bonds. The bonds are self-liquidating bonds and are not a general obligation of the City. Debt service will be funded solely from the net revenues derived from operations of the sewer system.

On April 8, 2011 and on June 24, 2011 the City of Grand Rapids committed to the issuance of a maximum of \$6,000,000 and \$3,160,000 of Sanitary Sewer System Junior Lien Revenue Bonds, series 2011A and 2011B, respectively. The bonds will be issued in draws required to meet project expenditures related to improvements to the City's Sanitary Sewer System. The interest rate on both series is 2.5%. Assuming the City borrows the full amount of the bonds, there is possible principal forgiveness through the state revolving fund loan program of \$1,246,500 on series 2011A, for a total principal owed of \$4,753,500. Principal payments commence April 2013. Principal payments commence April 2014 on the Series 2011B bonds. At June 30, 2011, \$139,289 was received and recorded as debt on Series 2011A.

On April 8, 2011 and on June 24, 2011 the City of Grand Rapids committed to the issuance of a maximum of \$1,500,000 and \$960,000 of Water Supply System Junior Lien Revenue Bonds, series 2011A and 2011B, respectively. The bonds will be issued in draws required to meet project expenditures related to improvements to the City's Water Supply System. The interest rate on both series is 2.5%. Assuming the City borrows the full amount of the bonds, there is possible principal forgiveness through the state revolving fund loan program of \$374,325 on series 2011A, for a total principal owed of \$1,125,675. Principal payments commence October 2012. Possible principal forgiveness on series 2011B is \$144,000, for a total principal owed of \$816,000. Principal payments commence April 2013. At June 30, 2011, no draws were requested, received, or recorded as debt.

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, the series 2008 issue for the construction of the Weston/Commerce Parking Ramp, and the series 2010C issue for the purchase of the Gallery on Fulton 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.

6. Long-Term Obligations, continued:

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.

The City's total bonded debt does not include the 2001 JBA bonds of \$62,333,904 or the 2003 JBA bonds of \$7,300,000. 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, 2011 are:

Fiscal Year	Governmental Activities		Business Type Activities		Component Units		Totals	
	Principal	Interest	Principal	Interest	Governmental		Principal	Interest
					Principal	Interest		
2012	\$ 9,411,836	\$ 4,558,950	\$ 19,753,885	\$ 19,855,989	\$ 1,459,676	\$ 4,263,983	\$ 30,625,397	\$ 28,678,922
2013	8,794,903	4,206,889	20,625,757	19,209,942	1,345,719	4,409,253	30,766,379	27,826,084
2014	9,148,651	3,853,667	20,902,776	18,460,236	1,296,747	4,460,658	31,348,174	26,774,561
2015	8,958,240	4,380,596	20,024,094	17,695,885	1,314,047	4,733,372	30,296,381	26,809,853
2016	8,013,306	3,137,355	19,596,709	16,904,845	1,257,937	4,780,749	28,867,952	24,822,949
2017-2021	30,401,701	10,984,433	80,244,000	71,377,587	16,433,026	14,459,788	127,078,727	96,821,808
2022-2026	16,020,000	5,507,356	75,455,000	53,820,541	15,945,000	1,917,931	107,420,000	61,245,828
2027-2031	10,985,000	1,363,394	77,180,000	33,920,680	570,000	46,763	88,735,000	35,330,837
2032-2036	1,125,000	306,200	67,345,000	15,907,758	-	-	68,470,000	16,213,958
2037-2041	1,065,000	77,667	29,490,000	3,487,090	-	-	30,555,000	3,564,757
	<u>\$ 103,923,637</u>	<u>\$ 38,376,507</u>	<u>\$ 430,617,221</u>	<u>\$ 270,640,553</u>	<u>\$ 39,622,152</u>	<u>\$ 39,072,497</u>	<u>\$ 574,163,010</u>	<u>\$ 348,089,557</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, 2011</u>
2002A	Grand Rapids Building Authority (Condo II)	\$ 10,800,000
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 an assigned 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 2011 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)	20.96%	13.12%
Plan Members	4.0 - 10.9%	2.0% - 10.2%
Actuarial valuation date	December 31, 2010	June 30, 2010
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	28 years for unfunded actuarial liabilities
Asset valuation method	5 year smoothed market	5 year smoothed market
Actuarial assumptions:		
Investment rate of return	7.36%	7.34%
Projected salary increases	3.5% - 20.5%	4% - 8%
including wage inflation at	3.5%	3.5%
Post-retirement benefit changes	none, 1%, or 1.5% COLA based on union contract and date of retirement	none or 1% COLA dependent on union contract and date of retirement

Three year trend information on costs:	Annual Pension Cost Percentage of APC Net Pension			
	<u>Year Ended</u>	<u>(APC)</u>	<u>Contributed</u>	<u>Obligation</u>
Police and Fire Retirement System	December 30, 2008	\$ -	100%	\$ -
	December 31, 2009	-	100	-
	December 31, 2010	3,709,786	100	-
General Retirement System	June 30, 2009	3,833,164	100	-
	June 30, 2010	4,708,020	100	-
	June 30, 2011	6,162,363	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, 2010	\$ 328,609,947	\$ 360,573,351	\$ 31,963,404	91%	34,665,767	92%
General Retirement System						
June 30, 2010	366,543,009	435,893,490	69,350,481	84%	49,336,606	141%

8. Postemployment Benefits Other than Pensions

The City administers four 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. All four plans are closed to new members. 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 the three funded plans are presented here for the fiscal year ended June 30, 2011.

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.

At June 30, 2011, the number of retirees currently receiving benefits under the four City DB plans was 495. 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). In September 2010, the Public Library established a fourth Retiree Health Care Plan that covered existing departmental retirees and a small number of current employees that elected not to convert their future benefits to the DC Plan. Prior to the current fiscal year the Library employees were included in the General Plan. The City first reported its OPEB plans under GASB 45 reporting standards in 2008 using biennial actuarial valuations as of July 1, 2007. The below statements cover accounts that are funded for the benefit of General, Police and Fire retirees. The Library has determined that they will fund their benefits on a pay-as-you-go basis.

8. Postemployment Benefits Other than Pensions, continued:

Under an agreement with the Municipal Employees' Retirement System of Michigan (MERS) the City's Plans became 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.

Statement of Fiduciary Net Assets <i>as of June 30, 2011</i>	Retiree Health Care Trust Funds			Total Retiree Health Care Trust
	General Retiree	Police Retiree	Fire Retiree	
ASSETS				
Equity in pooled cash and investments	\$ 468,976	\$ 472,983	\$ 404,985	\$ 1,346,944
Investments held by trustee:			-	
Diversified investment pool	2,107,768	1,468,509	2,189,467	5,765,744
Receivables, net:				
Other accounts	146	230	86	462
Accrued interest	1,710	733	-	2,443
Total assets	\$ 2,578,600	\$ 1,942,455	\$ 2,594,538	\$ 7,115,593
LIABILITIES				
Vouchers and accounts payable	\$ 216,530	\$ 57,420	\$ 37,854	\$ 311,804
Total liabilities	216,530	57,420	37,854	311,804
NET ASSETS				
Held in trust for health care benefits	2,362,070	1,885,035	2,556,684	6,803,789
Total liabilities and net assets	\$ 2,578,600	\$ 1,942,455	\$ 2,594,538	\$ 7,115,593

8. Postemployment Benefits Other Than Pensions, continued:

Statement of Changes in Net Assets

for the year ended June 30, 2011

	Retiree Health Care Trust Funds			Total Retiree Health Care Trust Funds
	General Employee	Police Retiree	Fire Retiree	
ADDITIONS				
Employer	\$ 7,355,628	\$ 3,505,389	\$ 3,840,956	\$ 14,701,973
Plan members	73,209	8,165	1,741	83,115
Total contributions	<u>7,428,837</u>	<u>3,513,554</u>	<u>3,842,697</u>	<u>14,785,088</u>
Investment income (loss):				
Interest and dividends	11,108	1,225	48,213	60,546
Net appreciation in fair value of investments	118,957	81,839	42,540	243,336
Total investment gains	130,065	83,064	90,753	303,882
Investment management expense	(4,315)	(3,142)	(3,073)	(10,530)
Net gains (losses) from investment activities	125,750	79,922	87,680	293,352
Total additions	<u>7,554,587</u>	<u>3,593,476</u>	<u>3,930,377</u>	<u>15,078,440</u>
DEDUCTIONS				
Benefits paid	6,214,983	1,809,512	1,373,693	9,398,188
Total deductions	<u>6,214,983</u>	<u>1,809,512</u>	<u>1,373,693</u>	<u>9,398,188</u>
Change in net assets	1,339,604	1,783,964	2,556,684	5,680,252
Total net assets - beginning	<u>1,022,466</u>	<u>101,071</u>	<u>-</u>	<u>1,123,537</u>
Total net assets - ending	<u>\$ 2,362,070</u>	<u>\$ 1,885,035</u>	<u>\$ 2,556,684</u>	<u>\$ 6,803,789</u>

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 2011, the City contributed \$14,818,849 to the four plans and retiree premium sharing added \$83,115 to the plans. Retiree Health Care costs are charged to individual funds at the percentage of payroll rates shown below with the DB plans receiving all revenue not required to be contributed to a DC plan. 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.

	General Retiree Health Care Plan	Police Retiree Health Care Plan	Fire Retiree Health Care Plan	Library Retiree Health Care Plan
Contribution rates:	Legislatively determined	Legislatively determined	Legislatively determined	Pay-as-you-go
City	16.96%	15.76%	14.04%	
Plan members	n/a	n/a	n/a	n/a
Annual required contribution (ARC)	\$ 7,230,885	\$ 4,673,548	\$ 3,574,369	\$ 137,896
Interest on net OPEB obligation	87,451	69,404	158,696	-
Adjustment to ARC	<u>(77,654)</u>	<u>(61,629)</u>	<u>(140,918)</u>	<u>-</u>
Annual OPEB cost	7,240,682	4,681,323	3,592,147	137,896
Contributions made	<u>7,428,837</u>	<u>3,513,554</u>	<u>3,842,697</u>	<u>116,876</u>
Increase (decrease) in net OPEB obligation	(188,155)	1,167,769	(250,550)	21,020
Net OPEB obligation - beginning of year	<u>2,915,023</u>	<u>2,313,483</u>	<u>5,289,866</u>	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ 2,726,868</u></u>	<u><u>\$ 3,481,252</u></u>	<u><u>\$ 5,039,316</u></u>	<u><u>\$ 21,020</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 stated period, here ten years for the Library Plan and thirty years for the other Plans. The net OPEB obligation of each plan was set at zero at the time the plan was created 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.

	Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
General Retiree Health Care Plan	June 30, 2009	\$ 9,233,752	90 %	\$ 5,713,229
	June 30, 2010	7,168,588	139	2,915,023
	June 30, 2011	7,240,682	103	2,726,868
Police Retiree Health Care Plan	June 30, 2009	7,647,575	103	3,992,301
	June 30, 2010	4,630,016	136	2,313,483
	June 30, 2011	4,681,323	75	3,481,252
Fire Retiree Health Care Plan	June 30, 2009	3,756,879	54	3,365,847
	June 30, 2010	3,537,667	46	5,289,866
	June 30, 2011	3,592,147	107	5,039,316
Library Retiree Health Care Plan	June 30, 2011	137,896	85	21,020

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	Library Retiree Health Care Plan
Actuarial valuation date	July 1, 2009	July 1, 2009	July 1, 2009	June 30, 2010
Actuarial cost method	Individual entry age	Individual entry age	Individual entry age	Individual entry age
Amortization method	Level percent, closed	Level percent, closed	Level percent, closed	Level dollar, open
Remaining amortization period	30 years for unfunded actuarial liabilities	30 years for unfunded actuarial liabilities	30 years for unfunded actuarial liabilities	10 years for unfunded actuarial liabilities
Asset valuation method				
Current	n/a	n/a	n/a	n/a
Actuarial assumptions:				
Investment rate of return	3.0%	3.0%	3.0%	3.0%
Projected salary increases	1.5%	1.5%	1.5%	3.5%
Healthcare inflation rate	10% falling to 4% over six years	10% falling to 4% over six years	10% falling to 4% over six years	10% falling to 3.5% over 13 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.

8. Postemployment Benefits Other Than Pensions, continued:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Liability (AAL)</u>	<u>Actuarial Accrued 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%
Library Retiree Plan						
June 30, 2010	\$ -	\$ 1,042,078	\$ 1,042,078	0%	\$ 387,393	269%

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, 2011 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	Grant expenditures to be reimbursed	\$ 483,100	\$ -
Non-major governmental	Cash flow assistance	-	395,657
Fiduciary	Accrued payroll	-	19,768
Fiduciary	Timing difference due to different year end	-	2,675
Cemetery	Cash flow assistance	-	65,000
		<u>\$ 483,100</u>	<u>\$ 483,100</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, 2011, 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	\$ 7,214,964	\$ -	
		Transfer from General Capital	701,339	-	
		Debt service, support of Streets, Parks, Dispatch & others	-	12,590,615	
	Library	Debt service & Internal cost allocation program	-	2,040,682	
	Refuse	Internal cost allocation program	-	263,789	
	Major Streets	Debt service & Internal cost allocation program	-	1,605,978	
	Local Streets	Internal cost allocation program	-	127,774	
	Streets Capital	Support from General Fund	910,000	27,626	
	General Capital	Project support from other funds	313,045	-	
		Transfer to General Fund	-	701,339	
		Debt service	-	2,417,794	
	Non-major Governmental		Transfers to pay debt service by various funds	8,488,209	-
			Support from General Fund / internal cost allocation	8,229,085	-
		Support of General Fund	-	2,626,674	
Enterprise Funds:	Water Supply System	From Sewage Disposal Fund for customer service	1,991,121	-	
		Internal cost allocation program	-	791,462	
	Sewage Disposal System	Allocated cost of customer service and internal costs	-	2,918,680	
	Auto Parking System	Debt service & Internal cost allocation program	-	1,034,648	
Non-Major Proprietary	General Fund support of cemetery operations	442,331	322,443		
Internal Service Funds:	Information Technology	Internal cost allocation program	-	357,602	
	Motor Equipment	Internal cost allocation program	-	390,312	
	Facilities Management	Internal cost allocation program	-	347,150	
	Engineering	Internal cost allocation program	-	420,320	
	Insurance Payment	Transfer from General Fund	798,109	-	
Internal cost allocation program		-	103,315		
			<u>\$ 29,088,203</u>	<u>\$ 29,088,203</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—The City has reached remediation agreements with the appropriate regulatory bodies, and continues to perform maintenance and monitoring activities. There are no current legal issues at this time.
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 2011 were \$2,734,932. Total future lease payments are as follows:

<u>Year ending June 30,</u>	<u>Outstanding Lease Due</u>
2012	\$ 2,792,315
2013	2,751,583
2014	2,751,517
2015	2,752,198
2016	2,754,728
2017-2021	13,789,785
2022-2026	13,747,452

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 \$37,738 and \$17,800, respectively, at June 30, 2011. 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.
6. Conduit debt – The City sometimes issues certain limited-obligation revenue bonds for the express purpose of providing capital financing for specific third parties. These debt issues are not an obligation of the City and therefore are not reported as such. The outstanding amount of conduit debt at June 30, 2011 is \$166,090,000.

