



Comprehensive Annual Financial Report

City of Grand Rapids, Michigan
Year Ended June 30, 2016



300 Monroe Ave. NW | Grand Rapids, Michigan 49503 | www.grcity.us | 616.456.3189

Cover Art

Rendering of Michigan State University Grand Rapids Research Center by Ellenzweig, laboratory planner and design, from Cambridge, Massachusetts.

When open in late 2017, the research center will support 260 members of Michigan State University College of Human Medicine's scientific research teams, including 33 principal investigators and their labs.

In future years at full capacity, the economic impact then after will be \$28M per year supporting more than 400 jobs, including as many as 44 principal investigators and their research teams.

Some of areas of scientific study include Parkinson's disease, Alzheimer's disease, pediatric neurology, autism, inflammation, transplantation, genetics and women's health and reproductive medicine.

CITY OF GRAND RAPIDS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 2016

Prepared by:

Comptroller's Office
Sara VanderWerff
Comptroller

Elected Officials

Mayor	Rosalynn Bliss
Commissioners	Dave Shaffer Jon O'Connor Joseph D. Jones Ruth E. Kelly David Allen Senita Lenear
Comptroller	Sara VanderWerff

Appointed Officials

City Manager	Gregory A. Sundstrom
City Attorney	Anita Hitchcock
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

