



Comprehensive Financial Annual Report
City of Grand Rapids, Michigan
Year Ended June 30, 2015

Special Thanks for Cover Art to:

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This year's cover features a digitally manipulated historic image of the corner of Pearl and Monroe in downtown Grand Rapids. The original image and other historic images are available in the photographic collection of the Grand Rapids Public Library.

CITY OF GRAND RAPIDS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015

Prepared by:

Comptroller's Office
Sara VanderWerff
Comptroller

Elected Officials

Mayor	George Heartwell
Commissioners	Rosalynn Bliss Walt Gutowski Dave Shaffer Ruth E. Kelly Elias Lumpkins, Jr. Senita Lenear
Comptroller	Sara VanderWerff

Appointed Officials

City Manager	Gregory A. Sundstrom
City Attorney	Catherine Mish
City Treasurer	John M. Globensky
City Clerk	Darlene O'Neal

City of Grand Rapids, Michigan
Comprehensive Annual Financial Report
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Government Finance Officers Association

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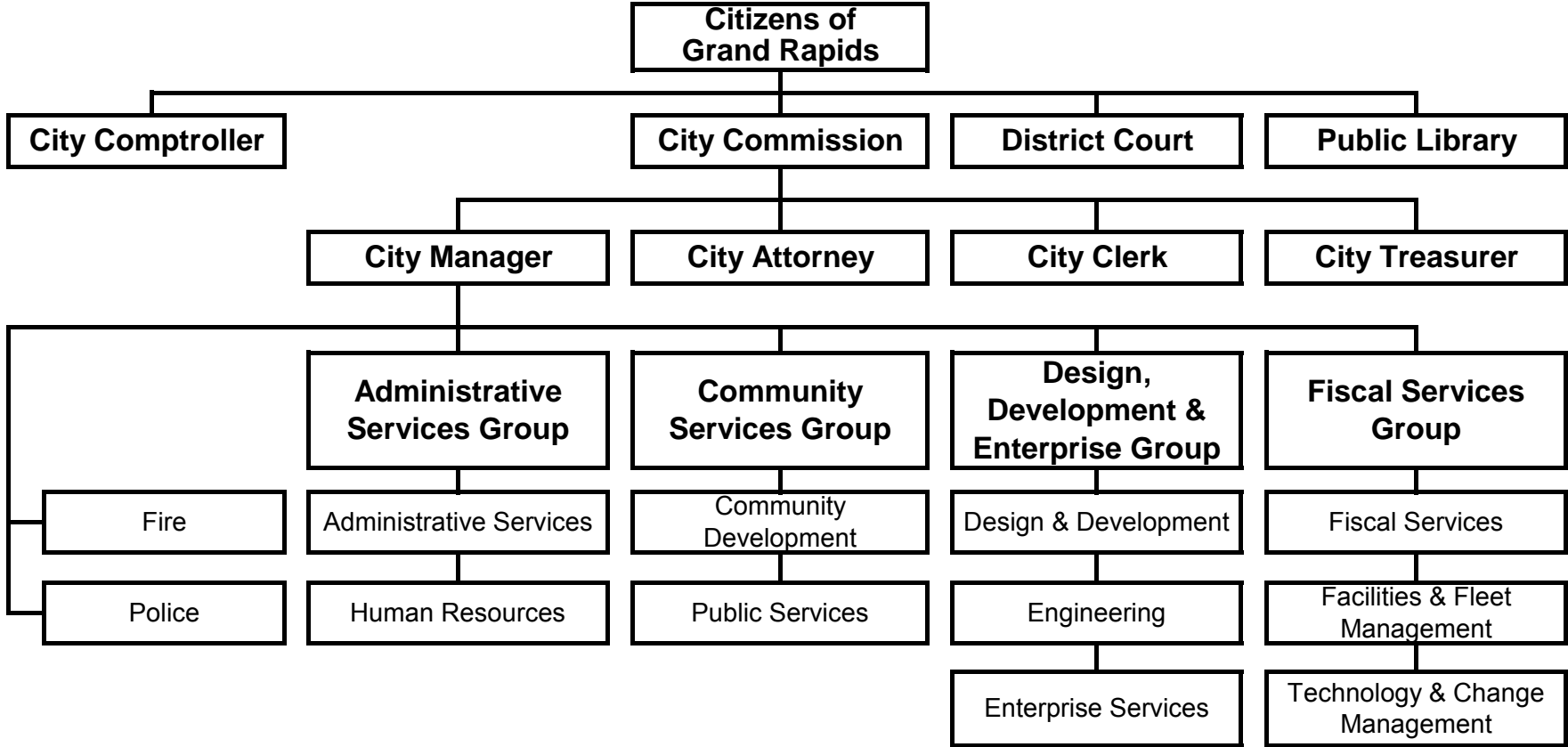
City of Grand Rapids
Michigan

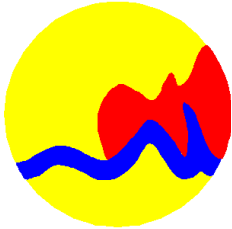
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

**City of Grand Rapids
Organizational Chart
FY 2015**





CITY OF GRAND RAPIDS

November 12, 2015

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

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, 2015 with the Independent Auditor's 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 in the USA (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 auditors, has issued an unmodified, "clean" opinion on the City's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's 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, as amended. The City Commission has seven elected, non-partisan commissioners, with two commissioners from each of the three wards and a seventh commissioner elected at large who serves as the Mayor. The City Comptroller is elected at large and with the assistance of the staff members in the Office of City Comptroller 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, building authority, and other component unit boards, have members who are appointed by the City Commission.

The City 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.

Governmental funds provide services including police, fire, street lighting, trash and recycle collection, storm water collection, street maintenance, libraries, and parks and recreation. These activities are paid for through income and property taxes, charges for services, 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 whose presence may reduce property insurance rates, but the taxpayer may never need to call on the fire department. In addition to services primarily for city residents; the City's Traffic Safety Department is responsible for the maintenance of traffic signals throughout Kent and eastern Ottawa County using funding from many jurisdictions and; the City's Police Department operates one of Kent County's two 911 dispatch centers with funding provided by the county and the Cities of Grand Rapids and Wyoming.

The City also provides business-type activities which include the water and sewer systems, parking services, cemeteries, Belknap Ice Arena, and Indian Trails Golf Course. The water and sewer systems provide retail service to over 80,000 retail customers in the City and suburban communities, as well as wholesale service to communities that operate their own municipal water and sewer systems. The Auto Parking System maintains over 7,500 off-street and 2,600 on-street parking spaces. These services are similar to a business and are intended to be funded solely by charges and fees. The revenues from these services can only be used to provide 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 following component units are incorporated into the City's Comprehensive Annual Financial Report on either a blended or discrete basis:

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

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

Discretely presented component units are segregated from the primary government in the government-wide financial statements. This emphasizes that they are legally separate from the primary government. The DDA, the TIFA, the SmartZone, the Brownfield, the 61st District Court, and CIDs 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 Bio-solids Authority are also legally separate entities. These three joint ventures, two with Kent County and one with the City of Wyoming, are summarized in Note 1 but are excluded from the financial statements.

Fiduciary funds are used to track resources that are held by the City in a trustee or agency capacity for others and which therefore cannot be used to support the City's own programs. Fiduciary fund assets include property taxes collected by the City Treasurer for other units of government and the defined benefit pension systems.

The City is a significant economic presence in the region. In fiscal year 2015, the City spent \$346 million on its governmental funds and proprietary funds, including interest payments on the City's debt. Excluding principal payments on debt and depreciation charges, governmental funds expended \$207 million and proprietary funds spent \$139 million. In addition to the City's own expenditures, its component units recorded expenses of over \$28 million and the City's two pension funds paid \$60 million in benefits to retirees during their most recent fiscal years.

Approximately 58 percent of the City's governmental revenues are derived from the City income tax and local property taxes. A temporary income tax increase approved by the voters on May 4, 2010, expired on June 30, 2015. On May 6, 2014 the voters extended that increase for 15 years with the resulting revenue restricted to the repair and rebuilding of the City's streets and sidewalks. As a result of this temporary increase the income tax rate for residents and businesses is 1.5 percent and the income tax rate for non-residents is 0.75 percent. Income tax revenue for fiscal year 2015 increased 5.7 percent from fiscal year 2014 to almost \$82 million; and revenue from property taxes increased 11.2 percent to over \$37 million, largely as the result of the new parks millage approved by city voters on November 5, 2013.

The annual budget serves as the foundation for the City's 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). Each operating fund's budget is developed and presented within the context of a seven year time frame beginning with the actual results in the most recently completed fiscal year and ending with the projected requirements five years in the future. This multi-year presentation is designed to aid planning and understanding by revealing trends in revenues and expenditures. 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 specific approval from the governing body. The City continues to meet its responsibility for sound financial management.

CITY'S FINANCIAL POSITION

For more than a decade, the financial position of the City had been deteriorating, but with a temporary income tax rate increase, rebounding taxable incomes, substantial staff reductions, and changes to the City's health insurance and pension programs, the five-year forecast in the most recent fiscal plan suggests the City's financial position is stable to strong with adequate resources to weather normal economic fluctuations. The discussion that follows focuses on the local economy of West Michigan, as well as the City's long-run financial planning, current 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 193,793 making it the second most populous city in the state of Michigan and the 123rd most populated in the United States. The City is the county seat of Kent County, which has a population of 629,237. The four-county Metropolitan Statistical Area (MSA) has a population of over one million while the Combined Statistical Area includes 1.4 million people (US Census Bureau, 2013). The City boasts a diverse economy hosting major industries such as 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 Valley State University.

The local economy has continued its recovery during the past year as demonstrated in the statistical tables that show decreasing unemployment and increasing taxable incomes. The Grand Rapids unemployment rate declined for the fifth year in a row, dropping 2.6 percentage points to an average annual rate of 5.5 percent in fiscal year 2015, well below the level of unemployment before the 2008 recession began. Income tax returns filed with the income tax department during calendar year 2014 showed an increase in taxable income of individuals of 4.0 percent over calendar year 2013. Withholding payments during the first half of 2015 indicate continued growth in incomes. A reduction in income reported on the returns on other entity types resulted in overall reported taxable income remaining little changed from the prior year.

Over the entire past ten years, the taxable value of property in the City has increased less than 1.5 percent while the property values supporting that tax base have declined by almost 10.0 percent. As illustrated in Table 7 of the statistical tables, for the first time since 2009, the assessor's estimate of the property values supporting the property tax have increased from the prior year. The lack of growth in property values has resulted in an increased reliance on the income tax and fee for service charges to support public services. The cost of providing public services rarely declines when public revenues decline. It remains a great personal pleasure to be a part of a community that has embraced the often overlooked words in Ronald Reagan's first inaugural address. Government's role is to "...work—work with us ... to stand by our side... Government can and must provide opportunity ... foster productivity..." When services that can best be provided by government were in jeopardy, our community has continually stepped forward to support the public services and infrastructure that are essential elements in a good place to live: the libraries in 1997, public safety in 2010, public parks and recreation in 2013, and last year a large commitment to repair and maintain the street infrastructure that is essential to maintaining our lives as we and our goods travel from home to work, factory to store.

Perhaps to the surprise of local residents who may take for granted the availability of excellent food, beer, education, health care, affordable housing, short commutes, friendly neighbors and many other quality of life factors, Grand Rapids and the surrounding region frequently appear on top ten lists. During the past year Wallet Hub named Grand Rapids the second best foodie city in the U.S based on quality and affordability. USA Today called Grand Rapids the best beer town in the U.S. based on a reader poll. Forbes magazine positioned the Grand Rapids-Wyoming MSA at number four on its list of America's smartest cities, falling between Silicon Valley and Washington D.C. Global Trade Magazine ranked the MSA in the top 10 emerging cities in the U.S. for global trade. For the fourth time, the region's largest employer, Spectrum Health, was named in the Truven 15 top health systems out of more than 340 studied based on clinical outcomes and efficiency. When these accolades are combined with housing costs that have not fully recovered since the Great Recession and are well below the national average, perhaps the real surprise is that the population has not grown more rapidly.

The City within the Larger Economy

West Michigan, as well as the entire state of Michigan, has a long tradition as a manufacturing driven economy, exporting products across the country and around the globe. Michigan's economy was hit particularly hard in the late twentieth century as manufacturers were lured away from their historic roots by the combined incentives of lower labor costs, investment incentives and access to previously closed markets. Manufacturing continues to provide as many jobs within the MSA as the next two largest industries combined, but today the "Made in Grand Rapids" label is more likely to be found on a bottle of craft beer or a component that is inside another product than on a new machine or piece of furniture. The local economy is adapting to the global economic shifts by increased focus on the service sectors, particularly design, education, healthcare, and hospitality. An entrepreneurial ecosystem is being built, led in part by the City of Grand Rapids SmartZone Local Development Finance Authority, to leverage the first three sectors into new enterprises in the same way nineteenth century entrepreneurs were able to build on the area's accumulated talent pool to create Furniture City in what had been a wilderness a few decades before.

Long-Term Financial Planning

The City established a separate accounting fund -- the Transformation Fund -- to isolate and track the new income tax monies from a temporary five-year City Income Tax increase. These monies, plus some additional revenue sources fund the Transformation Investment Plan which is organized into six themes: 1) public safety, 2) streets and infrastructure, 3) quality of life, 4) transparency, accountability, and communications, 5) City operations, and 6) citizen engagement and customer service. The plan now includes 139 value streams to drive change, set goals and measure our progress, and create new service models—all intended to reduce costs or otherwise sustain the ability to provide service outcomes.

The success of the Transformation Plan was such that the City Commission has agreed to allocate a small amount of income tax revenues on an ongoing basis to provide a funding source for continued innovation and strategic investments outside normal department budgets.

Relevant Financial Policies

In June 2011, the City Commission adopted a new fund balance policy that complies with GASB 54 requirements. This policy established five new classifications (non-spendable, restricted, committed, assigned, and unassigned) of fund balances for the general fund and all special revenue funds. The classifications 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 are further categorized into two groups, restricted (non-spendable and restricted) and unrestricted (committed, assigned, and unassigned). This policy states specifically that the General Operating Fund will maintain an unassigned balance equal to 15 percent of its expenditures. The Budget Stabilization Fund, as allowed by Act 30, PA 1978, was reopened in fiscal year 2013 with a goal of holding an additional 10 percent of General Fund Expenditures in preparation for the next economic downturn. For financial reporting, this fund is consolidated with the General Fund as required by GASB 54. The combined funds have not yet achieved the desired total fund balance of 25 percent of expenditures but continued progress toward the goal was made during the year with unassigned fund balance ending the year at 12.5 percent and the Budget Stabilization Fund ending at 7.4 percent of fiscal year 2015 General Fund expenditures.

Major Initiatives

Currently, under the umbrella of the Michigan Municipal Services Authority, both the City of Grand Rapids, and the County of Kent are implementing new accounting, budgeting, cash receipting, grants management, human resource, and procurement software systems. This solution will replace several legacy computer systems with a common cloud-hosted solution. Other municipalities have committed to follow these initial implementers onto the same platform in subsequent years. Our hope and expectation is that a growing community of Michigan governments using a common platform will create efficiencies from the ability to reuse solutions that other units have developed to answer common problems.

Traditionally summer is the season of orange barrels in Michigan as road projects are under way only during the warm months. The summers of 2014 and 2015 saw an explosion in road repair activity in the City of Grand Rapids following the decision of the voters to extend the temporary two tenths of one percent income tax rate increase for an additional five years with all the additional revenues committed to street and sidewalk projects. While the first revenue would be realized in the 2016 fiscal year, bonds were issued to allow the repair work to start immediately because analysis indicated that the condition of the streets had deteriorated to such an extent that waiting two years for the tax revenue to be realized would require far greater outlays for complete reconstruction rather than the amounts needed to repair streets in their current condition. Following a framework developed by the Sustainable Streets Task Force the plan anticipates the revenue generated by the tax increase will improve the condition of 70 percent of the City's streets to a Good or Fair condition rating over the fifteen year time frame.

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, 2014; an award the City has received annually since 1985. 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.

The City also received the GFOA's award for Distinguished Budget Presentation for its budget document for the fiscal year beginning July 1, 2014. 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, orderly preparation and completion of this report is made possible by the hard work and dedication of the staff in the Office of the City Comptroller. I appreciate the time and talent of everyone who contributed to this document. The people who live or work in, or receive services from the City of Grand Rapids might also appreciate the work that has gone into this description of the City's stewardship of the resources entrusted to it. I would also like to thank the members of the City Commission and the City Manager and his staff for their interest and efforts in planning and conducting the financial operations of the City in a responsible and sustainable manner.

Respectfully submitted,

A handwritten signature in black ink that reads "Sara Vander Werff". The signature is written in a cursive, flowing style.

Sara Vander Werff
City Comptroller



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200 Ottawa Avenue NW, Suite 300
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Independent Auditor's Report

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

Report on the Financial Statements

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, 2015 (December 31, 2014 for the Police and Fire Pension System), and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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 of the City of Grand Rapids, Michigan as of June 30, 2015 (December 31, 2014 for the Police and Fire Pension System), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 12 to the financial statements, the City of Grand Rapids, Michigan implemented Governmental Accounting Standards Board Statement No 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the budgetary comparison schedules, schedules of changes in the City’s net pension liability and related ratios, schedule of contributions and actuarial assumptions, and the schedule of funding progress, on pages 3-14 and 83-89, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Rapids’ basic financial statements. The combining and individual fund financial statements and schedules, the introductory section 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. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015 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* in considering the City of Grand Rapids’ internal control over financial reporting and compliance.

BDO USA, LLP

November 12, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with the information contained in the letter of transmittal, which is found in the introductory section of this report.

Financial Highlights

- The Net position for the City is the amount by which the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources. At June 30, 2015, net position totalled \$812,208,623. The unrestricted portion of this amount, \$159,794,113, may be used to meet the government's on-going obligations to citizens and creditors, consistent with the purpose in which the funds were accumulated.
- The City's total net position increased by \$23,070,656 as both governmental and business-type activities increased net position by \$923,277 and \$22,147,379 respectively. In small part the increase was a reflection of positive results from the pension plans being incorporated in the financial statements, but the larger forces were increased tax revenues in governmental activities and cost reduction programs in business type activities. Once the Transformation Fund resources initially focused on the survival of essential governmental activities could focus more generally on an effort to achieve a sustainable organization, the efficiency and cost reduction efforts they foster are appearing more broadly across the organization.
- At June 30, 2015, the City's governmental funds reported combined fund balances of \$115,196,356, an increase of \$10,171,704 from the previous year. A total of \$10,275,698 of the fund balance for governmental funds is *nonspendable*, and the spending of \$17,846,513 is *restricted* as to purpose by an outside party, which means \$87,074,145 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 (less deficits in other funds), a total of \$14,724,256 at June 30, 2015, is available to use 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, including transfers-out. The unassigned portion of the fund balance of the General Fund totalled \$15,101,671 at year-end; an increase of \$1,261,153 from the previous year. At June 30, 2015, the unassigned balance stands at 12.5% of 2015 general fund expenditures, compared with 11.9% in 2014. At year end the unassigned fund balance was \$3,042,682 below the fund balance policy. In addition to the increase in unassigned fund balance, the Commission added an additional \$3,008,034 to the budget stabilization fund. This increases the total to \$8,948,835 of fund balance committed for future budget stabilization. This is 7.4% of current general fund expenditures, \$3,147,400 below the current policy goal that this committed portion of fund balance should be 10% of those expenditures. State law requires this be held in a separate fund to better control its use, but accounting standards dictate its presentation be blended as part of the general fund.
- The City's total debt increased by \$903,345 during the current fiscal year. Payments reducing debt totalled \$31,369,959. New debt issued included \$70,730,000 of refunding bonds and \$38,997,651 of new debt. A schedule of the City's long-term obligations can be found in Note 6 of the notes to financial statements.
- This year, for the first time, these financial statements include a long-term liability related to the City's two defined benefit pension plans. Accounting standards are prescribed by the Governmental Accounting Standards Board (GASB). Changes such as this occur after a lengthy period of study and public comment. A description of the prior and new pension accounting standards is found in note 12 as well as information about the allocation of the \$61,751,026 reduction in the beginning net position of the City and its component units that adopting the standard required. The new standard moves governmental accounting closer to private sector accounting for employer pensions. Under this new standard, commonly referred to as GASB 68, full accrual financial statements report a "*net pension liability*" (or *net pension asset*) of the

difference between the actuarial net present value of the promises to pay a pension in the future and the assets accumulated to fund those promises. Both the liability and the assets have a measurement date which has been set at each plan's fiscal year-end prior to the City's current fiscal year-end. *Pension expense* is no longer the amount of cash contributions to the pension plans but rather is the difference between the beginning and ending net pension liability, after certain adjustments detailed in note 7. Governmental funds continue to report cash contributions to the pension plans as "*expenditures*", requiring the reconciliation of the two amounts on the schedule found on page 20. For the year ended June 30, 2015 there were \$17.1 million of employer cash contributions to the plans, \$14.2 million of which occurred after the measurement dates and will be recognized as part of the increase in fiduciary net position next year. Based on changes in *net pension liability* during the measurement periods, reported pension expense was only \$1.2 million. Unamortized gains of \$31.1 million are reported as net deferred in-flows of resources related to pensions which will be amortized over the next 4 years as a reduction in *pension expense*. Most of the unamortized gains relate to investment returns that occurred in the General Retirement system during the first six months of fiscal year 2014. A comparison of the year to year changes shown on the ten year schedule of pension liabilities found on pages 88 and 89 illustrates how relatively volatile the net amounts related to this new reporting will be. With both total assets and total liabilities exceeding \$800 million, a 1.0% change in either amount will translate into over a 25% change in the current net pension liability of \$28.9 million.

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 position* presents information on all of the City's assets, liabilities, deferred outflows of resources and deferred inflows of resources, with the difference between the four categories reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 resulted from cash flows in prior years or will 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 are 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 seven legally separate authorities and a court system, 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, three Corridor Improvement Districts, and the 6^{1st} 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 15-16 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.

The basic governmental fund financial statements can be found on pages 17-20 of this report.

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 City maintains seven major and nineteen 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 93-96.

The City adopts an annual appropriated budget for most of its governmental funds. Throughout the year, the budget is amended based on changing conditions (e.g. the award of a grant). 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. The budgetary comparison schedule on pages 90-92 shows the general fund budget at the department level, which is where it is legally adopted. Budget comparison statements have also been provided for the non-major special revenue funds on page 97.

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, 311 Call Center, Engineering, and Insurance Payment Funds. These internal service funds have been allocated to both *business activities* and to *governmental activities* in the government-wide statement of activities.

Proprietary funds use the full accrual basis of accounting which includes capital assets with depreciation and long term liabilities. The focus is on the full cost of funding services. 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, pages 98-104.

The basic proprietary fund financial statements can be found on pages 21-25 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 trusts, other post-employment benefit trusts, private-purpose and agency tax funds.

The basic fiduciary fund financial statements can be found on pages 26-27 of this report with important additional detail on pages 105-107.

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 30-82 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 three major special revenue funds as well as multi-year schedules of funding for the City's defined benefit retirement and OPEB programs. This supplementary information is found on pages 83-89 following the notes to financial statements.

At the end of the report, on pages 112-131 are various statistical tables containing information presented to assist the reader in further evaluating the financial information and the overall financial position of the City by shoeing current information in a multi-year context.

Government-wide Financial Analysis

	City of Grand Rapids' Net Position					
	Governmental Activities 2015	Governmental Activities 2014 (restated -Note 12)	Business-Type Activities 2015	Business-Type Activities 2014 (restated -Note 12)	Total Primary Government 2015	Total Primary Government 2014 (restated -Note 12)
Current and other assets	\$ 179,263,369	\$ 165,534,053	\$ 160,012,804	\$ 145,085,852	\$ 339,276,173	\$ 310,619,905
Capital assets, net of accumulated depreciation	314,577,435	327,496,855	774,581,766	768,519,954	1,089,159,201	1,096,016,809
Total Assets	\$ 493,840,804	\$ 493,030,908	\$ 934,594,570	\$ 913,605,806	\$ 1,428,435,374	\$ 1,406,636,714
Deferred outflows of resources	\$ 13,754,815	\$ 10,420,604	\$ 10,719,982	\$ 9,299,541	\$ 24,474,797	\$ 19,720,145
Current liabilities	\$ 22,106,896	\$ 22,926,445	\$ 34,272,702	\$ 34,120,280	\$ 56,379,598	\$ 57,046,725
Non-current liabilities	134,775,772	152,859,693	418,723,398	427,134,756	553,499,170	579,994,449
Total Liabilities	\$ 156,882,668	\$ 175,786,138	\$ 452,996,100	\$ 461,255,036	\$ 609,878,768	\$ 637,041,174
Deferred inflows of resources	\$ 22,302,018	\$ 177,719	\$ 8,520,762	\$ -	\$ 30,822,780	\$ 177,719
Net investment in capital assets	\$ 228,176,623	\$ 250,757,965	\$ 374,185,834	\$ 358,944,390	\$ 602,362,457	\$ 609,702,355
Restricted net position	16,462,828	15,868,799	33,589,225	35,885,669	50,052,053	51,754,468
Unrestricted net position	83,771,482	60,860,891	76,022,631	66,820,252	159,794,113	127,681,143
Total Net Position	\$ 328,410,933	\$ 327,487,655	\$ 483,797,690	\$ 461,650,311	\$ 812,208,623	\$ 789,137,966

Total net position at June 30, 2015 was \$812,208,623. Net position at June 30, 2014 was \$789,137,966 after the restatements required by GASB 68.

The City's current and other assets increased by \$28,656,268 or 9.2%. Governmental activities saw a \$13,729,316 increase in current and other assets as increased expenditures were largely debt funded while increased revenues generated cash that was retained by the funds. Business type activities saw a \$14,926,952 increase in current and other assets primarily attributable to the unspent proceeds of a sewer bond issued to fund capital projects.

The total liabilities of the primary government decreased 4.3% or \$27,162,402. Current liabilities had little change. Non-current liabilities related to employee benefit plans declined \$40,947,597, largely reflecting the result of strong investment returns in 2013. That decline was substantially larger than the \$13,163,250 net increase in direct debt outstanding during the year. Completely offsetting the decline in liabilities was a \$28,388,736 increase in deferred inflows of resources delaying until fiscal years 2016 through 2019 recognition in net position of some of the decline in the net pension liability.

By far, the largest portion of the City's net position (74.2%) 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 position represents resources that are subject to external restrictions on how they may be used. The City's restricted net position is primarily restricted for debt service and authorized capital projects. The remaining balance, *unrestricted net position* (\$159,794,111), may be used to meet government's on-going obligations to citizens and creditors consistent with the purpose of the fund. Only the \$15.1 million of the General Fund's *unassigned* fund balance shown on page 17 is freely available or transferable to support the operations of the General Fund or of any other fund, however as noted on page 3, compared to the fund balance policy, the ending fund balance is \$3.0 million less than the desired balance.

At June 30, 2015, the City is able to report positive balances in all three categories of net position.

Capital Asset and Debt Administration

City of Grand Rapids' Capital Assets (net of depreciation)						
	Governmental Activities 2015	Governmental Activities 2014	Business-Type Activities 2015	Business-Type Activities 2014	Total 2015	Total 2014
Land	\$ 15,957,568	\$ 18,344,973	\$ 14,913,038	\$ 14,925,201	\$ 30,870,606	\$ 33,270,174
Easements/Right of Way	717,620	646,686	1,043,635	1,000,139	1,761,255	1,646,825
Land improvements	14,176,652	14,845,682	7,096,752	7,762,283	21,273,404	22,607,965
Buildings and structures	81,981,994	86,596,903	102,373,905	106,956,721	184,355,899	193,553,624
Leasehold improvements	-	-	-	-	-	-
Storage tanks	-	-	9,054,843	9,528,649	9,054,843	9,528,649
Machinery and equipment	5,419,466	4,727,924	85,684,128	81,077,501	91,103,594	85,805,425
Motor vehicles	22,466,332	16,456,518	703,945	802,752	23,170,277	17,259,270
Furniture	243,623	363,666	48,833	58,217	292,456	421,883
Software	336,728	462,206	-	-	336,728	462,206
Water and sewer mains	-	-	534,383,948	527,244,169	534,383,948	527,244,169
Infrastructure	165,959,246	180,711,121	-	-	165,959,246	180,711,121
Construction in progress	7,318,206	4,341,176	19,278,739	19,164,322	26,596,945	23,505,498
Total	<u>\$ 314,577,435</u>	<u>\$ 327,496,855</u>	<u>\$ 774,581,766</u>	<u>\$ 768,519,954</u>	<u>\$ 1,089,159,201</u>	<u>\$ 1,096,016,809</u>

Capital assets: The City's investment in capital assets for its governmental and business type activities as of June 30, 2015 amounts to \$1,089,159,201 (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 \$49.6 million, a 12% increase from the prior year. Major capital asset events during the current fiscal year included the following:

- Various additions and improvements were completed in the Water Supply System at a cost of \$10,698,558. Construction in progress on additional projects as of June 30, 2015 increased to \$9,577,291.
- Various additions and improvements were completed in the Sewage Disposal System at a cost of \$21,272,265. Construction in progress in on-going projects at the close of the fiscal year declined to \$9,205,861.
- New motor vehicles were purchased by the Motor Equipment Fund and the Fire Department for \$8,945,495 to update an aging fleet with newer, more reliable and more fuel efficient vehicles.

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 2015	Governmental Activities 2014	Business-Type Activities 2015	Business-Type Activities 2014	Total 2015	Total 2014
Limited tax pledge bonds	\$ 54,085,800	\$ 43,788,800	\$ 33,419,837	\$ 32,665,000	\$ 87,505,637	\$ 76,453,800
Revenue bonds	27,205,000	28,500,000	366,465,643	376,975,905	393,670,643	405,475,905
Long-term contracts	<u>8,278,698</u>	<u>5,117,838</u>	<u>367,500</u>	<u>451,500</u>	<u>8,646,198</u>	<u>5,569,338</u>
Total	<u>\$ 89,569,498</u>	<u>\$ 77,406,638</u>	<u>\$ 400,252,980</u>	<u>\$ 410,092,405</u>	<u>\$ 489,822,478</u>	<u>\$ 487,499,043</u>

Long-term debt: At June 30, 2015 the City had total long-term debt outstanding of \$489,822,478. Of this amount, \$87,505,637 comprises limited tax full faith and credit general obligations. Limited tax full faith and credit general obligation bonds generally 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. As a practical matter the City pledges its limited full faith and credit on various debt issues to lower debt service costs paid by funds other than the general fund; e.g. the building authority, library, streets, etc. 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, 2015 balance of the City of Grand Rapids and County of Kent Building Authority bonds of \$47,693,904 issued in 2001 and 2013 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 2015. Additional information on the City's long-term debt can be found in note 6 of the notes to the financial statements.

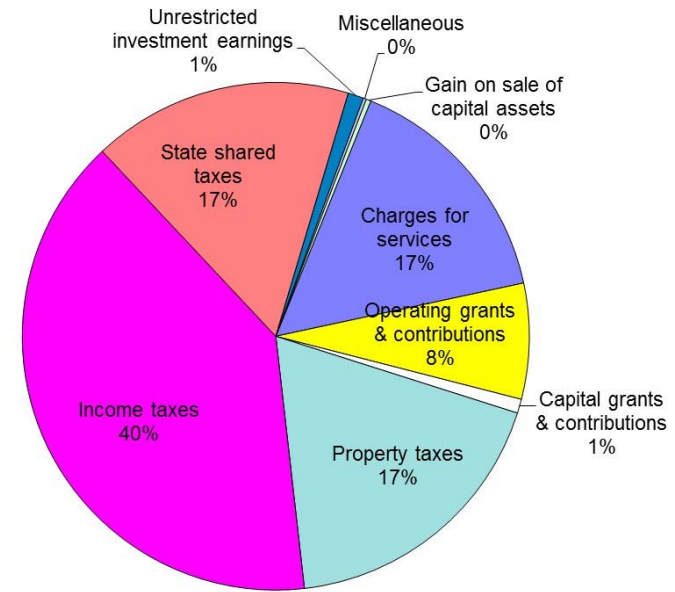
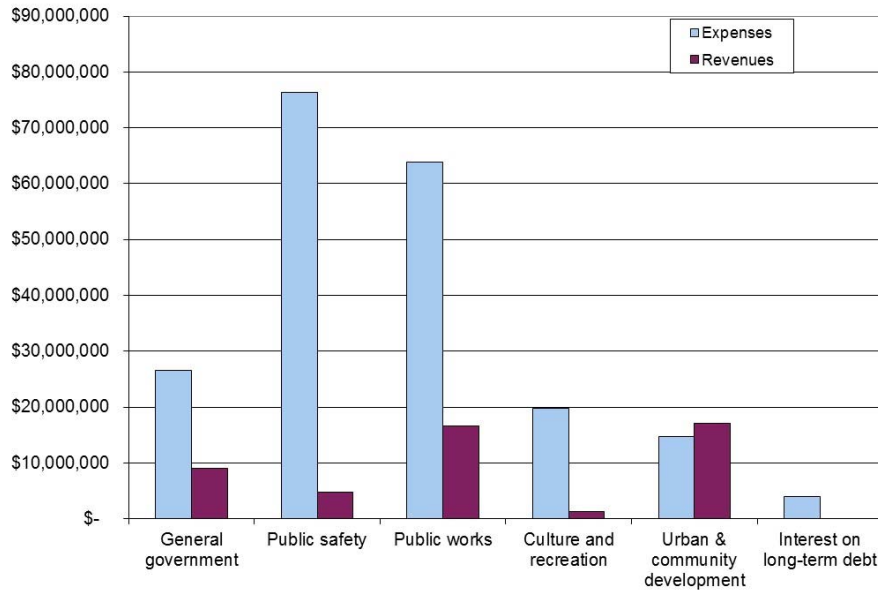
Changes in Net Position:

	City of Grand Rapids' Changes in Net Position					
	Governmental Activities 2015	Governmental Activities 2014	Business-Type Activities 2015	Business-Type Activities 2014	Total Primary Government 2015	Total Primary Government 2014
Revenues:						
Program Revenues:						
Charges for services	\$ 31,897,761	\$ 32,647,733	\$ 109,809,251	\$ 106,741,006	\$ 141,707,012	\$ 139,388,739
Operating grants and contributions	15,145,783	15,059,686	630,374	603,191	15,776,157	15,662,877
Capital grants and contributions	1,778,543	1,091,417	4,593,227	3,347,880	6,371,770	4,439,297
General Revenues:						
Property taxes	37,716,877	33,909,334	-	-	37,716,877	33,909,334
City Income taxes	81,968,457	77,574,337	-	-	81,968,457	77,574,337
Intergovernmental, unrestricted	34,254,030	34,246,742	-	-	34,254,030	34,246,742
Unrestricted investment earnings	2,104,705	1,657,605	697,150	711,272	2,801,855	2,368,877
Miscellaneous	494,106	707,264	161,301	775,377	655,407	1,482,641
Gain on sale of capital assets	-	789,570	-	-	-	789,570
Total Revenues	<u>205,360,262</u>	<u>197,683,688</u>	<u>115,891,303</u>	<u>112,178,726</u>	<u>321,251,565</u>	<u>309,862,414</u>
Expenses:						
General government	27,158,278	24,317,558	-	-	27,158,278	24,317,558
Public safety	76,336,144	79,901,439	-	-	76,336,144	79,901,439
Public works	63,819,694	48,477,155	-	-	63,819,694	48,477,155
Culture and Recreation	19,718,462	17,453,598	-	-	19,718,462	17,453,598
Urban & Community Development	14,719,552	16,321,393	-	-	14,719,552	16,321,393
Interest on long-term debt	3,936,941	4,058,044	-	-	3,936,941	4,058,044
Water Supply System	-	-	33,302,278	37,285,497	33,302,278	37,285,497
Sewage Disposal System	-	-	45,184,106	46,561,350	45,184,106	46,561,350
Auto Parking System	-	-	11,594,252	11,798,952	11,594,252	11,798,952
Other Enterprises	-	-	2,411,202	2,300,183	2,411,202	2,300,183
Total Expenses	<u>205,689,071</u>	<u>190,529,187</u>	<u>92,491,838</u>	<u>97,945,982</u>	<u>298,180,909</u>	<u>288,475,169</u>
Change in Net Position before Transfers	(328,809)	7,154,501	23,399,465	14,232,744	23,070,656	21,387,245
Transfers	<u>1,252,086</u>	<u>2,167,433</u>	<u>(1,252,086)</u>	<u>(2,167,433)</u>	-	-
Change in Net Position	923,277	9,321,934	22,147,379	12,065,311	23,070,656	21,387,245
Net Position - beginning, as restated	<u>327,487,656</u>	<u>356,990,121</u>	<u>461,650,311</u>	<u>467,117,127</u>	<u>789,137,967</u>	<u>824,107,248</u>
Net Position - ending	<u>\$ 328,410,933</u>	<u>\$ 366,312,055</u>	<u>\$ 483,797,690</u>	<u>\$ 479,182,438</u>	<u>\$ 812,208,623</u>	<u>\$ 845,494,493</u>

Governmental activities: Governmental activities increased the City's net position by \$923,277. Key elements within this change are as follows:

- Tax revenues increased \$8.2 million. The entire \$3.8 million increase in property taxes was the result of a new millage to support parks and swimming pools. The City's largest tax revenue, the local income tax, increased \$4.4 million, or 5.7%. The increase was a result of increasing employment and increasing local income. State shared taxes were virtually unchanged from the prior year.
- The gap between the height of the revenue and expense bars on the below chart shows where tax revenues were spent during the year.
- Public works expenses increased \$15.3 million compared to the prior year as an aggressive program of remedying deferred maintenance of city streets was started, funded by issuance of short term debt.
- Culture and recreation spending increased by \$2.3 million driven by a \$4.9 million increase in spending by the Parks fund. Almost \$3.0 million of the spending went to remedy deferred maintenance issues in park facilities. In addition, over \$1.1 million was spend on new construction.
- In fiscal year 2014 reported expenses included \$11.8 million of contributions to employee retirement programs. In the current year, net expenses related to those employee benefit programs were only \$3.1 million after the current year adjustments required by GASB 68.