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 \$90,104. The City leases parts of the building to various tenants with terms extending into FY2016. The total lease revenue for FY2011 is \$123,520. 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>
2012	\$ 175,466
2013	\$ 125,033
2014	\$ 128,352
2015	\$ 131,679
2016	<u>\$ 71,634</u>
Total	<u><u>\$ 632,164</u></u>

7. 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, 2011 draws totaled \$33,567,545, after principal payments made, the total liability at year end was \$30,757,545. Initial operations began in July, 2009. It is anticipated that construction will be completed in 2012. In fiscal year 2011, Grand Rapid's portion of the liability was 64.89%, in fiscal year 2012 it is budgeted at 60.80%.
8. Subsequent Events – On July 26, 2011, the Grand Rapids Building Authority issued \$14,585,000 of general obligation limited tax refunding bonds with interest rates ranging from 2.0% to 5.0% with maturities at varying amounts from October 2012 to 2031. The net proceeds of \$15,255,671 (par amount of the bonds plus reoffering premium of \$787,351 less \$116,680 underwriter's discount) were used for issue costs and to advance refund series 2001 and 2002. The refunding of the bonds resulted in a net present value savings of \$871,782 or 5.81%.

On September 23, 2011 the City of Grand Rapids committed to the issuance of a maximum of \$3,460,000 of Sanitary Sewer System Junior Lien Revenue Bonds, series 2011C. The bonds will be issued in draws required to meet project expenditures related to improvements to the City's Sanitary Sewer System. The interest rate on the bonds is 2.5%. Assuming the City borrows the full amount of the bonds, there is possible principal forgiveness through the state revolving fund loan program of \$519,000, for a total principal owed of \$2,941,000. Principal payments commence April 2014.

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, 2011, the total market value of plan assets was approximately \$69,257,572. Net of the effect of employee contributions, withdrawals and earnings, the fair market value of plan assets increased \$10,221,259 for the year ended June 30, 2011. 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, 2011, there were 12 active and 24 terminated plan participants. The total fair market value of plan assets for both groups of participants was approximately \$8,141,323. Contributions made by employees and the City totaled \$105,970 and \$204,348 respectively, for the fiscal year ended June 30, 2011.

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 dependents. At June 30, 2011, 486 employees were participating in this defined contribution retiree health care plan. For the fiscal year ended June 30, 2011, regular contributions made by employees and the employer totaled \$459,600 and \$808,900 respectively. Initial contributions totaling \$199,437 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, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 13,987,719	\$ 13,987,719	\$ 13,816,716	\$ (171,003)
City income taxes	54,382,259	53,520,286	53,122,501	(397,785)
State shared taxes	18,545,695	18,545,695	19,439,000	893,305
Licenses and permits	295,800	295,800	394,134	98,334
Fines and forfeitures	2,280,000	2,280,000	1,966,646	(313,354)
Federal grants	91,707	91,707	109,662	17,955
State grants	308,140	308,140	283,610	(24,530)
Other inter-governmental	36,235	36,235	64,003	27,768
Charges for services	11,337,701	11,387,701	10,963,058	(424,643)
Investment earnings	662,121	662,121	582,727	(79,394)
Miscellaneous	503,259	613,954	1,468,669	854,715
Total revenues	<u>102,430,636</u>	<u>101,729,358</u>	<u>102,210,726</u>	<u>481,368</u>
Expenditures:				
Current:				
General government	23,763,627	24,214,033	22,210,976	2,003,057
Public safety	69,993,741	70,222,692	67,385,063	2,837,629
Public works	5,359,598	5,359,598	5,014,222	345,376
Urban and community development	3,441,848	3,442,848	3,059,324	383,524
Debt service:				
Principal	336,853	336,853	336,853	-
Interest and paying agent fees	83,911	83,911	82,929	982
Total expenditures	<u>102,979,578</u>	<u>103,659,935</u>	<u>98,089,367</u>	<u>5,570,568</u>
Excess (deficit) of revenues over expenditures	<u>(548,942)</u>	<u>(1,930,577)</u>	<u>4,121,359</u>	<u>6,051,936</u>
Other financing sources (uses):				
Budgeted appropriation lapse for the fund	3,944,236	3,944,236	-	(3,944,236)
Transfers in	8,319,612	9,718,066	7,916,303	(1,801,763)
Transfers out	(11,756,850)	(11,493,961)	(12,590,615)	(1,096,654)
Total other financing sources (uses)	<u>506,998</u>	<u>2,168,341</u>	<u>(4,674,312)</u>	<u>(6,842,653)</u>
Net change in fund balances	(41,944)	237,764	(552,953)	(790,717)
Fund balances - beginning	32,244,357	32,244,357	32,244,357	-
Current year change in inventory levels	-	-	21,069	21,069
Fund balances - ending	<u>\$ 32,202,413</u>	<u>\$ 32,482,121</u>	<u>\$ 31,712,473</u>	<u>\$ (769,648)</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 10,911,906	\$ 10,911,906	\$ 10,795,508	\$ (116,398)
Intergovernmental	61,400	61,400	105,906	44,506
Fines and forfeitures	230,000	230,000	212,646	(17,354)
Other agencies grants	350,000	350,000	370,434	20,434
Charges for services	19,000	120,000	146,216	26,216
Investment earnings	141,600	141,600	101,430	(40,170)
Miscellaneous	15,000	15,000	-	(15,000)
Total revenues	<u>11,728,906</u>	<u>11,829,906</u>	<u>11,732,140</u>	<u>(97,766)</u>
Expenditures:				
Current:				
Culture and recreation	9,762,171	9,762,171	9,323,322	438,849
Debt service:				
Interest and paying agent fees	-	-	300	(300)
Capital outlay	<u>109,000</u>	<u>109,000</u>	<u>-</u>	<u>109,000</u>
Total expenditures	<u>9,871,171</u>	<u>9,871,171</u>	<u>9,323,622</u>	<u>547,549</u>
Excess of revenues over expenditures	<u>1,857,735</u>	<u>1,958,735</u>	<u>2,408,518</u>	<u>449,783</u>
Other financing sources (uses):				
Transfers out	<u>(2,040,982)</u>	<u>(2,040,982)</u>	<u>(2,040,682)</u>	<u>300</u>
Total other financing sources (uses)	<u>(2,040,982)</u>	<u>(2,040,982)</u>	<u>(2,040,682)</u>	<u>300</u>
Net change in fund balances	(183,247)	(82,247)	367,836	450,083
Fund balances - beginning	<u>4,809,412</u>	<u>4,809,412</u>	<u>4,809,412</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,626,165</u>	<u>\$ 4,727,165</u>	<u>\$ 5,177,248</u>	<u>\$ 450,083</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 7,667,420	\$ 7,667,420	\$ 7,574,592	\$ (92,828)
Charges for services	5,274,827	6,867,327	4,864,311	(2,003,016)
Investment earnings	98,250	98,250	67,703	(30,547)
Total revenues	<u>13,040,497</u>	<u>14,632,997</u>	<u>12,506,606</u>	<u>(2,126,391)</u>
Expenditures:				
Current:				
Public works	13,150,896	15,204,660	14,263,448	941,212
Debt service:				
Principal	-	-	1,592,500	(1,592,500)
Interest and paying agent fees	-	-	16,152	(16,152)
Capital outlay	<u>131,500</u>	<u>134,157</u>	<u>-</u>	<u>134,157</u>
Total expenditures	<u>13,282,396</u>	<u>15,338,817</u>	<u>15,872,100</u>	<u>(533,283)</u>
Excess (deficit) of revenues over expenditures	<u>(241,899)</u>	<u>(705,820)</u>	<u>(3,365,494)</u>	<u>(2,659,674)</u>
Other financing sources (uses):				
Transfers out	(263,789)	(263,789)	(263,789)	-
Bonds and contracts issued	<u>-</u>	<u>-</u>	<u>1,592,500</u>	<u>1,592,500</u>
Total other financing sources (uses)	<u>(263,789)</u>	<u>(263,789)</u>	<u>1,328,711</u>	<u>1,592,500</u>
Net change in fund balances	(505,688)	(969,609)	(2,036,783)	(1,067,174)
Fund balances - beginning	<u>2,807,355</u>	<u>2,807,355</u>	<u>2,807,355</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,301,667</u>	<u>\$ 1,837,746</u>	<u>\$ 770,572</u>	<u>\$ (1,067,174)</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, 2011

	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	\$ 10,423,835	\$ 10,423,835	\$ 10,095,408	\$ (328,427)	\$ 2,789,271	\$ 2,789,271	2,694,480	\$ (94,791)
Federal grants	-	-	302,509	302,509	-	-	-	-
State grants	-	-	399	399	-	-	-	-
Other grants & contributions	-	-	7,500	7,500	-	-	-	-
Charges for services	1,822,000	1,860,353	2,177,098	316,745	18,500	18,500	10,129	(8,371)
Investment earnings	-	-	-	-	51,700	51,700	39,550	(12,150)
Miscellaneous	33,000	33,000	123,951	90,951	25,000	25,000	2,625	(22,375)
Total revenues	<u>12,278,835</u>	<u>12,317,188</u>	<u>12,706,865</u>	<u>389,677</u>	<u>2,884,471</u>	<u>2,884,471</u>	<u>2,746,784</u>	<u>(137,687)</u>
Expenditures:								
Current:								
Public works	10,271,244	10,305,904	7,752,911	2,552,993	5,197,318	5,197,318	4,004,027	1,193,291
Debt service:								
Principal	584,881	584,881	585,417	(536)	-	-	-	-
Interest and paying agent fees	471,004	471,004	470,939	65	-	-	-	-
Capital outlay:	40,500	40,500	28,437	12,063	37,000	37,000	-	37,000
Total expenditures	<u>11,367,629</u>	<u>11,402,289</u>	<u>8,837,704</u>	<u>2,564,585</u>	<u>5,234,318</u>	<u>5,234,318</u>	<u>4,004,027</u>	<u>1,230,291</u>
Excess (deficit) of revenues over expenditures	<u>911,206</u>	<u>914,899</u>	<u>3,869,161</u>	<u>2,954,262</u>	<u>(2,349,847)</u>	<u>(2,349,847)</u>	<u>(1,257,243)</u>	<u>1,092,604</u>
Other financing sources (uses):								
Transfers out	(1,599,313)	(1,599,313)	(1,605,978)	(6,665)	(127,774)	(127,774)	(127,774)	-
Total other financing sources (uses)	<u>(1,599,313)</u>	<u>(1,599,313)</u>	<u>(1,605,978)</u>	<u>(6,665)</u>	<u>(127,774)</u>	<u>(127,774)</u>	<u>(127,774)</u>	<u>-</u>
Net change in fund balances	(688,107)	(684,414)	2,263,183	2,947,597	(2,477,621)	(2,477,621)	(1,385,017)	1,092,604
Fund balances - beginning	4,291,890	4,291,890	4,291,890	-	4,200,531	4,200,531	4,200,531	-
Current year change in inventory levels	-	-	(25,270)	(25,270)	-	-	-	-
Fund balances - ending	<u>\$ 3,603,783</u>	<u>\$ 3,607,476</u>	<u>\$ 6,529,803</u>	<u>\$ 2,922,327</u>	<u>\$ 1,722,910</u>	<u>\$ 1,722,910</u>	<u>\$ 2,815,514</u>	<u>\$ 1,092,604</u>

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

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

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, 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%
December 31, 2010	328,609,947	360,573,351	31,963,404	91%	34,665,767	92%

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, 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%
June 30, 2010	366,543,009	435,893,490	69,350,481	84%	49,336,606	141%

* Restated for a change of actuarial assumptions 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						
July 1, 2007	\$ -	\$ 94,641,249	\$ 94,641,249	0%	\$ 53,191,642	178%
July 1, 2009	-	113,928,362	113,928,362	0%	36,445,037	313%
Police Retiree Plan						
July 1, 2007	\$ -	\$ 69,425,881	\$ 69,425,881	0%	\$ 21,754,032	319%
July 1, 2009	-	64,267,410	64,267,410	0%	15,929,689	403%
Fire Retiree Plan						
July 1, 2007	\$ -	\$ 36,963,257	\$ 36,963,257	0%	\$ 14,637,776	253%
July 1, 2009	-	44,488,777	44,488,777	0%	14,196,674	313%
Library Retiree Plan						
July 1, 2010	\$ -	\$ 1,042,078	\$ 1,042,078	0%	\$ 387,393	269%

These funding schedules are copied from the actuarial studies which are prepared biennially using the individual entry-age cost method. The Library plan with 19 members was created in September of 2010 with the intention of conducting triennial actuarial valuations.