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

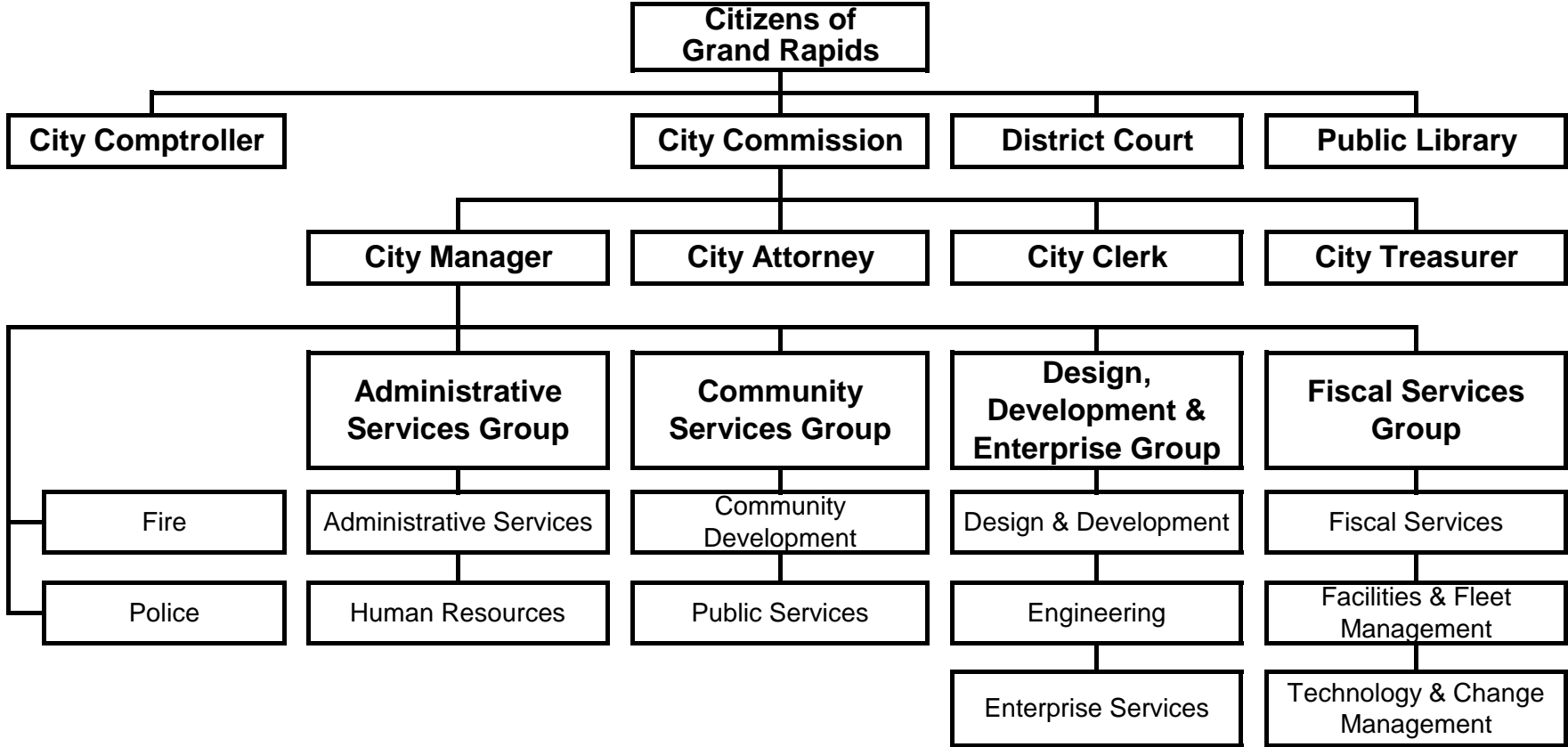
**City of Grand Rapids
Michigan**

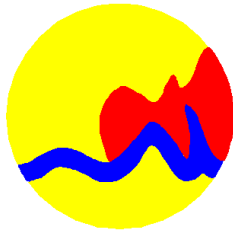
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

**City of Grand Rapids
Organizational Chart
FY 2016**





CITY OF GRAND RAPIDS

December 20, 2016

Honorable Mayor Rosalynn Bliss, 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, 2016 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, 2016. 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, with amendments, is still in effect today. 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 a majority of members 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.

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 operates over 7,900 off-street and 2,200 on-street parking spaces. These services are similar to a business enterprise 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, the defined benefit pension systems, and other post-employment benefit trusts providing retiree health care benefits.

The City is a significant economic presence in the region. Excluding depreciation charges and principal and interest payments on debt, in fiscal year 2016, the City spent over \$200 million in its governmental funds and almost \$100 million in its proprietary funds. Almost a quarter of that total outlay went into improvements and additions to the City's capital assets, primarily street, water and sewer infrastructure. This organization clearly recognizes that the short-term savings from deferring maintenance is small compared to the future costs of failing to maintain infrastructure assets.

Approximately 59 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 2016 increased 7.5 percent from fiscal year 2015 to over \$88 million; and revenue from property taxes increased 3.2 percent to almost \$39 million.

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

Over the past several years, as the result of the general economic recovery and transformational efforts by staff, the City has moved from a worrisome financial position to a stable position and has reestablished a level of financial reserves that is commonly recommended to permit a local government to handle normal economic fluctuations without a need to again adopt extraordinary measures to cope with lower tax receipts. 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 195,097, making it the second most populous city in the state of Michigan and the 122nd most populated in the United States. The City is the county seat of Kent County, which has a population of 602,622. 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, Amway, Mercy Health, Steelcase, Grand Valley State University, and Magna International.

The local economy appears to have continued its recovery during the past year. The Grand Rapids unemployment rate declined for the sixth year in a row, dropping 1.3 percentage points to an average annual rate of 4.2 percent in fiscal year 2016, well below the level of unemployment before the 2008 recession began. Income tax withholding payments during the first half of 2016 indicate continued growth in incomes. Construction activity as measured by building permits continues to grow. Although the current assessed value of real property remains below the levels of five and ten years ago, it is again increasing faster than the consumer price index which improves the balance sheets of property owners.

For several decades city government and civic leaders struggled with the question of how to revitalize the downtown area. In recent years the City has realized the benefit of those efforts that had so often seemed futile. As millennials have become the largest cohort in the work force, Grand Rapids has found that that generation's preferences for walkable urban living and working environments corresponds to the core city environment that Grand Rapids has been developing over many years. The center city seems to have entered a virtuous cycle of prior development attracting people and businesses, which attracts more private development, which makes the environment more attractive to new residents and more employers, continuing the cycle. Even prior to the release of Pokémon Go, sidewalks were busy in the evening with people strolling between entertainment venues. More recently the community has made a large financial commitment to repair and maintain parks and the street infrastructure, essential components of making the entire community a desirable place for all generations to live and work.

Grand Rapids and the surrounding region continue to appear on many top-ten lists. As the number of these top ten lists and the frequency of their revision has increased, enumerating the accolades becomes less useful than noting that real world economic trends are also reflected in both positive media coverage of the City (recently featured as an answer on Wheel of Fortune), and increasing population in both the City and the Grand Rapids MSA.