Expenses and Program Revenues - Governmental Activities

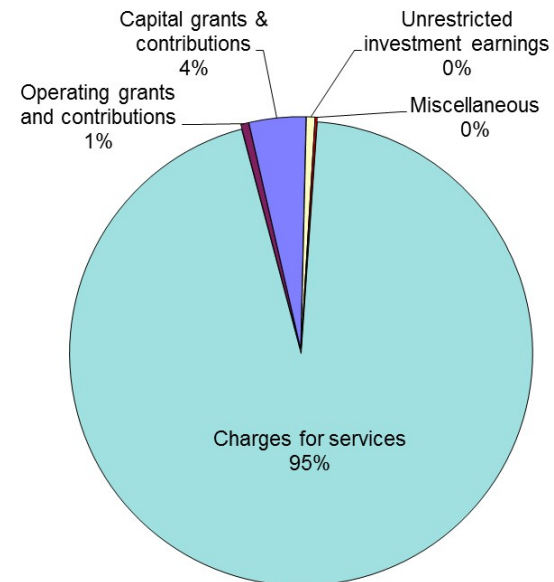
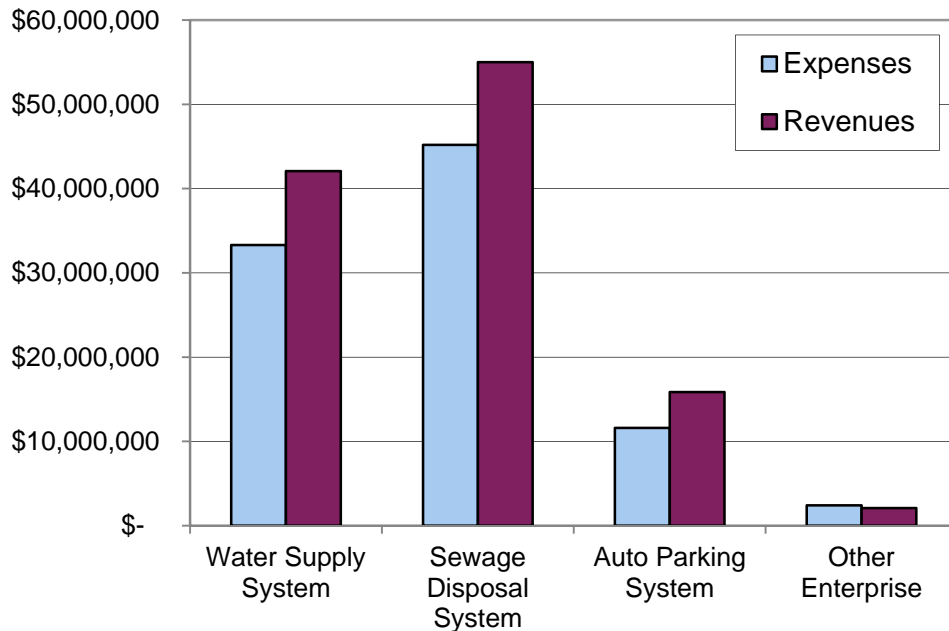


Revenues by Source - Governmental Activities

Business-type activities: Business-type activities increased the City's net position by \$22,147,379. The key elements of this increase are as follows:

- The Water System's operating revenues declined by over \$500,000 as a result of a 3.5% decline in billed volume only partially offset by a mid-year rate increase of 2.5%. Colder wetter weather was responsible for much of the reduced volume. The lost revenue was more than offset by cost reductions from a variety of sources as the results of the department's sustainability initiatives were realized. The Sewer System had revenue growth from stable billed volume and a 2.81% mid-year rate increase as well as over \$500,000 in FEMA reimbursements for expenses related to the Grand River flooding in 2013.
- The Parking System had increased revenue in every category of off-street parking (monthly, daily, and event) as a result of increasing demand for downtown parking. A small increase in parking fees also contributed to higher revenues. The system made small investments in demand management designed to reduce the need for additional downtown parking but continued to build cash resources and pay down debt to have the financial ability to construct new facilities.
- The three major funds were able to generate an operating margin sufficient to fund their current operating expenses, all required debt service payments, and increase their net position.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities

Financial Analysis of the City's Funds

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

Governmental funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. 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, 2015, the City's governmental funds reported combined ending fund balances of \$115,196,356. Of this total, all but \$14,724,256 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, assigned to a specific fund or purpose prior to year-end, or a deficit in a governmental fund. A summary of restrictions by fund appears on page 17.

The General Fund is the primary operating fund of the City. At June 30, 2015, the fund had an unassigned fund balance of \$15,101,671. 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 12.5% and 32.7% respectively of total fiscal year 2015 General Fund expenditures, compared to the unassigned and total fund balance representing 11.9% and 30.5% of fund expenditures a year earlier. The fund's fund balance increased \$4,073,854 during fiscal year 2015. As originally adopted, the budget anticipated a surplus of \$1,775,062, of which \$808,034 was committed to increase the budget stabilization fund. As detailed on the following page, the key factor in the total increase was higher than expected income tax revenues.

The Major and Local Street Funds continued the recent pattern of increasing fund balances despite budgeting a decrease. This year fund balances rose by \$960,186 and \$412,641 respectively. A mid-year review of work efforts indicated that some equipment costs were more properly allocated to major streets. That reallocation created the increase in fund balance of the Local Street Fund. In the case of the Major Street Fund, the sale of excess land from a parcel acquired several years earlier in connection with the widening and extension of Seward Avenue provided \$1,557,690 million in unexpected revenue in addition to higher than expected gas and weight tax revenues. Increased force account work added to both revenues and expenditures.

The fund balance of the Street Capital Construction Fund decreased by almost \$4.0 million as spending on previously funded projects was completed. New street construction projects are being managed in the new Vital Street Capital Construction Fund which was primarily funded by a \$17.0 million bond issue that will be repaid by future income tax revenues. The bond issue was over committed to ensure work proceeded rapidly. A second issue was required in September of 2015 to complete the projects underway.

The fund balance of the General Capital Construction Fund increased by \$1.9 million, largely as a result of slower than expected spending on some capital projects.

The fund balances of the City's nonmajor governmental funds increased by \$2.0 million. The major component of that increase was in the Transformation Fund which increased by \$2.6 million. This was the fifth year of what the original five-year fiscal plan anticipated would be a four year period of resource accumulation funded by a temporary income tax increase. The unexpected availability of grant funding for some public safety costs delayed the start of what was expected to be a rapid decrease in fund balances as the funding source disappears, the funding commitments for public safety mature and the sustainability projects planned in the earlier years are implemented.

The Public Library's long-term restructuring plan, implemented in fiscal year 2014, designed to reduce annual operating costs by \$920,000 in future years and required to eliminate a structural deficit created by property tax revenues not growing in line with debt payment requirements after 2008, realized results in fiscal year 2015. The short fall between expenditures and current revenue dropped by over 94%, from \$753,331 in fiscal year 2014 to only \$39,997 in the current year.

The Refuse Fund eliminated its deficit fund balance a year ahead of schedule through a combination of fee increases and cost reductions. The increase in fees increased weekly revenue for trash pick-up by roughly \$10,000. In addition, restructuring of routes and schedules decreased costs by \$750,000 over the prior fiscal year.

The Parks and Recreation Fund fell into a deficit position as well intentioned efforts to quickly create a positive impact on neighbourhoods from the new millage by completing repairs and upgrades to parks early in the summer failed to coordinate with the timing of revenue that only became available in July of the next fiscal year.

Proprietary funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements. Unrestricted net position of the Water Supply System, Sewage Disposal System, Auto Parking System and nonmajor enterprise funds at the end of the year amounted to \$67,662,679. The total net position for enterprise funds was \$475,437,738. In total the funds fully recovered the net position that was lost by the inclusion of net pension liabilities. The major factors concerning the finances of the three major funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year the general fund budget was increased by \$1,134,331. The primary changes were:

- \$452,967 was appropriated to allow the Income Tax department, to replace the department's computer system, to upgrade on-line services, and to accommodate a change in a vendor's planned work and billing cycle.
- \$300,291 that was appropriated to allow the Fire Department to upgrade fire station equipment that it had been anticipated would be paid by grant funds, and to provide management training and accreditation after staff turnover.
- \$137,040 was appropriated in General Administration to purchase and install six new community warning sirens.
- \$120,000 was appropriated to allow the City Clerk to purchase new election equipment.
- \$144,000 was appropriated to allow the City Comptroller and the Human Resources Departments to each add one staff member.
- Appropriations were decreased by \$315,353 to reflect lower than initially projected actuarially required contributions to the Police and Fire Pension Fund.

Actual departmental expenditures in the General Fund were \$3,703,261 below amended departmental appropriations, achieving the expected appropriation lapse of \$3,000,000.

Revenues for the year ended June 30, 2015 were \$3,206,353 higher than originally budgeted. For the second consecutive year the primary driver of this increase was revenue from the local income tax that was up \$2,573,877 or 4.0% above the original budget.

Economic Factors and Next Year's Budgets and Rates

City Commission, top management, and fiscal staff considered many factors when preparing the FY16 budget. Positive financial impacts from various parts of Phase I and II of the Five-Year Transformation Investment Plan (the Plan) adopted by the City Commission have been realized. As part of Phase II of the Plan the City Commission created: a Parks and Recreation Advisory Board to guide planning for park improvements; a Vital Streets Oversight Commission to guide street investment policy; and a Stormwater Oversight Commission to guide the development and implementation of a Green Infrastructure Plan to improve storm water management. The FY16 budget and the five year forecast anticipate continuous investments to improve parks, streets, sidewalks, street lighting, storm water management and other public assets with the dual goals of improving the quality of life for current residents and visitors and sustainably managing those resources for the benefit of future generations. On March 24, 2015 the City Commission adopted Phase III of the Plan to provide the organization a road map for the next five years. On September 8, 2015 the City Commission adopted revisions to the plan reflecting the recommendations of the Safe Alliance for Everyone (SAFE) and Strong Neighborhoods, Strong Cities Summit. This phase focuses on building a sustainable city by continuing to rebuild financial reserves, pursuing best practices for service delivery, and continuing the long-term asset management strategies developed in Phase II.

The FY16 and future budgets reflect continued operation of the City's swimming pools and an approximate \$3.0 million increase in the annual maintenance and capital improvement budget for City parks made possible by the voter approval of a seven year parks millage beginning in 2014.

The voters also approved a fifteen year extension of the 0.2% temporary income tax rate increase previously scheduled to end June 30, 2015. These future revenues, estimated at approximately \$11 million annually, are dedicated to street maintenance, rehabilitation, and reconstruction (Vital Streets) as guided by the Vital Streets Oversight Committee. Additionally the City is investing approximately \$3.5 million from Act 51 dollars, \$13 million from the General Fund, and is expecting the State to increase funding by approximately \$6 million per year along with continuing other street grants. An estimated \$22 million per year is needed for 70% of the streets to reach a good or fair rating by the end of the fifteen year tax. The City Commission authorized the issuance of two series of bonds to allow the repair work on City streets to begin two construction seasons earlier than the first work that could be funded by the dedicated tax revenues. A total of \$32 million was borrowed to complete this work. The advance in the construction schedule allowed the City to apply preventative maintenance techniques which overall lowered projected costs. Repayment of this debt will come from future proceeds of the income tax continuation.

The adopted budget for FY16 projected a 2.2% increase in the local income tax base above the FY15 estimated revenue. Total local property tax revenues are expected to increase only 1% above FY15 revenues. State shared revenue was projected to increase slightly over FY15. In FY16 and beyond half of City, Village, and Township Revenue Sharing (CVTRS) is budgeted to be deposited into the general fund.

Future budget forecasts reflect the maintenance of effort support from the General Fund that were promised to the voters as a part of the successful campaigns to create dedicated tax revenues to support parks and street improvements. In addition, forecasts anticipate continuing General Fund subsidies providing over 45% of the cost of operating the District Court, as well as continuing to provide any required local match dollars to the Grants Fund.

The City's capital plans have been prepared within the context of five years for many years. Phase II of the City's Transformation Plan aligns resources to meet the forecasted needs of the capital plan. FY16 is the tenth 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 reflect the hard work completed as part of Phase I and II of the City's Transformation Plan. Phase III is about continuous improvement and never looking back. The five-year forecast reflects positive operations over the forecasted period. While the future is inherently unknowable creating a multi-year plan that is not dependent on a string of either good or bad years and includes the rebuilding of financial reserves that will be necessary to cope with the unexpected and inevitable shocks the future will bring, enhances the likelihood that the organization will be able to achieve plan goals.

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
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City of Grand Rapids, Michigan
Statement of Net Position
Government Wide
June 30, 2015

	Primary Government			Total Component Units
	Governmental Activities	Business-type Activities	Total Primary Government	
ASSETS				
Equity in pooled cash and investments (Note 2)	\$ 153,545,710	\$ 85,097,234	\$ 238,642,944	\$ 20,791,803
Investments held by trustee	-	-	-	5,403,704
Receivables, net	11,648,524	16,559,700	28,208,224	992,975
Internal balances	(2,882,079)	2,882,079	-	-
Due from other governmental units	8,046,984	201,839	8,248,823	163,950
Due from component unit	40,994	-	40,994	-
Inventories	2,702,345	2,501,514	5,203,859	-
Prepaid expenses and other assets	-	-	-	236,628
Restricted assets (Notes 2 and 4)	3,304,302	50,096,397	53,400,699	-
Investment in joint venture (Note 1)	-	2,472,900	2,472,900	-
Net OPEB asset (Note 8)	-	-	-	11,558
Net pension asset (Note 7)	2,856,589	-	2,856,589	-
Other assets	-	201,141	201,141	-
Capital Assets (Note 5):				
Non-depreciable	23,993,394	35,235,412	59,228,806	14,668,882
Depreciable, net	290,584,041	739,346,354	1,029,930,395	29,995,481
Total assets	<u>493,840,804</u>	<u>934,594,570</u>	<u>1,428,435,374</u>	<u>72,264,981</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions (Note 7)	12,649,791	2,945,202	15,594,993	906,217
Deferred on refunding of bonds	1,105,024	7,774,780	8,879,804	1,215,046
Total deferred outflows of resources	<u>13,754,815</u>	<u>10,719,982</u>	<u>24,474,797</u>	<u>2,121,263</u>
LIABILITIES				
Accounts payable and accrued expenses	18,763,364	5,057,236	23,820,600	6,817,215
Accrued interest payable	1,048,829	9,164,537	10,213,366	251,481
Due to primary government	-	-	-	40,994
Due to other governmental units	262,145	-	262,145	-
Unearned revenues	547,609	452,091	999,700	-
Customer deposits	1,484,949	-	1,484,949	109,878
Payable from restricted assets (Note 6):				
Bonds and contracts payable	-	17,439,965	17,439,965	-
Accrued interest and other	-	2,158,873	2,158,873	-
Noncurrent liabilities (Note 6):				
Due within 1 year:	19,145,176	2,763,659	21,908,835	4,580,701
Due in more than 1 year:	115,630,596	415,959,739	531,590,335	40,987,082
Total liabilities	<u>156,882,668</u>	<u>452,996,100</u>	<u>609,878,768</u>	<u>52,787,351</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to special assessments	128,209	-	128,209	-
Deferred inflows related to pensions (Note 7)	22,173,809	8,520,762	30,694,571	2,621,773
Total deferred inflows of resources	<u>22,302,018</u>	<u>8,520,762</u>	<u>30,822,780</u>	<u>2,621,773</u>
NET POSITION				
Net investment in capital assets	228,176,623	374,185,834	602,362,457	19,553,020
Restricted for:				
Expendable:				
Public Safety	1,526,814	-	1,526,814	-
Cultural and recreation	501,182	-	501,182	-
Public Works	8,923,717	-	8,923,717	-
Debt service	-	33,589,225	33,589,225	-
Authorized projects	-	-	-	6,184,419
Urban and community development	2,581,953	-	2,581,953	-
Nonexpendable:				
Perpetual care	2,889,892	-	2,889,892	-
Cultural and recreation	39,270	-	39,270	-
Unrestricted (deficit)	<u>83,771,482</u>	<u>76,022,631</u>	<u>159,794,113</u>	<u>(6,760,319)</u>
Total net position	<u>\$ 328,410,933</u>	<u>\$ 483,797,690</u>	<u>\$ 812,208,623</u>	<u>\$ 18,977,120</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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
<i>Governmental activities:</i>								
General government	\$ 27,158,278	\$ 8,920,866	\$ 115,543	\$ -	\$ (18,121,869)	\$ -	\$ (18,121,869)	\$ -
Public safety	76,336,144	2,151,757	2,540,399	-	(71,643,988)	-	(71,643,988)	-
Public works	63,819,694	11,231,351	3,664,454	1,778,543	(47,145,346)	-	(47,145,346)	-
Culture and recreation	19,718,462	807,855	488,899	-	(18,421,708)	-	(18,421,708)	-
Urban and community development	14,719,552	8,785,932	8,336,488	-	2,402,868	-	2,402,868	-
Interest on long-term debt	3,936,941	-	-	-	(3,936,941)	-	(3,936,941)	-
Total governmental activities	<u>205,689,071</u>	<u>31,897,761</u>	<u>15,145,783</u>	<u>1,778,543</u>	<u>(156,866,984)</u>	<u>-</u>	<u>(156,866,984)</u>	<u>-</u>
<i>Business-type activities:</i>								
Water Supply System	33,302,278	40,014,365	27,086	2,042,856	-	8,782,029	8,782,029	-
Sewage Disposal System	45,184,106	51,991,509	465,323	2,550,371	-	9,823,097	9,823,097	-
Auto Parking System	11,594,252	15,712,638	137,965	-	-	4,256,351	4,256,351	-
Other Enterprise	2,411,202	2,090,739	-	-	-	(320,463)	(320,463)	-
Total business-type activities	<u>92,491,838</u>	<u>109,809,251</u>	<u>630,374</u>	<u>4,593,227</u>	<u>-</u>	<u>22,541,014</u>	<u>22,541,014</u>	<u>-</u>
Total primary government	<u>\$ 298,180,909</u>	<u>\$ 141,707,012</u>	<u>\$ 15,776,157</u>	<u>\$ 6,371,770</u>	<u>(156,866,984)</u>	<u>22,541,014</u>	<u>(134,325,970)</u>	<u>-</u>
Component Units:								
Downtown Development Authority	\$ 9,394,351	\$ 557,013	\$ -	\$ -	-	-	-	(8,837,338)
Tax Increment Financing Authority	493,023	-	-	-	-	-	-	(493,023)
SmartZone Development Authority	1,868,645	2,318	125,000	-	-	-	-	(1,741,327)
Brownfield Redevelopment Authority	3,462,325	272,938	170,606	-	-	-	-	(3,018,781)
Corridor Improvement Districts	33,371	-	12,194	-	-	-	-	(21,177)
61st District Court	12,972,494	6,533,967	6,558,758	-	-	-	-	120,231
Total component units	<u>\$ 28,224,209</u>	<u>\$ 7,366,236</u>	<u>\$ 6,866,558</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,991,415)</u>
General revenues:								
Property taxes					37,716,877	-	37,716,877	16,292,325
City income taxes					81,968,457	-	81,968,457	-
Intergovernmental, unrestricted					34,254,030	-	34,254,030	-
Unrestricted investment earnings					2,104,705	697,150	2,801,855	245,674
Miscellaneous					494,106	161,301	655,407	-
Gain on sale of capital assets					-	-	-	-
Transfers (Note 9)					1,252,086	(1,252,086)	-	-
Total general revenues, special items and transfers					<u>157,790,261</u>	<u>(393,635)</u>	<u>157,396,626</u>	<u>16,537,999</u>
Change in net position					923,277	22,147,379	23,070,656	2,546,584
Net position - beginning					<u>327,487,656</u>	<u>461,650,311</u>	<u>789,137,967</u>	<u>16,430,536</u>
Net position - ending					<u>\$ 328,410,933</u>	<u>\$ 483,797,690</u>	<u>\$ 812,208,623</u>	<u>\$ 18,977,120</u>

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

City of Grand Rapids, Michigan
Balance Sheet
Governmental Funds
June 30, 2015

	Major Governmental Funds							Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Streets	Local Streets	Vital Streets	Vital Streets Capital Construction	Streets Capital Construction	General Capital Construction		
ASSETS									
Equity in pooled cash & investments (Note 2)	\$ 34,092,385	\$ 5,351,816	\$ 669,253	\$ 1,106,809	\$ 6,030,824	\$ 3,562,625	\$ 12,982,632	\$ 45,172,137	\$ 108,968,481
Receivables, net	7,346,065	366,237	4,531	6,836	-	37,841	1,044,970	1,355,707	10,162,187
Due from other funds (Note 9)	31,381	2,825	8,476	-	-	-	-	198,503	241,185
Due from other governmental units	2,413,620	2,297,631	468,619	304,333	214,860	126,742	-	2,221,179	8,046,984
Inventories	735,712	958,186	-	-	-	-	-	17,638	1,711,536
Long-term advance	5,635,000	-	-	-	-	-	-	-	5,635,000
Total assets	\$ 50,254,163	\$ 8,976,695	\$ 1,150,879	\$ 1,417,978	\$ 6,245,684	\$ 3,727,208	\$ 14,027,602	\$ 48,965,164	\$ 134,765,373
LIABILITIES									
Accounts payable and accruals	\$ 10,206,853	\$ 190,676	\$ 54,995	\$ -	\$ 2,884,595	\$ 382,155	\$ 666,295	\$ 2,832,060	\$ 17,217,629
Due to other funds (Note 9)	-	-	-	-	-	-	-	41,442	41,442
Due to other governmental units	150,417	-	-	-	-	-	-	500	150,917
Unearned revenues	14,119	-	-	-	-	-	-	531,752	545,871
Customer deposits	278,453	-	-	-	-	-	246,881	959,615	1,484,949
Total liabilities	10,649,842	190,676	54,995	-	2,884,595	382,155	913,176	4,365,369	19,440,808
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues - special assessments	-	-	-	-	-	13,753	114,456	-	128,209
Total deferred inflows of resources	-	-	-	-	-	13,753	114,456	-	128,209
FUND BALANCES									
Nonspendable:									
Long-term advance	5,635,000	-	-	-	-	-	-	-	5,635,000
Inventories	735,712	958,186	-	-	-	-	-	17,638	1,711,536
Nonexpendable trust principal	-	-	-	-	-	-	-	2,929,162	2,929,162
Restricted:									
Public safety	-	-	-	-	-	-	-	1,526,814	1,526,814
Urban and community development	-	-	-	-	-	-	-	2,581,953	2,581,953
Culture and recreation	-	-	-	-	-	-	-	501,182	501,182
Public works	-	7,827,833	1,095,884	1,417,978	-	-	-	-	10,341,695
Authorized projects	-	-	-	-	2,793,598	-	101,271	-	2,894,869
Committed:									
Authorized projects	-	-	-	-	567,491	3,331,300	12,898,699	24,042,691	40,840,181
Other purposes	8,948,835	-	-	-	-	-	-	941,290	9,890,125
Assigned:									
Culture and recreation	-	-	-	-	-	-	-	2,275,858	2,275,858
Public safety	-	-	-	-	-	-	-	1,464,336	1,464,336
Urban and community development	-	-	-	-	-	-	-	4,847,100	4,847,100
Public works	-	-	-	-	-	-	-	918,873	918,873
Ensuing year budget	-	-	-	-	-	-	-	173,222	173,222
Compensated absences	7,615,795	-	-	-	-	-	-	1,185,165	8,800,960
Other purposes	1,567,308	-	-	-	-	-	-	1,571,926	3,139,234
Unassigned	15,101,671	-	-	-	-	-	-	(377,415)	14,724,256
Total fund balance	39,604,321	8,786,019	1,095,884	1,417,978	3,361,089	3,331,300	12,999,970	44,599,795	115,196,356
Total liabilities, deferred inflows of resources and fund balances	\$ 50,254,163	\$ 8,976,695	\$ 1,150,879	\$ 1,417,978	\$ 6,245,684	\$ 3,727,208	\$ 14,027,602	\$ 48,965,164	\$ 134,765,373

City of Grand Rapids, Michigan
Reconciliation of the Fund Balances of Governmental Funds to the
Net Position of Governmental Activities on the Statement of Net Position
June 30, 2015

Total governmental funds, fund balances	\$ 115,196,356
Amounts reported for governmental activities in the statement of net position 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	856,065,676
Accumulated depreciation	<u>(541,488,241)</u>
Net capital assets	314,577,435
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the fund statements	
Net pension asset	2,856,589
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds. These consist of:	
Deferred on refunding of bonds	1,105,024
Deferred on pensions	12,649,791
Deferred inflows of resources related to pensions yet to be recognized in relation to the pension actuarial calculation	(22,173,809)
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 position.	40,024,148
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	(89,569,498)
Premium on bonds	(829,587)
Compensated absences	(10,226,180)
Net OPEB Obligation	(7,557,354)
Net Pension Liability	(20,974,972)
Insurance claims	(5,618,181)
Accrued interest on bonds	<u>(1,048,829)</u>
Net position of governmental activities	<u>\$ 328,410,933</u>

City of Grand Rapids, Michigan
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the year ended June 30, 2015

	Major Governmental Funds							Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Streets	Local Streets	Vital Streets	Vital Street Capital Construction	Street Capital Construction	General Capital Construction		
Revenues:									
Property taxes	\$ 13,027,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,914,167	\$ 19,775,490	\$ 37,716,877
City income taxes	67,582,177	-	-	-	-	-	3,495,785	10,892,450	81,970,412
State shared taxes	14,736,240	11,272,555	2,619,262	-	-	-	2,644,539	2,979,479	34,252,075
Licenses and permits	551,214	-	-	-	-	-	-	3,200,673	3,751,887
Fines and forfeitures	2,072,303	-	-	-	-	-	-	-	2,072,303
Federal grants	153,075	374,276	9,853	-	-	512,261	-	7,431,417	8,480,882
State grants	150,575	-	-	3,092,218	214,860	250,000	248,690	320,233	4,276,576
Other grants & contributions	-	-	-	-	-	-	552,732	3,614,136	4,166,868
Charges for services	12,891,678	2,411,423	10,571	-	-	67,077	44,395	10,648,395	26,073,539
Investment earnings	488,609	35,991	6,600	10,720	23,630	-	16,931	422,727	1,005,208
Miscellaneous	142,350	47,495	2,996	-	-	-	67,733	230,776	491,350
Total revenues	<u>111,795,441</u>	<u>14,141,740</u>	<u>2,649,282</u>	<u>3,102,938</u>	<u>238,490</u>	<u>829,338</u>	<u>11,984,972</u>	<u>59,515,776</u>	<u>204,257,977</u>
Expenditures:									
Current:									
General government	25,164,992	-	-	-	-	-	1,617,973	235,091	27,018,056
Public safety	72,025,945	-	-	-	-	-	-	9,046,109	81,072,054
Public works	5,103,241	11,013,740	2,683,487	-	-	-	-	12,490,894	31,291,362
Culture and recreation	-	-	-	-	-	-	-	18,390,409	18,390,409
Urban and community development	4,510,014	-	-	-	-	-	-	11,996,571	16,506,585
Debt service:									
Principal	290,983	435,000	-	-	-	-	1,357,141	6,425,000	8,508,124
Interest, fees, and bond issue costs	37,758	390,183	-	116,818	44,020	-	375,500	2,736,156	3,700,435
Capital outlay	-	44,975	22,366	-	13,836,768	5,364,038	9,682,744	73,252	29,024,143
Total expenditures	<u>107,132,933</u>	<u>11,883,898</u>	<u>2,705,853</u>	<u>116,818</u>	<u>13,880,788</u>	<u>5,364,038</u>	<u>13,033,358</u>	<u>61,393,482</u>	<u>215,511,168</u>
Excess (deficit) of revenues over expenditures	<u>4,662,508</u>	<u>2,257,842</u>	<u>(56,571)</u>	<u>2,986,120</u>	<u>(13,642,298)</u>	<u>(4,534,700)</u>	<u>(1,048,386)</u>	<u>(1,877,706)</u>	<u>(11,253,191)</u>
Other financing sources (uses):									
Transfers in (Note 9)	13,100,321	371,463	550,000	306,708	1,874,850	589,020	1,653,052	21,056,097	39,501,511
Transfers out (Note 9)	(13,829,419)	(3,226,809)	(80,788)	(1,874,850)	(1,871,463)	(43,878)	(3,252,522)	(17,183,627)	(41,363,356)
Sale of capital assets	-	1,557,690	-	-	-	-	-	13,553	1,571,243
Face value of bonds and contracts issued	-	-	-	-	17,000,000	-	4,550,000	-	21,550,000
Total other financing sources (uses)	<u>(729,098)</u>	<u>(1,297,656)</u>	<u>469,212</u>	<u>(1,568,142)</u>	<u>17,003,387</u>	<u>545,142</u>	<u>2,950,530</u>	<u>3,886,023</u>	<u>21,259,398</u>
Net change in fund balances	<u>3,933,410</u>	<u>960,186</u>	<u>412,641</u>	<u>1,417,978</u>	<u>3,361,089</u>	<u>(3,989,558)</u>	<u>1,902,144</u>	<u>2,008,317</u>	<u>10,006,207</u>
Fund balances - beginning	35,530,467	7,800,780	683,243	-	-	7,320,858	11,097,826	42,591,478	105,024,652
Current year change in inventory levels	140,444	25,053	-	-	-	-	-	-	165,497
Fund balances - ending	<u>\$ 39,604,321</u>	<u>\$ 8,786,019</u>	<u>\$ 1,095,884</u>	<u>\$ 1,417,978</u>	<u>\$ 3,361,089</u>	<u>\$ 3,331,300</u>	<u>\$ 12,999,970</u>	<u>\$ 44,599,795</u>	<u>\$ 115,196,356</u>

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, 2015

Net change in fund balances - total governmental funds \$ 10,006,207

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 (\$24,748,486) exceeded capital outlays (\$9,907,420). (14,841,066)

In the statement of activities only the gain on the sale of property and equipment is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balance by the cost of the property sold. (2,631,569)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued (21,550,000)
Repayments 8,508,124

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 (14,823)
Compensated absences (520,811)
Net OPEB obligation 263,275
Net pension liability 9,619,278
Other 96,589

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.