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
General Government - Fiscal and Administrative:				
Executive Offices:				
Personal services	\$ 867,868	\$ 867,868	\$ 834,943	\$ 32,925
Supplies	7,500	7,500	5,904	1,596
Services and charges	242,621	282,571	243,966	38,605
Capital Outlay	1,200	1,200	1,272	(72)
	<u>1,119,189</u>	<u>1,159,139</u>	<u>1,086,085</u>	<u>73,054</u>
Human Resources:				
Personal services	1,125,388	1,123,267	1,026,028	97,239
Supplies	37,999	36,499	29,814	6,685
Services and charges	<u>669,572</u>	<u>671,072</u>	<u>541,383</u>	<u>129,689</u>
	<u>1,832,959</u>	<u>1,830,838</u>	<u>1,597,225</u>	<u>233,613</u>
Comptroller:				
Personal services	1,516,998	1,516,998	1,485,133	31,865
Supplies	37,646	37,646	26,261	11,385
Services and charges	<u>709,403</u>	<u>709,403</u>	<u>653,055</u>	<u>56,348</u>
	<u>2,264,047</u>	<u>2,264,047</u>	<u>2,164,449</u>	<u>99,598</u>
Treasurer:				
Personal services	1,446,135	1,421,998	1,307,154	114,844
Supplies	125,000	125,000	157,197	(32,197)
Services and charges	510,666	516,538	460,610	55,928
Capital Outlay	<u>5,000</u>	<u>44,038</u>	<u>21,540</u>	<u>22,498</u>
	<u>2,086,801</u>	<u>2,107,574</u>	<u>1,946,501</u>	<u>161,073</u>
Assessor:				
Personal services	1,608,071	1,598,124	1,384,913	213,211
Supplies	50,000	50,000	45,641	4,359
Services and charges	462,733	462,733	445,363	17,370
Capital Outlay	-	9,947	9,317	630
	<u>\$ 2,120,804</u>	<u>\$ 2,120,804</u>	<u>\$ 1,885,234</u>	<u>\$ 235,570</u> continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive (Negative)</u>
Fiscal services:				
Personal services	\$ 935,982	\$ 935,982	\$ 913,382	\$ 22,600
Supplies	27,611	31,111	19,843	11,268
Services and charges	576,381	638,532	632,127	6,405
	<u>1,539,974</u>	<u>1,605,625</u>	<u>1,565,352</u>	<u>40,273</u>
Income tax:				
Personal services	1,632,780	1,619,568	1,330,554	289,014
Supplies	134,812	134,812	140,124	(5,312)
Services and charges	537,879	540,539	465,357	75,182
Capital Outlay	50,000	60,552	26,419	34,133
	<u>2,355,471</u>	<u>2,355,471</u>	<u>1,962,454</u>	<u>393,017</u>
Attorney:				
Personal services	1,966,026	2,028,776	1,879,541	149,235
Supplies	36,150	36,150	39,515	(3,365)
Services and charges	384,093	384,093	357,864	26,229
Capital Outlay	8,000	8,000	6,120	1,880
	<u>2,394,269</u>	<u>2,457,019</u>	<u>2,283,040</u>	<u>173,979</u>
Clerk:				
Personal services	1,236,981	1,236,981	1,132,179	104,802
Supplies	118,500	124,000	84,727	39,273
Services and charges	374,891	382,426	343,621	38,805
Capital Outlay	8,773	8,773	5,168	3,605
	<u>1,739,145</u>	<u>1,752,180</u>	<u>1,565,695</u>	<u>186,485</u>
Information Technology:				
Personal services	129,680	129,680	129,657	23
Supplies	-	-	80	(80)
Services and charges	70,021	70,021	68,553	1,468
	<u>\$ 199,701</u>	<u>\$ 199,701</u>	<u>\$ 198,290</u>	<u>\$ 1,411</u>

continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Diversity and Inclusion				
Personal services	\$ 559,532	\$ 559,532	\$ 548,537	\$ 10,995
Supplies	10,600	10,600	7,839	2,761
Services and charges	154,618	154,618	131,511	23,107
	<u>724,750</u>	<u>724,750</u>	<u>687,887</u>	<u>36,863</u>
Total general government - fiscal and administrative	\$ 18,377,110	\$ 18,577,148	\$ 16,942,212	\$ 1,634,936
General purpose:				
General administration:				
Personal services	\$ 14,783	\$ 14,783	\$ 12,180	\$ 2,603
Supplies	10,590	10,590	10,077	513
Services and charges	5,361,144	5,611,512	5,246,507	365,005
Total general purpose	\$ 5,386,517	\$ 5,636,885	\$ 5,268,764	\$ 368,121
Total General Government	\$ 23,763,627	\$ 24,214,033	\$ 22,210,976	\$ 2,003,057
Public safety:				
Police:				
Personal services	\$ 36,847,419	\$ 36,725,570	\$ 36,112,902	\$ 612,668
Supplies	484,056	484,056	373,116	110,940
Services and charges	6,383,115	6,432,192	6,412,650	19,542
Capital Outlay	23,877	23,877	122,193	(98,316)
	<u>43,738,467</u>	<u>43,665,695</u>	<u>43,020,861</u>	<u>644,834</u>
Fire:				
Personal services	23,575,651	23,487,141	21,882,902	1,604,239
Supplies	235,500	235,500	184,804	50,696
Services and charges	2,147,623	2,333,156	2,059,017	274,139
Capital Outlay	296,500	501,200	237,479	263,721
	<u>26,255,274</u>	<u>26,556,997</u>	<u>24,364,202</u>	<u>2,192,795</u>
Total public safety	\$ 69,993,741	\$ 70,222,692	\$ 67,385,063	\$ 2,837,629

continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Public works:				
Traffic Safety:				
Personal services	\$ 1,049,117	\$ 1,049,117	\$ 977,040	\$ 72,077
Supplies	425,200	425,200	339,740	85,460
Services and charges	2,489,062	2,489,062	2,607,193	(118,131)
Capital Outlay	35,000	35,000	22,286	12,714
	<u>3,998,379</u>	<u>3,998,379</u>	<u>3,946,259</u>	<u>52,120</u>
Air pollution/stormwater management:				
Personal services	451,192	451,192	369,430	81,762
Supplies	3,250	3,250	257	2,993
Services and charges	176,705	176,705	99,993	76,712
Capital Outlay	7,500	7,500	-	7,500
	<u>638,647</u>	<u>638,647</u>	<u>469,680</u>	<u>168,967</u>
Parking:				
Personal services	579,128	579,128	480,642	98,486
Supplies	14,000	14,000	9,773	4,227
Services and charges	129,444	129,444	107,868	21,576
	<u>722,572</u>	<u>722,572</u>	<u>598,283</u>	<u>124,289</u>
Total public works	\$ 5,359,598	\$ 5,359,598	\$ 5,014,222	\$ 345,376
Urban development:				
Planning:				
Personal services	\$ 892,349	\$ 892,349	\$ 872,032	\$ 20,317
Supplies	41,000	41,000	23,501	17,499
Services and charges	318,085	318,085	256,671	61,414
	<u>1,251,434</u>	<u>1,251,434</u>	<u>1,152,204</u>	<u>99,230</u>

continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures General Operating Fund
for the year ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Economic Development:				
Personal services	\$ 6,115	\$ 6,115	\$ 8,693	\$ (2,578)
Supplies	-	-	1,318	(1,318)
Services and charges	26,207	26,207	47,352	(21,145)
	<u>32,322</u>	<u>32,322</u>	<u>57,363</u>	<u>(25,041)</u> *
Community Development:				
Personal services	1,262,718	1,262,718	1,377,156	(114,438)
Supplies	42,000	42,000	28,421	13,579
Services and charges	837,943	838,943	432,156	406,787
Capital Outlay	15,431	15,431	12,024	3,407
	<u>2,158,092</u>	<u>2,159,092</u>	<u>1,849,757</u>	<u>309,335</u>
Total urban development	<u>\$ 3,441,848</u>	<u>\$ 3,442,848</u>	<u>\$ 3,059,324</u>	<u>\$ 383,524</u>
Debt Service				
Principal	\$ 336,853	\$ 336,853	\$ 336,853	\$ -
Interest	83,911	83,911	82,929	982
Total debt service	<u>\$ 420,764</u>	<u>\$ 420,764</u>	<u>\$ 419,782</u>	<u>\$ 982</u>
Budgeted Appropriation Lapse within Fund	(3,944,236)	(3,944,236)	-	(3,944,236)
Total expenditures	<u>\$ 99,035,342</u>	<u>\$ 99,715,699</u>	<u>\$ 98,089,367</u>	<u>\$ 1,626,332</u>

* The legal level of budgetary control is the department level. These departments had expenditures in excess of appropriations.

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
Expenditures Street Fund

for the year ended June 30, 2011

	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	\$ 2,202,602	\$ 2,230,418	\$ 1,778,932	\$ 451,486	\$ 20,522	\$ 20,522	\$ 178,788	\$ (158,266)
Supplies	620,500	623,650	276,501	347,149	30,000	30,000	2,128	27,872
Services and charges	1,225,831	1,229,525	1,202,142	27,383	55,512	55,512	12,251	43,261
Capital Outlay	40,500	40,500	28,437	12,063	-	-	-	-
	<u>4,089,433</u>	<u>4,124,093</u>	<u>3,286,012</u>	<u>838,081</u>	<u>106,034</u>	<u>106,034</u>	<u>193,167</u>	<u>(87,133)</u>
Streets & Sanitation:								
Personal services	2,263,126	2,263,126	1,165,892	1,097,234	1,784,493	1,784,493	1,788,075	(3,582)
Supplies	1,200,000	1,200,000	964,650	235,350	1,031,671	1,031,671	517,666	514,005
Services and charges	2,524,764	2,524,764	2,165,437	359,327	1,841,221	1,841,221	1,152,175	689,046
Capital Outlay	-	-	-	-	37,000	37,000	-	37,000
	<u>5,987,890</u>	<u>5,987,890</u>	<u>4,295,979</u>	<u>1,691,911</u>	<u>4,694,385</u>	<u>4,694,385</u>	<u>3,457,916</u>	<u>1,236,469</u>
Environmental Protection:								
Personal services	131,634	131,634	112,768	18,866	244,462	244,462	188,556	55,906
Supplies	14,547	14,547	8,158	6,389	27,015	27,015	20,549	6,466
Services and charges	88,240	88,240	78,431	9,809	162,422	162,422	143,839	18,583
	<u>234,421</u>	<u>234,421</u>	<u>199,357</u>	<u>35,064</u>	<u>433,899</u>	<u>433,899</u>	<u>352,944</u>	<u>80,955</u>
Total fund	<u>\$ 10,311,744</u>	<u>\$ 10,346,404</u>	<u>\$ 7,781,348</u>	<u>\$ 2,565,056</u>	<u>\$ 5,234,318</u>	<u>\$ 5,234,318</u>	<u>\$ 4,004,027</u>	<u>\$ 1,230,291</u>
Debt Service								
Principal	\$ 584,881	\$ 584,881	\$ 585,417	\$ (536)	\$ -	\$ -	\$ -	\$ -
Interest	471,004	471,004	470,939	65	-	-	-	-
Total debt service	<u>1,055,885</u>	<u>1,055,885</u>	<u>1,056,356</u>	<u>(471)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>\$ 11,367,629</u>	<u>\$ 11,402,289</u>	<u>\$ 8,837,704</u>	<u>\$ 2,564,585</u>	<u>\$ 5,234,318</u>	<u>\$ 5,234,318</u>	<u>\$ 4,004,027</u>	<u>\$ 1,230,291</u>

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, 2011

	Special Revenue Funds									
	Michigan Justice		Vehicle	Parks &	Neighborhood	Building	DNR	Sidewalk	Community	Trans-
	Grants	Training	Storage Facility	Recreation	Business Improvement	Inspections	Properties	Repair	Dispatch	formation
ASSETS										
Equity in pooled cash and investments	\$ -	\$ 176,806	\$ 265,783	\$ 388,821	\$ 1,381,090	\$ 1,946,762	\$ 94,994	\$ 445,643	\$ -	\$ 6,584,975
Receivables, net	194,830	625	-	540,707	436	961	-	42,540	156,141	734,186
Inventories	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	2,318,885	-	-	-	-	-	-	-	-	-
Total assets	\$ 2,513,715	\$ 177,431	\$ 265,783	\$ 929,528	\$ 1,381,526	\$ 1,947,723	\$ 94,994	\$ 488,183	\$ 156,141	\$ 7,319,161
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Vouchers and accounts payable	\$ 936,910.00	\$ 36	\$ 30,018	\$ 216,147	\$ 1,574	\$ 10,803	\$ -	\$ 121,311	\$ 448,927	\$ -
Due to other funds	389,842	-	-	-	-	-	-	-	5,815	-
Due to other governmental units	-	-	550	-	-	-	-	-	-	-
Deferred revenues	704,328	-	-	-	-	-	-	-	-	-
Customer deposits	-	-	-	56,845	-	-	-	-	-	-
Total liabilities	2,031,080	36	30,568	272,992	1,574	10,803	-	121,311	454,742	-
Fund balance:										
Nonspendable:										
Inventories	-	-	-	-	-	-	-	-	-	-
Nonexpendable Trust principal	-	-	-	-	-	-	-	-	-	-
Restricted:										
Public safety programs	-	177,395	-	-	-	-	-	-	3,183	-
Housing and community redevelopment	482,635	-	-	-	358,308	-	-	-	-	-
Committed:										
Authorized projects	-	-	-	-	-	-	-	-	-	7,319,161
Other purposes	-	-	-	-	-	-	-	-	-	-
Assigned:										
Culture & recreation	-	-	-	220,205	-	-	-	-	-	-
Urban & community development	-	-	-	-	900,854	#####	#####	-	-	-
Public works	-	-	220,311	-	-	-	-	337,152	-	-
Ensnuing budget year	-	-	-	262,391	109,388	207,313	-	-	-	-
Compensated absences	-	-	14,904	173,940	11,402	167,710	-	29,720	-	-
Other purposes	-	-	-	-	-	-	94,994	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(301,784)	-
Total fund balance	482,635	177,395	235,215	656,536	1,379,952	1,936,920	94,994	366,872	(298,601)	7,319,161
Total liabilities and fund balances	\$ 2,513,715	\$ 177,431	\$ 265,783	\$ 929,528	\$ 1,381,526	\$ 1,947,723	\$ 94,994	\$ 488,183	\$ 156,141	\$ 7,319,161