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 those 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. A testament to the success of the new effort can be found in the maturing of Start Garden from a competition offering \$5,000 to the best pitch at 5x5 night, to an ecosystem offering start-up businesses incubator space, mentoring, and possible investment from a related venture capital firm.

Long-Term Financial Planning

The City established a separate accounting fund -- the Transformation Fund -- in fiscal year 2011 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 funded the Transformation Investment Plan which has been a great success, allowing the City to maintain public safety services while also investing in new methods of service delivery designed to reduce ongoing operating costs. This fund is expected to close in 2017 as the projects underwritten with these temporary revenues are

completed. Assisted by both the cost reductions created by the transformation plan and the increased revenues from the economic recovery, the budget stabilization fund has been fully restored to the policy level set by the City Commission and the fund balance of the general fund has been rebuilt to the levels suggested by government finance best practice recommendations.

The City continues to adopt annual budgets within a framework of a five-year budget projection that alerts the organization to potential future financial problems that may be created by decisions made currently.

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 Public Act 30 of 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 finally achieved the desired total fund balance of 25 percent of expenditures during fiscal year 2016. The unassigned fund balance of the General Fund ended the year at 17.4 percent and the Budget Stabilization Fund ended at 10.1 percent of fiscal year 2016 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 finishing the implementation of new accounting, budgeting, cash receipting, grants management, human resource, payroll, and procurement software modules. This solution will replace several legacy computer systems with a common cloud-hosted software-as-a-service solution. Other municipalities are expected to follow these initial implementers onto the same platform in subsequent years. Our hope is that this new system will prove adequate for at least the next decade. I applaud and thank all the city staff that put in the long hours necessary to implement the organization's new financial management system.

Financed by three bond issues backed by future income tax receipts, the City continues a major effort to repair and reconstruct street infrastructure that had been neglected because of falling state gas and weight tax receipts over many years. The goal is that over the fifteen year life of the voter approved income tax increase the condition of at least 70% of the streets will be improved to a Good or Fair rating with adequate additional support from the State.

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, 2015; 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, 2015. 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 should also appreciate the behind-the-scenes work and responsibility 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 balanced manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sara Vander Werff". The signature is written in a cursive, flowing style.

Sara Vander Werff
City Comptroller



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, 2016, 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 did not audit the financial statements of the City of Grand Rapids General Retirement System as of and for the year ended June 30, 2016, nor did we audit the financial statements of the City of Grand Rapids Police and Fire Retirement System, as of and for the year ended December 31, 2015, which represent 94% of the total assets and net position, and 46% of the total revenues of the fiduciary funds; and 89% of the total assets and net position, and 17% of the total revenues of the aggregate remaining fund information. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grand Rapids, Michigan, as of June 30, 2016 (December 31, 2015 for the Police and Fire Retirement System), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 through 14 and 86 through 91, 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 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 *Governmental Auditing Standards*, we have also issued our report dated December 19, 2016 on our consideration of the City of Grand Rapids' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 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

December 19, 2016

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, 2016. 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, 2016, net position totalled \$806,036,574. The unrestricted portion of this amount, \$151,771,824, 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 decreased by \$6,172,049. Business-type activities increased net position by \$22,227,466, only partially offsetting the decrease in net position from governmental activities of \$28,399,515. The largest factor causing the decline from governmental activities was related to the changes in pension liabilities described below and in note 7.
- At June 30, 2016, the City's governmental funds reported combined fund balances of \$139,479,169, an increase of \$24,282,813 from the previous year. A total of \$8,893,218 of the fund balance for governmental funds is *nonspendable*, and the spending of \$38,001,238 is *restricted* as to purpose by an outside party, which means \$92,584,713 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, a total of \$22,388,202 at June 30, 2016, 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 \$22,388,202 at year-end; an increase of \$7,286,531 from the previous year. At June 30, 2016, the unassigned balance stands at 17.4% of 2016 general fund expenditures, compared with 12.5% in 2015. At year end the unassigned fund balance was \$3.1 million above the fund balance policy. In addition to the increase in unassigned fund balance, the Commission added an additional \$4.0 million to the budget stabilization fund. This increases the total to \$12,948,835 of fund balance committed for future budget stabilization. This is 10.1% of current general fund expenditures, in line with 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 decreased by \$1,226,522 during the current fiscal year. Payments reducing debt totalled \$28,166,474. New debt issued included \$67,990,000 of refunding bonds and \$35,092,586 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 is the second year these financial statements include a long-term liability related to the City's two defined benefit pension plans. Highly evident this year is the financial statement volatility introduced by these accounting standards. The net pension liability of \$31,780,263 a year earlier increased to \$171,367,150 for two primary reasons: actual investment income was over \$60 million below expectations; and as a result of a new experience study, a variety of actuarial assumptions about retirement patterns, mortality, and investment returns caused the calculation of total pension liability to increase by over \$65 million. Recognition of approximately 80% of the total change is being blended with last year's deferred in-flows and deferred out-flows, and will be recognized over the next four years as shown on the schedule on page 74.