11,988,073

Change in net position of governmental activities \$ 923,277

City of Grand Rapids, Michigan
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Auto Parking System			
ASSETS						
Current assets:						
Equity in pooled cash and investments (Note 2)	\$ 27,255,547	\$ 33,942,810	\$ 22,925,484	\$ 973,393	\$ 85,097,234	\$ 44,577,229
Receivables, net	6,366,140	9,536,957	533,582	123,021	16,559,700	1,454,954
Due from other funds (Note 9)	157,127	-	-	-	157,127	41,442
Due from component units	-	-	-	-	-	40,994
Due from other governmental units	201,839	-	-	-	201,839	-
Inventory	1,483,748	1,011,996	-	5,770	2,501,514	990,809
Restricted assets (Note 4)	<u>9,975,593</u>	<u>9,623,245</u>	<u>-</u>	<u>-</u>	<u>19,598,838</u>	<u>3,304,302</u>
Total current assets	<u>45,439,994</u>	<u>54,115,008</u>	<u>23,459,066</u>	<u>1,102,184</u>	<u>124,116,252</u>	<u>50,409,730</u>
Noncurrent assets:						
Restricted assets (Note 4)	969,653	29,527,906	-	-	30,497,559	-
Other assets	-	-	-	201,141	201,141	-
Investment in joint venture (Note 1)	-	2,472,900	-	-	2,472,900	-
Capital assets: (Note 5)						
Non-depreciable	13,984,474	13,970,991	7,062,722	217,225	35,235,412	-
Depreciable	465,805,832	685,432,887	86,303,743	5,666,211	1,243,208,673	50,067,587
Less accumulated depreciation	<u>(184,067,550)</u>	<u>(272,792,090)</u>	<u>(42,926,943)</u>	<u>(4,075,736)</u>	<u>(503,862,319)</u>	<u>(30,044,456)</u>
Total noncurrent assets	<u>296,692,409</u>	<u>458,612,594</u>	<u>50,439,522</u>	<u>2,008,841</u>	<u>807,753,366</u>	<u>20,023,131</u>
Total assets	<u>342,132,403</u>	<u>512,727,602</u>	<u>73,898,588</u>	<u>3,111,025</u>	<u>931,869,618</u>	<u>70,432,861</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions (Note 7)	\$ 1,472,601	\$ 1,189,409	\$ 226,554	\$ 56,638	\$ 2,945,202	\$ 1,246,047
Deferred on refunding of bonds	<u>2,464,465</u>	<u>4,602,525</u>	<u>707,790</u>	<u>-</u>	<u>7,774,780</u>	<u>1,620</u>
Total deferred outflows of resources	<u>3,937,066</u>	<u>5,791,934</u>	<u>934,344</u>	<u>56,638</u>	<u>10,719,982</u>	<u>1,247,667</u>

City of Grand Rapids, Michigan
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Auto Parking System			
LIABILITIES						
Current liabilities:						
Vouchers and accounts payable	\$ 3,213,519	\$ 907,331	\$ 604,781	\$ 331,605	\$ 5,057,236	\$ 1,545,735
Accrued interest payable	2,020,073	6,754,850	389,614	-	9,164,537	17,451
Due to other governmental units	-	-	-	-	-	111,228
Due to other funds (Note 9)	-	-	-	-	-	366,931
Unearned revenues	452,091	-	-	-	452,091	1,738
Current portion of claims payable	-	-	-	-	-	4,844,474
Current maturities of bonds, notes and contracts payable (Note 6)	178,504	85,500	1,225,000	-	1,489,004	625,510
Current portion of compensated absences	662,046	498,332	94,202	20,075	1,274,655	487,079
Current portion of long-term advance	-	-	1,475,000	-	1,475,000	-
Liabilities payable from restricted assets (Note 6):						
Current maturities of bonds, notes and contracts payable	9,975,593	7,464,372	-	-	17,439,965	-
Other	-	2,158,873	-	-	2,158,873	-
Total current liabilities	<u>16,501,826</u>	<u>17,869,258</u>	<u>3,788,597</u>	<u>351,680</u>	<u>38,511,361</u>	<u>8,000,146</u>
Noncurrent liabilities (net of current portion) (Note 6):						
Bonds payable	97,431,941	276,688,438	30,673,725	-	404,794,104	804,312
Contracts and notes payable	1,601,333	282,000	-	-	1,883,333	64,382
Long-term advance	-	-	4,160,000	-	4,160,000	-
General claims payable	-	-	-	-	-	773,707
Compensated absences	423,275	318,606	60,227	12,835	814,943	311,410
Net pension liability (Note 7)	4,131,435	3,336,928	635,606	158,902	8,262,871	3,495,828
Net OPEB obligation (Note 8)	115,169	37,305	37,316	14,698	204,488	203,100
Total noncurrent liabilities	<u>103,703,153</u>	<u>280,663,277</u>	<u>35,566,874</u>	<u>186,435</u>	<u>420,119,739</u>	<u>5,652,739</u>
Total liabilities	<u>120,204,979</u>	<u>298,532,535</u>	<u>39,355,471</u>	<u>538,115</u>	<u>458,631,100</u>	<u>13,652,885</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions (Note 7)	4,260,381	3,441,077	655,443	163,861	8,520,762	3,604,937
Total deferred inflows of resources	<u>4,260,381</u>	<u>3,441,077</u>	<u>655,443</u>	<u>163,861</u>	<u>8,520,762</u>	<u>3,604,937</u>
NET POSITION						
Net investment in capital assets	190,779,687	163,057,650	18,540,797	1,807,700	374,185,834	15,593,730
Restricted:						
Debt service	10,830,855	22,758,370	-	-	33,589,225	-
Unrestricted	19,993,567	30,729,904	16,281,221	657,987	67,662,679	38,828,976
Total net position	<u>\$ 221,604,109</u>	<u>\$ 216,545,924</u>	<u>\$ 34,822,018</u>	<u>\$ 2,465,687</u>	<u>475,437,738</u>	<u>\$ 54,422,706</u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time					<u>8,359,952</u>	
Net position of business-type activities					<u>\$ 483,797,690</u>	

City of Grand Rapids, Michigan
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
for the year ended June 30, 2015

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Auto Parking System			
Operating revenues:						
Charges for services	\$ 1,817,761	\$ 51,188,985	\$ 15,712,638	\$ 1,721,959	\$ 70,441,343	\$ 55,761,915
Sales	38,008,090	43,392	-	368,780	38,420,262	7,526
Miscellaneous	188,514	759,132	-	-	947,646	655,539
Total operating revenues	<u>40,014,365</u>	<u>51,991,509</u>	<u>15,712,638</u>	<u>2,090,739</u>	<u>109,809,251</u>	<u>56,424,980</u>
Operating expenses:						
Personal services	9,308,605	7,599,711	1,956,778	741,433	19,606,527	7,499,715
Supplies and materials	1,597,728	1,393,419	137,296	150,071	3,278,514	5,190,844
Utilities	3,514,540	2,524,851	451,963	181,515	6,672,869	1,339,540
Contractual services	1,375,772	6,544,486	2,226,903	596,624	10,743,785	3,901,946
Other services and charges	5,436,508	2,587,047	2,505,505	685,074	11,214,134	26,135,357
Depreciation	8,286,863	14,060,726	2,994,644	121,307	25,463,540	2,947,431
Total operating expenses	<u>29,520,016</u>	<u>34,710,240</u>	<u>10,273,089</u>	<u>2,476,024</u>	<u>76,979,369</u>	<u>47,014,833</u>
Operating income (loss)	<u>10,494,349</u>	<u>17,281,269</u>	<u>5,439,549</u>	<u>(385,285)</u>	<u>32,829,882</u>	<u>9,410,147</u>
Nonoperating revenues (expenses):						
Other federal revenue	27,086	465,323	137,965	-	630,374	-
Interest revenue	221,363	314,716	157,844	3,227	697,150	999,465
Miscellaneous revenue (expense)	194,333	(128,453)	95,421	-	161,301	-
Gain on sale of capital assets	-	-	-	-	-	529,808
Interest expense and paying agent fees	(4,555,097)	(11,382,581)	(1,590,113)	-	(17,527,791)	(49,956)
Total nonoperating revenues (expenses)	<u>(4,112,315)</u>	<u>(10,730,995)</u>	<u>(1,198,883)</u>	<u>3,227</u>	<u>(16,038,966)</u>	<u>1,479,317</u>
Income (loss) before capital contributions and transfers	6,382,034	6,550,274	4,240,666	(382,058)	16,790,916	10,889,464
Capital contributions	2,042,856	2,550,371	-	-	4,593,227	-
Transfers in (Note 9)	1,899,516	-	-	918,843	2,818,359	4,575,000
Transfers out (Note 9)	(509,166)	(2,660,367)	(759,472)	(141,440)	(4,070,445)	(1,461,069)
Change in net position	9,815,240	6,440,278	3,481,194	395,345	20,132,057	14,003,395
Net position - beginning, as restated (Note 12)	<u>211,788,869</u>	<u>210,105,646</u>	<u>31,340,824</u>	<u>2,070,342</u>		<u>40,419,311</u>
Net position - ending	<u>\$ 221,604,109</u>	<u>\$ 216,545,924</u>	<u>\$ 34,822,018</u>	<u>\$ 2,465,687</u>		<u>\$ 54,422,706</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					<u>2,015,322</u>	
Change in net position of business-type activities					<u>\$ 22,147,379</u>	

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, 2015

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor	Total	Total
	Water Supply System	Sewage Disposal System	Auto Parking System	Enterprise Funds	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:						
Receipts from customers	\$ 40,297,142	\$ 51,677,835	\$ 15,648,081	\$ 2,156,991	\$ 109,780,049	\$ 55,888,794
Payments to suppliers	(8,904,500)	(13,278,498)	(5,162,385)	(1,524,786)	(28,870,169)	(38,404,348)
Payments to employees	(4,996,201)	(3,962,759)	(1,138,544)	(616,814)	(10,714,318)	(5,466,299)
Payments for payroll taxes and benefits	(6,186,755)	(5,080,489)	(1,107,307)	(189,655)	(12,564,206)	(3,528,335)
Other operating revenues	691,654	1,145	154,443	-	847,242	655,539
Net cash provided (used) by operating activities	<u>20,901,340</u>	<u>29,357,234</u>	<u>8,394,288</u>	<u>(174,264)</u>	<u>58,478,598</u>	<u>9,145,351</u>
Cash flows from noncapital financing activities:						
Other federal revenue	-	465,323	137,965	-	603,288	-
Transfers from other funds	1,899,516	-	-	918,843	2,818,359	4,575,000
Transfers to other funds	(509,166)	(2,660,367)	(759,472)	(141,440)	(4,070,445)	(1,461,069)
Payment of advance	-	-	(1,420,000)	-	(1,420,000)	-
Net cash used by noncapital financing activities	<u>1,390,350</u>	<u>(2,195,044)</u>	<u>(2,041,507)</u>	<u>777,403</u>	<u>(2,068,798)</u>	<u>3,113,931</u>
Cash flows from capital and related financing activities:						
Proceeds from capital debt	37,950,649	66,403,307	-	-	104,353,956	-
Proceeds from capital grant	228,925	749,976	-	-	978,901	-
Purchase of capital assets	(14,104,937)	(15,092,561)	(371,724)	(249,917)	(29,819,139)	(7,533,834)
Sale of capital assets	-	-	-	-	-	562,996
Principal paid on capital debt	(41,717,925)	(54,024,894)	(1,025,000)	-	(96,767,819)	(879,017)
Interest paid on capital debt	(6,671,874)	(14,018,221)	(1,556,000)	-	(22,246,095)	(65,638)
Net cash used by capital and related financing activities	<u>(24,315,162)</u>	<u>(15,982,393)</u>	<u>(2,952,724)</u>	<u>(249,917)</u>	<u>(43,500,196)</u>	<u>(7,915,493)</u>
Cash flows from investing activities:						
Interest received	221,363	314,716	157,844	3,227	697,150	999,465
Net increase in equity in pooled cash and investments	(1,802,109)	11,494,513	3,557,901	356,449	13,606,754	5,343,254
Equity in pooled cash and investments - beginning of year	<u>29,057,656</u>	<u>38,811,944</u>	<u>19,367,583</u>	<u>616,944</u>	<u>87,854,127</u>	<u>42,538,277</u>
Equity in pooled cash and investments - end of year (including \$16,363,647 and \$3,304,302 for the Sewage System and Internal Service, respectively, reported in restricted accounts)	<u>\$ 27,255,547</u>	<u>\$ 50,306,457</u>	<u>\$ 22,925,484</u>	<u>\$ 973,393</u>	<u>\$ 101,460,881</u>	<u>\$ 47,881,531</u>

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, 2015

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor	Total	Total
	Water Supply System	Sewage Disposal System	Auto Parking System	Enterprise Funds	Enterprise Funds	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 10,494,349	\$ 17,281,269	\$ 5,439,549	\$ (385,285)	\$ 32,829,882	\$ 9,410,147
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	8,286,863	14,060,726	2,994,644	121,307	25,463,540	2,947,431
Miscellaneous cash received	691,654	1,145	154,443	-	847,242	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	177,442	(337,298)	(64,557)	66,380	(158,033)	278,441
Increase in due from other intergovernmental units	-	-	-	-	-	(40,994)
Increase in due from other funds	-	-	-	-	-	(41,442)
(Increase) decrease in inventory	94,308	19,194	-	(128)	113,374	(76,652)
Decrease in prepaid expenses	-	-	-	-	-	93,156
Increase (decrease) in vouchers and accounts payable	2,503,753	(457,717)	159,282	88,498	2,293,816	(556,147)
Increase (decrease) in due to other intergovernmental units	52,375	-	-	-	52,375	(103,451)
Decrease in due to other funds	(201,839)	-	-	-	(201,839)	(122,311)
Increase in unearned revenues	152,119	-	-	-	152,119	-
Decrease in restricted assets	524,667	233,452	-	-	758,119	-
Increase in deferred outflows related to pensions	(332,367)	(268,451)	(51,133)	(437,649)	(1,089,600)	(281,233)
Increase in deferred inflows related to pensions	4,260,381	3,441,077	655,443	163,861	8,520,762	3,604,937
Increase (decrease) in compensated absences	(92,309)	(21,276)	(19,642)	2,949	(130,278)	3,717
Increase (decrease) in net pension liability	(5,774,863)	(4,664,312)	(888,440)	202,757	(11,124,858)	(4,886,424)
Increase in net OPEB obligation	64,807	69,425	14,699	3,046	151,977	64,084
Decrease in general claims payable	-	-	-	-	-	(1,147,908)
	<u>10,406,991</u>	<u>12,075,965</u>	<u>2,954,739</u>	<u>211,021</u>	<u>25,648,716</u>	<u>(264,796)</u>
Net cash provided (used) by operating activities	\$ <u>20,901,340</u>	\$ <u>29,357,234</u>	\$ <u>8,394,288</u>	\$ <u>(174,264)</u>	\$ <u>58,478,598</u>	\$ <u>9,145,351</u>
Noncash capital activities						
Contributions of capital assets	\$ <u>1,239,452</u>	\$ <u>1,152,703</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>2,392,155</u>	\$ <u>-</u>

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

City of Grand Rapids, Michigan
Statement of Net Position
Fiduciary Funds
June 30, 2015

	Total Employee Benefit Trust Funds	Agency Tax Fund
	<u>Trust Funds</u>	<u>Fund</u>
ASSETS		
Equity in pooled cash and investments (Note 2)	\$ 832,326	\$ 25,225
Investments held by trustee (Note 2):		
Cash and money market funds	10,286,260	-
United States Government Securities	50,241,541	-
State and municipal bonds	1,332,805	-
Corporate bonds and fixed income comingled funds	152,478,741	-
Common stocks and equity mutual funds	500,648,761	-
Real estate	38,821,542	-
Asset-backed securities	17,671,913	-
Commodities	33,556,471	-
Other	13,901,189	-
Comingled multi-asset portfolio	41,131,121	-
Collateral held by broker under securities lending		
Short-term fixed income	41,207,866	-
Receivables, net:		
Investment securities sold	2,841,254	-
Property taxes	-	552,375
Other accounts	1,329,749	-
Accrued interest and dividends	998,018	-
Total assets	<u>907,279,557</u>	<u>577,600</u>
LIABILITIES		
Compensated absences	38,947	-
Investment securities purchased	1,985,496	-
Vouchers and accounts payable	1,446,959	-
Due to other funds (Note 9)	13,880	-
Due to other governmental units	-	577,600
Liabilities under securities lending program	41,207,866	-
Total liabilities	<u>44,693,148</u>	<u>\$ 577,600</u>
NET POSITION		
Restricted for pension and OPEB benefits	<u>\$ 862,586,409</u>	

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

for the year ended June 30, 2015

	Total Employee Benefit Trust Funds
ADDITIONS	
Plan Contributions:	
Employer	\$ 31,828,565
Plan members	<u>8,702,031</u>
Total contributions	40,530,596
Investment earnings:	
Interest and dividends	8,891,806
Net appreciation in fair value of investments	<u>34,897,012</u>
Total investment earnings	43,788,818
Investment management expense	<u>(1,941,268)</u>
Net investment earnings	<u>41,847,550</u>
Securities lending earnings	124,030
Securities lending expenses	<u>(36,542)</u>
Net earnings from securities lending activities	<u>87,488</u>
Total net investment earnings	<u>41,935,038</u>
Total additions	<u>82,465,634</u>
DEDUCTIONS	
Benefits paid	70,540,203
Administration expenses	<u>1,384,594</u>
Total deductions	<u>71,924,797</u>
Change in net position	10,540,837
Net position - beginning	<u>852,045,572</u>
Net position - ending	<u>\$ 862,586,409</u>

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

City of Grand Rapids, Michigan
Statement of Net Position
Component Units
June 30, 2015

	Downtown Development Authority	Tax Increment Financing Authority	SmartZone Local Development Financing Authority	Brownfield Redevelopment Authority	Corridor Improvement Districts	61st District Court	Totals
ASSETS							
Equity in pooled cash and investments (Note 2)	\$ 12,005,527	\$ 1,332,519	\$ 5,322,907	\$ 1,735,881	\$ 26,531	\$ 368,438	\$ 20,791,803
Investments held by trustee (Note 2)	5,403,704	-	-	-	-	-	5,403,704
Receivables, net	843,077	7,995	104,588	29,631	125	7,559	992,975
Due from other governmental units	-	-	-	123,688	-	40,262	163,950
Net OPEB asset (Note 8)	5,349	-	1,249	4,960	-	-	11,558
Prepaid expenses and other assets	236,628	-	-	-	-	-	236,628
Capital Assets (Note 5):							
Non-depreciable	13,258,882	1,280,000	-	-	-	130,000	14,668,882
Depreciable	76,792,854	4,027,124	-	-	-	47,104	80,867,082
Less: accumulated depreciation	<u>(47,828,153)</u>	<u>(3,023,012)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,436)</u>	<u>(50,871,601)</u>
Total assets	<u>60,717,868</u>	<u>3,624,626</u>	<u>5,428,744</u>	<u>1,894,160</u>	<u>26,656</u>	<u>572,927</u>	<u>72,264,981</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions (Note 7)	-	-	-	-	-	906,217	906,217
Deferred gain on refunding of debt	1,198,871	16,175	-	-	-	-	1,215,046
Total deferred outflows of resources	<u>1,198,871</u>	<u>16,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>906,217</u>	<u>2,121,263</u>
LIABILITIES							
Vouchers payable and accruals	4,323,287	44,732	525,857	69,083	16,312	245,454	5,224,725
Accrued Interest	248,615	2,866	-	-	-	-	251,481
Unearned revenue	109,878	-	-	-	-	-	109,878
Due to primary government	40,994	-	-	-	-	-	40,994
Due to participants	7,373	-	-	1,390,877	-	194,240	1,592,490
Non-current liabilities (Note 6):							
Due within 1 year	4,044,150	107,360	12,094	109,794	-	307,303	4,580,701
Due in more than 1 year	<u>35,753,517</u>	<u>335,542</u>	<u>7,732</u>	<u>2,131,262</u>	<u>-</u>	<u>2,759,029</u>	<u>40,987,082</u>
Total liabilities	<u>44,527,814</u>	<u>490,500</u>	<u>545,683</u>	<u>3,701,016</u>	<u>16,312</u>	<u>3,506,026</u>	<u>52,787,351</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions (Note 7)	-	-	-	-	-	2,621,773	2,621,773
NET POSITION							
Net investment in capital assets	17,537,065	1,859,287	-	-	-	156,668	19,553,020
Restricted for authorized projects	-	1,291,014	4,883,061	-	10,344	-	6,184,419
Unrestricted (deficit)	<u>(148,140)</u>	<u>-</u>	<u>-</u>	<u>(1,806,856)</u>	<u>-</u>	<u>(4,805,323)</u>	<u>(6,760,319)</u>
Total net position (deficit)	<u>\$ 17,388,925</u>	<u>\$ 3,150,301</u>	<u>\$ 4,883,061</u>	<u>\$ (1,806,856)</u>	<u>\$ 10,344</u>	<u>\$ (4,648,655)</u>	<u>\$ 18,977,120</u>

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

City of Grand Rapids, Michigan
Statement of Activities
Component Units
for the year ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position						Total
	Expenses	Charges for Services	Operating Grants and Contributions	Downtown Development Authority	Tax Increment Financing Authority	SmartZone Local Development Financing Authority	Brownfield Redevelopment Authority	Corridor Improvement Districts	61st District Court	
Urban & community development:										
Downtown Development Authority	\$ 9,394,351	\$ 557,013	\$ -	\$ (8,837,338)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,837,338)
Tax Increment Financing Authority	493,023	-	-	-	(493,023)	-	-	-	-	(493,023)
SmartZone Development Authority	1,868,645	2,318	125,000	-	-	(1,741,327)	-	-	-	(1,741,327)
Brownfield Redevelopment Authority	3,462,325	272,938	170,606	-	-	-	(3,018,781)	-	-	(3,018,781)
Corridor Improvement Districts	33,371	-	12,194	-	-	-	-	(21,177)	-	(21,177)
Public safety:										
61st District Court	12,972,494	6,533,967	6,558,758	-	-	-	-	-	120,231	120,231
	<u>\$ 28,224,209</u>	<u>\$ 7,366,236</u>	<u>\$ 6,866,558</u>	<u>(8,837,338)</u>	<u>(493,023)</u>	<u>(1,741,327)</u>	<u>(3,018,781)</u>	<u>(21,177)</u>	<u>120,231</u>	<u>(13,991,415)</u>
General revenues:										
Investment earnings				170,319	12,606	44,053	11,938	139	6,619	245,674
Property taxes				10,390,626	510,169	1,996,217	3,368,814	26,499	-	16,292,325
Total general revenues and special items				<u>10,560,945</u>	<u>522,775</u>	<u>2,040,270</u>	<u>3,380,752</u>	<u>26,638</u>	<u>6,619</u>	<u>16,537,999</u>
Change in net position				<u>1,723,607</u>	<u>29,752</u>	<u>298,943</u>	<u>361,971</u>	<u>5,461</u>	<u>126,850</u>	<u>2,546,584</u>
Net position (deficit) - beginning, as restated (Note 12)				<u>15,665,318</u>	<u>3,120,549</u>	<u>4,584,118</u>	<u>(2,168,827)</u>	<u>4,883</u>	<u>(4,775,505)</u>	<u>16,430,536</u>
Net position (deficit) - ending				<u>\$ 17,388,925</u>	<u>\$ 3,150,301</u>	<u>\$ 4,883,061</u>	<u>\$ (1,806,856)</u>	<u>\$ 10,344</u>	<u>\$ (4,648,655)</u>	<u>\$ 18,977,120</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 in the USA, 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, firefighters, and newly hired employees that are participants in one of the two defined contribution plans discussed in Note 11. The plan closed to new entrants on June 30, 2014. 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.

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 on all of the listed authorities as it must annually approve their budgets and their development and tax increment financing plans.

1. Summary of Significant Accounting Policies, continued:

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 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 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 the zone 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.

The City of Grand Rapids Madison Square Corridor Improvement Authority (“Madison”) was created under the provisions of Act 280, Public Acts of 2005 of the State of Michigan. The purpose of the Authority is to plan and propose construction, renovation, or repair projects that use tax increment revenues to aid the economic growth of the Madison Square Improvement District. The Authority consists of a five member board appointed by the Mayor with the approval of the City Commission. Madison does not issue separate financial statements. Madison had no activity during the fiscal year.

The City of Grand Rapids North Quarter Corridor Improvement Authority (“NQCID”) was created under the provisions of Act 280, Public Acts of 2005 of the State of Michigan. The purpose of the Authority is to plan and propose construction, renovation, or repair projects that use tax increment revenues to aid the economic growth of the corridor. The Authority consists of a nine member board appointed by the Mayor with the approval of the City Commission. NQCID does not issue separate financial statements.

The City of Grand Rapids Uptown Corridor Improvement Authority (“Uptown”) was created under the provisions of Act 280, Public Acts of 2005 of the State of Michigan. The purpose of the Authority is to plan and spend tax increment revenues to assist in the revitalizing of an economically transitioning area located along four commercial corridors in the east-central area of the City. The Authority consists of a nine member board appointed by the Mayor with the approval of the City Commission. Uptown does not issue separate financial statements.

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 trust money held by the Court are also accounted for as liabilities in the 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 (MCL 123.951). 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, 2015</u>		<u>Year ended June 30, 2015</u>
Total Assets	\$ 182,881,235		
Total Liabilities	\$ 94,996,527		
Total Deferred Inflows of Resources	127,917	Revenues	\$ 6,405,772
Total Net Position	<u>87,756,791</u>	Expenses	<u>(9,273,634)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 182,881,235</u>	Change in Net Position	<u>\$ (2,867,862)</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 (MCL 141.1401). 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, 2014</u>		<u>Year ended June 30, 2014</u>
Total Assets	\$ 31,620,498		
Total Liabilities	\$ 9,196,642	Revenues	\$ 12,076,921
Total Net Position	<u>22,423,856</u>	Expenses	<u>(14,257,251)</u>
Total Liabilities and Net Position	<u>\$ 31,620,498</u>	Change in Net Position	<u>\$ (2,180,330)</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 1955, as amended, (MCL 124.281), for the development, construction and operation of a regional bio-solids 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, 2015</u>		<u>Year ended June 30, 2015</u>
Total Assets	\$ 32,305,650		
Total Liabilities	\$ 25,773,070	Revenues	\$ 7,275,867
Total Net Position	<u>6,532,580</u>	Expenses	<u>(7,078,888)</u>
Total Liabilities and Net Position	<u>\$ 32,305,650</u>	Change in Net Position	<u>\$ 196,979</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 on the City's web site, www.grcity.us, within the Comptroller's Department section and for the Retirement System at www.grpensions.org.

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) 365-5015

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 position 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 position, net position is reported in three categories as follows:

1. *Net investment in capital assets* 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 position* results when constraints placed on the use of assets are either externally imposed by creditors, grantors, or contributors or are imposed by law through constitutional provisions or enabling legislation.
3. *Unrestricted net position* consists of amounts that do not meet the definition of the two preceding categories and thus are generally available for use in operations. Portions of unrestricted net position 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, a 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.

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.

1. Summary of Significant Accounting Policies, continued:

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. Property taxes are levied on the first day of the fiscal year to finance activities of the year and accordingly are not considered available in the prior year. Expenditures are recorded when the related fund liability is incurred, except for debt service, pensions, and expenditures related to certain compensated absences. Claims and judgments are recognized when the amount is reasonably estimateable.

Income taxes, intergovernmental revenue, grant reimbursements, state-shared taxes, interest earnings, delinquent property taxes, 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, deferred outflows, liabilities, deferred inflows, 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.

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 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 Vital Streets Fund was created to account for income tax continuation revenue committed to be spent on the improvement of the streets. The City Commission appointed 25 members to the Vital Streets Oversight Commission with the goal of achieving a pavement condition rating of Fair to Good on 70% of the streets over the next 15 years.

The Vital Streets Capital Construction Fund accounts for the repair, rehabilitation, and reconstruction of streets to achieve the goals of the Vital Street Oversight Commission. Financing is provided by bonds, income taxes, and other contributions.

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.

1. Summary of Significant Accounting Policies, continued:

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 to other governmental entities.

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 nonspendable, restricted, committed, assigned, or unassigned.

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. City Commission Policy 700-06 states that a majority vote of the Commission is required to approve a commitment and a two-thirds majority vote of the Commission to remove a commitment. The City Commission has established a Budget Stabilization Fund as a "rainy day" reserve. Public Act 30 of 1978 governs the size and use of these funds in the State of Michigan. The fund is limited to 15% of the General Fund budget. Once committed to budget stabilization, state law allows the use of the funds with a 2/3 vote of the governing body in a limited set of circumstances, primarily to cover expenses in the event of a natural disaster or to prevent an immediate reduction in public services or employment in situations where expected sources of revenue decline from one fiscal year to the next. As required by current accounting standards, the balance of the Budget Stabilization Fund is presented as committed fund balance within the General Fund.

1. Summary of Significant Accounting Policies, continued:

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. Per City Commission Policy 700-06, subject – Fund Balance, 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 governmental funds other than the General Fund, if the sum of nonspendable, restricted, and committed fund balance exceeds the total amount of fund balance, it may be necessary to report a negative unassigned fund balance amount 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. When committed, assigned, and unassigned are available for use for the same purpose, the flow assumption would be to use committed, then assigned and finally unassigned for that purpose.

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 Fund 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.

1. Summary of Significant Accounting Policies, continued:

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.

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 unearned revenues. 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 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.

1. Summary of Significant Accounting Policies, continued:

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.

<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	20-45	1,000,000

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.

DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is contributions to the City's pension plans subsequent to the measurement date of the net pension liability and before the end of the City's fiscal year. Those contributions are reported as deferred outflows of resources related to pensions.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government-wide statement of net position has two items which qualifies for reporting in this category, deferred resources due to time restrictions related to special assessments and deferred resources related to pensions that are yet to be recognized in relation to the pension actuarial calculation.

1. Summary of Significant Accounting Policies, continued:

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 at June 30 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. Taxes levied by Kent County are primarily billed on July 1 and due on July 31. The remainder are billed on December 1 and due without penalty on or before February 14. Taxes collected on behalf of other governmental units are accounted for in agency funds. Uncollected 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 2014, the total assessed value of all real and personal property in the City subject to *ad valorem* taxation was \$4,364,654,862 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 \$252,679,088 by this limitation, reducing City tax revenues by approximately \$2,312,500 for fiscal year 2015.

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 in most zones, but for fiscal year 2015, the \$85,385,000 reduction of the *ad valorem* roll total for property located in the Renaissance Zones reduced City property tax revenues by approximately \$781,400 in the fiscal year. The taxes lost to these two exemptions have been steadily declining over the past decade because of stable or falling property values most years.

The City’s portion of the property tax levy per \$1,000 of taxable value for fiscal year 2015 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	0.0115	\$50,000 maximum	\$50,000 maximum
Refuse collection	1.6000	3.0000	2.7711
Library operating	2.0728	2.1500	2.0728
Library capital	0.3805	0.3950	0.3805
Parks	0.9800	0.9800	0.9800

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 2014.

1. Summary of Significant Accounting Policies, continued:

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 or 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. In governmental funds, the vested portion of compensated absences is reported as part of assigned fund balance.

PENSIONS

The measurement date that the City has chosen for the measurement of the net pension asset or liability to record in the City's financial statements is the plan years ending six and twelve months prior to the date of these financial statements. In financial statements prepared using the economic resources measurement focus and accrual basis of accounting; for purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the City has used the same basis as the reporting by the City's pension plans. The City has recognized pension expense only to the extent that the pension system has recorded revenue as of the measurement date. Contributions to the pension plan after the measurement dates used to present the net pension asset or liability are presented as deferred outflows of resources in the current year and will be recognized as pension expense the following fiscal year. Governmental fund financial statements prepared using the current financial resources measurement focus include cash contributions to the pension plans as an expenditure of the current year. The difference between these two measurement foci is reconciled on the reconciliation statements presented on pages 18 and 20.

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>2015</u>	<u>2014</u>
Unpaid claims - beginning of year	\$ 6,766,089	\$ 7,166,319
Incurred claims, net of changes in estimates	19,485,031	23,097,413
Claim payments	<u>(20,632,939)</u>	<u>(23,497,643)</u>
Unpaid claims - end of year	<u>\$ 5,618,181</u>	<u>\$ 6,766,089</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 and the assets of the retiree health care trusts which are managed by the Board of the Municipal Employees Retirement System of Michigan.

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 \$296,762,587 and the associated bank balances totaled \$305,037,722. Of the bank balances, \$4,415,754 was covered by federal deposit insurance. Accordingly, the remaining deposits of \$300,621,968 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, 2015 the City had the following deposits:

Financial Institution	Certificates of Deposit	Money Market Accounts	Other Deposit Accounts	Totals	
				Dollars	Percentages
AAC Credit Union	\$ 250,000	\$ -	\$ -	\$ 250,000	8.00 %
Bank of New York Mellon	-	-	33,657,117	33,657,117	11.03
Comerica Bank	15,000,000	-	-	15,000,000	4.92
Community West Credit Union	1,500,000	-	-	1,500,000	0.49
Consumers Credit Union	250,000	-	-	250,000	0.08
Fifth Third Bank	15,000,000	420,346	9,921,562	25,341,908	8.31
Flagstar Bank	-	12,051,649	-	12,051,649	3.95
Huntington National Bank	22,500,000	34,163,179	-	56,663,179	18.58
Lake Michigan Credit Union	2,500,000	20,092,780	-	22,592,780	7.41
Macatawa Bank	-	10,003,219	-	10,003,219	3.28
Mercantile Bank of Michigan	12,000,000	-	-	12,000,000	3.93
PNC Bank	-	2,511,763	-	2,511,763	0.82
Talmer Bank & Trust	10,000,000	10,066,570	-	20,066,570	6.58
The Bank of Holland	12,500,000	-	-	12,500,000	4.10
The Private Bank	32,500,000	40,080,057	-	72,580,057	23.79
US Bank	-	5,403,701	-	5,403,701	1.77
Wolverine Bank	2,500,000	-	-	2,500,000	0.82
Other deposits, various banks	-	165,779	-	165,779	0.05
Total	\$ 126,500,000	\$ 134,959,043	\$ 43,578,679	\$ 305,037,722	100.00 %
Percentage	41.47 %	44.24 %	14.29 %	100.00 %	

2. Equity in Pooled Cash and Investments, continued:

GENERAL CITY—INVESTMENTS

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, 2015, all investments were held by the City's agents in the City's name.

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, 2015 more than 5% of the City's investments were in municipal securities issued by Macomb County Michigan. These securities represented 91.66% of the investment portfolio.

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. The municipal securities were rated AA+ by S&P and AA1 by Moodys. All Money Market Mutual Funds are rated AAA by two or more of the NRSROs.

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, 2015 the City's investments had the following maturities:

	<u>Fair Value</u>	<u>Maturity (Days)</u>
Municipal Bonds	\$ 7,302,921	855
Municipal Bonds	9,716,112	490
Money Market Mutual Funds	1,547,845	<90

2. Equity in Pooled Cash and Investments, continued:

RETIREMENT SYSTEMS—DEPOSITS

The systems do not maintain any checking or other demand or time deposit accounts. Accounts reported as cash in the statement of plan net position 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 systems. 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 over many future decades. Because of this long-term orientation, they are allowed to invest in assets that have substantially greater risk of decline in value over short time periods than would be prudent for the investments described on the preceding pages 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, 2014, no cash equivalents of the Police and Fire Retirement System (P&F) were exposed to custodial credit risk. As of June 30, 2015, 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, 2014, 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	D	AGY/TSY	Not Rated
Asset-backed securities	\$ 477,536	\$ 351,522	\$ 64,000	\$ 107,610	\$ -	\$ -	\$ 577,807	\$ 48,489	\$ -	\$ -	\$ 373,307
Commercial Mortgage Bkd	1,863,008	-	-	-	-	-	-	-	-	-	3,309,081
Corporate bonds	-	2,837,704	10,675,396	5,722,799	992,178	-	-	-	-	-	467,640
Fixed Income Commingled	-	-	59,379,752	-	-	-	-	-	-	-	-
Government bonds	-	-	-	97,950	-	-	-	-	-	13,743,117	-
Gov't Mortgage Backed	-	-	-	-	-	-	-	-	-	14,493,307	-
Gov't. issued CMB	-	-	-	-	-	-	-	-	-	458,924	-
Municipal/Provincial bonds	-	180,022	230,310	-	65,165	-	-	-	-	-	172,694
Non-Gov't Backed. – CMOs	-	45,108	-	25,051	-	-	545,560	-	75,997	-	1,216,831
Securities lending collateral pool	-	-	-	-	-	-	-	-	-	-	15,830,832
Short-term Investment Funds	-	-	4,499,414	-	-	-	-	-	-	-	-
	<u>\$ 2,340,544</u>	<u>\$ 3,414,356</u>	<u>\$ 74,848,872</u>	<u>\$ 5,953,410</u>	<u>\$ 1,057,343</u>	<u>\$ -</u>	<u>\$ 1,123,367</u>	<u>\$ 48,489</u>	<u>\$ 75,997</u>	<u>\$ 28,695,348</u>	<u>\$ 21,370,385</u>

As of June 30, 2015, 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	D	AGY/TSY	Not Rated
Asset-backed securities	\$ 2,660,027	\$ 333,930	\$ 48,516	\$ 86,169	\$ -	\$ -	\$ 547,343	\$ 38,209	\$ -	\$ -	\$ 422,661
Commercial Mortgage Bkd	449,833	-	-	-	-	-	-	-	-	-	3,043,613
Corporate bonds	-	3,041,162	9,932,011	5,915,780	836,231	204,000	-	-	-	-	449,373
Fixed Income Commingled	-	-	52,024,716	-	-	-	-	-	-	-	-
Government bonds	-	-	-	94,125	-	-	-	-	-	8,591,911	-
Gov't Mortgage Backed	-	-	-	-	-	-	-	-	-	12,762,211	-
Municipal/Provincial bonds	-	175,168	252,932	-	64,674	-	-	-	-	-	191,839
Non-Gov't Backed. – CMOs	-	37,009	-	22,916	-	-	60,877	-	61,089	-	778,815
Securities lending collateral p	-	-	-	-	-	-	-	-	-	-	25,377,034
Short-term Investment Funds	-	-	5,784,639	-	-	-	-	-	-	-	-
	<u>\$ 3,109,860</u>	<u>\$ 3,587,269</u>	<u>\$ 68,042,814</u>	<u>\$ 6,118,990</u>	<u>\$ 900,905</u>	<u>\$ 204,000</u>	<u>\$ 608,220</u>	<u>\$ 38,209</u>	<u>\$ 61,089</u>	<u>\$ 21,354,122</u>	<u>\$ 30,263,335</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:

P&F at December 31, 2014:

<u>Investment Type</u>	<u>Fair value</u>	<u>Investment Maturities in Years</u>			
		<u>Less than 1</u>	<u>1 - 6</u>	<u>6 - 10</u>	<u>More than 10</u>
Asset-backed securities	\$ 2,000,271	\$ -	\$ -	\$ 358,918	\$ 1,641,353
Commercial mortgage backed	5,172,089	-	450,486	-	4,721,603
Corporate bonds	20,695,717	711,573	12,062,316	2,987,113	4,934,715
Fixed Income Commingled Funds*	59,379,752	-	-	59,379,752	-
Government bonds	13,841,067	-	6,365,099	1,497,919	5,978,049
Government mortgage backed	14,493,307	-	410,875	640,538	13,441,894
Government issued commercial mortgage-backed	458,924	-	458,924	-	-
Municipal/Provincial bonds	648,191	-	410,332	65,165	172,694
Non-government backed CMOs	1,908,547	-	494,703	191,376	1,222,468
Securities lending collateral pool	15,830,832	15,830,832	-	-	-
Short-term investment funds *	4,499,414	4,499,414	-	-	-
	<u>\$ 138,928,111</u>	<u>\$ 21,041,819</u>	<u>\$ 20,652,735</u>	<u>\$ 65,120,781</u>	<u>\$ 32,112,776</u>

GRS at June 30, 2015:

<u>Investment Type</u>	<u>Fair value</u>	<u>Investment Maturities in Years</u>			
		<u>Less than 1</u>	<u>1 - 6</u>	<u>6 - 10</u>	<u>More than 10</u>
Asset-backed securities	\$ 4,136,854	\$ -	\$ 1,625,972	\$ 739,683	\$ 1,771,199
Commercial mortgage backed	3,493,445	-	-	-	3,493,445
Corporate bonds	20,378,556	1,055,987	10,946,722	3,838,754	4,537,093
Fixed income commingled funds*	52,024,716	-	-	52,024,716	-
Government bonds	8,686,036	-	4,108,941	508,555	4,068,540
Government mortgage backed	12,762,211	-	383,469	508,147	11,870,595
Municipal/Provincial bonds	684,614	428,101	-	64,674	191,839
Non-government backed CMOs	960,706	-	435,015	60,876	464,815
Securities lending collateral pool	25,377,034	25,377,034	-	-	-
Short-term investment funds *	5,784,639	5,784,639	-	-	-
	<u>\$ 134,288,811</u>	<u>\$ 32,645,761</u>	<u>\$ 17,500,119</u>	<u>\$ 57,745,405</u>	<u>\$ 26,397,526</u>

* The maturity shown for comingled funds and mutual funds is the duration reported by their investment managers.