City of Grand Rapids, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>				<u>Debt Service Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Law Enforcement</u>	<u>General Special Revenue</u>	<u>Economic Development</u>	<u>Downtown Improvement District</u>	<u>Grand Rapids Building Authority</u>	<u>Cemeteries Perpetual Care</u>	
	ASSETS						
Equity in pooled cash and investments	\$ 1,921,635	\$ 178,293	\$ 679,062	\$ 611,161	\$ 1,390,982	\$ 3,770,123	\$ 19,836,130
Receivables, net	22,835	-	2,179	1,527	-	16,383	1,713,350
Inventories	-	-	-	-	-	18,540	18,540
Due from other governmental units	-	-	-	-	-	-	2,318,885
Total assets	<u>\$ 1,944,470</u>	<u>\$ 178,293</u>	<u>\$ 681,241</u>	<u>\$ 612,688</u>	<u>\$ 1,390,982</u>	<u>\$ 3,805,046</u>	<u>\$ 23,886,905</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Vouchers and accounts payable	\$ 67,306	\$ -	\$ 1,804	\$ 246,505	\$ -	\$ -	\$ 2,081,341
Due to other funds	-	-	-	-	-	-	395,657
Due to other governmental units	-	-	-	-	-	-	550
Deferred revenues	-	-	-	-	-	-	704,328
Customer deposits	-	-	-	-	-	-	56,845
Total liabilities	<u>67,306</u>	<u>-</u>	<u>1,804</u>	<u>246,505</u>	<u>-</u>	<u>-</u>	<u>3,238,721</u>
Fund balance:							
Nonspendable:							
Inventories	-	-	-	-	-	18,540	18,540
Nonexpendable Trust principal	-	25,000	-	-	-	2,773,143	2,798,143
Restricted:							
Public safety programs	1,877,164	34,656	-	-	-	-	2,092,398
Housing and community redevelopment	-	-	-	-	-	-	840,943
Committed:							
Authorized projects	-	-	-	-	-	-	7,319,161
Other purposes	-	-	-	-	-	1,013,363	1,013,363
Assigned:							
Culture & recreation	-	118,637	-	-	-	-	338,842
Urban & community development	-	-	670,894	364,864	-	-	3,498,509
Public works	-	-	-	-	-	-	557,463
Ensuing budget year	-	-	-	1,319	-	-	580,411
Compensated absences	-	-	8,543	-	-	-	406,219
Other purposes	-	-	-	-	1,390,982	-	1,485,976
Unassigned	-	-	-	-	-	-	(301,784)
Total fund balance	<u>1,877,164</u>	<u>178,293</u>	<u>679,437</u>	<u>366,183</u>	<u>1,390,982</u>	<u>3,805,046</u>	<u>20,648,184</u>
Total liabilities and fund balances	<u>\$ 1,944,470</u>	<u>\$ 178,293</u>	<u>\$ 681,241</u>	<u>\$ 612,688</u>	<u>\$ 1,390,982</u>	<u>\$ 3,805,046</u>	<u>\$ 23,886,905</u>

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2011**

Special Revenue Funds

	Michigan Justice Grants	Vehicle Storage Facility	Parks & Recreation	Neighborhood Business Improvement	Building Inspections	DNR Properties	Sidewalk Repair	Community Dispatch	Trans- formation	
Revenues:										
City income taxes	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,517,255	
State shared taxes	70,222	-	-	-	-	-	-	-	-	
Licenses and permits	-	-	-	800	1,745,245	-	355,725	-	-	
Federal grants	17,279,595	-	3,333	-	-	-	-	-	-	
State grants	161,326	61,446	-	-	-	-	-	-	-	
Other grants and contributions	127,115	-	360,769	-	-	-	-	2,149,600	-	
Charges for services	1,119,163	-	485,345	2,405,425	55,327	107,658	421,027	196,167	-	
Investment Earnings	36,735	1,338	1,460	-	11,730	27,199	746	6,543	398	
Miscellaneous	78,369	-	671	15,182	1,067	-	7,789	-	32,750	
Total revenues	18,872,525	62,784	487,476	2,784,709	68,924	1,880,102	8,535	783,295	2,378,915	8,517,255
Expenditures:										
Current:										
Public safety	-	77,814	-	-	-	-	-	5,846,718	-	
Public works	-	-	382,841	-	-	-	930,014	-	-	
Culture and recreation	-	-	-	5,978,430	-	-	-	-	-	
Urban and community development	19,508,211	-	-	-	125,421	2,939,826	41,079	-	-	
Debt service:										
Principal	-	-	-	-	20,000	-	-	-	-	
Interest and paying agent fees	-	-	-	-	20,419	-	-	-	-	
Total expenditures	19,508,211	77,814	382,841	5,978,430	165,840	2,939,826	41,079	930,014	5,846,718	-
Excess (deficiency) of revenues over expenditures	(635,686)	(15,030)	104,635	(3,193,721)	(96,916)	(1,059,724)	(32,544)	(146,719)	(3,467,803)	8,517,255
Other financing sources (uses):										
Transfers in	492,423	-	-	3,945,596	30,098	323,527	18,354	-	3,331,192	-
Transfers out	(419,506)	-	(16,777)	(442,409)	-	(128,583)	(7,239)	(57,227)	(161,990)	(1,198,094)
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	72,917	-	(16,777)	3,503,187	30,098	194,944	11,115	(57,227)	3,169,202	(1,198,094)
Net change in fund balances	(562,769)	(15,030)	87,858	309,466	(66,818)	(864,780)	(21,429)	(203,946)	(298,601)	7,319,161
Fund balances - beginning	1,045,404	192,425	147,357	347,070	1,446,770	2,801,700	116,423	570,818	-	-
Fund balances - ending	\$ 482,635	\$ 177,395	\$ 235,215	\$ 656,536	\$ 1,379,952	\$ 1,936,920	\$ 94,994	\$ 366,872	\$ (298,601)	\$ 7,319,161

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2011**

	<u>Special Revenue Funds</u>				<u>Debt Service Funds</u>		<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Law Enforcement</u>	<u>General</u>	<u>Economic</u>	<u>Downtown</u>	<u>Grand Rapids Building Authority</u>	<u>Public Act 175</u>	<u>Cemeteries Perpetual Care</u>	
		<u>Special Revenue</u>	<u>Development</u>	<u>Improvement District</u>				
Revenues:								
City income taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,517,255
State shared taxes	-	-	-	-	-	-	-	70,222
Licenses and permits	-	-	-	-	-	-	-	2,101,770
Federal grants	262,983	-	-	-	-	-	-	17,545,911
State grants	-	-	-	-	-	-	-	222,772
Other grants and contributions	-	-	1,158	-	-	-	-	2,638,642
Charges for services	538,448	1,729	129,170	657,963	-	-	36,199	6,153,621
Investment Earnings	22,065	1,391	7,270	5,781	35,782	-	33,190	191,628
Miscellaneous	-	-	-	149,920	-	-	-	285,748
Total revenues	823,496	3,120	137,598	813,664	35,782	-	69,389	37,727,569
Expenditures:								
Current:								
Public safety	877,545	-	-	-	-	-	-	6,802,077
Public works	-	-	-	-	-	-	-	1,312,855
Culture and recreation	-	9,837	-	-	-	-	-	5,988,267
Urban and community development	-	-	76,959	688,746	-	-	-	23,380,242
Debt service:								
Principal	-	-	-	-	3,760,631	1,065,000	-	4,845,631
Interest and paying agent fees	-	-	-	-	3,323,423	282,103	-	3,625,945
Total expenditures	877,545	9,837	76,959	688,746	7,084,054	1,347,103	-	45,955,017
Excess (deficiency) of revenues over expenditures:	(54,049)	(6,717)	60,639	124,918	(7,048,272)	(1,347,103)	69,389	(8,227,448)
Other financing sources (uses):								
Transfers in	-	-	-	-	7,141,106	1,347,103	87,895	16,717,294
Transfers out	-	-	-	-	-	-	(194,849)	(2,626,674)
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	7,141,106	1,347,103	(106,954)	14,090,620
Net change in fund balances	(54,049)	(6,717)	60,639	124,918	92,834	-	(37,565)	5,863,172
Fund balances - beginning	1,931,213	185,010	618,798	241,265	1,298,148	-	3,842,611	14,785,012
Fund balances - ending	\$ 1,877,164	\$ 178,293	\$ 679,437	\$ 366,183	\$ 1,390,982	\$ -	\$ 3,805,046	\$ 20,648,184

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, 2011

	Budget				Actual				Net Variance
	Revenues	Expenditures	Other Financing Sources (uses)	Net	Revenues	Expenditures	Other Financing Sources (uses)	Net	
Grants	\$ 58,370,462	\$ 55,607,656	\$ (136,505)	\$ 2,626,301	\$ 18,872,525	\$ 19,508,211	\$ 72,917	\$ (562,769)	\$ (3,189,070)
Michigan Justice Training	78,150	76,000	-	2,150	62,784	77,814	-	(15,030)	(17,180)
Vehicle Storage Facility	542,467	504,108	(16,777)	21,582	487,476	382,841	(16,777)	87,858	66,276
Parks & Recreation	2,691,801	6,087,181	3,510,088	114,708	2,784,709	5,978,430	3,503,187	309,466	194,758
Neighborhood Business Improvement	152,912	317,007	20,826	(143,269)	68,924	165,840	30,098	(66,818)	76,451
Building Inspections	2,237,493	3,188,794	187,744	(763,557)	1,880,102	2,939,826	194,944	(864,780)	(101,223)
DNR Properties	46,870	40,100	(7,239)	(469)	8,535	41,079	11,115	(21,429)	(20,960)
Sidewalk Repair	1,399,400	1,364,991	(57,227)	(22,818)	783,295	930,014	(57,227)	(203,946)	(181,128)
Community Dispatch	2,521,424	5,466,230	2,969,806	25,000	2,378,915	5,846,718	3,169,202	(298,601)	(323,601)
Transformation	8,505,998	-	(1,198,094)	7,307,904	8,517,255	-	(1,198,094)	7,319,161	11,257
Drug Law Enforcement	911,725	1,018,934	-	(107,209)	823,496	877,545	-	(54,049)	53,160
General Special Revenue	3,000	30,000	-	(27,000)	3,120	9,837	-	(6,717)	20,283
Economic Development	36,275	100,204	-	(63,929)	137,598	76,959	-	60,639	124,568
Downtown Improvement District	870,696	884,021	-	(13,325)	813,664	688,746	-	124,918	138,243
Total	\$ 78,368,673	\$ 74,685,226	\$ 5,272,622	\$ 8,956,069	\$ 37,622,398	\$ 37,523,860	\$ 5,709,365	\$ 5,807,903	\$ (3,148,166)

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, 2011

	<u>Cemeteries Operating</u>	<u>Belknap Ice Arena</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 22,515	\$ 776,793	\$ 799,308
Receivables, net	133,294	19,685	152,979
Inventory	17,456	-	17,456
Total current assets	<u>173,265</u>	<u>796,478</u>	<u>969,743</u>
Noncurrent assets:			
Other assets	212,263	-	212,263
Capital assets:			
Non-depreciable	5,255	-	5,255
Depreciable	1,397,305	3,680,719	5,078,024
Less accumulated depreciation	<u>(1,166,179)</u>	<u>(2,466,568)</u>	<u>(3,632,747)</u>
Total noncurrent assets	<u>448,644</u>	<u>1,214,151</u>	<u>1,662,795</u>
Total assets	<u>\$ 621,909</u>	<u>\$ 2,010,629</u>	<u>\$ 2,632,538</u>
LIABILITIES			
Current liabilities:			
Vouchers and accounts payable	\$ 49,696	\$ 195,889	\$ 245,585
Due to other funds	65,000	-	65,000
Accrual for compensated absences	30,991	-	30,991
Total current liabilities	<u>145,687</u>	<u>195,889</u>	<u>341,576</u>
Noncurrent liabilities (net of portion due within 1 year):			
Compensated absences	17,433	-	17,433
Net OPEB Obligation	27,886	-	27,886
Total noncurrent liabilities	<u>45,319</u>	<u>-</u>	<u>45,319</u>
Total liabilities	<u>191,006</u>	<u>195,889</u>	<u>386,895</u>
NET ASSETS			
Invested in capital assets net of related debt	236,381	1,214,151	1,450,532
Unrestricted	<u>194,522</u>	<u>600,589</u>	<u>795,111</u>
Total net assets	<u>430,903</u>	<u>1,814,740</u>	<u>2,245,643</u>
Total liabilities and net assets	<u>\$ 621,909</u>	<u>\$ 2,010,629</u>	<u>\$ 2,632,538</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, 2011