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 by the investment managers. 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. The principal investment vehicles used for international investing are a U.S. based institutional mutual fund whose shares are priced in the U.S. dollar and American Depository Receipts, which are negotiable certificates issued by a U.S. bank that are traded in the U.S. in U.S. dollars, but represent foreign stock held overseas by the bank. As of the indicated fiscal year-ends, the systems had the following U.S. dollar value of investments in foreign securities denominated in the indicated currencies:

	<u>Total Fair Value</u>	<u>Equities</u>	<u>Partnerships</u>	<u>Government Bonds</u>	<u>Corporate Bonds</u>	<u>Asset Backed Securities</u>
P&F at December 31, 2014:						
U.S. Dollars	\$ 68,593,057	\$ 57,487,189	\$ 1,190,331	\$ 97,950	\$ 9,817,587	\$ -
GRS at June 30, 2015:						
U.S. Dollar	\$ 104,491,399	\$ 91,671,485	\$ 1,556,279	\$ 94,125	\$ 10,669,135	\$ 500,375

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.

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2. Equity in Pooled Cash and Investments, continued:

As of December 31, 2014, the P&F had the following balances related to securities lending transactions:

<u>Investment Type</u>	<u>Fair Value of Loaned Securities Collateralized by Cash Collateral</u>	<u>Cash Collateral</u>
U.S. Corporate Fixed Income	\$ 2,673,083	\$ 2,739,216
U.S. Govt. Fixed Income	12,816,070	13,091,616
	<u>\$ 15,489,153</u>	<u>\$ 15,830,832</u>

As of June 30, 2015, the GRS had the following balances related to securities lending transactions:

<u>Investment Type</u>	<u>Fair Value of Loaned Securities Collateralized by Cash Collateral</u>	<u>Cash Collateral Received</u>
U.S. Corporate Fixed Income	\$ 3,115,473	\$ 3,187,044
U.S. Equities	13,227,733	13,496,888
U.S. Govt. Fixed Income	8,523,648	8,693,102
	<u>\$ 24,866,854</u>	<u>\$ 25,377,034</u>

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, 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, 2015, expenditures exceeded appropriations in the following annually budgeted governmental funds: Major Streets Fund – excess of \$966,830 and Parks & Recreation Fund – excess of \$1,111,214.

The Parks & Recreation Fund, one of the City’s non-major governmental funds, ended the year with a deficit of \$377,415. The \$1,162,492 loss during the year was mainly due to expedited spending on park rehabilitation projects related to the new seven year property tax millage in which the City started receiving revenue July 1, 2014. Eight projects associated with this property tax millage were substantially complete during the summer of 2015, and contractors were paid accordingly, resulting in overspending the Fiscal Year 2015 budgeted expenditures and creating a negative fund balance condition. Adjustments are being made internally for additional funding which will eliminate the Parks & Recreation deficit by the end of the 2016 Fiscal Year. A Plan is also in place to ensure the overall parks project plan is sized to match revenues to be derived from the Parks Millage.

The 311 Program Fund, an internal service funds that provides centralized customer services to other City funds, ended the year with a deficit of \$549,766. The deficit is solely the result of the adoption of a new accounting standard requiring the inclusion of net pension liability, a non-current liability, in the financial statements of full accrual funds. Cash required to pay current operating and capital costs of the fund are provided on an ongoing basis by charges to other funds. Funding will be available from those funds in the future when non-current liabilities mature.

The 61st District Court Fund, a discretely presented component unit, had a fund deficit of \$4,648,655 at June 30, 2015. The deficit is solely the result of the adoption of a new accounting standard requiring the inclusion of net pension liability, a non-current liability, in the financial statements of full accrual funds. The General Fund is required to provide funding for the District Court, so future funding will be available when needed to fund these liabilities.

The Brownfield Redevelopment Authority, a discretely presented component unit, had a fund deficit of \$1,806,856 at June 30, 2015. 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 Position as of June 30, 2015 consist of the following:

	Proprietary Funds			
	Water Supply System	Sewage Disposal System	Internal Service	Total
Equity in pooled cash and investments	\$ -	\$ 16,363,647	\$ -	\$ 16,363,647
Funds held by trustee	10,830,855	22,758,370	3,304,302	36,893,527
Loans receivable	114,391	29,134	-	143,525
Total restricted assets	<u>\$ 10,945,246</u>	<u>\$ 39,151,151</u>	<u>\$ 3,304,302</u>	<u>\$ 53,400,699</u>

5. Capital Assets

Capital assets at June 30, 2015 are summarized as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 18,344,973	\$ -	\$ 2,387,405	\$ 15,957,568
Easement/Right of Way	646,686	75,469	4,535	717,620
Construction in progress	4,341,176	6,913,231	3,936,201	7,318,206
Total capital assets, not being depreciated	<u>23,332,835</u>	<u>6,988,700</u>	<u>6,328,141</u>	<u>23,993,394</u>
Capital assets, being depreciated:				
Land improvements	42,632,864	1,072,154	418,947	43,286,071
Buildings and structures	175,843,014	1,094,028	717,038	176,220,004
Leasehold improvements	254,766	-	254,766	-
Machinery and equipment	35,292,926	1,959,830	11,048,312	26,204,444
Motor vehicles	50,530,624	8,945,495	8,089,293	51,386,826
Furniture	5,468,551	-	2,737,388	2,731,163
Software	1,095,209	-	-	1,095,209
Infrastructure	530,262,524	1,317,248	431,207	531,148,565
Total capital assets, being depreciated	<u>841,380,478</u>	<u>14,388,755</u>	<u>23,696,951</u>	<u>832,072,282</u>
Less accumulated depreciation for:				
Land improvements	27,787,182	1,741,183	418,946	29,109,419
Buildings and structures	89,246,111	5,687,486	695,587	94,238,010
Leasehold improvements	254,766	-	254,766	-
Machinery and equipment	30,565,002	1,236,647	11,016,671	20,784,978
Motor vehicles	34,074,106	2,902,681	8,056,293	28,920,494
Furniture	5,104,885	65,650	2,682,995	2,487,540
Software	633,003	125,478	-	758,481
Infrastructure	349,551,403	15,936,792	298,876	365,189,319
Total accumulated depreciation	<u>537,216,458</u>	<u>27,695,917</u>	<u>23,424,134</u>	<u>541,488,241</u>
Total capital assets, being depreciated, net	<u>304,164,020</u>	<u>(13,307,162)</u>	<u>272,817</u>	<u>290,584,041</u>
Governmental activities capital assets, net	<u>\$ 327,496,855</u>	<u>\$ (6,318,462)</u>	<u>\$ 6,600,958</u>	<u>\$ 314,577,435</u>

5. Capital Assets, continued:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 14,925,201	\$ -	\$ 12,163	\$ 14,913,038
Easement/Right of Way	1,000,139	219,358	175,862	1,043,635
Construction in progress	19,164,322	31,882,200	31,767,783	19,278,739
Total capital assets, not being depreciated	<u>35,089,662</u>	<u>32,101,558</u>	<u>31,955,808</u>	<u>35,235,412</u>
Capital assets, being depreciated:				
Land improvements	27,126,482	23,000	532,269	26,617,213
Buildings and structures	202,537,431	265,139	73,695	202,728,875
Storage tanks	20,251,640	40,228	-	20,291,868
Water meters	7,375,481	-	-	7,375,481
Machinery and equipment	213,494,806	11,622,163	2,240,430	222,876,539
Motor vehicles	2,987,270	-	340,643	2,646,627
Furniture	1,856,987	-	135,033	1,721,954
Sewer service mains	465,389,596	11,244,423	-	476,634,019
Water mains	273,633,530	8,682,567	-	282,316,097
Total capital assets, being depreciated	<u>1,214,653,223</u>	<u>31,877,520</u>	<u>3,322,070</u>	<u>1,243,208,673</u>
Less accumulated depreciation for:				
Land improvements	19,364,199	686,556	530,294	19,520,461
Buildings and structures	95,580,710	4,830,287	56,027	100,354,970
Storage tanks	10,722,991	514,034	-	11,237,025
Water meters	7,375,481	-	-	7,375,481
Machinery and equipment	132,417,305	6,573,184	1,798,078	137,192,411
Motor vehicles	2,184,518	62,884	304,720	1,942,682
Furniture	1,798,770	9,384	135,033	1,673,121
Sewer service mains	139,785,620	9,146,195	-	148,931,815
Water mains	71,993,337	3,641,016	-	75,634,353
Total accumulated depreciation	<u>481,222,931</u>	<u>25,463,540</u>	<u>2,824,152</u>	<u>503,862,319</u>
Total capital assets, being depreciated, net	<u>733,430,292</u>	<u>6,413,980</u>	<u>497,918</u>	<u>739,346,354</u>
Business-type activities capital assets, net	<u>\$ 768,519,954</u>	<u>\$ 38,515,538</u>	<u>\$ 32,453,726</u>	<u>\$ 774,581,766</u>

5. Capital Assets, continued:

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

Governmental activities	
General government	\$ 1,900,655
Public safety	1,538,722
Public works	16,973,327
Culture and recreation	4,334,920
Community and economic development	862
Capital assets held by the government's internal service funds	<u>2,947,431</u>
Total depreciation expense - governmental activities	<u>\$ 27,695,917</u>
Business-type activities	
Water	\$ 8,286,863
Sewer	14,060,726
Auto parking	2,994,644
Other	<u>121,307</u>
Total depreciation expense - business-type activities	<u>\$ 25,463,540</u>

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the 61st District Court for the year ended June 30, 2015 was as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 130,000	\$ -	\$ 130,000
Total capital assets, not being depreciated	<u>-</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>
Capital assets, being depreciated:				
Motor vehicles	20,212	26,892	-	47,104
Total capital assets, being depreciated	<u>20,212</u>	<u>26,892</u>	<u>-</u>	<u>47,104</u>
Less accumulated depreciation for:				
Motor vehicles	19,250	1,186	-	20,436
Total accumulated depreciation	<u>19,250</u>	<u>1,186</u>	<u>-</u>	<u>20,436</u>
Total capital assets, being depreciated, net	<u>962</u>	<u>25,706</u>	<u>-</u>	<u>26,668</u>
61st District Court capital assets, net	<u>\$ 962</u>	<u>\$ 155,706</u>	<u>\$ -</u>	<u>\$ 156,668</u>

5. Capital Assets, continued:

Activity for the Downtown Development Authority for the year ended June 30, 2015 was as follows:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 13,258,882	\$ -	\$ -	\$ 13,258,882
Total capital assets, not being depreciated	<u>13,258,882</u>	<u>-</u>	<u>-</u>	<u>13,258,882</u>
Capital assets, being depreciated:				
Land improvements	7,626,373	-	-	7,626,373
Buildings and structures	59,948,100	-	-	59,948,100
Machinery and equipment	5,850,684	694,089	421,711	6,123,062
Furniture	2,827,540	-	-	2,827,540
Infrastructure	-	267,779	-	267,779
Total capital assets, being depreciated	<u>76,252,697</u>	<u>961,868</u>	<u>421,711</u>	<u>76,792,854</u>
Less accumulated depreciation for:				
Land improvements	5,115,067	335,682	-	5,450,749
Buildings and structures	34,956,195	1,998,973	-	36,955,168
Machinery and equipment	3,808,891	242,385	396,748	3,654,528
Furniture	1,672,961	94,251	-	1,767,212
Infrastructure	-	496	-	496
Total accumulated depreciation	<u>45,553,114</u>	<u>2,671,787</u>	<u>396,748</u>	<u>47,828,153</u>
Total capital assets, being depreciated, net	<u>30,699,583</u>	<u>(1,709,919)</u>	<u>24,963</u>	<u>28,964,701</u>
Downtown Development Authority capital assets, net	<u>\$ 43,958,465</u>	<u>\$ (1,709,919)</u>	<u>\$ 24,963</u>	<u>\$ 42,223,583</u>

5. Capital Assets, continued:

Activity for the Tax Increment Financing Authority for the year ended June 30, 2015 was as follows:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 1,280,000	\$ -	\$ -	\$ 1,280,000
Total capital assets, not being depreciated	<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	2,690,690	192,674	-	2,883,364
Buildings and structures	130,966	8,682	-	139,648
Total accumulated depreciation	<u>2,821,656</u>	<u>201,356</u>	<u>-</u>	<u>3,023,012</u>
Total capital assets, being depreciated, net	<u>1,205,468</u>	<u>(201,356)</u>	<u>-</u>	<u>1,004,112</u>
Tax Increment Financing Authority capital assets, net	<u>\$ 2,485,468</u>	<u>\$ (201,356)</u>	<u>\$ -</u>	<u>\$ 2,284,112</u>

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

The City has active construction projects as of June 30, 2015. The major projects include various Water Supply System, Sewage Disposal System and Street Construction Projects. At year-end, the City's major commitments with contractors are as follows:

<u>Fund</u>	<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Water	Various water mains and system construction projects	\$ 18,618,157	\$ 16,034,018
Sewer	Various sewer mains and system construction projects	16,852,376	17,007,680
Streets Capital	Various street construction projects	4,693,247	2,905,170
Vital Streets	Various vital street construction projects	12,267,636	10,673,887
	Total	<u>\$ 52,431,416</u>	<u>\$ 46,620,755</u>

6. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2015:

	<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	\$ 48,906,638	\$ 21,550,000	\$ (8,092,140)	\$ 62,364,498	\$ 6,717,730
Revenue bonds	28,500,000	-	(1,295,000)	27,205,000	1,345,000
Premium on bonds	985,574	-	(109,027)	876,547	-
Discount on bonds	(50,315)	-	3,355	(46,960)	-
Total bonds & contracts payable	78,341,897	21,550,000	(9,492,812)	90,399,085	8,062,730
Insurance Claims	6,766,089	19,485,031	(20,632,939)	5,618,181	4,844,474
Compensated absences	9,701,652	8,495,310	(7,970,782)	10,226,180	6,237,972
Net pension liability	50,293,511	-	(29,318,539)	20,974,972	-
Net OPEB Obligation	7,756,545	391,837	(591,028)	7,557,354	-
Total Long-term Liabilities-					
Governmental Activities	<u>\$ 152,859,694</u>	<u>\$ 49,922,178</u>	<u>\$ (68,006,100)</u>	<u>\$ 134,775,772</u>	<u>\$ 19,145,176</u>
Business-Type Activities					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 33,116,500	\$ 1,994,962	\$ (1,324,125)	\$ 33,787,337	\$ 1,489,004
Revenue bonds	376,975,905	84,933,432	(95,443,694)	366,465,643	17,439,965
Premium on bonds	15,377,640	15,880,736	(5,019,439)	26,238,937	-
Discount on bonds	(969,701)	-	84,190	(885,511)	-
Total bonds & contracts payable	424,500,344	102,809,130	(101,703,068)	425,606,406	18,928,969
Compensated absences	2,219,876	1,926,317	(2,056,595)	2,089,598	1,274,655
Net pension liability	19,812,594	-	(11,549,723)	8,262,871	-
Net OPEB Obligation	52,511	184,097	-	204,488	-
Total Long-term Liabilities-					
Business-Type Activities	<u>\$ 446,585,325</u>	<u>\$ 104,919,544</u>	<u>\$ (115,309,386)</u>	<u>\$ 436,163,363</u>	<u>\$ 20,203,624</u>
Component Units					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 31,522,550	\$ -	\$ (242,800)	\$ 31,279,750	\$ 250,450
Revenue bonds	3,447,460	-	(921,247)	2,526,213	857,487
Accrued interest	10,531,620	1,042,674	(3,073,753)	8,500,541	3,137,513
Premium on bonds	165,700	-	(16,570)	149,130	-
Total bonds & contracts payable	45,667,330	1,042,674	(4,254,370)	42,455,634	4,245,450
Compensated absences	561,356	485,320	(497,083)	549,593	335,251
Net pension liability	6,096,183	-	(3,553,762)	2,542,421	-
Net OPEB Obligation	-	52,230	(32,095)	20,135	-
Total Long-term Liabilities-					
Component Units	<u>\$ 52,324,869</u>	<u>\$ 1,580,224</u>	<u>\$ (8,337,310)</u>	<u>\$ 45,567,783</u>	<u>\$ 4,580,701</u>

6. Long-Term Obligations, continued:

Governmental Activities	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
Bonds and Contracts:			
2011 Grand Rapids Building Authority Refunding Bonds (Arch. Ctr. Ph II)	10-15 to 10-21	3 - 5%	\$ 1,800,000
2010A Grand Rapids Building Authority Bonds (736 Madison-1120 Monroe)	10-33 to 10-39	6.50%	1,770,000
2010B Grand Rapids Building Authority Bonds (736 Madison-1120 Monroe-taxable)	10-15 to 10-32	3.55-6.33%	2,485,000
2009 Grand Rapids Building Authority Refunding (Archive Center Ph I)	8-15 to 8-18	3.5 - 3.75%	530,000
2009 Grand Rapids Building Authority Refunding (Police Facilities)	8-15 to 8-20	3.5 - 4.811%	10,490,000
2004A Grand Rapids Building Authority (Condo II-sublease)	10-15 to 10-28	5 - 5.75%	13,420,000
2002A Grand Rapids Building Authority (Condo II)	10-15 to 10-28	4.875 - 5.5%	13,785,000
1998 Grand Rapids Building Authority (Library)	4-16 to 4-18	5%	5,705,000
2012 Grand Rapids Brownfield Redevelopment Authority Purchase Agreement	6-16 to 6-23	2.1%	420,800
2014 Capital Improvement Bonds Vital Streets	10/17	1.33%	17,000,000
2013 Capital Improvement Bond	8-15 to 8-29	2.98%	3,500,000
2007 Capital Improvement Bonds	9-15 to 9-27	4 - 5%	10,385,000
Kent County Drain Commission Contract payable (2014)	11-15 to 11-34	2 - 4%	4,550,000
Kent County Drain Commission Contract payable (2003)	11/15	4.25%	297,256
Kent County Drain Commission Contract payable (2008 Floodwalls)	11-15 to 11-20	3.5 - 4.25%	2,682,750
Kent County Dran commission Contract payable (2013A Shawmut Drain)	4-16 to 4-19	1.14%	313,692
Other 2008 installment purchase agreements	6/16	4.57%	200,000
Other 2002A installment purchase agreements	6-16 to 6-17	4.4%	108,918
Motor Equipment System - 2002A Installment Purchase agreements	6-16 to 6-17	4.4%	126,082
			<u>89,569,498</u>
Other:			
Insurance claims			5,618,181
Compensated absences			10,226,180
Net pension liability			20,974,972
Net OPEB obligation			7,557,354
Unamortized bond premium			876,547
Unamortized bond discount			(46,960)
			<u>134,775,772</u>
Less amounts due within one year:			
Bonds & contracts payable			(8,062,730)
Insurance claims			(4,844,474)
Compensated absences			(6,237,972)
			<u>(19,145,176)</u>
Total Long-Term Portion Governmental Activities			<u>\$ 115,630,596</u>

6. Long-Term Obligations continued:

Business-Type Activities

Bonds and Contracts:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
2015 Water Supply System Revenue Refunding Bonds	1-19 to 1-35	5%	\$ 25,370,000
2013 Water Supply System Revenue Refunding Bonds	1-16 to 1-28	2 - 4%	2,790,000
2010 Water Supply System Revenue Refunding Bonds	1-16 to 1-18	5%	19,870,000
2009 Water Supply System Revenue Bonds	1-19 to 1-39	4.5 - 5%	25,110,000
1993 Water Supply System Revenue Bonds	1-16 to 1-20	3.85 - 4.45%	16,500,000
2014 Water Supply System Junior Lien Revenue Bonds	10-15 to 10-34	2.5%	2,890,593
2012 Water Supply System Junior Lien Revenue Bonds	10-15 to 10-33	2.5%	3,410,000
2012A Water Supply System Junior Lien Revenue Bonds	4-16 to 4-33	2%	618,514
2011A Water Supply System Junior Lien Revenue Bonds	10-15 to 10-31	2.5%	769,752
2011B Water Supply System Junior Lien Revenue Bonds	4-16 to 4-32	2.5%	686,549
2011C Water Supply System Junior Lien Revenue Bonds	4-16 to 4-33	2.5%	2,536,024
2014 Sanitary Sewer System Revenue Refunding Bonds	1-16 to 1-44	4 - 5%	55,230,000
2013 Sanitary Sewer System Revenue Refunding Bonds	1-16 to 1-34	3 - 5%	36,895,000
2012 Sanitary Sewer System Revenue Bonds	1-16 to 1-42	3 - 5%	28,295,000
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	1-16 to 1-25	3 - 4%	2,655,000
2010 Sanitary Sewer System Revenue Refunding Bonds	1-23 to 1-28	5%	29,625,000
2008 Sanitary Sewer System Revenue Bonds	1-16 to 1-38	4 - 5%	59,450,000
1998 Sanitary Sewer System Refunding and Improvement Revenue Bonds	1-16 to 1-22	5.375 - 5.5%	24,960,000
2013 Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-16 to 4-34	2%	1,220,000
2011A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-16 to 4-32	2.5%	4,185,000
2011B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-16 to 4-33	2.5%	1,481,001
1995A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-16	2.25%	168,210
1995B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-15 to 10-16	2.25%	420,000
2011 Grand Rapids Building Authority Refunding Bonds (Ottawa/Fulton)	10-15 to 10-20	3 - 4.669%	2,450,000
2011 Grand Rapids Building Authority Refunding Bonds (Monroe Center)	10-15 to 10-31	3 - 5%	8,630,000
2010C Grand Rapids Building Authority Bonds (Gallery)	10-15 to 10-35	2.55 - 5.9%	6,410,000
2008 Grand Rapids Building Authority Bonds (Weston/Commerce)	10-15 to 10-29	4.25 - 6.25%	7,960,000
2006 Grand Rapids Building Authority Bonds (Cherry/Commerce)	10-15 to 10-36	4 - 4.5%	6,190,000
2014 Water Supply System QECB/IPA	1-16 to 1-24	2.54%	1,779,837
Kent County Drain Commission Contract Payable (2008 Floodwall Refunding)	11-15 to 11-20	3.5 - 4.25%	367,500
			400,252,980

6. Long-Term Obligations, continued:

Business-Type Activities, continued

Other:	
Bond premium	26,238,937
Bond discount	(885,511)
Compensated absences	2,089,598
Net pension liability	8,262,871
Net OPEB obligation	<u>204,488</u>
Less amounts due within one year:	436,163,363
Bonds & contracts payable	(18,928,969)
Compensated absences	<u>(1,274,655)</u>
	<u>(20,203,624)</u>
Total Long-Term Portion Business-Type Activities	<u>\$ 415,959,739</u>

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	6-16 to 6-19	7.3 - 7.35%	2,526,213
Kent County Drain Commission Contracts Payable (2008 Floodwall Refunding)	11-15 to 11-20	3.5 - 4.25%	624,750
2012 Brownfield Redevelopment Authority Bonds	6-16 to 6-32	2 - 4%	<u>2,225,000</u>
Other:			33,805,963
Accrued interest on Capital appreciation portion of 1994 issue			8,500,541
Compensated absences			549,593
Net pension liability			2,542,421
Net OPEB obligation			20,135
Unamortized bond premium			<u>149,130</u>
			45,567,783
Less amounts due within one year:			
Bonds & contracts payable			(4,245,450)
Compensated absences			<u>(335,251)</u>
			<u>(4,580,701)</u>
Total Long-Term Portion Governmental Component Units			<u>\$ 40,987,082</u>

6. Long-Term Obligations, continued:

On September 25, 2014, the City of Grand Rapids issued Capital Improvement Bonds in the amount of \$17,000,000 with an interest rate of 1.33% maturing on October 1, 2017. The proceeds were used for issue costs of the bonds and to construct, reconstruct, repair and rehabilitate various public streets.

On October 8, 2014 the City of Grand Rapids issued Sanitary Sewer System Revenue Improvement and Refunding Bonds, series 2014 in the amount of \$55,230,000 with interest rates ranging from 4% to 5% with maturities at varying amounts from January 2016 to 2044. The net proceeds of \$64,204,576 (including a premium of \$9,262,835 less underwriter's discount of \$288,259) were used for issue costs of the bonds, paying the cost of certain improvements to the City's Sanitary Sewer System, and deposited into an escrow fund for the redemption of \$45,360,000 of Series 2005 Sewer bonds. The net present value savings is \$5,705,016, actual savings is \$8,384,964. 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 operation of the Sewer System.

On November 14, 2014, the City of Grand Rapids issued an Installment Purchase Agreement in the amount of \$1,994,962 with an interest rate of 2.54% with maturities at varying amounts from January 2015 to 2024. The bonds have been designated as Qualified Energy Conservation Bonds and the City will be refunded a percentage of interest for each payment by the United States Department of Treasury. The proceeds were used for installation of energy efficiency improvements at the Lake Michigan Filtration Plant.

On December 3, 2014 the City of Grand Rapids entered into an agreement with the County of Kent, Office of the Drain Commissioner to finance the Grand River Floodwalls and Embankments Drain Bonds, Series 2014. The County issued bonds in the amount of \$4,550,000 with interest rates ranging from 2% to 4% with maturities at varying amounts from November 2015 to 2034. The proceeds were used for issue costs of the bonds and costs of improvements to existing flood control facilities.

On February 25, 2015 the City of Grand Rapids issued Water Supply System Revenue Refunding Bonds, series 2015 in the amount of \$25,370,000 with an interest rate of 5% and maturities at varying amounts from January 2019 to 2035. The net proceeds of \$30,480,686 (including a premium of \$5,262,375 less underwriter's discount of \$151,689) were used for issue costs of the bonds and deposited into an escrow fund for the redemption of \$28,525,000 of Series 2005 Water bonds and a partial redemption of \$1,985,000 of Series 2009 Water bonds. The net present value savings is \$3,782,744, actual savings is \$5,746,600. 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 operation of the Water System.

On April 8, 2011, June 24, 2011, and on March 14, 2013 the City of Grand Rapids committed to the issuance of a maximum of \$6,000,000, \$3,160,000, and \$2,235,000 of Sanitary Sewer System Junior Lien Revenue Bonds, series 2011A, 2011B and 2013, 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 2011 series is 2.5% on the 2013 series the interest rate is 2.0%. 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 commenced April 2013. Principal payments commence April 2014 on the series 2011B bonds. There is a possible principal forgiveness of \$964,200 on series 2013, for a total principal owed of \$ 1,270,800. At June 30, 2015, \$5,629,519 was received for Series 2011A, \$1,731,001 was received for Series 2011B and \$1,704,505 for Series 2013.

On September 23, 2011, the City of Grand Rapids committed to the issuance of a maximum of \$3,460,000 with possible principal forgiveness of \$519,000, of Water Supply System Junior Lien Revenue Bonds, series 2011C. The bonds were issued in draws required to meet project expenditures related to improvements to the City's Water Supply System. The interest rate is 2.5%. The City borrowed a total of \$3,261,205 has paid \$236,000 of principal payments and was given \$489,181 of principal forgiven resulting in a total owed at June 30, 2015 of \$2,536,024. Principal payments commenced April 2014.

6. Long-Term Obligations, continued:

On September 7, 2012 and September 5, 2014 the City of Grand Rapids committed to the issuance of a maximum of \$4,380,000 and \$3,545,000 of Water Supply System Junior Lien Revenue Bonds, series 2012 and 2014 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 \$832,200 on series 2012, for a total principal owed of \$3,547,800 with principal payments commencing on October 1, 2014. Possible principal forgiveness on series 2014 is \$654,407 for a total principal owed of \$2,890,593 with principal payments commencing on October 1, 2015. At June 30, 2015, \$3,795,943 was received for Series 2012 and \$3,010,331 was received for Series 2014.

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 2006 issue for the construction of the Cherry/Commerce Parking Ramp, the series 2008 issue for the construction of the Weston/Commerce Parking Ramp, the series 2010C issue for the purchase of the Gallery on Fulton Ramp and a majority of the series 2011 refunding bond for which the obligations and related assets are recorded in the Auto Parking System Enterprise Fund. 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.

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

The 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 \$42,723,904 or the 2013 JBA bonds of \$4,970,000. 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 2013 bonds. The City is not liable for the payment of principal or interest and therefore has excluded them from the financial statements.

6. Long-Term Obligations, continued:

The annual requirements for debt service payments on long term bonds and contracts payable at June 30, 2015 are:

Fiscal Year	Governmental Activities		Business Type Activities		Component Units		Totals	
	Principal	Interest	Principal	Interest	Governmental		Principal	Interest
					Principal	Interest		
2016	\$ 8,062,730	\$ 3,501,163	\$ 18,928,968	\$ 18,385,464	\$ 1,107,937	\$ 4,718,331	\$ 28,099,635	\$ 26,604,958
2017	7,624,424	3,176,274	19,677,743	17,769,198	1,382,672	4,778,451	28,684,839	25,723,923
2018	24,904,735	2,728,055	20,198,393	16,905,893	1,349,500	4,811,662	46,452,628	24,445,610
2019	5,277,160	2,270,424	15,572,205	15,976,611	3,813,004	2,230,679	24,662,369	20,477,714
2020	5,458,350	2,021,015	16,280,638	15,266,602	4,690,150	1,349,398	26,429,138	18,637,015
2021-2025	18,982,100	6,895,200	77,938,695	65,648,732	20,392,700	2,891,179	117,313,495	75,435,111
2026-2030	15,459,999	2,371,232	88,940,317	45,441,744	735,000	145,932	105,135,316	47,958,908
2031-2035	2,490,000	486,589	85,916,021	25,595,180	335,000	18,937	88,741,021	26,100,706
2036-2040	1,310,000	120,120	45,520,000	8,295,323	-	-	46,830,000	8,415,443
2041-2044	-	-	11,280,000	827,336	-	-	11,280,000	827,336
	<u>\$ 89,569,498</u>	<u>\$ 23,570,072</u>	<u>\$ 400,252,980</u>	<u>\$ 230,112,083</u>	<u>\$ 33,805,963</u>	<u>\$ 20,944,569</u>	<u>\$ 523,628,441</u>	<u>\$ 274,626,724</u>

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

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, 2015</u>
2005	Sanitary Sewer System Revenue Bonds	\$ 45,360,000
2005	Water Supply System Revenue Bonds	28,525,000
2009	Water Supply System Revenue Bonds	1,985,000

6. Long-Term Obligations, continued:

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. The 2005 Sanitary Sewer System Revenue Bonds were called on July 1, 2015.

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 Governmental Funds statements as an assigned portion of fund balance under modified accrual accounting and in the Government Wide and Proprietary Funds statements as a liability under the full accrual method of accounting. Amounts due for Compensated Absences are liquidated as they become payable by the Governmental or Proprietary funds from which the related employees' compensation is paid. The liability is liquidated primarily from the General Fund as it contains the most significant compensated absence balance of the governmental funds.

6. Long-Term Obligations, continued:

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7. Retirement Plans

The City has two single-employer defined benefit pension plans which provide retirement and disability benefits to plan members and beneficiaries. 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. Each system's financial reports for recent years can be found on the pension's web-site, www.grpensions.org, under the heading for each Retirement System and are also available on the Michigan Department of Treasury web-site, <http://www.michigan.gov/treasury>, by searching Kent County governments within the Local Audit and Finance Division – Document Search page. The City's web-site also includes recent actuarial studies with a complete summary of benefit provisions.

The Police and Fire Retirement System covers eligible employees who are police officers and firefighters regularly employed by the City. Members of this plan are not covered by the federal social security program. Benefit provisions provide retirees either an annual non-compounding escalator of 1% to each Police member's, or 1.5% to each Fire member's, retirement allowance after a specified waiting period subsequent to his or her retirement date. Members not eligible for the escalator are eligible for a 13th check that is issued to participants when the average return on the system's investments the prior five years have exceeded 8.0%. Eligibility for either benefit is determined by the member's bargaining unit and termination date.

An eligible employee becomes a participant in the System as of his or her date of permanent employment. The System provides for 100% vesting in System benefits with ten years of credited service. Fire members may elect to retire after attaining age 55 and completing 10 years of service, or upon attainment of their credited service cap. Police members may elect to retire after attaining age 50 and completing 10 years of service. The benefit payable after retirement ranges between 2.0% and 2.8% of a member's final average salary (FAS) based on the three consecutive years of highest pay-rate, up to a maximum percentage of FAS based on a number of factors, including hire date and contributions into the system. At retirement an FAS adjustment factor is applied to adjust the retiree's FAS based on a factor representing the group average compensation in excess of the regular pay-rate (mostly over-time pay). In fiscal year 2015 those adjustments were 11.2% for police members and 7.8% for firefighter members. All plan members are eligible for a duty disability benefit of between 72 and 90% of their salary at the time of disability less certain offsets. Plan members are also eligible for a non-duty disability allowance that varies based on bargaining unit, years of service and age. The surviving spouse of a member that dies prior to retiring is eligible to receive benefits of at least 20% of the member's salary. Dependents are eligible for a separate allowance of up to 15% of the member's salary until age 18 (age 23 if they are full time students).

At December 31, 2014, the Police and Fire System's membership consisted of the following:

Retirees and beneficiaries receiving pension benefits	655
Terminated plan members entitled to but not yet receiving benefits	30
Active plan members	487
Total	1,172

The General Retirement System covers most other eligible employees regularly employed by the City, including the 61st District Court. Benefit provisions provide retirees either an annual non-compounding escalator of 1% to each member's retirement allowance subsequent to his or her retirement date or eligibility for a 13th check that is issued to participants when the average return of the system's investments the prior five years have exceeded 8.0%. Which of the two benefit enhancements a member is eligible for is determined by the member's bargaining unit and termination date.

An eligible employee becomes a participant in the System as of his or her date of permanent employment. The System provides for 100% vesting in System benefits with eight years of credited service. Employees may elect to retire after attaining age 62 and completing eight years of credited service, or after

7. Retirement Plans, continued:

completing 30 years of service regardless of age. The yearly allowance payable monthly for life to the retired member equals a benefit multiplier multiplied by the member's final average salary (FAS), multiplied by years and months of credited service. A reduced benefit is available to members retiring prior to age 62 with less than 30 years of service.