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Operating revenues:			
Charges for services	\$ 733,941	\$ 812,817	\$ 1,546,758
Sales	275,300	57,955	333,255
Miscellaneous	9,981	-	9,981
Total operating revenues	<u>1,019,222</u>	<u>870,772</u>	<u>1,889,994</u>
Operating expenses:			
Personal services	736,212	244,286	980,498
Supplies and materials	420,365	29,136	449,501
Utilities	58,932	121,510	180,442
Contractual services	175,303	275,249	450,552
Other services and charges	46,421	88,629	135,050
Depreciation	25,933	155,336	181,269
Total operating expenses	<u>1,463,166</u>	<u>914,146</u>	<u>2,377,312</u>
Operating Loss	<u>(443,944)</u>	<u>(43,374)</u>	<u>(487,318)</u>
Nonoperating revenues:			
Interest revenue	217	3,477	3,694
Total nonoperating revenues	<u>217</u>	<u>3,477</u>	<u>3,694</u>
Loss before transfers	(443,727)	(39,897)	(483,624)
Transfers in	442,331	-	442,331
Transfers out	(322,443)	-	(322,443)
Change in net assets	(323,839)	(39,897)	(363,736)
Total net assets - beginning	<u>754,742</u>	<u>1,854,637</u>	<u>2,609,379</u>
Total net assets - ending	<u>\$ 430,903</u>	<u>\$ 1,814,740</u>	<u>\$ 2,245,643</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
for the year ended June 30, 2011

	<u>Cemeteries Operating</u>	<u>Belknap Ice Arena</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:			
Receipts from customers	\$ 971,774	\$ 883,943	\$ 1,855,717
Payments to suppliers	(660,437)	(453,819)	(1,114,256)
Payments to employees	(540,127)	(209,837)	(749,964)
Payments for payroll taxes and benefits	(206,539)	(34,449)	(240,988)
Other operating revenues	9,981	-	9,981
Net cash provided (used) by operating activities	<u>(425,348)</u>	<u>185,838</u>	<u>(239,510)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	442,331	-	442,331
Transfers to other funds	(322,443)	-	(322,443)
Net cash provided by noncapital financing activities	<u>119,888</u>	<u>-</u>	<u>119,888</u>
Cash flows from capital and related financing activities:			
Sale of assets	3,167	-	3,167
Net cash provided by capital and related financing activities	<u>3,167</u>	<u>-</u>	<u>3,167</u>
Cash flows from investing activities:			
Interest received	217	3,477	3,694
Net increase (decrease) in equity in pooled cash and investments	(302,076)	189,315	(112,761)
Equity in pooled cash and investments, beginning	<u>324,591</u>	<u>587,478</u>	<u>912,069</u>
Equity in pooled cash and investments, ending	<u>\$ 22,515</u>	<u>\$ 776,793</u>	<u>\$ 799,308</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating Loss	\$ (443,944)	\$ (43,374)	\$ (487,318)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	25,933	155,336	181,269
Change in assets and liabilities:			
Decrease (increase) in accounts receivable	(37,297)	13,171	(24,126)
Decrease in inventory	(170)	-	(170)
Increase (decrease) in vouchers and accounts payable	(24,416)	60,705	36,289
Decrease in due to other funds	65,000	-	65,000
Decrease in compensated absences	(10,512)	-	(10,512)
Increase in Net OPEB Obligation	58	-	58
Total adjustments	<u>18,596</u>	<u>229,212</u>	<u>247,808</u>
Net cash provided (used) by operating activities	<u>\$ (425,348)</u>	<u>\$ 185,838</u>	<u>\$ (239,510)</u>

City of Grand Rapids, Michigan
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	Total Internal Service Funds
ASSETS						
Current assets:						
Equity in pooled cash and investments	\$ 4,661,091	\$ 9,714,240	\$ 2,862,461	\$ 22,981,539	\$ 1,560,307	\$ 41,779,638
Receivables, net	6,104	12,349	248,266	330,850	335,824	933,393
Inventory	-	781,521	-	-	-	781,521
Funds held by trustee	423,744	-	-	2,124,443	-	2,548,187
Deferred expenses	<u>24,929</u>	<u>99,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,929</u>
Total current assets	<u>5,115,868</u>	<u>10,607,110</u>	<u>3,110,727</u>	<u>25,436,832</u>	<u>1,896,131</u>	<u>46,166,668</u>
Noncurrent assets:						
Capital assets:						
Non-depreciable	576,671	-	-	-	-	576,671
Depreciable	12,372,907	36,739,237	-	-	-	49,112,144
Less accumulated depreciation	<u>(8,475,608)</u>	<u>(30,459,309)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,934,917)</u>
Total noncurrent assets	<u>4,473,970</u>	<u>6,279,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,753,898</u>
Total assets	<u>\$ 9,589,838</u>	<u>\$ 16,887,038</u>	<u>\$ 3,110,727</u>	<u>\$ 25,436,832</u>	<u>\$ 1,896,131</u>	<u>\$ 56,920,566</u>
LIABILITIES						
Current liabilities:						
Vouchers and accounts payable	\$ 360,646	\$ 608,838	\$ 389,748	\$ 875,132	\$ 20,919	\$ 2,255,283
Accrued interest payable	3,264	37,190	-	-	-	40,454
Due to other governmental units	-	-	-	719,015	-	719,015
Unearned revenues	-	-	3,638	1,375,915	-	1,379,553
Health insurance claims payable	-	-	-	1,821,000	-	1,821,000
Current portion of general claims payable	-	-	-	3,543,991	-	3,543,991
Current maturities of bonds & contracts payable	484,000	1,231,830	-	-	-	1,715,830
Current workers' compensation liability	-	-	-	234,400	-	234,400
Compensated absences	<u>45,588</u>	<u>165,623</u>	<u>81,442</u>	<u>21,396</u>	<u>238,751</u>	<u>552,800</u>
Total current liabilities	<u>893,498</u>	<u>2,043,481</u>	<u>474,828</u>	<u>8,590,849</u>	<u>259,670</u>	<u>12,262,326</u>
Noncurrent liabilities (net of current portion):						
Bonds Payable	200,000	3,115,000	-	-	-	3,315,000
Contracts and notes payable	-	1,030,086	-	-	-	1,030,086
General claims payable	-	-	-	344,300	-	344,300
Bond premium	13,201	23,610	-	-	-	36,811
Workers compensation liability	-	-	-	928,800	-	928,800
Compensated absences	25,644	93,163	45,811	12,035	134,298	310,951
Net OPEB Obligation	<u>12,669</u>	<u>78,441</u>	<u>37,574</u>	<u>107,248</u>	<u>122,483</u>	<u>358,415</u>
Total noncurrent liabilities	<u>251,514</u>	<u>4,340,300</u>	<u>83,385</u>	<u>1,392,383</u>	<u>256,781</u>	<u>6,324,363</u>
Total liabilities	<u>1,145,012</u>	<u>6,383,781</u>	<u>558,213</u>	<u>9,983,232</u>	<u>516,451</u>	<u>18,586,689</u>
NET ASSETS						
Invested in capital assets net of related debt	4,473,970	1,187,797	-	-	-	5,661,767
Unrestricted	<u>3,970,856</u>	<u>9,315,460</u>	<u>2,552,514</u>	<u>15,453,600</u>	<u>1,379,680</u>	<u>32,672,110</u>
Total net assets	<u>8,444,826</u>	<u>10,503,257</u>	<u>2,552,514</u>	<u>15,453,600</u>	<u>1,379,680</u>	<u>38,333,877</u>
Total liabilities and net assets	<u>\$ 9,589,838</u>	<u>\$ 16,887,038</u>	<u>\$ 3,110,727</u>	<u>\$ 25,436,832</u>	<u>\$ 1,896,131</u>	<u>\$ 56,920,566</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, 2011

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	Total Internal Service Funds
Operating revenues:						
Charges for services	\$ 6,035,298	\$ 11,493,984	\$ 5,265,060	\$ 23,207,317	\$ 4,290,354	\$ 50,292,013
Miscellaneous	670	29,529	17,726	277,273	1,177	326,375
Total operating revenues	<u>6,035,968</u>	<u>11,523,513</u>	<u>5,282,786</u>	<u>23,484,590</u>	<u>4,291,531</u>	<u>50,618,388</u>
Operating expenses:						
Personal services	513,337	2,542,822	1,081,749	520,839	3,444,575	8,103,322
Supplies and materials	172,999	2,884,736	574,771	-	63,116	3,695,622
Utilities	205,495	80,009	1,372,928	990	12,539	1,671,961
Contractual services	3,020,333	22,269	105	1,086,538	163,932	4,293,177
Other services and charges	1,431,867	596,366	1,292,725	23,424,077	617,939	27,362,974
Depreciation	1,359,014	2,504,458	-	-	-	3,863,472
Total operating expenses	<u>6,703,045</u>	<u>8,630,660</u>	<u>4,322,278</u>	<u>25,032,444</u>	<u>4,302,101</u>	<u>48,990,528</u>
Operating income	<u>(667,077)</u>	<u>2,892,853</u>	<u>960,508</u>	<u>(1,547,854)</u>	<u>(10,570)</u>	<u>1,627,860</u>
Nonoperating revenues (expenses):						
Interest revenue	57,140	95,418	15,707	450,244	14,131	632,640
Gain on sale of capital assets	-	292,191	-	-	-	292,191
Interest expense and paying agent fees	(31,576)	(203,569)	-	-	-	(235,145)
Total nonoperating revenues (expenses)	<u>25,564</u>	<u>184,040</u>	<u>15,707</u>	<u>450,244</u>	<u>14,131</u>	<u>689,686</u>
Income (loss) before transfers	(641,513)	3,076,893	976,215	(1,097,610)	3,561	2,317,546
Transfers in	-	-	-	798,109	-	798,109
Transfers out	(357,602)	(390,312)	(347,150)	(103,315)	(420,320)	(1,618,699)
Change in net assets	(999,115)	2,686,581	629,065	(402,816)	(416,759)	1,496,956
Total net assets - beginning	<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 net assets - ending	<u>\$ 8,444,826</u>	<u>\$ 10,503,257</u>	<u>\$ 2,552,514</u>	<u>\$ 15,453,600</u>	<u>\$ 1,379,680</u>	<u>\$ 38,333,877</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2011

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	Total Internal Service Funds
Cash flows from operating activities:						
Receipts from customers	\$ 6,067,702	\$ 11,416,817	\$ 5,431,800	\$ 24,570,405	\$ 4,229,340	\$ 51,716,064
Payments to suppliers	(4,984,320)	(3,777,025)	(3,030,505)	(23,432,025)	(854,947)	(36,078,822)
Payments to employees	(331,970)	(1,632,944)	(716,588)	(333,464)	(2,288,849)	(5,303,815)
Payments for payroll taxes and benefits	(167,404)	(912,387)	(388,656)	(176,713)	(1,241,488)	(2,886,648)
Other operating revenues	<u>670</u>	<u>29,529</u>	<u>17,726</u>	<u>277,273</u>	<u>1,177</u>	<u>326,375</u>
Net cash provided (used) by operating activities	<u>584,678</u>	<u>5,123,990</u>	<u>1,313,777</u>	<u>905,476</u>	<u>(154,767)</u>	<u>7,773,154</u>
Cash flows from noncapital financing activities:						
Transfers from other funds	-	-	-	798,109	-	798,109
Transfers to other funds	<u>(357,602)</u>	<u>(390,312)</u>	<u>(347,150)</u>	<u>(103,315)</u>	<u>(420,320)</u>	<u>(1,618,699)</u>
Net cash used by noncapital financing activities	<u>(357,602)</u>	<u>(390,312)</u>	<u>(347,150)</u>	<u>694,794</u>	<u>(420,320)</u>	<u>(820,590)</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	(555,671)	(668,670)	-	-	-	(1,224,341)
Sale of capital assets	-	292,191	-	-	-	292,191
Principal paid on capital debt	(468,000)	(1,795,147)	-	-	-	(2,263,147)
Interest paid on capital debt	<u>(30,264)</u>	<u>(198,113)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(228,377)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,053,935)</u>	<u>(2,369,739)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,423,674)</u>
Cash flows from investing activities:						
Interest received	<u>57,140</u>	<u>95,418</u>	<u>15,707</u>	<u>450,244</u>	<u>14,131</u>	<u>632,640</u>
Net increase (decrease) in equity in pooled cash and investments	(769,719)	2,459,357	982,334	2,050,514	(560,956)	4,161,530
Equity in pooled cash and investments - beginning of year	<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>
Equity in pooled cash and investments - end of year (including restricted cash held by trustee: \$423,744 in Information Technology and \$2,124,443 in Insurance Payment fund)	<u>\$ 5,084,835</u>	<u>\$ 9,714,240</u>	<u>\$ 2,862,461</u>	<u>\$ 25,105,982</u>	<u>\$ 1,560,307</u>	<u>\$ 44,327,825</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2011

	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	\$ (667,077)	\$ 2,892,853	\$ 960,508	\$ (1,547,854)	\$ (10,570)	\$ 1,627,860
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	1,359,014	2,504,458	-	-	-	3,863,472
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	32,404	40,866	(26,281)	83,675	(61,014)	69,650
Decrease in due from intergovernmental units	-	-	194,771	-	-	194,771
Increase in inventory	-	(118,033)	-	-	-	(118,033)
Decrease in deferred expenses	63,857	-	-	192,094	-	255,951
Increase (decrease) in vouchers and accounts payable	(217,483)	(193,645)	210,024	(355,120)	2,579	(553,645)
Increase in due to intergovernmental units	-	-	-	719,015	-	719,015
Increase (decrease) in deferred revenues	-	-	(1,750)	1,279,413	-	1,277,663
Increase (decrease) in compensated absences	13,879	(2,882)	(23,637)	3,297	(86,236)	(95,579)
Increase in Net OPEB Obligation	84	373	142	7,365	474	8,438
Decrease in general claims payable	-	-	-	523,591	-	523,591
Total adjustments	<u>1,251,755</u>	<u>2,231,137</u>	<u>353,269</u>	<u>2,453,330</u>	<u>(144,197)</u>	<u>6,145,294</u>
Net cash provided (used) by operating activities	<u>\$ 584,678</u>	<u>\$ 5,123,990</u>	<u>\$ 1,313,777</u>	<u>\$ 905,476</u>	<u>\$ (154,767)</u>	<u>\$ 7,773,154</u>