For members of the Crime Scene Technicians group and for members of the ECO I, II and III group, FAS is adjusted each year by a factor that accounts for the average holiday, overtime, shift adjustment, and other forms of compensation that the group earned as a percentage of their pay-rate during the previous five-year period. Those adjustments to the pensions of group members retiring during the year ending June 30, 2015 were 7.2% and 42.2% respectively. For purposes of benefit calculations, the FAS is based on the member's three highest compensated calendar years of credited service, before the end of the calendar year in which the employee attains 40 years of credited service or reaches his or her credited service cap. All plan members are eligible for non-duty disability benefits after completing ten or more years of credited service and before attaining minimum service retirement age. All plan members are eligible for duty disability retirement benefits prior to attaining minimum service retirement age. Disability retirement benefits are determined in the same manner as retirement benefits and are not subject to an actuarial reduction. Duty disability allowances shall not be less than 50% of the member's final average salary; unless the member is a part of the Crime Scene Technician or ECO I, II and III groups, then the allowance shall not be less than 62% of the member's final average salary. Death benefits are available to a beneficiary if a member dies while in employer service, before retiring, but after becoming eligible to retire with an immediate allowance.

The General Retirement System was progressively closed to new entrants from different bargaining units beginning on June 30, 2011 with complete closure to any new entrants occurring on June 30, 2014. Current members continue to accrue future benefits. The retirement program created to replace this pension plan is described in Note 11.

At June 30, 2014, the General System's membership consisted of the following:

Retirees and beneficiaries receiving pension benefits	1,108
Terminated plan members entitled to but not yet receiving benefits	98
Active plan members	717
Total	1,923

BASIS OF ACCOUNTING

The Systems' financial statements are prepared using the accrual basis of accounting. Employer contributions are calculated on an actuarial basis as a percent of pensionable wages. They are recognized when covered wages are paid. Plan member contributions are recognized when wages are earned. Benefits are paid monthly. 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. The measurement dates of the City's net pension liability were December 31, 2014 for the Police and Fire System and June 30, 2014 for the General System. These financial statements are prepared using the pension liability of each plan as of those dates adjusted for subsequent contributions. The actuarial information presented is from the most recent measurement date of each system.

7. Retirement Plans, continued:

CONTRIBUTIONS

The contribution requirements of plan members and the City are based on City Ordinance. It is assumed that employer and employee contributions will continue to be made every two weeks when payroll is disbursed. Employee contribution rates vary based on union contracts. The employer contribution is based on an actuarial valuation conducted annually. Both contributions are based on each employee's "pensionable wage" during the pay period. An experience study is conducted every five years to validate plan assumptions used to calculate needed contributions. The most recent studies covered the five years ending June 30, 2009 and December 31, 2009. The contribution rates for fiscal year 2015 and related actuarial information used to calculate the contribution rates for each plan were as follows:

	<u>Police and Fire Retirement System</u>	<u>General Retirement System</u>
Contribution rates for fiscal year 2015:		
City (employer)	14.63%	24.38%
Plan Members	9.86 - 10.89%	2.00% - 11.54%
Actuarial valuation date	December 31, 2013	June 30, 2013
Projected salary increases	3.5% - 20.5%	3.5% - 8.5%
including wage inflation at	3.5%	3.5%
Investment rate of return	7.36%	7.38%
Mortality	1983 Group annuity male and female mortality tables set back 3 years for males and 2 years for females	1983 Group annuity male and female mortality tables set back 3 years for males and 2 years for females
Last actuarial experience study	Five years ending December 31, 2009	Five years ending June 30, 2009

INVESTMENTS

Investments are reported at fair value. Short-term investments may be reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Investments, like private equity, that do not have an established market are reported at estimated fair value. More information on the System's investments is found in Note 2.

The investments of the 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 equity securities 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 10% of the Systems' assets;
3. Investments in state and local government obligations are limited to 5% of the Systems' assets;
4. Investments in securities traded outside the U.S., or in a foreign currency, are limited to 20% of the Systems' assets;
5. Investments in derivatives are limited to a notional amount equal to 15% of the Systems' assets, and may not be used to leverage the portfolio.

7. Retirement Plans, continued:

LONG-TERM EXPECTED RATE OF RETURN AND ASSET ALLOCATION

The long-term expected rate of return on pension plan investments is determined by each System's board. A formal review of the assumed rate of return expectation occurs every five years in conjunction with the plan's actuarial experience study. During the interval between experience studies, the expectation is tested through occasional asset allocation studies conducted by the Systems' investment consultant. The asset allocation study utilizes the consultant's quarterly generated, ten-year forward looking, nominal, geometric expected rate of return for various asset classes and historical measures of asset class risk and correlation. Historically the board, with the support of its consultants, has not reacted to short-term changes in expected returns by changing the long-term expected rate of return but rather has used those changing market expectations as an opportunity to adjust the asset allocation and investment structure to seek either better returns or lower volatility. Future inflation is assumed to be the rate that would equalize the return on ten-year nominal Treasury bond with the return on a ten-year TIPS. The last change in the rate of return expectation occurred in 2010 in connection with a change in post-retirement benefit payments. Current expectations are that nominal returns, net of investment fees, will be 7.5%, with a reduction in return of 0.25% for the assets funding the thirteenth check program.

Both Systems have the same asset allocation policies. Both the asset allocation policy at the time of the measurement of the liabilities and at present are shown below along with the expected real rate of return (net of 1.95% projected inflation) of each asset class as of June 30, 2015. The change in asset allocation is not expected to change the long-term return of the system but is expected to reduce the variability of the returns, therefore no change in actuarial assumptions was considered as a result of the change in asset allocation.

<i>Asset Class</i>	Target Allocation		
	at measurement dates	at present	Expected real return
U.S. equity	40.0 %	22.5 %	4.55 %
Non-U.S. equity	15.0	22.5	4.75
Fixed income	30.0	25.0	1.65
Treasury Inflation Protected Securities	0.0	10.0	1.20
Real estate	5.0	5.0	3.40
Master Limited Partnerships	0.0	5.0	7.50
Private equity	5.0	5.0	7.20
Commodities	5.0	5.0	2.00

7. Retirement Plans, continued:

DISCOUNT RATE

A single discount rate of 7.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on System investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member combinations will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate and that both contributions will continue to be made bi-weekly when wages are paid. Based on these assumptions, both System's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members; therefore, the long-term expected rate of return on System investments was applied to all periods of projected benefit payments to determine the total pension liability. There was no change in assumptions from the prior year.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents each System's net pension liability, calculated using a single discount rate of 7.50%, as well as what the System's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

Police and Fire Retirement System			General Retirement System		
	Current Single Discount			Current Single Discount	
1% Decrease	Rate Assumption	1% Increase	1% Decrease	Rate Assumption	1% Increase
6.50%	7.50%	8.50%	6.50%	7.50%	8.50%
\$45,517,797	(\$2,856,589)	(\$43,490,606)	\$83,788,727	\$31,780,263	(\$12,190,281)

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7. Retirement Plans, continued:

**Changes in the Net Pension Liability
of the Police & Fire Retirement System
during the measurement
period**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at December 31, 2013	\$ 385,860,392	\$ 388,182,475	\$ (2,322,083)
Changes for the year:			
Service cost	7,794,219	-	7,794,219
Interest	28,440,421	-	28,440,421
Difference between actual and expected experience	2,978,624	-	2,978,624
Contributions - employer	-	6,331,848	(6,331,848)
Contributions - employee	-	4,563,692	(4,563,692)
Net investment income	-	29,390,902	(29,390,902)
Benefit payments, including refunds of employee contributions	(21,103,787)	(21,103,787)	-
Administrative expense	-	(523,607)	523,607
Other changes	-	(15,065)	15,065
Net changes	<u>18,109,477</u>	<u>18,643,983</u>	<u>(534,506)</u>
Balances at December 31, 2014	<u>\$ 403,969,869</u>	<u>\$ 406,826,458</u>	<u>\$ (2,856,589)</u>

**Changes in the Net Pension Liability
of the General Retirement System
during the measurement
period**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2013	\$ 455,914,323	\$ 379,712,036	\$ 76,202,287
Changes for the year:			
Service cost	3,433,720	-	3,433,720
Interest	33,264,550	-	33,264,550
Difference between actual and expected experience	(3,819,080)	-	(3,819,080)
Contributions - employer	-	8,771,032	(8,771,032)
Contributions - employee	-	3,737,014	(3,737,014)
Net investment income	-	65,337,995	(65,337,995)
Benefit payments, including refunds of employee contributions	(28,207,712)	(28,207,712)	-
Administrative expense	-	(523,086)	523,086
Other changes	-	(21,741)	21,741
Net changes	<u>4,671,478</u>	<u>49,093,502</u>	<u>(44,422,024)</u>
Balances at June 30, 2014	<u>\$ 460,585,801</u>	<u>\$ 428,805,538</u>	<u>\$ 31,780,263</u>

The below schedule provides a summary of all the amounts allocated to various funds within the City's financial statements for both pension plans.

Schedule of Aggregate Amounts Related to Defined Benefit Pension Plans

	June 30, 2014		June 30, 2015		Amounts allocated to	
	Balance	Net Change	Balance	Primary Government	Component Unit	
Net pension asset	\$ 2,322,083	\$ 534,506	\$ 2,856,589	\$ 2,856,589	\$ -	
Deferred outflows of resources:						
Contributions after the measurement date	12,129,178	2,115,709	14,244,887	13,338,670	906,217	
Other differences	-	2,256,323	2,256,323	2,256,323	-	
Net pension liability	76,202,288	(44,422,025)	31,780,263	29,237,842	2,542,421	
Deferrred inflow of resources	-	33,316,344	33,316,344	30,694,571	2,621,773	
Pension expense			\$ 1,206,370	\$ 1,436,676	\$ (230,306)	

7. Retirement Plans, continued:

For the year ended June 30, 2015, the City recognized pension expense of \$ 4,085,200 for the Police and Fire System and negative pension expense of \$2,878,830 for the General Retirement System, of which a negative amount of \$230,306 related to the 61st District Court, a discretely presented component unit. At June 30, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Police and Fire Retirement System</u>		<u>General Retirement System</u>	
	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 2,256,323	\$ -	\$ -	\$ 2,797,153
Net difference between projected and actual earnings on pension plan investments	-	544,181	-	29,975,010
Contributions subsequent to the measurement date	2,917,183	-	11,327,704	-
Total	<u>\$ 5,173,506</u>	<u>\$ 544,181</u>	<u>\$ 11,327,704</u>	<u>\$ 32,772,163</u>

Deferred outflows of resources and deferred inflows of resources that are the result of differences in expected and actual experience with regard to economic and demographic factors, or from changes in assumptions regarding those factors are amortized over a closed period equal to the average of the expected remaining period of service all system members. Those time periods are 4.1238 years for the Police and Fire System and 3.7371 years for the General Retirement System. The differences between projected and actual investment earnings are amortized over five years. The \$14,244,887 reported as deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Thereafter</u>
from the Police and Fire System	\$ 586,256	\$ 586,256	\$ 586,256	\$ (46,626)	\$ -	\$ -
from the General System	<u>(8,515,679)</u>	<u>(8,515,679)</u>	<u>(8,247,052)</u>	<u>(7,493,753)</u>	<u>-</u>	<u>-</u>
Total effect on future pension expense	<u>\$ (7,929,423)</u>	<u>\$ (7,929,423)</u>	<u>\$ (7,660,796)</u>	<u>\$ (7,540,379)</u>	<u>\$ -</u>	<u>\$ -</u>

8. Postemployment Benefits Other than Pensions

The City has 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. Three of the plans are agent plans administered by the Municipal Employees' Retirement System of Michigan (MERS). The fourth plan is an unfunded plan administered by the Grand Rapids Public Library for its retirees. All four plans are closed to new members. Current employees not covered by one of the DB OPEB plans are covered by a defined contribution (DC) plan created in 2009 and administered by MERS. 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, 2015.

Statement of Fiduciary Net Position

for the year ended June 30, 2015

	<u>Retiree Health Care Trust Funds</u>			<u>Total Retiree Health Care Trust</u>
	<u>General Retiree</u>	<u>Police Retiree</u>	<u>Fire Retiree</u>	
ASSETS				
Equity in pooled cash and investments	\$ 354,176	\$ 146,022	\$ 332,128	\$ 832,326
Investments held by trustee:				
Diversified investment pool	9,412,530	19,689,255	12,029,336	41,131,121
Receivables, net:				
Other accounts	250	-	-	250
Accrued interest	3,158	2,688	1,987	7,833
Receivables, net	<u>3,408</u>	<u>2,688</u>	<u>1,987</u>	<u>8,083</u>
Total assets	<u>9,770,114</u>	<u>19,837,965</u>	<u>12,363,451</u>	<u>41,971,530</u>
LIABILITIES				
Vouchers and accounts payable	<u>734,019</u>	<u>67,233</u>	<u>74,332</u>	<u>875,584</u>
Total liabilities	<u>734,019</u>	<u>67,233</u>	<u>74,332</u>	<u>875,584</u>
NET POSITION				
Held in trust for health care benefits	<u>9,036,095</u>	<u>19,770,732</u>	<u>12,289,119</u>	<u>41,095,946</u>
Total net position	<u>\$ 9,036,095</u>	<u>\$ 19,770,732</u>	<u>\$ 12,289,119</u>	<u>\$ 41,095,946</u>

8. Postemployment Benefits Other than Pensions, continued:

Statement of Changes in Net Position

for the year ended June 30, 2015

	Retiree Health Care Trust Funds			Total Retiree Health Care Trust Funds
	General Employee	Police Retiree	Fire Retiree	
ADDITIONS				
Employer	\$ 4,979,276	\$ 5,472,019	\$ 3,717,718	\$ 14,169,013
Plan members	396,863	151,552	116,542	664,957
Total contributions	<u>5,376,139</u>	<u>5,623,571</u>	<u>3,834,260</u>	<u>14,833,970</u>
Investment income (loss):				
Interest and dividends	5,166	4,312	3,247	12,725
Net appreciation (depreciation) in fair value of investments	<u>233,329</u>	<u>504,031</u>	<u>330,437</u>	<u>1,067,797</u>
Total additions	<u>5,614,634</u>	<u>6,131,914</u>	<u>4,167,944</u>	<u>15,914,492</u>
DEDUCTIONS				
Benefits paid	5,988,891	1,504,777	2,089,318	9,582,986
Administration expenses	<u>152,777</u>	<u>74,265</u>	<u>66,076</u>	<u>293,118</u>
Total deductions	<u>6,141,668</u>	<u>1,579,042</u>	<u>2,155,394</u>	<u>9,876,104</u>
Change in net assets	(527,034)	4,552,872	2,012,550	6,038,388
Total net position - beginning	<u>9,563,129</u>	<u>15,217,860</u>	<u>10,276,569</u>	<u>35,057,558</u>
Total net position - ending	<u>\$ 9,036,095</u>	<u>\$ 19,770,732</u>	<u>\$ 12,289,119</u>	<u>\$ 41,095,946</u>

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, 2015, the number of retirees currently receiving benefits under the four City DB plans was 436. 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 removed existing departmental retirees and a small number of active employees from the General Plan. The Library has determined that they will fund their benefits on a pay-as-you-go basis.

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

8. Postemployment Benefits Other Than Pensions, continued:

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 (ARC) calculated by the Plans' Actuary, 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 2015, the City contributed \$14,310,104 to the four plans and retiree premium sharing added \$677,149 to the plans. Retiree Health Care costs are charged to individual funds as a percentage of pensionable wages at rates of 26.10% for firefighters, 25.22% for police officers, and 12.30% for other employees not in the library plan. The DB plans receive all revenue not required to be contributed to the DC OPEB plan. The schedule below expresses the employer's contribution to the four DB OPEB plans as a percentage of the wages of the current employees eligible to receive the benefit after retirement. The City's net-OPEB obligation under each of the plans increased (decreased) by the difference between the ARC, as adjusted for prior years' over/under funding, and actual current year employer contributions to the plans.

	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	20.23%	37.20%	28.25%	40.52%
Plan members	n/a	n/a	n/a	n/a
Annual required contribution (ARC)	\$ 5,583,728	\$ 5,112,382	\$ 3,622,949	\$ 161,624.00
Interest on net OPEB obligation	3,811	188,772	192,311	\$ 2,248.00
Adjustment to ARC	<u>(6,153)</u>	<u>(261,396)</u>	<u>(256,310)</u>	<u>\$ (13,982.00)</u>
Annual OPEB cost	5,581,386	5,039,758	3,558,950	\$ 149,890.00
Contributions made	<u>4,979,276</u>	<u>5,472,019</u>	<u>3,717,718</u>	<u>\$ 141,091.00</u>
Increase (decrease) in net OPEB obligation	602,110	(432,261)	(158,768)	\$ 8,799.00
Net OPEB obligation (asset) - beginning of year	<u>76,211</u>	<u>3,775,445</u>	<u>3,846,211</u>	<u>\$ 64,230.00</u>
Net OPEB obligation - end of year	<u>\$ 678,321</u>	<u>\$ 3,343,184</u>	<u>\$ 3,687,443</u>	<u>\$ 73,029.00</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, as shown on the following page for each Plan. The net OPEB obligation of each plan was set at zero at the time the plan was created and changes only to the extent that actual annual contributions are more or less than the ARC plus interest on the net OPEB obligation.

8. Postemployment Benefits Other Than Pensions, continued:

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
General Retiree Health Care Plan	June 30, 2013	\$ 7,182,041	88	\$ (131,506)
	June 30, 2014	5,739,585	96	76,211
	June 30, 2015	5,581,386	89	678,321
Police Retiree Health Care Plan	June 30, 2013	5,475,873	90	4,158,844
	June 30, 2014	4,493,905	109	3,775,445
	June 30, 2015	5,039,758	109	3,343,184
Fire Retiree Health Care Plan	June 30, 2013	3,869,173	91	3,977,998
	June 30, 2014	3,095,818	104	3,846,211
	June 30, 2015	3,558,950	104	3,687,443
Library Retiree Health Care Plan	June 30, 2013	135,004	95	28,704
	June 30, 2014	158,748	78	64,230
	June 30, 2015	149,890	94	73,029

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 may 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:

	<u>General Retiree Health Care Plan</u>	<u>Police Retiree Health Care Plan</u>	<u>Fire Retiree Health Care Plan</u>	<u>Library Retiree Health Care Plan</u>
Actuarial valuation date	June 30, 2014	June 30, 2014	June 30, 2014	June 30, 2013
Actuarial cost method	Individual entry age	Individual entry age	Individual entry age	Individual entry age
Amortization method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed
Remaining amortization period	18 years for unfunded actuarial liabilities	24 years for unfunded actuarial liabilities	26 years for unfunded actuarial liabilities	6 years for unfunded actuarial liabilities
Asset valuation method	Current market	Current market	Current market	n/a
Actuarial assumptions:				
Investment rate of return	5.0%	5.0%	5.0%	3.5%
Projected salary increases	3.5% - 12.5%	4.5% - 20.5%	4.5% - 20.5%	3.5% - 12.0%
Inflation rate	3.0%	3.0%	3.0%	3.0%
Healthcare inflation rate - Medical and drug	8.0% grading to 3.5% in 2025	8.0% grading to 3.5% in 2025	8.0% grading to 3.5% in 2025	9.0% grading to 3.5% over eleven years
Dental and vision	3.5% in all years	3.5% in all years	3.5% in all years	

8. Postemployment Benefits Other Than Pensions, continued:

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 actuarial valuation date. During the time since that valuation date, changes in the covered populations, the plan benefits, and plan assets occurred that will be reflected in the next valuation. The Schedule of Funding Progress in the Required Supplemental Information immediately following the Notes repeats this information along with past valuation information to present multiyear trend information showing whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL of benefits. The actuarial value of plan assets is the market value of the assets at each valuation date.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
General Retiree Plan						
June 30, 2014	\$ 9,563,129	\$ 60,370,567	\$ 50,807,438	15.8%	\$ 24,609,381	206%
Police Retiree Plan						
June 30, 2014	15,217,860	63,443,368	48,225,508	24.0%	14,708,631	328%
Fire Retiree Plan						
June 30, 2014	10,276,569	39,586,693	29,310,124	26.0%	13,160,507	223%
Library Retiree Plan						
June 30, 2013	-	807,530	807,530	0.0%	310,351	260%

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, 2015 represent temporary cash flow assistance from the General Fund and startup assistance for the new consolidated call center (311 program) that will handle phone calls for several departments across the organization.

<u>Fund</u>	<u>Primary Reason for Receivable/Payable</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	Unreimbursed payroll for fiduciary fund employees	\$ 31,381	\$ -
Fiduciary	Accrued payroll	-	13,880
Fiduciary	Timing difference due to different year end	-	17,501
311 Program	Start-up funding for the 311 call center operations	-	366,931
Parks & Recreation	Support for start up of consolidated call center	15,353	-
Local Street	"	8,476	-
Major Street	"	2,825	-
Refuse	"	85,180	-
Transformation	"	97,970	-
Water Supply System	"	157,127	-
Sidewalk Repair	Accrued engineering work on sidewalks	-	41,442
Engineering	"	41,442	-
		<u>\$ 439,754</u>	<u>\$ 439,754</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, 2015, 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	\$ 7,786,423	\$ -	
		Transfer from Transformation Fund	5,313,898	-	
		Debt service, support of Parks, Dispatch & other funds	-	13,829,419	
	Major Streets	Debt service & Internal cost allocation program	371,463	3,226,809	
	Local Streets	Internal cost allocation program	550,000	80,788	
	Vital Streets	Project support to Vital Streets Capital Fund	306,708	1,874,850	
	Streets Capital	Support from Major Streets Fund	589,020	43,878	
	Vital Streets Capital	Support from Vital Streets Fund	1,874,850	-	
		Sidewalk & Major Street Fund support	-	1,871,463	
	General Capital	Project support from other funds	1,653,052	-	
		Debt service and General Fund support	-	3,252,522	
	Non-major Governmental		Transfers to pay debt service by various funds	9,118,205	-
			Support from General Fund / internal cost allocation	11,937,892	-
		Debt service and General and other funds support	-	17,183,627	
Enterprise Funds:	Water Supply System	From Sewage Disposal Fund for customer service	1,899,516	-	
		Internal cost allocation program	-	509,166	
	Sewage Disposal System	Allocated cost of customer service and internal costs	-	2,660,367	
	Auto Parking System	Debt service & Internal cost allocation program	-	759,472	
	Non-Major Proprietary	General Fund & other funds support of cemetery operations	918,843	141,440	
Internal Service Funds:	Information Technology	Transfer from Transformation Fund	4,575,000	-	
		Internal cost allocation program	-	92,815	
	Motor Equipment	Internal cost allocation program	-	213,646	
	Facilities Management	Internal cost allocation program	-	456,494	
	Engineering	Internal cost allocation program	-	290,329	
	Insurance Payment	Internal cost allocation program	-	407,785	
			<u>\$ 46,894,870</u>	<u>\$ 46,894,870</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. Commitments—The cities of Grand Rapids and Wyoming operate the Grand Valley Regional Biosolids Authority. Its facilities were constructed with initial financing in the amounts of \$16,430,000, at an interest rate of 1.625%, and \$17,675,000, at an interest rate of 2.5%, provided by the State of Michigan Water Pollution Control Revolving Fund. At June 30, 2015 the outstanding liability was \$25,305,000. Principal and interest payments are split between the two cities based on their usage of the facility. For fiscal year 2015, Grand Rapids' portion of the liability was 67.19%. For fiscal year 2016, it is budgeted at 63.04%.
5. 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, 2015 was \$143,337,000.
6. 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 2015 were \$2,804,218. Total future lease payments are as follows:

<u>Year ending June 30,</u>	<u>Outstanding Lease Due</u>
2016	\$ 2,826,225
2017	2,821,080
2018	2,822,010
2019	2,821,916
2020	2,824,450
2021-2025	14,045,806
2026	2,731,796

7. 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 \$42,884 and \$15,500, respectively, at June 30, 2015. In the event that Museum operations should ever revert to the City, these items would be returned to the City at their value on the day of reversion.

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

8. Lease Receivable – The City acquired a building located at 1120 Monroe Avenue, NW, on March 30, 2010. The building and improvements total \$4,255,170. The accumulated depreciation at year end is \$506,791. The City leases parts of the building to various tenants with terms extending into FY2019. The total lease revenue for FY2015 was \$192,696. The aggregate amount of future minimum lease payments receivable for each of the succeeding fiscal years is as follows:

<u>Year ending June 30,</u>	<u>Outstanding Lease Receipts</u>
2016	\$ 137,355
2017	129,659
2018	48,127
2019	<u>485,947</u>
Total	<u>\$ 801,088</u>

9. Subsequent Event – On August 26, 2015 the City of Grand Rapids Issued General Obligation Limited Tax Capital Improvement Bonds Series 2015 in the amount of \$15,000,000 at an interest rate of 1.79%. The bond proceeds were used for construction, reconstruction, repair and rehabilitation of various public streets and sidewalks. The bonds mature on October 1, 2020.

11. Deferred Compensation Plans

In 2011, the City created the City of Grand Rapids Deferred Compensation (CGRDC) Plan for most newly hired full-time, non-uniformed employees. This retirement arrangement is mandatory for new employees under most labor contracts and replaces the formerly required participation in the City of Grand Rapids General Retirement System defined benefit pension plan described in Note 7. This plan is administered by the ICMA Retirement Corporation (ICMA-RC) in accordance with Section 401(a) of the Internal Revenue Code (IRC), a Trust Document with the Vantage Trust Company, and an Administrative Services Agreement approved by the City Commission. Participation in the CGRDC Plan begins six months after date of hire and requires an employee contribution of 6% of pay with a 100% match by the employer. Contribution requirements are specified in labor agreements covering each employee group and may be changed during the collective bargaining process. Five year cliff-vesting applies to the employer contributions. During the fiscal year ended June 30, 2015 employee contributions were \$236,312 and the employer contributions were \$236,312 to this Plan. At June 30, 2015, the plan had 124 active and 5 terminated participants. The fair market value of plan assets was \$1,018,989.

The City also maintains the Officer's Option Plan, a defined contribution contributory savings plan created in accordance with IRC Section 401(a) and offered to executive and appointed employees hired prior to the establishment of the CGRDC. The plan was established and may be amended by city ordinance. Participants with the 401(a) plan may not participate in the City's defined benefit pension plans. Participants are immediately vested in required employee contributions of 6%, optional contributions of 1 - 3%, and employer contributions of 12% of employees' current salaries. Plan contributions are maintained with earnings in a deferred account for each participant. At June 30, 2015, there were 11 active and 23 terminated plan participants with a total fair market value of plan assets for both active and retired participants of approximately \$9,718,445. Contributions made by employees and the City totaled \$101,679 and \$149,035 respectively, for the fiscal year ended June 30, 2015. This plan was closed to new hires in 2012.

11. Deferred Compensation Plans

The City offers its employees deferred compensation plans created in accordance with IRC Section 457. The plans, available to all City employees, permit the voluntary deferral of a portion of current salary until future years. The deferred compensation is not available to the employee 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 each individual participant. At June 30, 2015, the total market value of plan assets was approximately \$84,420,243. Net of the effect of employee contributions, withdrawals and earnings, the fair market value of plan assets increased \$1,064,953 for the year ended June 30, 2015. 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.

All permanent, full-time employees that are not covered by one of the City's defined benefit retiree health care plans described in Note 8 are enrolled in an agent multi-employer defined contribution post-employment health care program which is administered by the Municipal Employees' Retirement System of Michigan. This program is defined in the Internal Revenue Code 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 between \$38.46 and \$42.31, depending on labor agreement. The employee's contribution vests immediately. The employer's contribution steps up over the same time period until it reaches \$67.30 to \$76.93 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, 2015, 611 employees were participating in this defined contribution retiree health care plan. For the fiscal year ended June 30, 2015, regular contributions made by employees and the employer totaled \$498,091 and \$886,581 respectively. As the current participants in the defined benefit retiree health care plans described in Note 8 reach age 65, this defined contribution savings program will become the primary, and eventually the City's only retiree health care plan.

12. Implementation of New Pronouncements

In 2015 the City of Grand Rapids implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amended Statement No. 68.

Statement No. 68 fundamentally changed the required reporting by governments for defined benefit pension plans by moving the unfunded portion of the total pension liability onto the statement of net position for the government-wide, proprietary, and other full accrual statements. Pension expense will be presented as the change in net pension liability after a smoothing of the differences between actuarial projections and actual results; over five years for investment results and over the average remaining period of service of plan members, approximately four years, for all other differences. In addition Statement No. 68 requires revised and expanded disclosures in the notes and required supplemental information section. Individual fund financial statements for governmental activities that have a current financial resources measurement focus continue to present pension expenditures as the amount of cash contributions to the pension trusts. The differences between the two measurement focuses can be found on pages 18 and 20. The principal objective of the Statements is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees are provided with retirement benefits in the form of a defined benefit pension. Prior to the implementation of this standard the City had never reported an asset or liability on the financial statements related to pensions because each pay period the City made a proportion of the actuarially required contribution to the defined benefit pension plan and the contractually required contribution to the defined contribution trust covering each employee. Under prior reporting standards that meant the only reported liability related to pension benefits was for the payroll in process at year-end. Achieving the financial reporting objective necessitated severing the link that had previously existed between the employer's funding of pension costs and the reporting of pension expenses.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, requires at transition from the prior reporting standard to the Statement No. 68 standard, the government recognize contributions made after the measurement date of the pension liability, and prior to the government's fiscal year end, as deferred outflows of resources. The reporting of other sources of deferred outflows and deferred inflows is permitted only if it is practical to determine all such amounts which should be reported. The City of Grand Rapids has determined that recreating the actuarial studies necessary to determine the unamortized portion of all deferred inflows and outflows is impractical and accordingly has only presented employer contributions subsequent to the 2013 measurement dates of the net pension liability as deferred outflows in restating net position at transition.

Adoption of these statements required the restatement of Net Position on the Government Wide Statements follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>
Net Position as reported at June 30, 2014	\$ 366,312,055	\$ 479,182,438	\$ 21,825,036
Adjustment for net pension asset	2,322,083	-	-
Adjustment for deferred outflows	9,147,027	2,280,468	701,683
Adjustment for net pension liability	(50,293,509)	(19,812,595)	(6,096,183)
Net Position, as restated	<u>\$ 327,487,656</u>	<u>\$ 461,650,311</u>	<u>\$ 16,430,536</u>

12. Implementation of New Pronouncements, continued:

Individual funds reported using the economic resources measurement focus and the accrual basis of accounting were affected as follows:

	Enterprise Funds				Component Unit
	Water	Sewage	Auto	Cemetery	61st District
	Supply System	Disposal System	Parking System	Fund	Court
Net Position as reported at June 30, 2014	\$ 220,554,933	\$ 217,185,928	\$ 32,689,449	\$ 585,860	\$ 618,995
Adjustment for deferred outflows	1,140,234	920,958	175,421	43,855	701,683
Adjustment for net pension liability	(9,906,298)	(8,001,240)	(1,524,046)	(381,011)	(6,096,183)
Net Position, as restated	\$ 211,788,869	\$ 210,105,646	\$ 31,340,824	\$ 248,704	\$ (4,775,505)

	Internal Service Funds						Total Internal Service Funds
	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	311 Program	
Net Position as reported at June 30, 2014	\$ 6,204,686	\$ 17,771,032	\$ 4,959,702	\$ 16,855,408	\$ 1,943,862	\$ 102,059	\$ 47,836,749
Adjustment for deferred outflows	70,168	280,673	131,565	78,941	306,986	96,481	964,814
Adjustment for net pension liability	(609,618)	(2,438,473)	(1,143,034)	(685,822)	(2,667,080)	(838,225)	(8,382,252)
Net Position, as restated	<u>\$ 5,665,236</u>	<u>\$ 15,613,232</u>	<u>\$ 3,948,233</u>	<u>\$ 16,248,527</u>	<u>\$ (416,232)</u>	<u>\$ (639,685)</u>	<u>\$ 40,419,311</u>

Required Supplementary Information

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 12,933,552	\$ 12,933,552	\$ 13,027,220	\$ 93,668
City income taxes	65,008,300	65,008,300	67,582,177	2,573,877
State shared taxes	14,970,328	14,970,328	14,736,240	(234,088)
Licenses and permits	482,459	482,459	551,214	68,755
Fines and forfeitures	2,012,000	2,012,000	2,072,303	60,303
Federal grants	-	-	153,075	153,075
State grants	244,542	244,542	150,575	(93,967)
Other grants and contributions	10,000	10,000	-	(10,000)
Charges for services	12,438,047	12,429,179	12,891,678	462,499
Investment earnings	401,500	401,500	488,609	87,109
Miscellaneous	88,360	88,360	142,350	53,990
Total revenues	<u>108,589,088</u>	<u>108,580,220</u>	<u>111,795,441</u>	<u>3,215,221</u>
Expenditures:				
Current:				
General government	26,009,004	27,085,095	25,164,992	1,920,103
Public safety	73,323,853	73,403,885	72,025,945	1,377,940
Public works	5,444,656	5,472,863	5,103,241	369,622
Urban and community development	4,596,927	4,546,928	4,510,014	36,914
Debt service:				
Principal	290,983	290,983	290,983	-
Interest and paying agent fees	36,440	36,440	37,758	(1,318)
Total expenditures	<u>109,701,863</u>	<u>110,836,194</u>	<u>107,132,933</u>	<u>3,703,261</u>
Excess (deficit) of revenues over expenditures	<u>(1,112,775)</u>	<u>(2,255,974)</u>	<u>4,662,508</u>	<u>6,918,482</u>
Other financing sources (uses):				
Budgeted appropriation lapse for the fund	(3,000,000)	(3,000,000)	-	3,000,000
Transfers in	14,381,808	14,390,676	13,100,321	(1,290,355)
Transfers out	(14,493,971)	(14,476,807)	(13,829,419)	647,388
Total other financing sources (uses)	<u>(3,112,163)</u>	<u>(3,086,131)</u>	<u>(729,098)</u>	<u>2,357,033</u>
Net change in fund balances	<u>(4,224,938)</u>	<u>(5,342,105)</u>	<u>3,933,410</u>	<u>9,275,515</u>
Fund balances - beginning	35,530,467	35,530,467	35,530,467	-
Current year change in inventory levels	-	-	140,444	140,444
Fund balances - ending	<u>\$ 31,305,529</u>	<u>\$ 30,188,362</u>	<u>\$ 39,604,321</u>	<u>\$ 9,415,959</u>

Note: Both budgets and actual figures are prepared in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Streets
for the year ended June 30, 2015

	Major Streets				Local Streets			
	Budgeted Amounts		Actual	Variance with	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget	Original	Final	Amounts	Final Budget
Revenues:								
State shared taxes	\$ 10,434,130	\$ 10,434,130	\$ 11,272,555	\$ 838,425	\$ 2,776,362	\$ 2,776,362	2,619,262	\$ (157,100)
Federal grants	320,000	320,000	374,276	54,276	-	-	9,853	9,853
Charges for services	1,979,180	1,979,180	2,411,423	432,243	1,000	1,000	10,571	9,571
Investment earnings	12,000	12,000	35,991	23,991	4,000	4,000	6,600	2,600
Miscellaneous	30,000	30,000	47,495	17,495	-	-	2,996	2,996
Total revenues	<u>12,775,310</u>	<u>12,775,310</u>	<u>14,141,740</u>	<u>1,366,430</u>	<u>2,781,362</u>	<u>2,781,362</u>	<u>2,649,282</u>	<u>(132,080)</u>
Expenditures:								
Current:								
Public works	10,203,169	10,330,518	11,013,740	(683,222)	3,287,402	3,340,051	2,683,487	656,564
Debt service:								
Principal	435,000	435,000	435,000	-	-	-	-	-
Interest and paying agent fees	389,170	389,170	390,183	(1,013)	-	-	-	-
Capital outlay:	90,000	98,980	44,975	54,005	10,000	10,000	22,366	(12,366)
Total expenditures	<u>11,117,339</u>	<u>11,253,668</u>	<u>11,883,898</u>	<u>(630,230)</u>	<u>3,297,402</u>	<u>3,350,051</u>	<u>2,705,853</u>	<u>644,198</u>
Excess (deficit) of revenues over expenditures	<u>1,657,971</u>	<u>1,521,642</u>	<u>2,257,842</u>	<u>736,200</u>	<u>(516,040)</u>	<u>(568,689)</u>	<u>(56,571)</u>	<u>512,118</u>
Other financing sources (uses):								
Budgeted appropriation lapse for the fund	250,000	250,000	-	250,000	100,000	100,000	-	100,000
Transfers in	-	-	371,463	(371,463)	550,000	550,000	550,000	-
Transfers out	(2,872,959)	(2,890,209)	(3,226,809)	336,600	(80,788)	(80,788)	(80,788)	-
Sale of capital assets	-	-	1,557,690	(1,557,690)	-	-	-	-
Total other financing sources (uses)	<u>(2,622,959)</u>	<u>(2,640,209)</u>	<u>(1,297,656)</u>	<u>(1,342,553)</u>	<u>569,212</u>	<u>569,212</u>	<u>469,212</u>	<u>100,000</u>
Net change in fund balances	(964,988)	(1,118,567)	960,186	2,078,753	53,172	523	412,641	412,118
Fund balances - beginning	7,800,780	7,800,780	7,800,780	-	683,243	683,243	683,243	-
Current year change in inventory levels	-	-	25,053	25,053	-	-	-	-
Fund balances - ending	<u>\$ 6,835,792</u>	<u>\$ 6,682,213</u>	<u>\$ 8,786,019</u>	<u>\$ 2,103,806</u>	<u>\$ 736,415</u>	<u>\$ 683,766</u>	<u>\$ 1,095,884</u>	<u>\$ 412,118</u>

Note: Both budgets and actual figures are prepared in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

City of Grand Rapids, Michigan
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Vital Streets
for the year ended June 30, 2015

	Vital Streets			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
State grants	\$ -	\$ 1,874,850	\$ 3,092,218	\$ 1,217,368
Investment earnings	-	-	10,720	10,720
Total revenues	-	1,874,850	3,102,938	1,228,088
Expenditures:				
Current:				
Debt service:				
Interest and paying agent fees	-	120,000	116,818	3,182
Total expenditures	-	120,000	116,818	3,182
Excess of revenues over expenditures	-	1,754,850	2,986,120	1,231,270
Other financing sources (uses):				
Transfers in	-	306,708	306,708	-
Transfers out	-	(1,874,850)	(1,874,850)	-
Total other financing sources (uses)	-	(1,568,142)	(1,568,142)	-
Net change in fund balances	-	186,708	1,417,978	1,231,270
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 186,708	\$ 1,417,978	\$ 1,231,270

Note: Both budgets and actual figures are prepared in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

City of Grand Rapids, Michigan
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Defined Benefit Pension Plan - Police and Fire Employees

<i>for the fiscal year ended June 30,</i>	<u>2015</u>
Total Pension Liability	
Service cost	\$ 7,794,219
Interest on the total pension liability	28,440,421
Changes of benefit terms	-
Difference between expected and actual experience	2,978,624
Changes of assumptions	-
Benefit payments	(21,079,038)
Refunds of contributions	(24,749)
Net change in total pension liability	<u>18,109,477</u>
Total pension liability - beginning	<u>385,860,392</u>
Total pension liability - ending (a)	<u>\$ 403,969,869</u>
 Plan fiduciary net position	
Contributions - employer	\$ 6,331,848
Contributions - employee	4,563,692
Net investment income	29,390,902
Benefit payments	(21,079,038)
Refunds of contributions	(24,749)
Administrative expenses	(523,607)
Other	(15,065)
Net change in plan fiduciary net position	<u>18,643,983</u>
 Plan fiduciary net position - beginning	<u>388,182,475</u>
Plan fiduciary net position - ending (b)	<u>\$ 406,826,458</u>
 Net pension asset - ending (a) - (b)	<u>\$ (2,856,589)</u>
 Plan fiduciary net position as a percentage of the total pension asset	100.7%
 Covered-employee payroll	\$ 35,710,964
 Net pension asset as a percentage of covered-employee payroll	-8.0%

*An additional year will be added to the schedule each year until ten years are presented.
Amounts presented for each fiscal year are determined based on a measurement date of December 31 of the prior year.*

Required Supplementary Information

City of Grand Rapids, Michigan
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Defined Benefit Pension Plan - General Employees

for the fiscal year ended June 30,

	<u>2015</u>	<u>2014</u>
Total Pension Liability		
Service cost	\$ 3,433,720	\$ 3,621,485
Interest on the total pension liability	33,264,550	32,782,407
Changes of benefit terms	-	-
Difference between expected and actual experience	(3,819,080)	(2,201,374)
Changes of assumptions	-	-
Benefit payments	(28,055,439)	(27,037,516)
Refunds of contributions	(152,273)	(114,916)
Net change in total pension liability	<u>4,671,478</u>	<u>7,050,086</u>
Total pension liability - beginning	<u>455,914,323</u>	<u>448,864,237</u>
Total pension liability - ending (a)	<u>\$ 460,585,801</u>	<u>\$ 455,914,323</u>
Plan fiduciary net position		
Contributions - employer	\$ 8,771,032	\$ 8,135,843
Contributions - employee	3,737,014	3,933,341
Net investment income	65,337,996	44,058,818
Benefit payments	(28,055,439)	(27,037,516)
Refunds of contributions	(152,273)	(114,916)
Administrative expenses	(523,086)	(476,059)
Other	(21,741)	(15,873)
Net change in plan fiduciary net position	<u>49,093,503</u>	<u>28,483,638</u>
Plan fiduciary net position - beginning	<u>379,712,035</u>	<u>351,228,397</u>
Plan fiduciary net position - ending (b)	<u>\$ 428,805,538</u>	<u>\$ 379,712,035</u>
Net pension liability - ending (a) - (b)	<u>\$ 31,780,263</u>	<u>\$ 76,202,288</u>
Plan fiduciary net position as a percentage of the total pension liability	93.1%	83.3%
Covered-employee payroll	\$ 40,510,955	\$ 43,783,450
Net pension liability as a percentage of covered-employee payroll	78.4%	174.0%

An additional year will be added to the schedule each year until ten years are presented.

Amounts presented for each fiscal year are determined based on a measurement date of June 30 of the prior year.

Required Supplementary Information

City of Grand Rapids, Michigan Schedules of City Contributions *

Police and Fire Retirement System

for the City's fiscal year ending June 30,

	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 5,807,941	\$ 6,831,550
Actual contribution	5,807,941	6,831,550
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll	\$ 35,561,982	\$ 35,690,502
Actual Contribution as a Percentage of Covered Payroll	16.3%	19.1%

Notes to Schedules

Police and Fire Retirement System

Valuation date:

Actuarially determined contribution rates are calculated as of December 31, eighteen months prior to the end of the fiscal year when contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Individual entry age, normal.
Amortization method	Level percent, closed.
Remaining amortization period	24 years.
Asset valuation method	5-year smoothed market.
Projected salary increases	3.5% - 20.5%
Including wage inflation at	3.5% - No explicit price inflation assumption is used in this valuation.
Cost of living adjustments after retirement	Ad hoc "13th check" tied to plan investments for benefit recipients who do not have an automatic benefit increase. A 1.0% simple escalator for eligible police retirees. A 1.5% simple escalator for eligible firefighters.
Investment rate of return	7.50% compounded annually. (net after expenses and before a 0.25% reduction for participants in the "13th check" program.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2010 valuation pursuant to an experience study of the years 2005 through 2009.
Mortality	The 1983 Group Annuity Male and Female Mortality Table set back 3 years for males and 2 years for females. This table was first used for the December 2005 valuation computations.

* An additional year will be added each year until ten years are presented.

General Retirement System

for the City's fiscal year ending June 30,

	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 11,327,704	\$ 8,771,032
Actual contribution	11,327,704	8,771,032
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Payroll	\$ 40,200,201	\$ 40,510,955
Actual Contribution as a Percentage of Covered Payroll	28.2%	21.7%

General Retirement System

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year when contributions are reported.

Methods and assumptions used to determine contributions rates:

Actuarial cost method	Individual entry age, normal.
Amortization method	Level dollar, closed.
Remaining amortization period	24 years at June 30, 2014
Asset valuation method	5-year smoothed market.
Projected salary increases	3.5% - 7.7%
Including wage inflation at	3.5% - No explicit price inflation assumption is used in this valuation.
Cost of living adjustments after retirement	Ad hoc "13th check" tied to plan investments for benefit recipients who do not have an automatic benefit increase. Eligible retirees receive a 1.0% simple escalator beginning 4 to 6 years after retirement.
Investment rate of return	7.50% compounded annually. (net after expenses and before a 0.25% reduction for participants in the "13th check" program.
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2010 valuation pursuant to an experience study of the period 2004 - 2009.
Mortality	The 1983 Group Annuity Male and Female Mortality Tables set back 3 years for males and 2 years for females. These tables were first used for the June 2006 valuation computations.
Significant changes to the plan	In 2011 the plan was closed to new entrants from the largest covered employee group. In 2014 the plan was closed to all new entrants.

Required Supplementary Information

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

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b - a)	(a / b)	(c)	((b - a) / c)
General Retiree Plan						
June 30, 2012	\$ 7,102,336	\$ 66,882,845	\$ 59,780,509	11%	28,893,310	207%
June 30, 2013	8,526,338	64,235,682	55,709,344	13%	25,849,738	216%
June 30, 2014	9,563,129	60,370,567	50,807,438	16%	24,609,381	206%
Police Retiree Plan						
June 30, 2012	\$ 5,800,843	\$ 50,604,054	\$ 44,803,211	11%	15,788,102	284%
June 30, 2013	10,196,070	58,270,058	48,073,988	17%	15,246,366	315%
June 30, 2014	15,217,860	63,443,368	48,225,508	24%	14,708,631	328%
Fire Retiree Plan						
June 30, 2012	\$ 6,190,800	\$ 32,755,074	\$ 26,564,274	19%	14,372,773	185%
June 30, 2013	8,003,318	38,953,456	30,950,138	21%	13,594,261	228%
June 30, 2014	10,276,569	39,586,693	29,310,124	26%	13,160,507	223%
Library Retiree Plan						
June 30, 2010	\$ -	\$ 1,042,078	\$ 1,042,078	0%	\$ 387,393	269%
June 30, 2013	-	807,530	807,530	0%	310,351	260%

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



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City of Grand Rapids, Michigan
Budgetary Comparison Schedule
General Operating Fund Expenditures

for the year ended June 30, 2015

<u>Department</u>	<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>
General Government - Fiscal and Administrative:				
Executive Office:				
Personal services	\$ 1,085,399	\$ 1,085,399	\$ 1,027,472	\$ 57,927
Supplies	4,900	4,900	7,211	(2,311)
Services and charges	223,058	261,798	282,378	(20,580)
Minor Capital Outlay	1,000	1,000	3,479	(2,479)
	<u>1,314,357</u>	<u>1,353,097</u>	<u>1,320,540</u>	<u>32,557</u>
Clerk:				
Personal services	1,259,006	1,289,006	1,172,233	116,773
Supplies	111,098	231,098	72,631	158,467
Services and charges	480,724	480,724	530,784	(50,060)
Minor Capital Outlay	-	-	118,626	(118,626)
	<u>1,850,828</u>	<u>2,000,828</u>	<u>1,894,274</u>	<u>106,554</u>
Human Resources:				
Personal services	1,022,068	1,072,498	1,060,861	11,637
Supplies	44,000	44,000	45,114	(1,114)
Services and charges	744,235	800,378	921,886	(121,508)
	<u>1,810,303</u>	<u>1,916,876</u>	<u>2,027,861</u>	<u>(110,985) *</u>
Administrative Services:				
Personal services	405,398	405,398	414,163	(8,765)
Supplies	17,825	17,825	11,893	5,932
Services and charges	296,910	309,086	234,619	74,467
	<u>720,133</u>	<u>732,309</u>	<u>660,675</u>	<u>71,634</u>
Attorney:				
Personal services	1,946,421	2,065,765	2,077,557	(11,792)
Supplies	54,100	54,100	53,340	760
Services and charges	346,868	281,868	331,098	(49,230)
Minor Capital Outlay	2,000	2,000	1,567	433
	<u>2,349,389</u>	<u>2,403,733</u>	<u>2,463,562</u>	<u>(59,829) *</u>
Fiscal services:				
Personal services	1,223,374	1,223,374	1,097,169	126,205
Supplies	26,150	29,650	16,262	13,388
Services and charges	531,708	528,208	486,359	41,849
	<u>1,781,232</u>	<u>1,781,232</u>	<u>1,599,790</u>	<u>181,442</u>
Technology and Change Management:				
Personal services	136,272	136,272	136,654	(382)
Supplies	-	-	272	(272)
Services and charges	50,941	50,941	47,177	3,764
	<u>\$ 187,213</u>	<u>\$ 187,213</u>	<u>\$ 184,103</u>	<u>\$ 3,110</u> continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
General Operating Fund Expenditures

for the year ended June 30, 2015

Department	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Treasury:				
Personal services	\$ 4,550,599	\$ 4,550,599	\$ 3,914,325	\$ 636,274
Supplies	275,177	363,177	278,717	84,460
Services and charges	1,896,149	2,261,116	1,983,341	277,775
Minor Capital Outlay	22,000	22,000	3,353	18,647
	<u>6,743,925</u>	<u>7,196,892</u>	<u>6,179,736</u>	<u>1,017,156</u>
Comptroller:				
Personal services	1,732,602	1,826,452	1,735,050	91,402
Supplies	40,420	64,420	45,563	18,857
Services and charges	670,702	670,702	592,051	78,651
	<u>2,443,724</u>	<u>2,561,574</u>	<u>2,372,664</u>	<u>188,910</u>
Total general government - fiscal and administrative	<u>19,201,104</u>	<u>20,133,754</u>	<u>18,703,205</u>	<u>1,430,549</u>
General purpose:				
General administration:				
Personal services	10,000	10,000	6,829	3,171
Supplies	10,000	10,000	-	10,000
Services and charges	6,787,900	6,931,341	6,454,958	476,383
Total general purpose	<u>6,807,900</u>	<u>6,951,341</u>	<u>6,461,787</u>	<u>489,554</u>
Total General Government	<u>26,009,004</u>	<u>27,085,095</u>	<u>25,164,992</u>	<u>1,920,103</u>
Public safety:				
Police:				
Personal services	38,362,574	38,182,756	37,122,247	1,060,509
Supplies	627,309	627,309	740,630	(113,321)
Services and charges	7,137,527	7,137,527	7,265,816	(128,289)
Minor Capital Outlay	81,900	92,900	76,390	16,510
	<u>46,209,310</u>	<u>46,040,492</u>	<u>45,205,083</u>	<u>835,409</u>
Fire:				
Personal services	24,511,364	24,231,072	24,233,011	(1,939)
Supplies	278,815	278,815	232,388	46,427
Services and charges	2,028,790	2,283,141	1,933,230	349,911
Minor Capital Outlay	295,574	570,365	422,233	148,132
	<u>27,114,543</u>	<u>27,363,393</u>	<u>26,820,862</u>	<u>542,531</u>
Total public safety	<u>\$ 73,323,853</u>	<u>\$ 73,403,885</u>	<u>\$ 72,025,945</u>	<u>\$ 1,377,940</u>

continued

City of Grand Rapids, Michigan
Budgetary Comparison Schedule
General Operating Fund Expenditures

for the year ended June 30, 2015

<u>Department</u>	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public works:				
Enterprise services:				
Personal services	\$ 2,167,326	\$ 2,195,533	\$ 1,972,556	\$ 222,977
Supplies	284,270	284,270	478,665	(194,395)
Services and charges	2,965,560	2,965,560	2,628,626	336,934
Minor Capital Outlay	27,500	27,500	23,394	4,106
	<u>5,444,656</u>	<u>5,472,863</u>	<u>5,103,241</u>	<u>369,622</u>
Total public works	<u>5,444,656</u>	<u>5,472,863</u>	<u>5,103,241</u>	<u>369,622</u>
Urban development:				
Design and Development:				
Personal services	1,283,123	1,283,123	1,265,698	17,425
Supplies	36,850	36,850	40,468	(3,618)
Services and charges	417,246	367,246	362,938	4,308
Minor Capital Outlay	2,750	2,750	6,698	(3,948)
	<u>1,739,969</u>	<u>1,689,969</u>	<u>1,675,802</u>	<u>14,167</u>
Community Development:				
Personal services	2,212,233	2,212,233	2,258,485	(46,252)
Supplies	58,500	58,500	52,311	6,189
Services and charges	581,725	581,726	521,697	60,029
Minor Capital Outlay	4,500	4,500	1,719	2,781
	<u>2,856,958</u>	<u>2,856,959</u>	<u>2,834,212</u>	<u>22,747</u>
Total urban development	<u>4,596,927</u>	<u>4,546,928</u>	<u>4,510,014</u>	<u>36,914</u>
Debt Service				
Principal	\$ 290,983	\$ 290,983	\$ 290,983	\$ -
Interest	36,440	36,440	37,758	(1,318)
Total debt service	<u>\$ 327,423</u>	<u>\$ 327,423</u>	<u>\$ 328,741</u>	<u>\$ (1,318)</u>
Budgeted Appropriation Lapse within Fund	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>-</u>	<u>(3,000,000)</u>
Total expenditures	<u>\$ 106,701,863</u>	<u>\$ 107,836,194</u>	<u>\$ 107,132,933</u>	<u>\$ 703,261</u>

* The legal level of budgetary control is the department level. This department had expenditures in excess of appropriations. Presentation of budgetary information at the character level reflects general interest in that level of detail.

City of Grand Rapids, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

Special Revenue Funds										
	Library	Refuse	Parks & Recreation	Trans- formation	Grants	Michigan Justice Training	Vehicle Storage Facility	Property Management	Building Inspections	DNR Properties
ASSETS										
Equity in pooled cash and investments	\$ 3,057,473	\$ 1,604,141	\$ 924,164	\$ 22,425,658	\$ 2,083,328	\$ 186,085	\$ 393,268	\$ 1,011,240	\$ 3,810,056	\$ 175,827
Receivables, net	103,678	19,573	18,511	1,133,461	5,132	807	1,722	5,583	21,064	871
Due from other funds	-	85,180	15,353	97,970	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Due from other governmental units	-	-	-	440,757	645,837	-	-	-	-	-
Total assets	<u>\$ 3,161,151</u>	<u>\$ 1,708,894</u>	<u>\$ 958,028</u>	<u>\$ 24,097,846</u>	<u>\$ 2,734,297</u>	<u>\$ 186,892</u>	<u>\$ 394,990</u>	<u>\$ 1,016,823</u>	<u>\$ 3,831,120</u>	<u>\$ 176,698</u>
LIABILITIES										
Vouchers and accounts payable	\$ 94,274	\$ 271,074	\$ 1,291,166	\$ 55,155	\$ 602,457	\$ 11,867	\$ 28,631	\$ -	\$ 18,753	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-	-
Due to other governmental units	-	-	-	-	-	-	500	-	-	-
Unearned revenues	10,000	-	-	-	520,702	-	-	-	-	1,050
Customer deposits	33,400	881,370	44,277	-	-	-	-	-	-	-
Total liabilities	<u>137,674</u>	<u>1,152,444</u>	<u>1,335,443</u>	<u>55,155</u>	<u>1,123,159</u>	<u>11,867</u>	<u>29,131</u>	<u>-</u>	<u>18,753</u>	<u>1,050</u>
FUND BALANCES										
Nonspendable:										
Inventories	-	-	-	-	-	-	-	-	-	-
Nonexpendable Trust principal	14,270	-	-	-	-	-	-	-	-	-
Restricted:										
Public safety	-	-	-	-	-	175,025	-	-	-	-
Urban and community development	-	-	-	-	1,611,138	-	-	358,233	-	-
Culture and recreation	386,609	-	-	-	-	-	-	-	-	-
Committed:										
Authorized projects	-	-	-	24,042,691	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Assigned:										
Culture and recreation	2,239,669	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Urban and community development	-	-	-	-	-	-	-	617,093	3,591,657	171,686
Public works	-	314,209	-	-	-	-	347,284	-	-	-
Ensuing budget year	-	-	-	-	-	-	3,639	40,979	-	3,962
Compensated absences	382,929	242,241	-	-	-	-	14,936	518	220,710	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(377,415)	-	-	-	-	-	-	-
Total fund balance	<u>3,023,477</u>	<u>556,450</u>	<u>(377,415)</u>	<u>24,042,691</u>	<u>1,611,138</u>	<u>175,025</u>	<u>365,859</u>	<u>1,016,823</u>	<u>3,812,367</u>	<u>175,648</u>
Total liabilities and fund balances	<u>\$ 3,161,151</u>	<u>\$ 1,708,894</u>	<u>\$ 958,028</u>	<u>\$ 24,097,846</u>	<u>\$ 2,734,297</u>	<u>\$ 186,892</u>	<u>\$ 394,990</u>	<u>\$ 1,016,823</u>	<u>\$ 3,831,120</u>	<u>\$ 176,698</u>

City of Grand Rapids, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds						Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds	
	Sidewalk Repair	Community Dispatch	Drug Law Enforcement	General Special Revenue	Economic Development	Downtown Improvement District	Business Improvement District	Grand Rapids Building Authority		Cemeteries Perpetual Care
ASSETS										
Equity in pooled cash and investments	\$ 719,215	\$ 601,104	\$ 1,352,122	\$ 197,557	\$ 599,902	\$ 598,244	\$ 49,582	\$ 1,571,926	\$ 3,811,245	\$ 45,172,137
Receivables, net	5,348	4,625	7,553	934	2,984	3,611	313	-	19,937	1,355,707
Due from other funds	-	-	-	-	-	-	-	-	-	198,503
Inventories	-	-	-	-	-	-	-	-	17,638	17,638
Due from other governmental units	-	1,134,585	-	-	-	-	-	-	-	2,221,179
Total assets	<u>\$ 724,563</u>	<u>\$ 1,740,314</u>	<u>\$ 1,359,675</u>	<u>\$ 198,491</u>	<u>\$ 602,886</u>	<u>\$ 601,855</u>	<u>\$ 49,895</u>	<u>\$ 1,571,926</u>	<u>\$ 3,848,820</u>	<u>\$ 48,965,164</u>
LIABILITIES										
Vouchers and accounts payable	\$ 387,099	\$ 714	\$ 30,615	\$ -	\$ 1,087	\$ 24,864	\$ 14,304	\$ -	\$ -	\$ 2,832,060
Due to other funds	41,442	-	-	-	-	-	-	-	-	41,442
Due to other governmental units	-	-	-	-	-	-	-	-	-	500
Unearned revenues	-	-	-	-	-	-	-	-	-	531,752
Customer deposits	568	-	-	-	-	-	-	-	-	959,615
Total liabilities	<u>429,109</u>	<u>714</u>	<u>30,615</u>	<u>-</u>	<u>1,087</u>	<u>24,864</u>	<u>14,304</u>	<u>-</u>	<u>-</u>	<u>4,365,369</u>
FUND BALANCES										
Nonspendable:										
Inventories	-	-	-	-	-	-	-	-	17,638	17,638
Nonexpendable Trust principal	-	-	-	25,000	-	-	-	-	2,889,892	2,929,162
Restricted:										
Public safety	-	-	1,329,060	22,729	-	-	-	-	-	1,526,814
Urban and community development	-	-	-	-	-	576,991	35,591	-	-	2,581,953
Culture and recreation	-	-	-	114,573	-	-	-	-	-	501,182
Committed:										
Authorized projects	-	-	-	-	-	-	-	-	-	24,042,691
Other purposes	-	-	-	-	-	-	-	-	941,290	941,290
Assigned:										
Culture and recreation	-	-	-	36,189	-	-	-	-	-	2,275,858
Public safety	-	1,464,336	-	-	-	-	-	-	-	1,464,336
Urban and community development	-	-	-	-	466,664	-	-	-	-	4,847,100
Public works	257,380	-	-	-	-	-	-	-	-	918,873
Ensuing budget year	-	-	-	-	124,642	-	-	-	-	173,222
Compensated absences	38,074	275,264	-	-	10,493	-	-	-	-	1,185,165
Other purposes	-	-	-	-	-	-	-	1,571,926	-	1,571,926
Unassigned	-	-	-	-	-	-	-	-	-	(377,415)
Total fund balance	<u>295,454</u>	<u>1,739,600</u>	<u>1,329,060</u>	<u>198,491</u>	<u>601,799</u>	<u>576,991</u>	<u>35,591</u>	<u>1,571,926</u>	<u>3,848,820</u>	<u>44,599,795</u>
Total liabilities and fund balances	<u>\$ 724,563</u>	<u>\$ 1,740,314</u>	<u>\$ 1,359,675</u>	<u>\$ 198,491</u>	<u>\$ 602,886</u>	<u>\$ 601,855</u>	<u>\$ 49,895</u>	<u>\$ 1,571,926</u>	<u>\$ 3,848,820</u>	<u>\$ 48,965,164</u>

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2015

Special Revenue Funds

	<u>Library</u>	<u>Refuse</u>	<u>Parks & Recreation</u>	<u>Trans-formation</u>	<u>Grants</u>	<u>Michigan Justice Training</u>	<u>Vehicle Storage Facility</u>	<u>Property Management</u>	<u>Building Inspections</u>	<u>DNR Properties</u>	<u>Sidewalk Repair</u>
Revenues:											
Property taxes	\$ 9,644,592	\$ 6,291,390	\$ 3,839,508	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City income taxes	-	-	-	10,892,450	-	-	-	-	-	-	-
State shared taxes	285,682	-	-	2,644,539	49,258	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	3,117,429	-	83,244
Federal grants	-	-	-	-	7,388,133	-	-	-	-	-	-
State grants	-	-	-	-	265,182	55,051	-	-	-	-	-
Other grants and contributions	380,241	-	105,190	-	683,173	-	-	-	-	-	-
Charges for services	360,235	5,404,053	447,620	-	824,424	-	600,879	91,926	192,012	-	286,005
Property sales	-	-	-	-	-	-	-	970,332	-	-	-
Investment earnings	60,945	28,225	25,452	171,485	28,353	1,285	2,788	8,670	28,447	1,420	4,963
Miscellaneous	-	-	101,660	-	8,212	-	-	-	1,171	1,050	-
Total revenues	<u>10,731,695</u>	<u>11,723,668</u>	<u>4,519,430</u>	<u>13,708,474</u>	<u>9,246,735</u>	<u>56,336</u>	<u>603,667</u>	<u>1,070,928</u>	<u>3,339,059</u>	<u>2,470</u>	<u>374,212</u>
Expenditures:											
Current:											
General government	-	-	-	-	235,091	-	-	-	-	-	-
Public safety	-	-	-	-	2,596,790	50,500	-	-	-	-	-
Public works	-	10,331,963	-	-	-	-	436,482	-	-	-	1,722,449
Culture and recreation	8,460,107	-	9,885,961	-	32,366	-	-	-	-	-	-
Urban and community development	-	-	-	-	7,067,896	-	-	1,049,304	2,844,676	13,448	-
Principal	-	-	-	-	-	-	-	25,000	-	-	-
Interest and paying agent fees	750	-	-	-	-	-	-	16,312	-	-	-
Capital outlay	<u>43,048</u>	<u>-</u>	<u>30,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>8,503,905</u>	<u>10,331,963</u>	<u>9,916,165</u>	<u>-</u>	<u>9,932,143</u>	<u>50,500</u>	<u>436,482</u>	<u>1,090,616</u>	<u>2,844,676</u>	<u>13,448</u>	<u>1,722,449</u>
Excess (deficiency) of revenues over expenditures	<u>2,227,790</u>	<u>1,391,705</u>	<u>(5,396,735)</u>	<u>13,708,474</u>	<u>(685,408)</u>	<u>5,836</u>	<u>167,185</u>	<u>(19,688)</u>	<u>494,383</u>	<u>(10,978)</u>	<u>(1,348,237)</u>
Other financing sources (uses):											
Transfers in	138,140	-	5,266,593	58,184	1,495,976	-	-	-	60,481	-	1,200,000
Transfers out	(2,405,927)	(286,776)	(1,032,350)	(11,202,415)	(1,502,617)	-	(106,812)	(8,040)	(230,967)	-	(59,549)
Sale of capital assets	-	13,553	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(2,267,787)</u>	<u>(273,223)</u>	<u>4,234,243</u>	<u>(11,144,231)</u>	<u>(6,641)</u>	<u>-</u>	<u>(106,812)</u>	<u>(8,040)</u>	<u>(170,486)</u>	<u>-</u>	<u>1,140,451</u>
Net change in fund balances	(39,997)	1,118,482	(1,162,492)	2,564,243	(692,049)	5,836	60,373	(27,728)	323,897	(10,978)	(207,786)
Fund balances - beginning	3,063,474	(562,032)	785,077	21,478,448	2,303,187	169,189	305,486	1,044,551	3,488,470	186,626	503,240
Fund balances - ending	<u>\$ 3,023,477</u>	<u>\$ 556,450</u>	<u>\$ (377,415)</u>	<u>\$ 24,042,691</u>	<u>\$ 1,611,138</u>	<u>\$ 175,025</u>	<u>\$ 365,859</u>	<u>\$ 1,016,823</u>	<u>\$ 3,812,367</u>	<u>\$ 175,648</u>	<u>\$ 295,454</u>

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenditure
and Changes in Fund Balances
Nonmajor Governmental Funds
for the year ended June 30, 2015

	Special Revenue Funds						Debt Service Funds		Permanent Fund	Total
	Community Dispatch	Drug Law Enforcement	General	Economic	Downtown	Business	Grand Rapids Building Authority	Public Act 175	Cemeteries Perpetual Care	Nonmajor Governmental Funds
			Special Revenue	Development	Improvement District	Improvement District				
Revenues:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	19,775,490
City income taxes	-	-	-	-	-	-	-	-	-	10,892,450
State shared taxes	-	-	-	-	-	-	-	-	-	2,979,479
Licenses and permits	-	-	-	-	-	-	-	-	-	3,200,673
Federal grants	-	43,284	-	-	-	-	-	-	-	7,431,417
State grants	-	-	-	-	-	-	-	-	-	320,233
Other grants and contributions	2,442,064	-	3,468	-	-	-	-	-	-	3,614,136
Charges for services	-	478,874	-	112,929	761,894	92,126	-	-	25,086	9,678,063
Property sales	-	-	-	-	-	-	-	-	-	970,332
Investment earnings	10,866	8,105	1,532	4,858	5,775	461	207	-	28,890	422,727
Miscellaneous	1,512	44,320	15,354	2,602	6,878	-	48,017	-	-	230,776
Total revenues	2,454,442	574,583	20,354	120,389	774,547	92,587	48,224	-	53,976	59,515,776
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	-	235,091
Public safety	5,632,878	765,941	-	-	-	-	-	-	-	9,046,109
Public works	-	-	-	-	-	-	-	-	-	12,490,894
Culture and recreation	-	-	11,975	-	-	-	-	-	-	18,390,409
Urban and community development	-	-	-	223,614	709,956	87,677	-	-	-	11,996,571
Principal	-	-	-	-	-	-	4,760,000	1,640,000	-	6,425,000
Interest and paying agent fees	-	-	-	-	-	-	2,670,306	48,788	-	2,736,156
Capital outlay	-	-	-	-	-	-	-	-	-	73,252
Total expenditures	5,632,878	765,941	11,975	223,614	709,956	87,677	7,430,306	1,688,788	-	61,393,482
Excess (deficiency) of revenues over expenditures	(3,178,436)	(191,358)	8,379	(103,225)	64,591	4,910	(7,382,082)	(1,688,788)	53,976	(1,877,706)
Other financing sources (uses):										
Transfers in	3,539,723	-	-	75,000	-	-	7,429,417	1,688,788	103,795	21,056,097
Transfers out	(307,390)	-	-	(4,722)	(7,172)	-	-	-	(28,890)	(17,183,627)
Sale of capital assets	-	-	-	-	-	-	-	-	-	13,553
Total other financing sources (uses)	3,232,333	-	-	70,278	(7,172)	-	7,429,417	1,688,788	74,905	3,886,023
Net change in fund balances	53,897	(191,358)	8,379	(32,947)	57,419	4,910	47,335	-	128,881	2,008,317
Fund balances - beginning	1,685,703	1,520,418	190,112	634,746	519,572	30,681	1,524,591	-	3,719,939	42,591,478
Fund balances - ending	\$ 1,739,600	\$ 1,329,060	\$ 198,491	\$ 601,799	\$ 576,991	\$ 35,591	\$ 1,571,926	\$ -	\$ 3,848,820	\$ 44,599,795

City of Grand Rapids
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget to Actual
Nonmajor Governmental Funds
for the year ended June 30, 2015

	Budget				Actual				Net Variance
	Revenues	Expenditures	Other Financing Sources (uses)	Net	Revenues	Expenditures	Other Financing Sources (uses)	Net	
Library	10,718,564	8,736,673	(2,267,787)	(285,896)	10,731,695	8,503,905	(2,267,787)	(39,997)	245,899
Refuse	11,690,223	10,714,144	(286,776)	689,303	11,723,668	10,331,963	(273,223)	1,118,482	429,179
Grants	20,369,782	18,576,586	1,326,677	3,119,873	9,246,735	9,932,143	(6,641)	(692,049)	(3,811,922)
Michigan Justice Training	52,600	60,000	-	(7,400)	56,336	50,500	-	5,836	13,236
Vehicle Storage Facility	492,884	519,655	(9,433)	(36,204)	603,667	436,482	(106,812)	60,373	96,577
Parks & Recreation	4,489,702	8,804,951	4,234,242	(81,007)	4,519,430	9,916,165	4,234,243	(1,162,492)	(1,081,485)
Property Management	1,444,581	1,420,002	(8,040)	16,539	1,070,928	1,090,616	(8,040)	(27,728)	(44,267)
Building Inspections	3,264,148	2,977,297	(170,486)	116,365	3,339,059	2,844,676	(170,486)	323,897	207,532
DNR Properties	20,400	20,000	-	400	2,470	13,448	-	(10,978)	(11,378)
Sidewalk Repair	483,850	1,861,256	1,140,451	(236,955)	374,212	1,722,449	1,140,451	(207,786)	29,169
Community Dispatch	2,562,606	5,790,639	3,232,333	4,300	2,454,442	5,632,878	3,232,333	53,897	49,597
Transformation	13,157,258	-	(30,194,815)	(17,037,557)	13,708,474	-	(11,144,231)	2,564,243	19,601,800
Drug Law Enforcement	488,335	813,644	-	(325,309)	574,583	765,941	-	(191,358)	133,951
General Special Revenue	475	16,000	-	(15,525)	20,354	11,975	-	8,379	23,904
Economic Development	79,500	252,773	70,278	(102,995)	120,389	223,614	70,278	(32,947)	70,048
Downtown Improvement District	790,370	810,370	(8,000)	(28,000)	774,547	709,956	(7,172)	57,419	85,419
Business Improvement District	92,127	120,071	-	(27,944)	92,587	87,677	-	4,910	32,854
Total	70,197,405	61,494,061	(22,941,356)	(14,238,012)	59,413,576	52,274,388	(5,307,087)	1,832,101	16,070,113

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

City of Grand Rapids, Michigan
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2015