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

	<u>Pension Trust Funds</u>		<u>Retiree Health Care Trust Funds</u>			<u>Total Employee Benefit Trust Funds</u>
	<u>Police and Fire</u>	<u>General</u>	<u>General</u>	<u>Police</u>	<u>Fire</u>	
<i>as of :</i>	<i>December 31, 2010</i>	<i>June 30, 2011</i>	<i>June 30, 2011</i>	<i>June 30, 2011</i>	<i>June 30, 2011</i>	
ASSETS						
Equity in pooled cash and investments	\$ -	\$ -	\$ 468,976	\$ 472,983	\$ 404,985	\$ 1,346,944
Investments held by trustee:						
Cash and money market funds	5,770,399	4,664,425	-	-	-	10,434,824
United States Government Securities	18,193,578	21,666,903	-	-	-	39,860,481
State and municipal bonds	86,795	81,199	-	-	-	167,994
Corporate bonds	54,917,447	61,724,425	-	-	-	116,641,872
Common stocks and equity mutual funds	206,143,401	239,384,735	-	-	-	445,528,136
Asset-backed securities	11,247,701	11,023,627	-	-	-	22,271,328
Other	16,569,830	19,942,635	2,107,768	1,468,509	2,189,467	42,278,209
Collateral held by broker under securities lending						
U.S. Corporate fixed income	-	2,213,190	-	-	-	2,213,190
U.S. Equity funds	-	6,887,938	-	-	-	6,887,938
U.S. Government fixed income	-	7,713,323	-	-	-	7,713,323
Unspecified	18,806,611	-	-	-	-	18,806,611
Receivables, net:						
Investment securities sold	24,673	-	-	-	-	24,673
Other accounts	853,683	434,401	146	230	86	1,288,546
Accrued interest	656,387	625,299	1,710	733	-	1,284,129
Total assets	<u>\$ 333,270,505</u>	<u>\$ 376,362,100</u>	<u>\$ 2,578,600</u>	<u>\$ 1,942,455</u>	<u>\$ 2,594,538</u>	<u>\$ 716,748,198</u>
LIABILITIES						
Compensated absences	\$ 15,393	\$ 7,659	\$ -	\$ -	\$ -	\$ 23,052
Investment securities purchased	1,815,542	180,139	-	-	-	1,995,681
Vouchers and accounts payable	311,700	318,709	216,530	57,420	37,854	942,213
Due to other funds	8,546	11,222	-	-	-	19,768
Liabilities under security lending program	18,806,611	16,814,451	-	-	-	35,621,062
Total liabilities	<u>20,957,792</u>	<u>17,332,180</u>	<u>216,530</u>	<u>57,420</u>	<u>37,854</u>	<u>38,601,776</u>
NET ASSETS						
Held in trust for pension benefits and other purposes	<u>312,312,713</u>	<u>359,029,920</u>	<u>2,362,070</u>	<u>1,885,035</u>	<u>2,556,684</u>	<u>678,146,422</u>
Total liabilities and net assets	<u>\$ 333,270,505</u>	<u>\$ 376,362,100</u>	<u>\$ 2,578,600</u>	<u>\$ 1,942,455</u>	<u>\$ 2,594,538</u>	<u>\$ 716,748,198</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 Employee Benefit Trust Funds</u>
	<u>Police and Fire</u>	<u>General</u>	<u>General</u>	<u>Police</u>	<u>Fire</u>	
<i>for the year ended:</i>	<i>December 31, 2010</i>	<i>June 30, 2011</i>	<i>June 30, 2011</i>	<i>June 30, 2011</i>	<i>June 30, 2011</i>	
ADDITIONS						
Plan Contributions:						
Employer	\$ 3,709,787	\$ 6,162,363	\$ 7,355,628	\$ 3,505,389	\$ 3,840,956	\$ 24,574,123
Plan members	<u>1,948,909</u>	<u>2,484,211</u>	<u>73,209</u>	<u>8,165</u>	<u>1,741</u>	<u>4,516,235</u>
Total contributions	<u>5,658,696</u>	<u>8,646,574</u>	<u>7,428,837</u>	<u>3,513,554</u>	<u>3,842,697</u>	<u>29,090,358</u>
Investment earnings:						
Interest and dividends	4,035,006	4,192,812	11,108	1,225	48,213	8,288,364
Net appreciation in fair value of investments	<u>43,165,341</u>	<u>72,752,554</u>	<u>118,957</u>	<u>81,839</u>	<u>42,540</u>	<u>116,161,231</u>
Total investment gains	47,200,347	76,945,366	130,065	83,064	90,753	124,449,595
Investment management expense	<u>(994,461)</u>	<u>(1,107,268)</u>	<u>(4,315)</u>	<u>(3,142)</u>	<u>(3,073)</u>	<u>(2,112,259)</u>
Net gains from investment activities	<u>46,205,886</u>	<u>75,838,098</u>	<u>125,750</u>	<u>79,922</u>	<u>87,680</u>	<u>122,337,336</u>
Securities lending income	50,308	58,303	-	-	-	108,611
Securities lending expenses	<u>(17,591)</u>	<u>(20,392)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,983)</u>
Net income from securities lending activities	<u>32,717</u>	<u>37,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,628</u>
Total net investment gain	<u>46,238,603</u>	<u>75,876,009</u>	<u>125,750</u>	<u>79,922</u>	<u>87,680</u>	<u>122,407,964</u>
Total additions	<u>51,897,299</u>	<u>84,522,583</u>	<u>7,554,587</u>	<u>3,593,476</u>	<u>3,930,377</u>	<u>151,498,322</u>
DEDUCTIONS						
Benefits paid	18,114,193	25,683,998	6,214,983	1,809,512	1,373,693	53,196,379
Administration expenses	<u>542,367</u>	<u>565,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,108,362</u>
Total deductions	<u>18,656,560</u>	<u>26,249,993</u>	<u>6,214,983</u>	<u>1,809,512</u>	<u>1,373,693</u>	<u>54,304,741</u>
Change in net assets	33,240,739	58,272,590	1,339,604	1,783,964	2,556,684	97,193,581
Total net assets - beginning	<u>279,071,974</u>	<u>300,757,330</u>	<u>1,022,466</u>	<u>101,071</u>	<u>-</u>	<u>580,952,841</u>
Total net assets - ending	<u>\$ 312,312,713</u>	<u>\$ 359,029,920</u>	<u>\$ 2,362,070</u>	<u>\$ 1,885,035</u>	<u>\$ 2,556,684</u>	<u>\$ 678,146,422</u>

City of Grand Rapids, Michigan
Statement of Changes in Assets and Liabilities
Agency Tax Fund
for the year ended June 30, 2011

	<u>Agency Tax Assets July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Agency Tax Assets June 30, 2011</u>
Assets:				
Equity in pooled cash and investments	\$ 189,808	\$ 23,507	\$ -	\$ 213,315
Taxes receivable	<u>733,758</u>	<u>116,142,156</u>	<u>116,107,644</u>	<u>768,270</u>
Total assets	<u>\$ 923,566</u>	<u>\$ 116,165,663</u>	<u>\$ 116,107,644</u>	<u>\$ 981,585</u>
Liabilities:				
Due to other governmental units	<u>\$ 923,566</u>	<u>\$ 116,165,663</u>	<u>\$ 116,107,644</u>	<u>\$ 981,585</u>
Total liabilities	<u>\$ 923,566</u>	<u>\$ 116,165,663</u>	<u>\$ 116,107,644</u>	<u>\$ 981,585</u>

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2011

Governmental funds capital assets:

Land	\$ 18,088,973
Easement/Right of Way	454,381
Land improvements	37,781,593
Buildings and structures	172,599,874
Machinery and equipment	21,575,551
Motor vehicles	10,412,752
Office furniture and equipment	2,889,414
Infrastructure	525,460,541
Construction in progress	<u>3,578,587</u>
Total governmental funds capital assets	<u>\$ 792,841,666</u>

Investments in governmental funds capital assets by source:

Capital Projects Funds	\$ 88,542,338
General Fund	3,495,505
Special Revenue Funds	542,967,521
Grand Rapids Building Authority	137,443,677
Federal grants	4,276,258
State grants	909,963
Gifts and donations	15,044,478
Enterprise Funds	<u>161,926</u>
Total governmental funds capital assets	<u>\$ 792,841,666</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, 2011

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	\$ 3,739,198	\$ 10,950	\$ 68,149	\$ 7,650	\$ 759,172	\$ 51,764,759
Public safety:										
Police	1,382,456	-	-	23,791,193	10,856,086	1,010,689	224,279	-	-	37,264,703
Fire	453,690	-	-	6,622,702	2,359,624	9,237,822	29,741	-	-	18,703,579
	<u>1,836,146</u>	<u>-</u>	<u>-</u>	<u>30,413,895</u>	<u>13,215,710</u>	<u>10,248,511</u>	<u>254,020</u>	<u>-</u>	<u>-</u>	<u>55,968,282</u>
Public works:										
Public works	2,591,983	454,381	9,339,607	7,932,493	698,927	-	41,575	504,259,390	1,846,501	527,164,857
Street lighting	-	-	-	-	-	-	-	11,609,955	-	11,609,955
Traffic	42,400	-	-	3,710,930	1,954,393	-	-	9,583,546	-	15,291,269
City/County parking facility	3,505,326	-	149,099	-	129,478	-	-	-	-	3,783,903
	<u>6,139,709</u>	<u>454,381</u>	<u>9,488,706</u>	<u>11,643,423</u>	<u>2,782,798</u>	<u>-</u>	<u>41,575</u>	<u>525,452,891</u>	<u>1,846,501</u>	<u>557,849,984</u>
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	41,971,981	1,311,370	-	530,787	-	-	47,059,380
Parks	1,661,839	-	24,635,105	9,088,063	297,096	128,067	-	-	972,914	36,783,084
Art museum	530,000	-	-	420,000	-	-	-	-	-	950,000
	<u>7,549,812</u>	<u>-</u>	<u>24,843,996</u>	<u>88,799,323</u>	<u>1,837,845</u>	<u>153,291</u>	<u>2,525,670</u>	<u>-</u>	<u>972,914</u>	<u>126,682,851</u>
Urban and community development:										
Urban Development	540,397	-	-	-	-	-	-	-	-	540,397
Neighborhood Business Improvements	35,393	-	-	-	-	-	-	-	-	35,393
Total urban and community development	<u>575,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>575,790</u>
Total governmental funds capital assets	<u>\$ 18,088,973</u>	<u>\$ 454,381</u>	<u>\$ 37,781,593</u>	<u>\$ 172,599,874</u>	<u>\$ 21,575,551</u>	<u>\$ 10,412,752</u>	<u>\$ 2,889,414</u>	<u>\$ 525,460,541</u>	<u>\$ 3,578,587</u>	<u>\$ 792,841,666</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 of Changes by Function and Activity
for the year ended June 30, 2011

<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, 2011</u>
General government	\$ 51,162,699	\$ 602,060	\$ -	\$ 51,764,759
Public safety:				
Police	37,021,979	242,724	-	37,264,703
Fire	<u>18,573,886</u>	<u>129,693</u>	-	<u>18,703,579</u>
Total public safety	<u>55,595,865</u>	<u>372,417</u>	-	<u>55,968,282</u>
Public works:				
Public works	526,847,443	317,414	-	527,164,857
Street lighting	11,609,955	-	-	11,609,955
Traffic safety	14,975,714	315,555	-	15,291,269
City/County parking facility	<u>3,783,903</u>	-	-	<u>3,783,903</u>
Total public works	<u>557,217,015</u>	<u>632,969</u>	-	<u>557,849,984</u>
Culture and recreation:				
Libraries	41,890,387	-	-	41,890,387
Museum	47,012,317	47,063	-	47,059,380
Parks	35,693,503	1,089,581	-	36,783,084
Art museum	<u>950,000</u>	-	-	<u>950,000</u>
Total culture and recreation	<u>125,546,207</u>	<u>1,136,644</u>	-	<u>126,682,851</u>
Urban and community development:				
Urban Development	540,397	-	-	540,397
Neighborhood Business Improvements	<u>35,393</u>	-	-	<u>35,393</u>
Total urban and community development	<u>575,790</u>	-	-	<u>575,790</u>
Total governmental funds capital assets	<u>\$ 790,097,576</u>	<u>\$ 2,744,090</u>	<u>\$ -</u>	<u>\$ 792,841,666</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

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

1-5

Revenue Capacity

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.

6-10

Debt Capacity

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.

11-14

Demographic and Economic Information

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

15, 16

Operating Information

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.