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 454,869	\$ 518,524	\$ 973,393
Receivables, net	94,576	28,445	123,021
Inventory	5,770	-	5,770
Total current assets	<u>555,215</u>	<u>546,969</u>	<u>1,102,184</u>
Noncurrent assets:			
Other assets	201,141	-	201,141
Capital assets:			
Non-depreciable	217,225	-	217,225
Depreciable	1,345,496	4,320,715	5,666,211
Less accumulated depreciation	<u>(1,164,421)</u>	<u>(2,911,315)</u>	<u>(4,075,736)</u>
Total noncurrent assets	<u>599,441</u>	<u>1,409,400</u>	<u>2,008,841</u>
Total assets	<u>1,154,656</u>	<u>1,956,369</u>	<u>3,111,025</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>56,638</u>	<u>-</u>	<u>56,638</u>
LIABILITIES			
Current liabilities:			
Vouchers and accounts payable	187,041	144,564	331,605
Current portion of compensated absences	<u>20,075</u>	<u>-</u>	<u>20,075</u>
Total current liabilities	<u>207,116</u>	<u>144,564</u>	<u>351,680</u>
Noncurrent liabilities (net of portion due within 1 year):			
Compensated absences	12,835	-	12,835
Net pension liability	158,902	-	158,902
Net OPEB obligation	<u>14,698</u>	<u>-</u>	<u>14,698</u>
Total noncurrent liabilities	<u>186,435</u>	<u>-</u>	<u>186,435</u>
Total liabilities	<u>393,551</u>	<u>144,564</u>	<u>538,115</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>163,861</u>	<u>-</u>	<u>163,861</u>
NET POSITION			
Net investment in capital assets	398,300	1,409,400	1,807,700
Unrestricted	<u>255,582</u>	<u>402,405</u>	<u>657,987</u>
Total net position	<u>\$ 653,882</u>	<u>\$ 1,811,805</u>	<u>\$ 2,465,687</u>

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
for the year ended June 30, 2015

	<u>Cemeteries Operating</u>	<u>Belknap Ice Arena</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 997,101	\$ 724,858	\$ 1,721,959
Sales	<u>317,432</u>	<u>51,348</u>	<u>368,780</u>
Total operating revenues	<u>1,314,533</u>	<u>776,206</u>	<u>2,090,739</u>
Operating expenses:			
Personal services	491,763	249,670	741,433
Supplies and materials	122,665	27,406	150,071
Utilities	50,896	130,619	181,515
Contractual services	386,605	210,019	596,624
Other services and charges	623,858	61,216	685,074
Depreciation	<u>11,955</u>	<u>109,352</u>	<u>121,307</u>
Total operating expenses	<u>1,687,742</u>	<u>788,282</u>	<u>2,476,024</u>
Operating Loss	<u>(373,209)</u>	<u>(12,076)</u>	<u>(385,285)</u>
Nonoperating revenues:			
Interest revenue	<u>984</u>	<u>2,243</u>	<u>3,227</u>
Total nonoperating revenues	<u>984</u>	<u>2,243</u>	<u>3,227</u>
Loss before capital contributions and transfers	(372,225)	(9,833)	(382,058)
Transfers in	918,843	-	918,843
Transfers out	<u>(141,440)</u>	<u>-</u>	<u>(141,440)</u>
Change in net position	405,178	(9,833)	395,345
Total net position - beginning, as restated	<u>248,704</u>	<u>1,821,638</u>	<u>2,070,342</u>
Total net position - ending	<u>\$ 653,882</u>	<u>\$ 1,811,805</u>	<u>\$ 2,465,687</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
for the year ended June 30, 2015

	Cemeteries Operating	Belknap Ice Arena	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Receipts from customers	\$ 1,374,932	\$ 782,059	\$ 2,156,991
Payments to suppliers	(1,102,902)	(421,884)	(1,524,786)
Payments to employees	(394,160)	(222,654)	(616,814)
Payments for payroll taxes and benefits	(162,639)	(27,016)	(189,655)
Net cash provided (used) by operating activities	<u>(284,769)</u>	<u>110,505</u>	<u>(174,264)</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	918,843	-	918,843
Transfers to other funds	(141,440)	-	(141,440)
Net cash provided by noncapital financing activities	<u>777,403</u>	<u>-</u>	<u>777,403</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(234,970)	(14,947)	(249,917)
Net cash used by capital and related financing activities	<u>(234,970)</u>	<u>(14,947)</u>	<u>(249,917)</u>
Cash flows from investing activities:			
Interest received	984	2,243	3,227
Net increase in equity in pooled cash and investments	258,648	97,801	356,449
Equity in pooled cash and investments, beginning	<u>196,221</u>	<u>420,723</u>	<u>616,944</u>
Equity in pooled cash and investments, ending	<u>\$ 454,869</u>	<u>\$ 518,524</u>	<u>\$ 973,393</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (373,209)	\$ (12,076)	\$ (385,285)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	11,955	109,352	121,307
Change in assets and liabilities:			
Decrease in accounts receivable	60,527	5,853	66,380
Increase in inventory	(128)	-	(128)
Increase in vouchers and accounts payable	81,122	7,376	88,498
Increase in deferred outflows related to pensions	(437,649)	-	(437,649)
Increase in deferred inflows related to pensions	163,861	-	163,861
Increase in compensated absences	2,949	-	2,949
Increase in pension liability	202,757	-	202,757
Increase in net OPEB obligation	3,046	-	3,046
Total adjustments	<u>88,440</u>	<u>122,581</u>	<u>211,021</u>
Net cash provided (used) by operating activities	<u>\$ (284,769)</u>	<u>\$ 110,505</u>	<u>\$ (174,264)</u>

City of Grand Rapids, Michigan
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	311 Program	Total Internal Service Funds
ASSETS							
Current assets:							
Equity in pooled cash and investments	\$ 8,209,654	\$ 4,481,572	\$ 4,517,846	\$ 23,863,781	\$ 3,036,664	\$ 467,712	\$ 44,577,229
Receivables, net	346,751	51,726	101,698	900,169	52,057	2,553	1,454,954
Due from other funds (Note 9)	-	-	-	-	41,442	-	41,442
Due from component units	-	-	-	-	40,994	-	40,994
Inventory	-	990,809	-	-	-	-	990,809
Restricted assets	-	-	-	3,304,302	-	-	3,304,302
Total current assets	<u>8,556,405</u>	<u>5,524,107</u>	<u>4,619,544</u>	<u>28,068,252</u>	<u>3,171,157</u>	<u>470,265</u>	<u>50,409,730</u>
Noncurrent assets:							
Capital assets:							
Depreciable	7,825,217	40,823,630	1,418,740	-	-	-	50,067,587
Less accumulated depreciation	(6,029,311)	(23,735,696)	(279,449)	-	-	-	(30,044,456)
Total noncurrent assets	<u>1,795,906</u>	<u>17,087,934</u>	<u>1,139,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,023,131</u>
Total assets	<u>10,352,311</u>	<u>22,612,041</u>	<u>5,758,835</u>	<u>28,068,252</u>	<u>3,171,157</u>	<u>470,265</u>	<u>70,432,861</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	90,621	362,487	169,916	101,949	396,470	124,604	1,246,047
Deferred on refunding of bonds	-	1,620	-	-	-	-	1,620
Total deferred outflows of resources	<u>90,621</u>	<u>364,107</u>	<u>169,916</u>	<u>101,949</u>	<u>396,470</u>	<u>124,604</u>	<u>1,247,667</u>
LIABILITIES							
Current liabilities:							
Vouchers and accounts payable	200,636	100,923	272,505	917,002	44,576	10,093	1,545,735
Accrued interest payable	-	17,451	-	-	-	-	17,451
Due to other governmental units	-	-	-	111,228	-	-	111,228
Due to other funds	-	-	-	-	-	366,931	366,931
Unearned revenues	-	-	1,738	-	-	-	1,738
Current portion of claims payable	-	-	-	4,844,474	-	-	4,844,474
Current maturities of bonds & contracts payable	-	625,510	-	-	-	-	625,510
Compensated absences	32,080	128,265	89,317	28,170	181,607	27,640	487,079
Total current liabilities	<u>232,716</u>	<u>872,149</u>	<u>363,560</u>	<u>5,900,874</u>	<u>226,183</u>	<u>404,664</u>	<u>8,000,146</u>
Noncurrent liabilities (net of current portion):							
Bonds payable	-	804,312	-	-	-	-	804,312
Contracts and notes payable	-	64,382	-	-	-	-	64,382
Claims payable	-	-	-	773,707	-	-	773,707
Compensated absences	20,510	82,005	57,105	18,010	116,109	17,671	311,410
Net pension liability	254,242	1,016,968	476,705	286,021	1,112,309	349,583	3,495,828
Net OPEB obligation	(2,338)	9,069	5,104	106,139	72,903	12,223	203,100
Total noncurrent liabilities	<u>272,414</u>	<u>1,976,736</u>	<u>538,914</u>	<u>1,183,877</u>	<u>1,301,321</u>	<u>379,477</u>	<u>5,652,739</u>
Total liabilities	<u>505,130</u>	<u>2,848,885</u>	<u>902,474</u>	<u>7,084,751</u>	<u>1,527,504</u>	<u>784,141</u>	<u>13,652,885</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	262,177	1,048,709	491,582	294,949	1,147,026	360,494	3,604,937
NET POSITION							
Net investment in capital assets	-	15,593,730	-	-	-	-	15,593,730
Unrestricted	9,675,625	3,484,824	4,534,695	20,790,501	893,097	(549,766)	38,828,976
Total net position	<u>\$ 9,675,625</u>	<u>\$ 19,078,554</u>	<u>\$ 4,534,695</u>	<u>\$ 20,790,501</u>	<u>\$ 893,097</u>	<u>\$ (549,766)</u>	<u>\$ 54,422,706</u>

City of Grand Rapids, Michigan
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
for the year ended June 30, 2015

	<u>Information Technology</u>	<u>Motor Equipment</u>	<u>Facilities Management</u>	<u>Insurance Payment</u>	<u>Engineering</u>	<u>311 Program</u>	<u>Total Internal Service Funds</u>
Operating revenues:							
Charges for services	\$ 5,772,775	\$ 11,777,876	\$ 6,015,607	\$ 26,242,778	\$ 4,501,947	\$ 1,450,932	\$ 55,761,915
Sales	-	7,526	-	-	-	-	7,526
Miscellaneous	405,548	32,648	3,593	-	213,750	-	655,539
Total operating revenues	<u>6,178,323</u>	<u>11,818,050</u>	<u>6,019,200</u>	<u>26,242,778</u>	<u>4,715,697</u>	<u>1,450,932</u>	<u>56,424,980</u>
Operating expenses:							
Personal services	440,553	2,348,600	1,008,027	519,854	2,389,714	792,967	7,499,715
Supplies and materials	666,422	3,178,154	1,257,432	493	80,537	7,806	5,190,844
Utilities	-	16,473	1,323,067	-	-	-	1,339,540
Contractual services	2,727,940	38,074	6,412	853,697	111,676	164,147	3,901,946
Other services and charges	2,302,591	786,675	1,319,217	20,774,043	552,574	400,257	26,135,357
Depreciation	554,135	2,301,224	92,072	-	-	-	2,947,431
Total operating expenses	<u>6,691,641</u>	<u>8,669,200</u>	<u>5,006,227</u>	<u>22,148,087</u>	<u>3,134,501</u>	<u>1,365,177</u>	<u>47,014,833</u>
Operating income	<u>(513,318)</u>	<u>3,148,850</u>	<u>1,012,973</u>	<u>4,094,691</u>	<u>1,581,196</u>	<u>85,755</u>	<u>9,410,147</u>
Nonoperating revenues (expenses):							
Interest revenue	39,187	50,751	31,833	855,068	18,462	4,164	999,465
Gain on sale of capital assets	(188)	529,996	-	-	-	-	529,808
Interest expense and paying agent fees	2,523	(50,629)	(1,850)	-	-	-	(49,956)
Total nonoperating revenues (expenses)	<u>41,522</u>	<u>530,118</u>	<u>29,983</u>	<u>855,068</u>	<u>18,462</u>	<u>4,164</u>	<u>1,479,317</u>
Income (loss) before transfers	(471,796)	3,678,968	1,042,956	4,949,759	1,599,658	89,919	10,889,464
Transfers in	4,575,000	-	-	-	-	-	4,575,000
Transfers out	(92,815)	(213,646)	(456,494)	(407,785)	(290,329)	-	(1,461,069)
Change in net position	4,010,389	3,465,322	586,462	4,541,974	1,309,329	89,919	14,003,395
Total net position - beginning, as restated	<u>5,665,236</u>	<u>15,613,232</u>	<u>3,948,233</u>	<u>16,248,527</u>	<u>(416,232)</u>	<u>(639,685)</u>	<u>40,419,311</u>
Total net position - ending	<u>\$ 9,675,625</u>	<u>\$ 19,078,554</u>	<u>\$ 4,534,695</u>	<u>\$ 20,790,501</u>	<u>\$ 893,097</u>	<u>\$ (549,766)</u>	<u>\$ 54,422,706</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2015

	<u>Information Technology</u>	<u>Motor Equipment</u>	<u>Facilities Management</u>	<u>Insurance Payment</u>	<u>Engineering</u>	<u>311 Program</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:							
Receipts from customers	\$ 5,450,723	\$ 11,983,729	\$ 6,144,604	\$ 26,433,544	\$ 4,427,815	\$ 1,448,379	\$ 55,888,794
Payments to suppliers	(5,920,412)	(4,437,579)	(3,962,633)	(22,660,336)	(707,376)	(716,012)	(38,404,348)
Payments to employees	(347,503)	(1,713,773)	(727,521)	(391,039)	(1,747,298)	(539,165)	(5,466,299)
Payments for payroll taxes and benefits	(204,591)	(1,093,872)	(482,788)	(255,313)	(1,100,940)	(390,831)	(3,528,335)
Other operating revenues	405,548	32,648	3,593	-	213,750	-	655,539
Net cash provided (used) by operating activities	<u>(616,235)</u>	<u>4,771,153</u>	<u>975,255</u>	<u>3,126,856</u>	<u>1,085,951</u>	<u>(197,629)</u>	<u>9,145,351</u>
Cash flows from noncapital financing activities:							
Other federal revenue	-	-	-	-	-	-	-
Transfers from other funds	4,575,000	-	-	-	-	-	4,575,000
Transfers to other funds	(92,815)	(213,646)	(456,494)	(407,785)	(290,329)	-	(1,461,069)
Net cash provided (used) by noncapital financing activities	<u>4,482,185</u>	<u>(213,646)</u>	<u>(456,494)</u>	<u>(407,785)</u>	<u>(290,329)</u>	<u>-</u>	<u>3,113,931</u>
Cash flows from capital and related financing activities:							
Purchase of capital assets	(344,647)	(7,189,187)	-	-	-	-	(7,533,834)
Sale of capital assets	-	562,996	-	-	-	-	562,996
Principal paid on capital debt	(70,000)	(809,017)	-	-	-	-	(879,017)
Interest paid on capital debt	(2,174)	(61,614)	(1,850)	-	-	-	(65,638)
Net cash used by capital and related financing activities	<u>(416,821)</u>	<u>(7,496,822)</u>	<u>(1,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,915,493)</u>
Cash flows from investing activities:							
Interest received	39,187	50,751	31,833	855,068	18,462	4,164	999,465
Net increase (decrease) in equity in pooled cash and investments	3,488,316	(2,888,564)	548,744	3,574,139	814,084	(193,465)	5,343,254
Equity in pooled cash and investments - beginning of year	4,721,338	7,370,136	3,969,102	23,593,944	2,222,580	661,177	42,538,277
Equity in pooled cash and investments - end of year (including restricted cash held by trustee: \$3,304,302 in Insurance Payment fund)	<u>\$ 8,209,654</u>	<u>\$ 4,481,572</u>	<u>\$ 4,517,846</u>	<u>\$ 27,168,083</u>	<u>\$ 3,036,664</u>	<u>\$ 467,712</u>	<u>\$ 47,881,531</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2015

	<u>Information Technology</u>	<u>Motor Equipment</u>	<u>Facilities Management</u>	<u>Insurance Payment</u>	<u>Engineering</u>	<u>311 Program</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (513,318)	\$ 3,148,850	\$ 1,012,973	\$ 4,094,691	\$ 1,581,196	\$ 85,755	\$ 9,410,147
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation expense	554,135	2,301,224	92,072	-	-	-	2,947,431
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	(322,052)	274,979	128,997	190,766	8,304	(2,553)	278,441
Increase in due from intergovernmental units	-	-	-	-	(40,994)	-	(40,994)
Increase in due from other funds	-	-	-	-	(41,442)	-	(41,442)
Increase in inventory	-	(76,652)	-	-	-	-	(76,652)
Decrease in prepaid expenses	74,406	-	-	18,750	-	-	93,156
Increase (decrease) in vouchers and accounts payable	(297,865)	(418,203)	(56,505)	200,506	37,411	(21,491)	(556,147)
Decrease in due to intergovernmental units	-	-	-	(103,451)	-	-	(103,451)
Decrease in due to other funds	-	-	-	-	-	(122,311)	(122,311)
Decrease in deferred outflows related to pensions	(20,453)	(81,814)	(38,351)	(23,008)	(89,484)	(28,123)	(281,233)
Increase in deferred inflows related to pensions	262,177	1,048,709	491,582	294,949	1,147,026	360,494	3,604,937
Increase (decrease) in compensated absences	(1,932)	(23,289)	1,532	(2,780)	18,139	12,047	3,717
Decrease in pension liability	(355,376)	(1,421,505)	(666,329)	(399,801)	(1,554,771)	(488,642)	(4,886,424)
Increase in net OPEB obligation	4,043	18,854	9,284	4,142	20,566	7,195	64,084
Decrease in general claims payable	-	-	-	(1,147,908)	-	-	(1,147,908)
Total adjustments	<u>(102,917)</u>	<u>1,622,303</u>	<u>(37,718)</u>	<u>(967,835)</u>	<u>(495,245)</u>	<u>(283,384)</u>	<u>(264,796)</u>
Net cash provided (used) by operating activities	<u>\$ (616,235)</u>	<u>\$ 4,771,153</u>	<u>\$ 975,255</u>	<u>\$ 3,126,856</u>	<u>\$ 1,085,951</u>	<u>\$ (197,629)</u>	<u>\$ 9,145,351</u>

**City of Grand Rapids, Michigan
Combining Statement of Fiduciary Net Position
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, 2014</i>	<i>June 30, 2015</i>	<i>June 30, 2015</i>	<i>June 30, 2015</i>	<i>June 30, 2015</i>	
ASSETS						
Equity in pooled cash and investments	\$ -	\$ -	\$ 354,176	\$ 146,022	\$ 332,128	\$ 832,326
Investments held by trustee:						
Cash and money market funds	4,501,621	5,784,639	-	-	-	10,286,260
United States Government Securities	28,793,294	21,448,247	-	-	-	50,241,541
State and municipal bonds	648,191	684,614	-	-	-	1,332,805
Corporate bonds and fixed income comingled funds	80,075,469	72,403,272	-	-	-	152,478,741
Common stocks and equity mutual funds	239,594,385	261,054,376	-	-	-	500,648,761
Real estate securities	20,781,295	18,040,247	-	-	-	38,821,542
Asset-backed securities	9,080,907	8,591,006	-	-	-	17,671,913
Commodities	16,697,349	16,859,122	-	-	-	33,556,471
Other	6,269,010	7,632,179	-	-	-	13,901,189
Comingled multi-asset portfolio	-	-	9,412,530	19,689,255	12,029,336	41,131,121
Collateral held by broker under securities lending						
Short-term fixed income	15,830,832	25,377,034	-	-	-	41,207,866
Receivables, net:						
Investment securities sold	1,125,000	1,716,254	-	-	-	2,841,254
Other accounts	397,863	931,636	250	-	-	1,329,749
Accrued interest and dividends	493,846	496,339	3,158	2,688	1,987	998,018
Total assets	<u>424,289,062</u>	<u>441,018,965</u>	<u>9,770,114</u>	<u>19,837,965</u>	<u>12,363,451</u>	<u>907,279,557</u>
LIABILITIES						
Compensated absences	18,298	20,649	-	-	-	38,947
Investment securities purchased	1,343,188	642,308	-	-	-	1,985,496
Vouchers and accounts payable	263,032	308,343	734,019	67,233	74,332	1,446,959
Due to other funds	7,254	6,626	-	-	-	13,880
Liabilities under security lending program	15,830,832	25,377,034	-	-	-	41,207,866
Total liabilities	<u>17,462,604</u>	<u>26,354,960</u>	<u>734,019</u>	<u>67,233</u>	<u>74,332</u>	<u>44,693,148</u>
NET POSITION						
Restricted for pension and OPEB benefits	<u>\$ 406,826,458</u>	<u>\$ 414,664,005</u>	<u>\$ 9,036,095</u>	<u>\$ 19,770,732</u>	<u>\$ 12,289,119</u>	<u>\$ 862,586,409</u>

City of Grand Rapids, Michigan
Combining Statement of Changes in Fiduciary Net Position
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, 2014</i>	<i>June 30, 2015</i>	<i>June 30, 2015</i>	<i>June 30, 2015</i>	<i>June 30, 2015</i>	
ADDITIONS						
Plan Contributions:						
Employer	\$ 6,331,848	\$ 11,327,704	\$ 4,979,276	\$ 5,472,019	\$ 3,717,718	\$ 31,828,565
Plan members	<u>4,563,692</u>	<u>3,473,382</u>	<u>396,863</u>	<u>151,552</u>	<u>116,542</u>	<u>8,702,031</u>
Total contributions	<u>10,895,540</u>	<u>14,801,086</u>	<u>5,376,139</u>	<u>5,623,571</u>	<u>3,834,260</u>	<u>40,530,596</u>
Investment earnings:						
Interest and dividends	4,172,368	4,706,713	5,166	4,312	3,247	8,891,806
Net appreciation in fair value of investments	<u>26,116,978</u>	<u>7,712,237</u>	<u>233,329</u>	<u>504,031</u>	<u>330,437</u>	<u>34,897,012</u>
Total investment earnings	30,289,346	12,418,950	238,495	508,343	333,684	43,788,818
Investment management expense	<u>(961,065)</u>	<u>(980,203)</u>	-	-	-	<u>(1,941,268)</u>
Net investment earnings	<u>29,328,281</u>	<u>11,438,747</u>	<u>238,495</u>	<u>508,343</u>	<u>333,684</u>	<u>41,847,550</u>
Securities lending earnings	62,620	61,410	-	-	-	124,030
Securities lending expenses	<u>(15,065)</u>	<u>(21,477)</u>	-	-	-	<u>(36,542)</u>
Net earnings from securities lending activities	<u>47,555</u>	<u>39,933</u>	-	-	-	<u>87,488</u>
Total net investment earnings	<u>29,375,836</u>	<u>11,478,680</u>	<u>238,495</u>	<u>508,343</u>	<u>333,684</u>	<u>41,935,038</u>
Total additions	<u>40,271,376</u>	<u>26,279,766</u>	<u>5,614,634</u>	<u>6,131,914</u>	<u>4,167,944</u>	<u>82,465,634</u>
DEDUCTIONS						
Benefits paid	21,103,787	39,853,430	5,988,891	1,504,777	2,089,318	70,540,203
Administration expenses	<u>523,607</u>	<u>567,869</u>	<u>152,777</u>	<u>74,265</u>	<u>66,076</u>	<u>1,384,594</u>
Total deductions	<u>21,627,394</u>	<u>40,421,299</u>	<u>6,141,668</u>	<u>1,579,042</u>	<u>2,155,394</u>	<u>71,924,797</u>
Change in net position	18,643,982	(14,141,533)	(527,034)	4,552,872	2,012,550	10,540,837
Total net position - beginning	<u>388,182,476</u>	<u>428,805,538</u>	<u>9,563,129</u>	<u>15,217,860</u>	<u>10,276,569</u>	<u>852,045,572</u>
Total net position - ending	<u>\$ 406,826,458</u>	<u>\$ 414,664,005</u>	<u>\$ 9,036,095</u>	<u>\$ 19,770,732</u>	<u>\$ 12,289,119</u>	<u>\$ 862,586,409</u>

City of Grand Rapids, Michigan
Statement of Changes in Assets and Liabilities
Agency Tax Fund
for the year ended June 30, 2015

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
Assets:				
Equity in pooled cash and investments	\$ 427,324	\$ -	\$ 402,099	\$ 25,225
Taxes receivable	<u>636,521</u>	<u>118,175,908</u>	<u>118,260,054</u>	<u>552,375</u>
Total assets	<u>\$ 1,063,845</u>	<u>\$ 118,175,908</u>	<u>\$ 118,662,153</u>	<u>\$ 577,600</u>
Liabilities:				
Due to other governmental units	<u>\$ 1,063,845</u>	<u>\$ 117,773,809</u>	<u>\$ 118,260,054</u>	<u>\$ 577,600</u>
Total liabilities	<u>\$ 1,063,845</u>	<u>\$ 117,773,809</u>	<u>\$ 118,260,054</u>	<u>\$ 577,600</u>

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule By Source
June 30, 2015

Governmental funds capital assets:

Land	\$ 15,957,568
Easement/Right of Way	717,620
Land improvements	43,167,896
Buildings and structures	175,020,950
Machinery and equipment	17,375,174
Motor vehicles	12,560,948
Office furniture and equipment	2,731,163
Infrastructure	531,148,565
Construction in progress	7,318,206
Total governmental funds capital assets	<u>\$ 805,998,090</u>

Investments in governmental funds capital assets by source:

Capital Projects Funds	\$ 96,763,991
General Fund	3,867,844
Special Revenue Funds	543,871,400
Grand Rapids Building Authority	136,134,966
Federal grants	4,984,390
State grants	901,129
Gifts and donations	19,416,443
Enterprise Funds	57,927
Total governmental funds capital assets	<u>\$ 805,998,090</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 position.

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2015

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:	\$ 3,208,986	\$ -	\$ 3,803,891	\$ 51,465,026	\$ 3,489,896	\$ -	\$ 92,131	\$ -	\$ -	\$ 62,059,930
Public safety:										
Police	1,382,456	-	-	23,286,947	8,536,864	561,106	54,195	-	37,545	33,859,113
Fire	453,690	-	-	6,611,807	2,627,415	11,818,367	29,741	-	631,742	22,172,762
	<u>1,836,146</u>	<u>-</u>	<u>-</u>	<u>29,898,754</u>	<u>11,164,279</u>	<u>12,379,473</u>	<u>83,936</u>	<u>-</u>	<u>669,287</u>	<u>56,031,875</u>
Public works:										
Public works	3,082,479	701,436	9,488,706	919,669	1,230,786	10,950	-	509,914,598	5,380,673	530,729,297
Street lighting	-	-	-	-	-	-	-	11,609,955	-	11,609,955
Traffic safety	42,400	-	16,965	3,710,929	371,419	-	5,769	9,624,012	-	13,771,494
	<u>3,124,879</u>	<u>701,436</u>	<u>9,505,671</u>	<u>4,630,598</u>	<u>1,602,205</u>	<u>10,950</u>	<u>5,769</u>	<u>531,148,565</u>	<u>5,380,673</u>	<u>556,110,746</u>
Culture and recreation:										
Libraries	2,284,018	-	72,997	37,287,108	30,125	25,224	2,018,539	-	-	41,718,011
Museum	3,109,348	-	135,894	42,651,398	449,974	-	530,788	-	-	46,877,402
Parks	2,394,191	16,184	29,649,443	9,088,066	638,695	128,067	-	-	1,268,246	43,182,892
	<u>7,787,557</u>	<u>16,184</u>	<u>29,858,334</u>	<u>89,026,572</u>	<u>1,118,794</u>	<u>153,291</u>	<u>2,549,327</u>	<u>-</u>	<u>1,268,246</u>	<u>131,778,305</u>
Community and economic development	-	-	-	-	-	17,234	-	-	-	17,234
Total governmental funds capital assets	\$ 15,957,568	\$ 717,620	\$ 43,167,896	\$ 175,020,950	\$ 17,375,174	\$ 12,560,948	\$ 2,731,163	\$ 531,148,565	\$ 7,318,206	\$ 805,998,090

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 position.

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, 2015

Function and Activity	June 30, 2014	Reclassification	Additions	Deletions	June 30, 2015
General government	\$ 56,202,914	\$ 6,240,925	\$ 327,830	\$ 711,739	\$ 62,059,930
Public safety:					
Police	37,551,670	(11,949)	390,030	4,070,638	33,859,113
Fire	21,628,938	(287,903)	1,461,272	629,545	22,172,762
Total public safety	59,180,608	(299,852)	1,851,302	4,700,183	56,031,875
Public works:					
Public works	532,220,558	(6,931,895)	6,168,991	728,357	530,729,297
Street lighting	11,609,955	-	-	-	11,609,955
Traffic safety	15,453,010	(49,276)	126,110	1,758,350	13,771,494
City/County parking facility	3,783,903	(1,396,498)	-	2,387,405	-
Total public works	563,067,426	(8,377,669)	6,295,101	4,874,112	556,110,746
Culture and recreation:					
Libraries	41,914,043	35,393	-	231,425	41,718,011
Museum	47,208,493	745,333	-	1,076,424	46,877,402
Parks	39,008,071	3,181,660	1,415,952	422,791	43,182,892
Art museum	950,000	(950,000)	-	-	-
Total culture and recreation	129,080,607	3,012,386	1,415,952	1,730,640	131,778,305
Urban and community development:					
Community and economic development	540,397	(540,397)	17,234	-	17,234
Neighborhood business improvements	35,393	(35,393)	-	-	-
Total urban and community development	575,790	(575,790)	17,234	-	17,234
Total governmental funds capital assets	\$ 808,107,345	\$ -	\$ 9,907,419	\$ 12,016,674	\$ 805,998,090

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 position.



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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.	17-19

Sources: Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Grand Rapids, Michigan
Net Position by Component (unaudited)
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in capital assets	\$ 372,091,207	\$ 346,049,782	\$ 337,227,130	\$ 324,267,977	\$ 306,253,632	\$ 286,842,665	\$ 267,497,557	\$ 252,300,951	\$ 250,757,965	\$ 228,176,623
Restricted	6,479,606	4,895,900	5,142,104	5,587,778	15,806,474	15,069,304	14,778,249	14,052,452	15,868,799	16,462,828
Unrestricted	<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>	<u>80,802,344</u>	<u>90,636,718</u>	<u>99,685,291</u>	<u>83,771,482</u>
Total governmental activities net position	<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>	<u>\$ 363,078,150</u>	<u>\$ 356,990,121</u>	<u>\$ 366,312,055</u>	<u>\$ 328,410,933</u>
Business-type Activities										
Net Investment in capital assets	\$ 336,310,697	\$ 343,690,232	\$ 351,218,972	\$ 352,038,798	\$ 359,840,998	\$ 360,515,741	\$ 357,748,563	\$ 351,473,228	\$ 358,944,390	\$ 374,185,834
Restricted	92,033,134	54,666,321	19,051,868	18,602,657	19,527,952	21,769,063	21,706,695	30,948,240	35,885,669	33,589,225
Unrestricted	<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>	<u>84,376,050</u>	<u>84,695,659</u>	<u>84,352,379</u>	<u>76,022,631</u>
Total business-type activities net position	<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>	<u>\$ 463,831,308</u>	<u>\$ 467,117,127</u>	<u>\$ 479,182,438</u>	<u>\$ 483,797,690</u>
Primary Government										
Net Investment in capital assets	\$ 708,401,904	\$ 689,740,014	\$ 688,446,102	\$ 676,306,775	\$ 666,094,630	\$ 647,358,406	\$ 625,246,120	\$ 603,774,179	\$ 609,702,355	\$ 602,362,457
Restricted	98,512,740	59,562,221	24,193,972	24,190,435	35,334,426	36,838,367	36,484,944	45,000,692	51,754,468	50,052,053
Unrestricted	<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>	<u>165,178,394</u>	<u>175,332,377</u>	<u>184,037,670</u>	<u>159,794,113</u>
Total primary government net position	<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>	<u>\$ 826,909,458</u>	<u>\$ 824,107,248</u>	<u>\$ 845,494,493</u>	<u>\$ 812,208,623</u>

City of Grand Rapids, Michigan
Changes in Net Position (unaudited)
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 33,936,687	\$ 35,486,005	\$ 37,819,932	\$ 38,371,239	\$ 38,551,862	\$ 37,451,239	\$ 35,981,291	\$ 34,131,326	\$ 33,909,334	\$ 37,716,877
Income taxes	58,199,875	58,475,287	59,496,282	53,086,986	52,656,179	63,852,926	68,179,409	75,471,493	77,574,337	81,968,457
State shared taxes	37,663,040	37,083,659	36,613,479	35,443,205	32,731,782	32,775,451	31,667,177	32,627,467	34,246,742	34,254,030
Unrestricted investment earnings	3,863,086	5,858,969	6,184,748	3,281,495	2,079,940	1,738,367	1,717,328	1,541,377	1,657,605	2,104,705
Miscellaneous	3,248,806	2,297,981	3,009,628	1,927,713	1,297,311	1,974,017	528,525	374,239	707,264	494,106
Gain on sale of capital assets	302,205	1,959,697	36,998	96,376	1,759,429	292,191	103,401	106,960	789,570	-
Transfers	3,320,778	2,839,531	1,846,821	1,632,809	11,411,230	2,633,781	2,466,570	2,064,144	2,167,433	1,252,086
Total governmental activities:	140,534,477	144,001,129	145,007,888	133,839,823	140,487,733	140,717,972	140,643,701	146,317,006	151,052,285	157,790,261
Business-type activities:										
Unrestricted investment earnings	2,939,706	6,878,811	4,435,828	2,677,764	2,030,100	975,845	432,126	593,408	711,272	697,150
Miscellaneous	580,841	524,004	1,339,685	2,816,747	2,755,680	1,378,750	1,592,148	617,730	775,377	161,301
Transfers	(3,320,778)	(2,839,531)	(1,846,821)	(1,632,809)	(11,411,230)	(2,633,780)	(2,466,570)	(2,064,144)	(2,167,433)	-
Special Item-Refund Water Bonds	-	-	-	-	-	-	-	(4,868,614)	-	(1,252,086)
Total business-type activities	199,769	4,563,284	3,928,692	3,861,702	(6,625,450)	(279,185)	(442,296)	(5,721,620)	(680,784)	(393,635)
Total primary government	\$ 140,734,246	\$ 148,564,413	\$ 148,936,580	\$ 137,701,525	\$ 133,862,283	\$ 140,438,787	\$ 140,201,405	\$ 140,595,386	\$ 150,371,501	\$ 157,396,626
Change in Net Position										
Governmental activities	\$ (14,815,822)	\$ (5,584,082)	\$ (18,754,439)	\$ (22,626,189)	\$ (2,246,162)	\$ (12,736,826)	\$ (11,580,429)	\$ (4,762,895)	\$ 9,321,934	\$ 923,277
Business-type activities	21,433,884	8,984,870	13,403,644	3,541,939	2,188,613	10,018,028	14,217,734	9,424,942	12,065,311	22,147,379
Total primary government	\$ 6,618,062	\$ 3,400,788	\$ (5,350,795)	\$ (19,084,250)	\$ (57,549)	\$ (2,718,798)	\$ 2,637,305	\$ 4,662,047	\$ 21,387,245	\$ 23,070,656

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

	Fiscal Year Ended June 30,									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Reserved	\$ 1,208,882	\$ 1,987,359	\$ 1,448,920	\$ 1,616,452	\$ 13,220,866	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<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	10,323,093	9,085,247	7,650,268	6,370,712
Committed						-	-	3,683,466	5,940,801	8,948,835
Assigned						12,357,965	7,537,106	7,218,561	8,098,880	9,183,103
Unassigned						<u>7,886,595</u>	<u>8,499,517</u>	<u>12,677,755</u>	<u>13,840,518</u>	<u>15,101,671</u>
Total general fund	<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>	<u>\$ 26,359,716</u>	<u>\$ 32,665,029</u>	<u>\$ 35,530,467</u>	<u>\$ 39,604,321</u>
All other governmental funds										
Reserved	\$ 18,265,336	\$ 33,567,839	\$ 27,602,015	\$ 21,059,988	\$ 20,349,818	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	13,635,293	18,035,117	23,643,189	22,922,676	23,748,668	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Debt Service funds	<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	4,209,836	4,232,043	3,851,381	3,904,986
Restricted						14,770,028	13,917,489	12,471,415	13,723,322	17,846,513
Committed						18,978,088	23,248,555	30,862,888	39,983,001	41,781,471
Assigned						12,423,570	13,428,629	11,284,779	12,498,513	12,436,480
Unassigned						<u>(301,784)</u>	<u>-</u>	<u>(241,434)</u>	<u>(562,032)</u>	<u>(377,415)</u>
Total all other governmental funds	<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>	<u>\$ 54,804,509</u>	<u>\$ 58,609,691</u>	<u>\$ 69,494,185</u>	<u>\$ 75,592,035</u>

Note: GASB 54 for Fund Balance Reporting and Governmental Fund Type Definitions was implemented for Fiscal Year Ended June 30, 2011. This changed the reporting presentation for Fund Balance in governmental funds. For Fiscal Year Ended June 30, 2010 and prior, the fund balance presentation is as it was in the financial statements issued for those dates.