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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 Ten 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>	<u>2011</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	\$ 286,842,665
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	15,069,304
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>	<u>72,746,610</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>	<u>\$ 374,658,579</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	\$ 360,515,741
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	21,769,063
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>	<u>67,328,770</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>	<u>\$ 449,613,574</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	\$ 647,358,406
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	36,838,367
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>	<u>140,075,380</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>	<u>\$ 824,272,153</u>

City of Grand Rapids, Michigan
Changes in Net Assets (unaudited)
Last Ten 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>	<u>2011</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	\$ 25,886,186
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	78,776,861
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	49,113,508
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	19,853,225
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	26,234,918
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	5,139,731
Total governmental activities expenses	182,774,175	193,615,477	188,339,654	195,616,202	204,028,025	193,394,046	207,056,587	201,461,284	193,236,352	205,004,429
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	38,356,092
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	45,298,196
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	10,214,180
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	2,371,600
Total business-type activities expenses	71,192,332	70,174,453	78,657,709	78,485,738	80,873,053	90,387,092	88,531,430	97,965,871	94,514,043	96,240,068
Total primary government expenses	\$ 253,966,507	\$ 263,789,930	\$ 266,997,363	\$ 274,101,940	\$ 284,901,078	\$ 283,781,138	\$ 295,588,017	\$ 299,427,155	\$ 287,750,395	\$ 301,244,497
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	\$ 8,064,316
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	2,260,699
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	10,141,484
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	2,766,016
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	6,184,984
Total Charges for services:	29,103,885	33,773,357	36,510,113	33,629,418	33,130,826	31,262,245	32,050,281	31,400,761	33,179,001	29,417,499
Operating grants and contributions:	12,024,137	13,588,641	15,608,878	15,906,995	13,559,580	11,856,924	9,094,674	11,057,758	15,755,323	21,175,008
Capital grants and contributions	992,353	8,537,362	1,293,722	1,330,925	1,987,320	689,666	2,149,305	2,536,753	1,568,133	968,301
Total governmental activities program revenues	42,120,375	55,899,360	53,412,713	50,867,338	48,677,726	43,808,835	43,294,260	44,995,272	50,502,457	51,560,808
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	41,639,821
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	50,130,450
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	11,570,553
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	1,889,994
Total Charges for services:	78,187,890	83,930,045	80,830,792	82,589,876	90,107,477	91,620,368	95,591,004	95,809,500	102,162,255	105,230,818
Operating grants and contributions:	-	526,411	7,513,430	64,832	5,709,177	481,086	245,032	-	131,096	208,000
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	1,098,463
Total business-type activities program revenues	78,187,890	84,456,456	96,087,104	89,924,026	102,107,168	94,808,678	98,006,382	97,646,108	103,328,106	106,537,281
Total primary government program revenues	\$ 120,308,265	\$ 140,355,816	\$ 149,499,817	\$ 140,791,364	\$ 150,784,894	\$ 138,617,513	\$ 141,300,642	\$ 142,641,380	\$ 153,830,563	\$ 158,098,089
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)	\$ (156,466,012)	\$ (142,733,895)	\$ (153,443,621)
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	10,297,213
Total primary government net expense	\$ (133,658,242)	\$ (123,434,114)	\$ (117,497,546)	\$ (133,310,576)	\$ (134,116,184)	\$ (145,163,625)	\$ (154,287,375)	\$ (156,785,775)	\$ (133,919,832)	\$ (143,146,408)

Table 2

City of Grand Rapids, Michigan
Changes in Net Assets (unaudited)
Last Ten 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>	<u>2011</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	\$ 37,451,239
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	63,852,926
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	32,775,451
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	1,738,367
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	1,962,840
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	292,191
Transfers	<u>2,141,781</u>	<u>1,027,381</u>	<u>1,965,577</u>	<u>3,247,121</u>	<u>3,320,778</u>	<u>2,839,531</u>	<u>1,846,821</u>	<u>1,632,809</u>	<u>11,411,230</u>	<u>2,633,781</u>
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>	<u>140,706,795</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	975,845
Miscellaneous	4,647,646	5,639,524	703,740	464,588	580,841	524,004	1,339,685	2,816,747	2,755,680	1,378,751
Gain on sale of capital assets	670,106	289,557	-	-	-	-	-	-	-	-
Transfers	<u>(1,829,406)</u>	<u>(1,150,937)</u>	<u>(1,965,577)</u>	<u>(3,247,121)</u>	<u>(3,320,778)</u>	<u>(2,839,531)</u>	<u>(1,846,821)</u>	<u>(1,632,809)</u>	<u>(11,411,230)</u>	<u>(2,633,781)</u>
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>	<u>(279,185)</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>	<u>\$ 140,427,610</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)	\$ (12,736,826)
Business-type activities	13,276,804	21,250,262	17,741,929	10,661,599	21,433,884	8,984,870	13,403,644	3,541,939	2,188,613	10,018,028
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>	<u>\$ (2,718,798)</u>

City of Grand Rapids, Michigan
Fund Balances, Governmental Funds (unaudited)
Last Ten 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>	<u>2011</u> ⁽¹⁾
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	<u>16,227,534</u>	<u>10,544,224</u>	<u>13,628,370</u>	<u>17,611,164</u>	<u>23,993,189</u>	<u>21,264,507</u>	<u>17,724,256</u>	<u>18,116,197</u>	<u>19,023,491</u>	-
Nonspendable										11,467,913
Assigned										12,357,965
Unassigned										<u>7,886,595</u>
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>	<u>\$ 31,712,473</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	<u>-</u>	<u>-</u>	<u>610,994</u>	<u>640,043</u>	<u>1,092,513</u>	<u>1,063,888</u>	<u>1,115,085</u>	<u>1,216,571</u>	<u>1,298,148</u>	-
Nonspendable										4,242,062
Restricted										14,770,028
Committed										18,978,088
Assigned										12,423,570
Unassigned										<u>(301,784)</u>
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>	<u>\$ 50,111,964</u>

¹⁾ The change in the classification of fund balance amounts in 2011 is discussed in Management's Discussion and Analysis.

Check general fund-s/b zero

(31,712,473)

Check other governmental funds-s/b zero

(50,111,964)

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

	Fiscal Year Ended									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 37,451,239
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	63,852,926
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	32,405,016
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	2,495,904
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	2,179,292
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	18,356,170
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	506,781
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	3,650,792
Charges for services	22,731,240	27,130,183	30,805,504	27,384,991	28,385,989	25,599,287	25,613,387	25,791,006	27,464,656	24,506,126
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	1,017,083
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	1,974,018
Total revenues	<u>\$ 175,342,616</u>	<u>\$ 181,786,000</u>	<u>\$ 174,778,947</u>	<u>\$ 175,977,040</u>	<u>\$ 184,568,691</u>	<u>\$ 180,833,177</u>	<u>\$ 185,192,962</u>	<u>\$ 175,943,739</u>	<u>\$ 176,862,245</u>	<u>\$ 188,395,347</u>
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	\$ 23,658,692
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	74,187,140
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	32,347,463
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	15,311,589
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	26,439,566
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	8,608,539
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	4,678,244
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	4,023,338
Total expenditures	<u>218,367,644</u>	<u>235,748,403</u>	<u>191,693,564</u>	<u>191,116,162</u>	<u>180,146,249</u>	<u>184,273,685</u>	<u>192,973,653</u>	<u>186,665,758</u>	<u>189,561,994</u>	<u>189,254,571</u>
Excess (deficit) of revenues over expenditures	<u>\$ (43,025,028)</u>	<u>\$ (53,962,403)</u>	<u>\$ (16,914,617)</u>	<u>\$ (15,139,122)</u>	<u>\$ 4,422,442</u>	<u>\$ (3,440,508)</u>	<u>\$ (7,780,691)</u>	<u>\$ (10,722,019)</u>	<u>\$ (12,699,749)</u>	<u>\$ (859,224)</u>
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	\$ 25,856,642
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)	(22,402,271)
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	1,592,500
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)	<u>5,601,447</u>	<u>35,904,935</u>	<u>1,895,983</u>	<u>11,189,666</u>	<u>856,633</u>	<u>19,558,621</u>	<u>3,226,836</u>	<u>4,001,812</u>	<u>25,148,252</u>	<u>5,046,871</u>
Net change in fund balances	<u>(37,423,581)</u>	<u>(18,057,468)</u>	<u>(15,018,634)</u>	<u>(3,949,456)</u>	<u>5,279,075</u>	<u>16,118,113</u>	<u>(4,553,855)</u>	<u>(6,720,207)</u>	<u>12,448,503</u>	<u>4,187,647</u>
Fund balances, beginning	<u>124,931,159</u>	<u>99,024,666</u>	<u>80,967,198</u>	<u>56,865,595</u>	<u>52,916,139</u>	<u>58,195,214</u>	<u>75,918,710</u>	<u>71,533,465</u>	<u>64,931,884</u>	<u>77,640,991</u>
Residual equity transfer	(1,000,000)	-	-	-	-	-	-	-	-	-
Current year change in inventory levels	-	-	-	-	-	1,605,383	168,610	118,626	260,604	(4,201)
Fund balances, ending	<u>\$ 86,507,578</u>	<u>\$ 80,967,198</u>	<u>\$ 65,948,564</u>	<u>\$ 52,916,139</u>	<u>\$ 58,195,214</u>	<u>\$ 75,918,710</u>	<u>\$ 71,533,465</u>	<u>\$ 64,931,884</u>	<u>\$ 77,640,991</u>	<u>\$ 81,824,437</u>
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%	7.12%

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	Other	
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
2011	63,852,926	37,451,239	19,268,889	12,789,888	105,906	139,888	30,223	70,222	133,709,181
									% Increase (Decrease)
Percent to Total Tax Sources									Over Prior Year
2002	42.2	22.1	25.2	10.0	0.3	0.1	0.1	0.0	1.39
2003	42.0	24.2	21.9	11.5	0.2	0.1	0.2	0.0	(3.94)
2004	43.0	24.8	20.0	11.9	0.2	0.1	0.1	0.0	(1.18)
2005	43.7	25.3	19.3	11.4	0.1	0.1	0.1	0.0	2.58
2006	45.0	26.2	17.9	10.6	0.1	0.1	0.1	0.0	6.56
2007	45.4	26.3	17.4	10.5	0.1	0.2	0.1	0.0	(0.44)
2008	44.6	28.3	16.8	10.0	0.1	0.1	0.1	0.0	3.67
2009	42.0	30.3	17.1	10.1	0.1	0.2	0.1	0.0	(5.29)
2010	42.6	31.2	15.6	10.2	0.0	0.3	0.1	0.0	(2.28)
2011	47.8	28.0	14.4	9.6	0.1	0.1	0.0	0.1	8.19

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)
Current Year and Nine Years Previous

Taxable Income per Return	Calendar Year 2010					Calendar Year 2001				
	# 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	4,125	4 %	\$ -	\$ -	0 %	2,759	2 %	\$ -	\$ -	0 %
38 - 12,500	16,401	14	101,000,000	1,310,000	3	21,828	15	121,661,769	1,581,603	3
12,501 - 25,000	11,961	10	239,000,000	3,110,000	7	15,351	10	285,614,308	3,712,986	7
25,001 - 50,000	14,307	12	554,200,000	7,200,000	17	18,571	13	667,179,538	8,673,334	17
50,001 - 100,000	9,184	8	674,000,000	8,760,000	20	11,644	8	784,518,923	10,198,746	20
More than \$100,000	2,399	2	449,600,000	5,850,000	13	2,567	2	499,514,538	6,493,689	13
Subtotal	58,377	50 %	\$ 2,017,800,000	\$ 26,230,000	60 %	72,720	49 %	\$ 2,358,489,077	\$ 30,660,358	61 %
Non-Resident Taxpayers:										
\$75 or less	7,283	6 %	\$ -	\$ -	0 %	7,864	5 %	\$ -	\$ -	0 %
76 - 12,500	15,251	13	84,700,000	550,000	1	18,592	13	96,478,615	627,111	1
12,501 - 25,000	9,667	8	195,900,000	1,270,000	3	12,268	8	230,990,308	1,501,437	3
25,001 - 50,000	15,872	14	622,900,000	4,050,000	9	19,439	13	699,190,462	4,544,738	9
50,001 - 100,000	9,299	8	670,900,000	4,360,000	10	9,071	6	600,361,231	3,902,348	8
More than \$100,000	972	1	408,500,000	2,660,000	6	2,548	2	514,639,385	3,345,156	7
Subtotal	58,344	50 %	\$ 1,982,900,000	\$ 12,890,000	30 %	69,782	47 %	2,141,660,000	13,920,790	28 %
All Other Returns										
Subtotal	589	1 %	275,200,000	\$ 4,380,000	10 %	5,969	4 %	\$ 390,238,846	\$ 5,611,644	11 %
Total	117,310	100 %	\$ 4,275,900,000	\$ 43,500,000	100 %	148,471	100 %	\$ 4,890,387,923	\$ 50,192,792	100 %

Source: City Income Tax Department

Note: Information is taken from returns filed for the calendar year. Tax rates for applicable through June 30, 2010, were established by the City's electorate in 1995. In 2010, the City's electorate increased the tax rates effective July 1, 2010. The old (new) tax rates are described in the following:

-City resident income, after exemptions, exclusions and deductions, are taxed at a flat rate of 1.3% (1.5%).

-Non-residents and trusts pay at a rate of 0.65% (.75%) on all City source income.

-Other taxpayers are corporations, which pay 1.3% (1.5%) 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.

For calculating income tax return for the calendar year 2010 a blended rate of 1.4% was applied to City residents and Corporations and .7% for non-residents. The income tax is the most significant local revenue source.

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 Taxable to Estimated Actual Value	Percent Increase / (Decrease) in Estimated Actual Value Over Prior Year
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Value	Renaissance Zone Property	Total Direct Tax Rate	Estimated Actual Value		
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)
2011	2,801,840,914	1,201,198,834	284,785,498	434,541,700	4,722,366,946	(231,184,032)	8.3711	10,384,438,400	45	(5.10)

Note: State statute requires all property subject to *ad vaorem* 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		Collected within the			Total Collections to Date		
June 30	Tax Year	Original Tax Levy	Amount	Percentage of	Collections in	Amount	Percentage of
				Levy	Subsequent Years		Original Levy
					(net of adjustments)		
2002	2001	27,760,859	27,593,449	99.40	(15,251)	27,578,198	99.34
2003	2002	28,327,549	28,111,333	99.24	41,824	28,153,157	99.38
2004	2003	28,727,962	28,484,072	99.15	52,209	28,536,281	99.33
2005	2004	30,520,491	30,229,415	99.05	69,009	30,298,424	99.27
2006	2005	31,489,290	31,189,355	99.05	(13,685)	31,175,670	99.00
2007	2006	33,103,919	33,003,553	99.70	(31,698)	32,971,855	99.60
2008	2007	34,822,801	34,724,866	99.72	(66,979)	34,657,887	99.53
2009	2008	35,403,361	35,341,720	99.83	(90,422)	35,251,298	99.57
2010	2009	35,607,847	35,562,537	99.87	(113,317)	35,449,220	99.55
2011	2010	34,856,007	34,743,948	99.68	-	34,743,948	99.68

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											
Fiscal Year	Tax Year	General Operating	Promotional and Advertising	Library ²	Refuse Collection	Total City	Total School ³	Total State Education	Total Intermodal Transit	Total County	Combined Total
Tax Rates: ⁴											
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
2011	2010	4.1070	0.0108	2.4533	1.8000	8.3711	26.7668	6.0000	1.1200	5.3940	47.6519

- Note:** (1) City taxes, includes amounts payable to discretely presented Component Units: Due-July 1; Past Due-August 1; Penalties-1 percent per month until paid, after February 14, 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, 2009		Percentage of Total		December 31, 2000		Percentage of Total	
		Taxable Valuation	Rank	Taxable Valuation		Taxable Valuation	Rank	Taxable Valuation	
Consumers Energy	Electric Utility	\$ 50,415,347	1	1.06 %		\$ 40,357,647	3	1.09 %	
Amway Hotel Corp.	Hotel / Real Estate	38,322,888	2	0.80		54,916,570	2	1.48	
Kellogg/Keebler Company*	Bakery Products	30,775,600	3	0.65		19,951,855	7	0.54	
HP3 LLC	Hotel	27,955,500	4	0.59					
Centerpointe Dvlpmnt Co LLC	Shopping Center/Real Estate	27,273,340	5	0.57					
Steelcase, Inc.	Furniture Manufacturing	23,374,040	6	0.49		106,279,488	1	2.87	
SH-2 LLC & BT-2 LLC	Real Estate	22,500,000	7	0.47					
Fifth Third Bank, Michigan	Banking/Real Estate	21,999,728	8	0.46		18,499,996	8	0.50	
Dematic Corporation	Material Handling Manufacturer	20,622,751	9	0.43		16,402,643	10	0.44	
Michigan Street Development	Medical Office Building Development	20,065,213	10	0.42					
Visser Brothers	Real Estate					37,527,102	4	1.01	
DTE Energy Co.	Gas Utility					29,675,235	5	0.80	
Bridgewater Condos LLC	Residential/Commercial Development					22,660,000	6	0.61	
Meijer, Inc.	Retailer					16,534,272	9	0.45	
		<u>\$ 283,304,407</u>		<u>5.94 %</u>		<u>\$ 362,804,808</u>		<u>9.79 %</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 \$4,761,004,912 in 2009 and \$3,707,475,113 in 2000 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, 2011

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:					
Grand Rapids Building Authority	104,245,000	-	104,245,000	68,551,443	35,693,557
Grand Rapids and Kent County Joint Building Authority	755,000	-	755,000	755,000	-
Act 175 Motor Vehicle Highway	5,155,000	-	5,155,000	5,155,000	-
Capital Improvement Bonds	19,675,000	-	19,675,000	-	19,675,000
Downtown Development Authority	34,855,264	1,049,788	33,805,476	33,805,476	-
Kent County Drain Commission contracts	8,782,344	-	8,782,344	-	8,782,344
Installment Purchase Agreements	1,354,084	-	1,354,084	-	1,354,084
Internal Service Installment Purchase Agreements	2,120,916	-	2,120,916	-	2,120,916
SmartZone - Local Finance Authority	3,520,000	-	3,520,000	3,520,000	-
State of Michigan Infrastructure Loan	293,624	-	293,624	293,624	-
Total City direct debt	<u>\$ 180,756,232</u>	<u>\$ 1,049,788</u>	<u>\$ 179,706,444</u>	<u>\$ 112,080,543</u>	<u>\$ 67,625,901</u>

	City Share as		
	Gross	Percent of Gross	Net
Overlapping debt:			
Grand Rapids Public Schools	\$ 147,685,000	100.00%	\$ 147,685,000
Caledonia Community Schools	111,571,002	0.10%	111,571
Forest Hills Public Schools	199,350,000	1.82%	3,628,170
Godwin Heights Public Schools	10,040,000	4.93%	494,972
Grandville Public Schools	17,830,000	0.00%	-
Kenowa Hills Public Schools	39,345,000	0.11%	43,280
Kentwood Public Schools	76,310,000	8.54%	6,516,874
Kent County	147,250,000	21.68%	31,923,800
Grand Rapids Community College	48,885,000	21.08%	10,304,958
Total overlapping debt	<u>\$ 798,266,002</u>		<u>200,708,625</u>
Total City direct and overlapping debt			<u>\$ 268,334,526</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	
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
2011	71,689,101	1.69	381	32,025,000	209,536	103,923,637

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
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
2011	37,210,443	382,676,778	419,887,221	523,810,858	12.38	2,786

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
2005-2010: The Right Place, Inc.
2011 based on 2010 Census U.S. Census Bureau - American Fact Finder

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

	Fiscal Year									
	<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>	<u>2011</u>
Debt Limit	\$ 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	\$ 526,651,870
Total net debt applicable to limit	<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>	<u>151,182,344</u>
Legal debt margin	<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>	<u>\$ 375,469,526</u>
Total net debt applicable to the limit (as a percentage of debt limit)	25.73%	30.03%	27.48%	26.10%	25.06%	27.10%	24.70%	24.97%	27.78%	28.71%

<u>Legal Debt Margin Calculation for Fiscal Year 2011</u>	
Assessed Value	\$ 5,192,219,200
Add back: exempt real property	<u>74,299,500</u>
Total Assessed Value	5,266,518,700
Debt limit (10% of total AV)	526,651,870
Debt applicable to limit:	
Total debt outstanding	574,163,010
Less: exempt debt	<u>422,980,666</u>
Total net debt applicable to limit	<u>151,182,344</u>
Legal debt margin	<u>\$ 375,469,526</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			
				Principal	Interest	Total	Coverage
<u>Water Supply System Fund:</u>							
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
2011	42,628,685	25,367,275	17,261,410	9,110,000	5,782,527	14,892,527	1.16
<u>Sewage Disposal System Fund:</u>							
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
2011	51,112,288	21,296,813	29,815,475	8,216,281	12,010,113	20,226,394	1.47

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 ²	Median Age ²	School Enrollment ³	Unemployment 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	14.9
2011	188,040	4,230,147,840	22,496	35.9	17,560	12.4

- Notes:**
- ¹ 2001-2004: CACI FILE 581: Population Demographics - per 2000 Census
 2005 and later: The Right Place, Inc.
 2011: 2010 Census U.S. Census Bureau - American Fact Finder
 - ² 2001-2004: CACI FILE 581: Population Demographics - per 2000 Census
 2005 and later: The Right Place, Inc.
 - ³ 2002-2009: Grand Rapids Public Schools - School Matters 2002-2009;
 2010: Director of Communications & External Affairs Grand Rapids Public Schools
 2011: State of Michigan Center for Educational Performance and Information, Public Student Headcount Data
 - ⁴ 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	2011			2002		
		West Michigan Employees	Rank	Total City Employment	West Michigan Employees	Rank	Total City Employment
Spectrum Health	Hospital and medical services	16,600	1	13.4 %	12,700	1	10.2
Meijer Inc	Retailer	7,725	2	6.2	9,850	2	7.9
Axios Incorporated	Human resources and employment service	7,372	3	5.9			
Spartan Stores Inc	Food distributor and retailer	4,258	4	3.4	4,368	5	3.5
Amway Inc.	Consumer products manufacturer	4,000	5	3.2	4,500	4	3.6
Grand Rapids Public Schools	Education	3,297	6	2.7	3,700	7	3.0
Steelcase Inc.	Furniture manufacturing	3,227	7	2.6	7,500	3	6.0
Grand Valley State University	Education	3,091	8	2.5	3,921	6	
St. Mary's Health Care	Hospital and medical services	2,672	9	2.2	2,500	10	2.0
Metro Health Hospital	Hospital and medical services	2,284	10	1.8			
U.S. Postal Service	Postal delivery				3,600	8	2.9
Siemens Dematic	Material handling systems				3,000	9	2.4
		<u>54,526</u>		<u>43.9 %</u>	<u>55,639</u>		<u>44.8 %</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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessor	24	20	20	19	19	18	19	19	16	16
Attorney	22	22	19	18	18	18	18	17	16	16
City Clerk	14	13	11	11	11	10	10	10	9	9
Community Development	24	30	30	29	27	19	18	20	24	23
Comptroller	21	20	19	17	15	17	17	17	15	15
Dispatch										51
61st District Court	105	105	96	91	91	91	89	91	91	84
Economic Development	6	4	4	4	5	5	5	5	4	4
Engineering	55	54	51	51	51	51	50.5	48	51	50
Environmental Protection	136	127	124	124	126	126	128.5	128.5	122.0	116.0
Equal Opportunity (Admin Services)	-	-	-	-	7	7	7	6	6	5
Executive	17	17	14	14	14	12	12.5	12	11	11
Facilities Management	20	20	20	15	15	15	15	15	13	13
Fire	269	271	262	253	241	239	238	238	221	235
Fiscal Services	19	19	18	14	12	12	13.5	13	10	9
General Administration	-	-	1	1	1	-	-	-	-	-
Human Resources	30	30	29	28	18	17	17	17	16	15
Income Tax	18	18	16	15	16	16	17	18	16	16
Information Technology	10	8	8	8	8	8	5	6	6	5
Management Services	-	-	3	3	5	6	6	4	-	-
Motor Equipment	41	40	39	37	34	34	34	32	32	32
Neighborhood Improvement (Buildi	69	63	58	57	53	52	52.5	51.5	37.0	37.0
Parking Services	37	36	37	37	37	37	36	35	31	29
Parks and Recreation	71	68	59	63	43	41	42	40	28	23
Planning	24	22	18	18	14	12	12	11	9	9
Police	471	458	445	411	412	411	411	404	378	346
Public Library	58	71	71	66	67	63	63	62	62	61
Public Museum	35	34	21	17	17	-	-	-	-	-
Streets & Sanitation	112	111	111	113	112	107	106	107	101	96
Traffic Safety	44	44	44	40	41	41	42	42	34	33
Treasurer	22	22	21	21	20	20	20	20	20	19
Water	185	185	186	186	186	186	186	186	176	161
Seasonal and Other FTE's				368	337	263	246	246	289	213
	<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>	<u>1,752</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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Cemeteries										
Burials	639	616	639	636	561	552	537	491	467	494
Clerk										
Voters in November election	8,356	54,881	15,005	83,369	15,070	66,264	10,840	86,499	12,821	50,939
Environmental Protection/Sewage										
Billions of gallons treated *	20.69	18.67	16.99	18.64	17.96	18.73	16.66	17.97	17.18	14.94
Fire										
Total calls *	17,164	17,394	18,874	18,861	19,000	19,079	19,642	20,057	18,709	19,634
Civilian fire deaths *	2	7	9	4	0	2	2	2	3	0
Neighborhood Improvement										
Building permits issued	1,447	1,733	1,723	1,945	1,964	1,813	1,905	1,719	1,747	1,841
Parks and Recreation										
Open swim participants	82,769	60,425	32,573	26,829	41,586	70,650	77,130	45,235	47,924	24,320
Swimming lesson participants	11,698	7,120	7,322	668	601	670	882	835	-	840
Softball league participants	38,232	37,296	35,102	24,788	174 teams	131 teams	135 teams	159 teams	175 teams	192 teams
Police										
Major crimes *	12,092	11,485	11,956	11,625	12,427	12,544	12,792	11,241	10,502	7,872
Physical Arrests *	18,200	15,291	13,813	14,304	13,373	16,902	14,487	16,211	12,959	15,227
Public Library										
Library card holders	122,418	132,986	144,600	154,259	110,145	106,558	115,352	124,519	133,311	66,453
Total user count	654,666	738,226	908,786	910,513	954,027	985,011	1,037,686	1,017,075	1,030,585	1,061,188
Local history collection users	18,273	14,002	33,409	30,073	23,826	32,363	33,410	46,723	42,105	39,323
Total circulation of materials	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	1,754,621
Public Works										
Tons of refuse picked up	35,553	34,422	37,937	34,086	32,668	31,098	30,520	29,032	29,013	27,469
Tons of recycling removed	6,300	6,500	6,600	5,685	5,823	5,955	5,840	5,739	5,867	8,279
Water										
Number of retail customers	75,750	76,537	77,483	78,284	79,852	77,629	77,820	77,793	78,084	78,053
New connections						488	355	209	263	174
Billions of gallons produced	14.49	15.16	14.07	14.71	14.81	14.71	14.42	13.17	12.48	12.49
Peak daily flow (millions of gal.)	79.60	90.10	71.90	79.20	82.35	83.66	87.85	74.30	61.86	62.78

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Fire stations	11	11	11	11	11	11	11	11	11	11
Parking Services										
Parking Ramps	5	5	6	5	5	5	6	6	7	8
Parks and Recreation										
Number of major parks	67	67	67	67	67	63	67	67	71	71
Number of swimming pools	10	10	9	9	9	6	9	9	9	9
Number of ball diamonds	70	70	70	70	70	40	70	70	74	74
Supervised playgrounds				19	19	19	32	32	25	22
Public Library										
Number of Libraries	7	8	8	8	8	8	8	8	8	8
Public Works										
Environmental Protection										
Miles of sanitary sewers	843	850	864	870	882	890	893	897	898	904
Streets										
Miles of paved streets-major	397	168	170	205	205	205	205	205	205	206
Miles of paved streets-local	168	397	395	390	390	390	390	390	389	388
Streetlights	18,708	19,026	19,026	19,026	19,026	19,026	20,191	20,202	20,178	20,178
Water										
Miles of water mains	1,094	1,101	1,112	1,122	1,134	1,143	1,147	1,152	1,157	1,160