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Property taxes	\$ 33,936,687	\$ 35,486,005	\$ 37,819,932	\$ 38,371,239	\$ 38,551,862	\$ 37,451,239	\$ 35,981,291	\$ 34,155,212	\$ 33,909,334	\$ 37,716,877
City income taxes	58,199,875	58,475,287	59,496,282	53,086,986	52,656,179	63,852,926	68,179,409	75,471,493	77,574,337	81,970,412
State shared taxes	37,663,040	36,828,342	36,613,479	35,443,205	32,380,487	32,405,016	31,667,177	32,627,467	34,246,742	34,252,075
Licenses and permits	3,046,481	4,077,284	3,823,654	2,903,318	3,197,682	2,495,904	2,880,914	4,307,838	4,546,578	3,751,887
Fines and forfeitures	1,522,692	647,587	1,973,737	2,084,267	2,301,663	2,179,292	2,170,700	2,403,610	2,461,177	2,072,303
Federal grants	9,738,166	10,552,526	8,798,195	10,756,821	15,294,057	18,356,170	27,843,329	15,305,649	10,870,559	8,480,882
State grants	817,447	1,020,516	1,000,072	970,050	590,074	506,781	1,359,652	1,095,598	595,271	4,276,576
Other grants & contributions	4,927,413	807,639	1,830,393	1,615,425	1,790,620	3,650,792	5,428,192	5,083,188	4,685,273	4,166,868
Charges for services	28,385,989	25,599,287	25,613,387	25,791,006	27,464,656	24,506,126	23,996,750	23,968,290	25,287,684	26,073,539
Investment earnings	3,017,557	4,376,806	4,553,028	2,324,325	1,266,097	1,017,083	853,321	693,044	807,495	1,005,208
Miscellaneous	3,313,344	2,961,898	3,670,803	2,597,097	1,368,868	1,974,018	487,584	436,512	677,503	491,350
Total revenues	\$ 184,568,691	\$ 180,833,177	\$ 185,192,962	\$ 175,943,739	\$ 176,862,245	\$ 188,395,347	\$ 200,848,319	\$ 195,547,901	\$ 195,661,953	\$ 204,257,977
Expenditures:										
Current:										
General government	\$ 28,547,800	\$ 29,382,551	\$ 29,609,107	\$ 26,618,193	\$ 23,362,274	\$ 23,658,692	\$ 25,545,603	\$ 23,474,456	\$ 24,804,245	\$ 27,018,056
Public safety	59,454,286	67,908,407	71,621,129	69,586,390	72,110,735	74,187,140	83,219,856	81,200,548	80,855,089	81,072,054
Public works	27,832,531	29,580,823	30,342,790	30,234,531	30,536,277	32,347,463	33,476,824	31,236,419	30,244,106	31,291,362
Culture and recreation	22,654,145	16,127,384	15,881,816	16,788,477	16,819,954	15,311,589	14,574,914	13,940,573	14,127,062	18,390,409
Urban and community development	20,310,964	19,781,538	18,358,822	18,129,776	22,085,320	26,439,566	28,587,393	20,510,234	16,540,058	16,506,585
Debt service:										
Principal	5,021,433	5,953,623	6,279,870	6,670,865	7,285,732	8,608,539	7,456,006	7,556,251	7,970,700	8,508,124
Interest, fees, and bond issue costs	5,361,182	5,173,407	5,455,238	5,717,181	4,708,840	4,678,244	4,452,511	4,130,036	3,842,817	3,700,435
Capital outlay	10,963,908	10,365,952	15,424,881	12,920,345	12,652,862	4,023,338	8,296,242	6,603,218	7,735,049	29,024,143
Total expenditures	180,146,249	184,273,685	192,973,653	186,665,758	189,561,994	189,254,571	205,609,349	188,651,735	186,119,126	215,511,168
Excess (deficit) of revenues over expenditures	\$ 4,422,442	\$ (3,440,508)	\$ (7,780,691)	\$ (10,722,019)	\$ (12,699,749)	\$ (859,224)	\$ (4,761,030)	\$ 6,896,166	\$ 9,542,827	\$ (11,253,191)
Other financing sources (uses):										
Transfers in	\$ 22,489,046	\$ 22,301,884	\$ 22,354,865	\$ 24,668,660	\$ 37,634,119	\$ 25,856,642	\$ 41,826,658	\$ 40,161,192	\$ 36,805,723	\$ 39,501,511
Transfers out	(21,632,413)	(20,394,195)	(19,555,589)	(22,017,238)	(24,172,859)	(22,402,271)	(37,637,906)	(37,403,178)	(32,542,961)	(41,363,356)
Sale of capital assets	-	2,268,309	945,075	-	4,241,992	-	-	-	1,119	1,571,243
Face value of bonds and contracts issued	-	14,740,000	427,560	24,755,100	7,445,000	1,592,500	2,255,000	526,800	2,706,853	21,550,000
Premium on bonds issued	-	642,623	-	503,856	-	-	175,389	-	-	-
Payment to refunded bond escrow agent	-	-	(945,075)	(23,908,566)	-	-	(2,438,269)	-	(2,293,547)	-
Total other financing sources (uses)	856,633	19,558,621	3,226,836	4,001,812	25,148,252	5,046,871	4,180,872	3,284,814	4,677,187	21,259,398
Net change in fund balances	5,279,075	16,118,113	(4,553,855)	(6,720,207)	12,448,503	4,187,647	(580,158)	10,180,980	14,220,014	10,006,207
Fund balances, beginning	52,916,139	58,195,214	75,918,710	71,533,465	64,931,884	77,640,991	81,824,437	81,164,225	91,274,720	105,024,652
Current year change in inventory levels	-	1,605,383	168,610	118,626	260,604	(4,201)	(80,054)	(70,485)	(470,082)	165,497
Fund balances, ending	\$ 58,195,214	\$ 75,918,710	\$ 71,533,465	\$ 64,931,884	\$ 77,640,991	\$ 81,824,437	\$ 81,164,225	\$ 91,274,720	\$ 105,024,652	\$ 115,196,356
Debt Service as a percentage of non-capital expenditures	5.83%	6.43%	6.42%	6.92%	6.64%	7.12%	5.87%	6.31%	6.68%	5.94%

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

Fiscal Year	City Taxes		Proportionally Shared State Taxes					EVIP & Other ²	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		
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
2012	68,179,409	35,981,291	13,466,847	13,094,196	79,344	189,789	197,950	4,639,051	135,827,877
2013	75,471,493	34,155,212	13,745,657	13,210,493	136,023	428,427	154,203	4,952,664	142,254,172
2014	77,574,337	33,909,334	14,068,013	14,450,641	110,828	250,580	178,065	5,188,615	145,730,413
2015	81,970,412	37,716,877	14,288,969	16,536,356	285,682	263,590	183,681	2,693,797	153,939,364

Percent to Total Tax Sources									% Increase (Decrease) Over Prior Year
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
2012	50.2	26.5	9.9	9.6	0.1	0.1	0.1	3.4	1.58
2013	53.1	24.0	9.7	9.3	0.1	0.3	0.1	3.5	4.73
2014	53.1	23.3	9.7	9.9	0.1	0.2	0.1	3.6	2.44
2015	53.2	24.5	9.3	10.7	0.2	0.2	0.1	1.7	8.21

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

(2) The Economic Vitality Incentive Program (EVIP) was a replacement for the former statutory State Shared Revenue program, which was distributed according to a formula. The EVIP program is not distributed by formula, but rather awards are determined based on grant project ranking.

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 2014					Calendar Year 2005				
	# of Returns	% of Total Returns Filed	Total Taxable Income	Tax Dollars	% of Total Tax Dollars	# of Returns	% of Total Returns Filed	Total Taxable Income	Tax Dollars	% of Total Tax Dollars
Individual and Joint Returns										
Resident Taxpayers:										
\$37 or less	3,565	3 %	\$ -	\$ -	0 %	3,753	3 %	0	0	0 %
38 - 12,500	13,733	11	80,500,000	1,210,000	2	17,117	13	97,700,000	1,270,000	3
12,501 - 25,000	10,505	8	194,600,000	2,920,000	5	13,008	10	242,400,000	3,150,000	7
25,001 - 50,000	14,404	11	521,200,000	7,820,000	13	16,591	13	597,000,000	7,760,000	17
50,001 - 100,000	10,945	9	759,600,000	11,390,000	19	10,676	8	727,100,000	9,450,000	20
More than \$100,000	4,079	3	721,700,000	10,830,000	18	2,530	2	472,000,000	6,140,000	13
Subtotal	57,231	45 %	\$ 2,277,600,000	\$ 34,170,000	56 %	63,675	49 %	\$ 2,136,200,000	\$ 27,770,000	60 %
Non-Resident Taxpayers:										
\$75 or less	6,670	5 %	\$ -	\$ -	0 %	8,815	7 %	0	0	0 %
76 - 12,500	16,235	13	83,100,000	620,000	1	15,432	12	81,700,000	530,000	1
12,501 - 25,000	9,215	7	171,000,000	1,280,000	2	10,802	8	203,600,000	1,320,000	3
25,001 - 50,000	15,706	12	577,200,000	4,330,000	7	17,693	14	642,400,000	4,180,000	9
50,001 - 100,000	11,987	9	814,200,000	6,110,000	10	9,657	7	646,600,000	4,200,000	9
More than \$100,000	4,737	4	980,100,000	7,350,000	12	3,047	2	610,100,000	3,970,000	9
Subtotal	64,550	51 %	\$ 2,625,600,000	\$ 19,690,000	33 %	65,446	50 %	2,184,400,000	14,200,000	31 %
All Other Returns										
Subtotal	4,826	4 %	\$ 350,500,000	\$ 6,680,000	11 %	1,882	1 %	\$ 285,200,000	\$ 4,350,000	9 %
Total	126,607	100.00 %	\$ 5,253,700,000	\$ 60,540,000	100 %	131,003	100 %	\$ 4,605,800,000	\$ 46,320,000	100 %

Source: City Income Tax Department

Note: Information is taken from returns filed during the calendar year. Tax rates applicable through June 30, 2010, were established by the City's electorate in 1995. In 2010, the City's electorate approved an increase in the tax rates effective July 1, 2010 for a five year period, which was extended by the voters in May 2014 to continue until June 30, 2030.

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.

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									Percent	
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Value	Renaissance Zone Property	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Taxable to Estimated Actual Value	Increase / (Decrease) in Estimated Actual Value Over Prior Year
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)
2012	2,717,505,766	1,211,720,594	233,719,626	432,987,800	4,595,933,786	(208,494,073)	8.3713	9,841,897,400	47	(5.22)
2013	2,592,621,697	1,222,199,744	201,200,508	454,702,000	4,470,723,949	(92,284,733)	8.1716	9,370,433,400	48	(4.79)
2014	2,538,239,112	1,184,138,966	173,772,566	461,576,900	4,357,727,544	(87,293,944)	8.1719	9,068,073,600	48	(3.23)
2015	2,552,663,996	1,183,191,836	171,814,930	456,984,100	4,364,654,862	(85,385,420)	9.1518	9,234,667,900	47	(1.45)

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 June 30	Tax Year	Original Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (net of adjustments)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Original Levy
2006	2005	31,489,290	31,189,355	99.05	69,465	31,258,820	99.27
2007	2006	33,103,919	33,003,553	99.70	(13,107)	32,990,446	99.66
2008	2007	34,822,801	34,724,866	99.72	(29,430)	34,695,436	99.63
2009	2008	35,403,361	35,341,720	99.83	(55,600)	35,286,120	99.67
2010	2009	35,607,847	35,562,537	99.87	(74,009)	35,488,529	99.66
2011	2010	34,856,007	34,743,948	99.68	(254,854)	34,489,095	98.95
2012	2011	34,133,129	33,993,003	99.59	(401,770)	33,591,233	98.41
2013	2012	32,464,748	32,073,324	98.79	(312,320)	31,761,004	97.83
2014	2013	31,640,801	31,561,732	99.75	(210,117)	31,351,615	99.09
2015	2014	31,685,204	31,502,619	99.42	-	31,502,619	99.42

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

<u>City of Grand Rapids Direct Tax Rates ¹</u>												
<u>Fiscal</u>	<u>General</u>	<u>Promotional and</u>	<u>Refuse</u>	<u>Total State</u>	<u>Total</u>	<u>Combined</u>						
<u>Year</u>	<u>Tax Year</u>	<u>Operating</u>	<u>Advertising</u>	<u>Library ²</u>	<u>Collection</u>	<u>Parks ⁵</u>	<u>Total City</u>	<u>Total School ³</u>	<u>Education</u>	<u>Intermodal</u>	<u>Total County</u>	<u>Total</u>
Tax Rates: ⁴												
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
2012	2011	4.1070	0.0110	2.4533	1.8000	-	8.3713	26.8368	6.0000	1.2900	5.3940	47.8921
2013	2012	4.1070	0.0113	2.4533	1.6000	-	8.1716	28.0768	6.0000	1.4100	5.3940	49.0524
2014	2013	4.1070	0.0116	2.4533	1.6000	-	8.1719	28.0768	6.0000	1.4700	5.3940	49.1127
2015	2014	4.1070	0.0115	2.4533	1.6000	0.9800	9.1518	28.0768	6.0000	1.4700	4.2803	48.9789

- Note:**
- (1) All rates are Ad Valorem rates. 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.
 - (5) The voters approved a millage in November 2013, the first receipts from that millage were in July 2015.

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

Taxpayer	Type of Business	Fiscal Year 2015			Fiscal Year 2006		
		Taxable Valuation	Rank	Percentage of Total Taxable Valuation	Taxable Valuation	Rank	Percentage of Total Taxable Valuation
Consumers Energy	Electric utility	\$ 68,815,983	1	1.56 %	49,033,157	2	1.19 %
Spectrum Health Hospitals	Medical Facility	43,265,821	2	0.98 %			0.00 %
Kellogg Company (4)*	Bakery products	38,187,200	3	0.87 %	21,718,500	7	0.53 %
Amway Hotel Corp.	Hotel / real estate	37,162,299	4	0.84 %	31,991,466	4	0.78 %
HP3 LLC	J W Marriott Hotel	23,961,500	5	0.54 %			0.00 %
Centerpointe Partners LLC	Shopping center / real estate	23,094,512	6	0.52 %	23,447,669	6	0.57 %
DTE Energy Co.	Gas utility	20,100,490	7	0.46 %	39,954,502	3	0.97 %
Fifth Third Bank, Michigan	Banking / real estate	19,579,436	8	0.44 %	19,190,477	8	0.47 %
Steelcase, Inc.	Furniture manufacturing	18,300,259	9	0.42 %	87,571,980	1	2.13 %
Meijer Inc	Retail	16,852,792	10	0.38 %			0.00 %
SH-2 LLC & BT-2 LLC	Real Estate				24,840,302	5	0.60 %
Pridgeon and Clay Inc	Metal Stampings Manufacturer				16,205,034	9	0.39 %
Waters Corporation	Real Estate				16,110,009	10	0.39 %
		<u>\$ 309,320,292</u>		<u>7.01 %</u>	<u>\$ 330,063,096</u>		<u>8.04 %</u>

Note: The principal Taxpayers and Taxable Values were determined from the July 1, 2014 and July 1, 2005 tax bills and 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 through 2017 for property exemption under the Michigan Renaissance Zone Act, Public Act 376 of 1996.

The percentage calculation is based on the Total Taxable Values of \$4,400,629,443 in December 2014 and \$4,107,054,140 in 2005 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 Governmental Activities Debt (unaudited)

June 30, 2015

Name of Governmental Unit	Total Debt	Balances	Net Debt	Self	Debt supported by
	Outstanding	On Hand	Outstanding	Supporting	General Revenues of the City
Direct debt:					
City of Grand Rapids:					
Grand Rapids Building Authority	50,422,561	-	50,422,561	27,205,000	23,217,561
Capital Improvement Bonds	31,277,026	-	31,277,026	-	31,277,026
Kent County Drain Commission contracts	7,843,698	-	7,843,698	-	7,843,698
Installment Purchase Agreements	729,718	-	729,718	-	729,718
Internal Service Installment Purchase Agreements	126,082	-	126,082	-	126,082
Total City direct debt	<u>\$ 90,399,085</u>	<u>\$ -</u>	<u>\$ 90,399,085</u>	<u>\$ 27,205,000</u>	<u>\$ 63,194,085</u>
City Share as					
Overlapping debt:					
			Gross	Percent of Gross	Net
Grand Rapids Public Schools			\$ 124,430,000	100.00%	\$ 124,430,000
Caledonia Community Schools			130,057,769	0.07%	91,040
Forest Hills Public Schools			161,305,000	1.93%	3,113,187
Godwin Heights Public Schools			20,310,000	6.22%	1,263,282
Kenowa Hills Public Schools			26,465,000	0.11%	29,112
Kentwood Public Schools			47,525,000	7.90%	3,754,475
Kent County			113,756,965	21.20%	24,116,477
Grand Rapids Community College			55,830,000	20.54%	11,467,482
Total overlapping debt			<u>\$ 679,679,734</u>		<u>168,265,055</u>
Total City direct and overlapping debt					<u>\$ 231,459,140</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 ²	Per Capita ¹	Revenue Bonds	State Loans	
2006	80,827,668	1.78	414	36,485,129	1,206,894	118,519,692
2007	92,301,366	1.89	475	35,759,328	1,022,755	129,083,448
2008	83,720,509	1.82	435	34,963,526	831,250	119,515,285
2009	77,709,937	1.76	402	34,092,724	632,085	112,434,746
2010	80,895,073	1.80	420	33,146,922	424,953	114,466,948
2011	72,545,983	1.71	386	32,111,120	209,536	104,866,639
2012	64,492,376	1.72	340	30,985,319	-	95,477,695
2013	57,412,823	1.53	301	29,799,517	-	87,212,340
2014	49,773,182	1.23	259	28,568,715	-	78,341,897
2015	63,131,172	1.44	326	27,267,913	-	90,399,085

Business-Type Activities						
Fiscal Year	General Obligation Limited Tax Bonds	Revenue Bonds	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income ²	Per Capita ¹
2006	18,926,145	341,944,372	360,870,516	479,390,208	10.58	2,457
2007	25,169,991	329,170,353	354,340,344	483,423,792	9.90	2,488
2008	23,655,062	315,886,409	339,541,472	459,056,757	9.97	2,383
2009	31,469,455	399,021,488	430,490,942	542,925,688	12.28	2,811
2010	30,579,043	383,634,962	414,214,005	528,680,953	11.78	2,747
2011	36,881,758	392,163,510	429,045,268	533,911,907	12.62	2,839
2012	35,916,658	380,402,290	416,318,948	511,796,643	13.68	2,696
2013	34,509,504	411,135,020	445,644,524	532,856,864	14.21	2,798
2014	33,404,366	391,095,979	424,500,344	502,842,241	12.46	2,615
2015	32,266,225	393,340,181	425,606,406	516,005,491	11.76	2,663

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

¹ Population Source:
2006-2010: The Right Place, Inc.
2011-2014: U.S. Census Bureau - American Fact Finder-City of Grand Rapids

² Income Source
2006-2011: The Right Place, Inc.- Grand Rapids Combined Statistical Area (CSA)
2012-2014: U.S. Census Bureau - American Fact Finder-City of Grand Rapids

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

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 521,158,190	\$ 545,804,600	\$ 561,637,260	\$ 562,226,090	\$ 555,850,540	\$ 526,651,870	\$ 499,227,840	\$ 475,013,950	\$ 460,590,000	\$ 469,029,515
Total net debt applicable to limit	<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>	<u>170,691,640</u>	<u>149,161,448</u>	<u>140,405,688</u>	<u>154,636,585</u>
Legal debt margin	<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>	<u>\$ 325,852,502</u>	<u>\$ 320,184,312</u>	<u>\$ 314,392,930</u>
Total net debt applicable to the limit (as a percentage of debt limit)	25.06%	27.10%	24.70%	24.97%	27.78%	28.71%	34.19%	31.40%	30.48%	32.97%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value	\$ 4,617,333,950
Add back: exempt property	<u>72,961,200</u>
Total Assessed Value	4,690,295,150
Debt limit (10% of total AV)	469,029,515
Debt applicable to limit:	
Total debt outstanding	523,628,441
Less: exempt debt	<u>368,991,856</u>
Total net debt applicable to limit	<u>154,636,585</u>
Legal debt margin	<u>\$ 314,392,930</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 state equalized 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 Revenue 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	Direct	Net Revenue	Debt Service Requirements			
	Revenue ¹	Operating	Available for	Principal	Interest	Total	Coverage
<u>Water Supply System Fund:</u>							
2006	45,148,885	25,711,372	19,437,513	5,800,000	5,895,900	11,695,900	1.66
2007	46,124,735	26,089,718	20,035,017	6,645,000	7,318,848	13,963,848	1.43
2008	46,746,926	26,896,625	19,850,301	7,030,000	6,961,606	13,991,606	1.42
2009	43,624,821	26,992,261	16,632,560	7,380,000	6,177,056	13,557,056	1.23
2010	45,221,473	25,638,078	19,583,395	7,830,000	6,808,246	14,638,246	1.34
2011	44,619,806	25,367,275	19,252,531	8,760,000	6,971,090	15,731,090	1.22
2012	46,561,423	24,548,041	22,013,382	9,110,000	5,782,527	14,892,527	1.48
2013	47,062,960	23,551,763	23,511,197	9,577,838	5,620,135	15,197,973	1.55
2014	43,659,098	23,906,882	19,752,216	10,406,000	5,409,250	15,815,250	1.25
2015	42,329,577	21,233,153	21,096,424	9,975,593	4,364,828	14,340,421	1.47
<u>Sewage Disposal System Fund:</u>							
2006	38,207,316	20,168,449	18,038,867	5,296,736	6,568,594	11,865,330	1.52
2007	41,209,166	23,378,294	17,830,872	5,926,660	8,873,755	14,800,415	1.20
2008	43,266,185	22,307,978	20,958,207	6,051,585	8,690,230	14,741,815	1.42
2009	45,221,517	25,126,021	20,095,496	6,231,433	9,786,083	16,017,516	1.25
2010	51,560,665	23,981,480	27,579,185	7,636,433	11,497,769	19,134,202	1.44
2011	51,112,288	23,287,934	27,824,354	7,881,357	11,086,778	18,968,135	1.47
2012	52,720,174	23,396,338	29,323,836	8,216,281	12,010,113	20,226,394	1.45
2013	49,525,204	24,620,944	24,904,260	8,574,061	11,779,929	20,353,990	1.22
2014	50,035,417	23,591,788	26,443,629	10,271,776	12,089,764	22,361,540	1.18
2015	52,306,225	22,549,030	29,757,195	7,464,372	12,571,402	20,035,774	1.49

Notes: (1) Gross revenue includes operating revenues, interest revenue and miscellaneous revenue. The Water Supply System Fund also includes transfers in from the Sewage Disposal System Fund.

(2) Operating expenses are total operating expenses less depreciation expense. The Sewer Disposal System Fund operating expenses also include transfers out to the Water Supply System Fund.

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
2006	195,100	4,529,051,400	23,214	30.8	23,234	7.7
2007	194,341	4,883,594,989	25,129	34.6	22,340	8.0
2008	192,643	4,604,167,700	23,900	34.8	21,382	8.3
2009	193,167	4,419,660,960	22,880	35.2	20,300	12.3
2010	192,435	4,487,584,200	23,320	35.5	19,100	15.0
2011	188,040	4,230,147,840	22,496	35.9	17,560	12.4
2012	189,813	3,742,353,108	19,716	31.2	17,091	10.0
2013	190,426	3,749,297,514	19,689	30.6	16,498	8.7
2014	192,285	4,034,908,440	20,984	31.6	15,983	8.1
2015	193,793	4,386,504,555	22,635	30.4	15,611	5.5

Notes:

¹ 2006-2010: The Right Place, Inc.

2011-2015: U.S. Census Bureau - American Fact Finder-City of Grand Rapids

² 2005-2011: The Right Place, Inc.- Grand Rapids Combined Statistical Area (CSA)

2012-2015: U.S. Census Bureau - American Fact Finder-City of Grand Rapids

³ 2005-2009: Grand Rapids Public Schools - School Matters 2002-2009;

2010: Director of Communications & External Affairs Grand Rapids Public Schools

2011-2014: State of Michigan Center for Educational Performance and Information, Public Student Headcount Data

2015 : Mi School Data, Student Counts

⁴ Michigan Department of Technology, Management & Budget: Labor Market Information (www.milmi.org) - City of Grand Rapids-average percent by fiscal year.

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

Employer	Type of Business	2015			2006		
		West Michigan		Total City	West Michigan		Total City
		Employees	Rank	Employment	Employees	Rank	Employment
Spectrum Health	Hospital and medical services	19,100	1	16.1 %	12,000	1	10.1
Axios Incorporated	Human resources and employment service	8,000	2	6.7	4,000	5	3.4
Meijer Inc	Retailer	7,725	3	6.5	8,441	2	7.1
Amway Corp.	Consumer products manufacturer & Hotels	5,233	4	4.4	3,900	6	3.3
Grand Valley State University	Education	3,991	5	3.4	2,645	8	2.2
Johnson Controls	Automotive components	3,900	6	3.3			
Spartan Stores Inc	Food distributor and retailer	3,608	7	3.0	5,240	3	
Steelcase Inc.	Furniture manufacturing	3,227	8	2.7	5,000	4	4.2
Grand Rapids Public Schools	Education	2,907	9	2.4	3,392	7	2.9
Fifth Third Bank	Banking / Real estate	2,729	10	2.3			
General Motors Corporation	Automotive components				2,500	9	2.1
St. Mary's Mercy Medical Center	Hospital and Medical Services				2,500	10	2.1
General Motors Corporation	Automotive components				2,500		2.1
		<u>60,420</u>		<u>50.8 %</u>	<u>52,118</u>		<u>43.8 %</u>

Note: The above listed employers are selected from a list compiled by The Right Place, Inc. of the largest employers in the West Michigan area. The complete list of employers is available at [www.rightplace.org/ Data Center - Top West Michigan Employers](http://www.rightplace.org/Data Center - Top West Michigan Employers). Employers selected for inclusion here are those with a significant presence in Kent County. Since principal local employer information was not available for 2015 from the Right Place Program, that above figures for 2015 reflect 2013 data.

According to the US Census data for 2013, while 23% of employed city residents work in the city, 63% of employed city residents work in Kent County. Non-city residents fill 78% of the employment in the city. Percentages are based on the total employment in the city, 118,910, for 2013. 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.

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

<u>Department</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessor	19	18	19	19	16	16	16	16	15	14.2
Attorney	18	18	18	17	16	16	16	15	15	15.0
City Clerk	11	10	10	10	9	9	9	9	10	9.0
Community Development	27	19	18	20	24	23	25	20	17	14.6
Comptroller	15	17	17	17	15	15	15	16	16	16.3
311 Customer Service	-	-	-	-	-	-	-	-	10	12.0
Dispatch	-	-	-	-	-	51	51	51	51	53.5
61st District Court*	91	91	89	91	91.3	90.3	90.3	88.1	87.5	85.8
Economic Development	5	5	5	5	4	4	4	4	1.5	1.2
Engineering	51	51	51	48.0	51	50	42	24	26	29.4
Environmental Protection	126	126	129	128.5	122	116	113	98	97.7	114.9
Equal Opportunity (Admin Services)	7	7	7	6	6	5	5	5	4.3	3.3
Executive	14	12	13	12	11	11	11	11	11	11.0
Facilities Management	15	15	15	15	13	13	12	12	11.8	12.1
Fire	241	239	238	238	221	235	235	235	189.5	189.5
Fiscal Services	12	12	14	13.0	10	9	10	10	10	9.5
General Administration	1	-	-	-	-	-	-	-	-	-
Human Resources	18	17	17	17	16	15	15	15	14.3	15.0
Income Tax	16	16	17	18	16	16	17	14	14	14.2
Information Technology	8	8	5	6	6	5	4	4	4	3.4
Management Services	5	6	6	4	-	-	-	-	-	-
Motor Equipment	34	34	34	32	32	32	33	33	32.7	33.7
Neighborhood Improvement (Building Inspections)	53	52	53	51.5	37	37	37	42	43	44.3
Parking Services	37	37	36	35	31	29	31	31	32.9	25.1
Parks and Recreation	43	41	42	40	28	23	34	31	26	27.2
Planning	14	12	12	11	9	9	9	10	11	12.3
Police	412	411	411	404	378	346	338	328	304	369.5
Public Library*	67	63	63	118	117.5	116.5	116.5	113.3	106.6	104.0
Public Museum	17	-	-	-	-	-	-	-	-	-
Streets & Sanitation	112	107	106	107	101	96	82	79	74.3	63.8
Traffic Safety	41	41	42	42	34	33	33	35	34.5	36.4
Treasurer	20	20	20	20	20	19	19	19	18	18.0
Water	186	186	186	186	176	161	157	156	140	128.0
Seasonal and Other FTE's*	337	263	246	190	233	151	181	138	168	125.0
	<u>2,070</u>	<u>1,954</u>	<u>1,936</u>	<u>1,921</u>	<u>1,844</u>	<u>1,752</u>	<u>1,761</u>	<u>1,662</u>	<u>1,596.6</u>	<u>1,610.9</u>

Notes: Source, Annual Fiscal Plan authorized positions.

* Prior to 2009, PT positions for Library & District Court are included within *Seasonal and Other FTE's*. Effective with 2009, PT positions are included within the two departments.

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cemeteries										
Burials	561	552	537	491	467	494	492	469	408	436
Clerk										
Voters in November election	15,070	66,264	10,840	86,499	12,821	50,939	18,042	81,616	16,114	49,153
Environmental Protection/Sewage										
Number of retail customers	73,170	73,465	73,712	73,843	74,012	74,117	73,960	73,956	74,146	74,415
New connections	297	516	358	215	277	181	165	275	288	330
Billions of gallons treated **	17.525	18.729	16.641	17.970	15.642	15.322	14.921	15.100	15.062	14,753
Peak daily flow (millions of gal.)	90.50	86.10	87.30	90.50	88.40	85.10	84.60	82.10	71.80	87.65
Average daily flow (millions of gal.)	48.00	51.30	45.60	49.20	42.90	42.00	40.90	41.40	41.40	40.53
Fire										
Total calls *	19,000	19,079	19,642	20,057	18,709	19,634	21,453	22,372	21,422	21,885
Civilian fire deaths *	-	2	2	2	3	-	5	2	1	2
Neighborhood Improvement										
Building permits issued	1,964	1,813	1,905	1,719	1,747	1,841	2,074	2,314	2,281	2,552
Parks and Recreation										
Open swim participants	41,586	70,650	77,130	45,235	47,924	24,320	31,986	23,315	28,609	51,515
Swimming lesson participants	601	670	882	835	-	840	623	292	442	537
Softball league participants	174 teams	131 teams	135 teams	159 teams	175 teams	192 teams	183 teams	156 teams	129 teams	120 teams
Police										
Major crimes *	12,427	12,544	12,792	11,241	10,502	7,872	7,846	8,483	8,482	6,948
Physical Arrests *	13,373	16,902	14,487	16,211	12,959	15,227	16,550	16,823	13,235	14,477
Public Library										
Library card holders	110,145	106,558	115,352	124,519	133,311	66,453	66,631	65,873	75,490	70,079
Total user count	954,027	985,011	1,037,686	1,017,075	1,030,585	1,061,188	1,024,530	983,299	945,977	912,354
Local history collection users	23,826	32,363	33,410	46,723	42,105	39,323	42,560	38,744	35,349	36,356
Total circulation of materials	1,523,566	1,587,379	1,597,192	1,484,578	1,601,934	1,754,621	1,740,784	1,666,349	1,629,037	1,604,614
Public Works										
Tons of refuse picked up	32,668	31,098	30,520	29,032	29,013	27,469	26,458	23,071	23,590	24,613
Tons of recycling removed	5,823	5,955	5,840	5,739	5,867	8,279	9,579	9,905	10,669	10,647
Water										
Number of retail customers***	79,194	79,556	79,880	80,129	80,358	80,477	78,616	79,794	80,813	82,163
New connections	-	488	355	209	263	174	317	277	287	326
Billions of gallons produced	14.827	14.697	14.419	13.172	12.480	12.488	13.176	13.438	12.997	12.364
Peak daily flow (millions of gal.)	82.35	83.66	87.85	74.30	61.86	62.78	70.24	80.24	63.70	63.02
Average daily flow (millions of gal.)	40.60	40.30	39.40	36.00	34.20	34.20	36.00	36.70	35.60	33.84

Notes:
* Calendar information for the previous calendar year.
** Effective FY14, number of gallons treated changed to fiscal year; 2005-2013 revised accordingly.
*** FY14, number of customers for 2005-2013 adjusted per final water rate study

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety										
Fire stations	11	11	11	11	11	11	11	11	11	11
Parking Services										
Parking Ramps	5	5	6	6	7	8	8	8	8	8
Parks and Recreation										
Number of major parks	67	63	67	67	71	71	71	71	71	71
Number of swimming pools	9	6	9	9	9	9	9	9	9	9
Number of ball diamonds	70	40	70	70	74	74	74	74	74	74
Supervised playgrounds	19	19	32	32	25	22	10	0	0	0
Public Library										
Number of Libraries	8	8	8	8	8	8	8	8	8	8
Public Works										
Environmental Protection										
Miles of sanitary sewers	882	890	893	897	898	904	904	905	907	910
Streets										
Miles of paved streets-major	205	205	205	205	205	206	206	206	206	206
Miles of paved streets-local	390	390	390	390	389	388	388	388	287	387
Streetlights	19,026	19,026	20,191	20,202	20,178	20,178	20,178	20,178	20,178	20,178
Water										
Miles of water mains	1,134	1,143	1,147	1,152	1,157	1,160	1,161	1,163	1,165	1,167

City of Grand Rapids, Michigan
State of MI - Act 86, Sec. 14 (2) d Required Disclosure

	<u>Fiscal Year 2012</u>	<u>Expenditures as a percentage of:</u>			
		<u>Total General Revenues</u>	<u>Property and Income Taxes</u>	<u>General Fund Revenues, Property, Income and State Shared taxes</u>	<u>General Fund Property and income tax</u>
General Revenues, including Property, Income and State Shared Taxes	135,827,877				
General Revenues-Property and Income Taxes	104,160,700				
General Fund - Property, Income and State Shared taxes	84,065,284				
General Fund- Property and Income Taxes	70,210,698				
Police Department (including jail per diem) Expenditures	47,143,334	34.71%	45.26%	56.08%	67.15%
Fire Department (including MFR) Expenditures	29,063,760	21.40%	27.90%	34.57%	41.40%
Total Police and Fire Department Expenditures including grants	76,207,094	56.11%	73.16%	90.65%	108.54%
Dispatch Center Expenditures	6,134,183	4.52%	5.89%	7.30%	8.74%
Primary Government Support of District Court	5,600,607	4.12%	5.38%	6.66%	7.98%
Essential Services (P&F, Dispatch and District Court) Expenditures	87,941,884	64.75%	84.43%	104.61%	125.25%