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 comprehensive annual financial 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., depreciation and amortization, changes in pension liabilities, 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 eight 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, four Corridor Improvement Districts, and the 61st District Court. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government wide statements can be found on pages 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 reconciliations to facilitate this comparison between *governmental funds* and *governmental activities* on pages 18 and 20.

The City maintains six 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 94-97.

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 page 93 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 98.

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. The basic proprietary fund financial statements can be found on pages 21-25 of this report.

Individual fund data for the non-major enterprise funds and internal service funds are provided in the *combining statements* section of this report, pages 99-105.

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 106-108.

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 30-85 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 the major and local street 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 86-91 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 showing current information in a multi-year context.

Government-wide Financial Analysis

	City of Grand Rapids' Net Position					
	Governmental Activities 2016	Governmental Activities 2015	Business-Type Activities 2016	Business-Type Activities 2015	Total Primary Government 2016	Total Primary Government 2015
Current and other assets	\$ 211,488,624	\$ 179,263,369	\$ 152,977,591	\$ 160,012,804	\$ 364,466,215	\$ 339,276,173
Capital assets, net of accumulated depreciation	300,276,625	314,577,435	786,874,873	774,581,766	1,087,151,498	1,089,159,201
Total Assets	511,765,249	493,840,804	939,852,464	934,594,570	1,451,617,713	1,428,435,374
Deferred outflows of resources	112,306,275	13,754,815	26,373,654	10,719,982	138,679,929	24,474,797
Current liabilities	27,088,704	22,106,896	34,391,893	34,272,702	61,480,597	56,379,598
Non-current liabilities	280,448,153	134,775,772	419,599,409	418,723,398	700,047,562	553,499,170
Total Liabilities	307,536,857	156,882,668	453,991,302	452,996,100	761,528,159	609,878,768
Deferred inflows of resources	16,523,249	22,302,018	6,209,660	8,520,762	22,732,909	30,822,780
Net investment in capital assets	202,004,329	228,176,623	392,979,402	374,185,834	594,983,731	602,362,457
Restricted net position	28,568,423	16,462,828	32,359,186	33,589,225	60,927,609	50,052,053
Unrestricted net position	69,438,666	83,771,482	80,686,568	76,022,631	150,125,234	159,794,113
Total Net Position	\$ 300,011,418	\$ 328,410,933	\$ 506,025,156	\$ 483,797,690	\$ 806,036,574	\$ 812,208,623

Total net position at June 30, 2016 was \$806,036,574, a decrease of 6,172,049 from the net position at June 30, 2015 of \$812,208,623.

The City's current and other assets increased by \$25,190,042 or 7.4%. Governmental activities saw a \$32,225,255 increase in current and other assets in part from income tax receipts that are being accumulated to repay debt due in fiscal 2018 as well as from the intentional rebuilding of fund balances depleted during the recession. Business type activities saw a \$7,035,217 decrease in current and other assets primarily attributable to construction spending of proceeds of the 2014 sewer bond issue.

Deferred outflows of resources increased by \$114,205,132 or 467%. This represents changes in the pension liability that will be amortized as an expense over the next four years. The change was so large because both pension plans were negatively impacted by the changes described below.

The total liabilities of the primary government increased 24.9% or \$151,649,391. Current liabilities increased \$5,100,999 or 9.0%. Non-current liabilities related to employee benefit plans increased \$133,439,796, from a combination of low or negative investment returns and changes in actuarial assumptions used in the calculation of the net present value of future liabilities. Much of the effect of that liability increase is offset by the increase in deferred outflows of resources discussed in the prior paragraph.

By far, the largest portion of the City's net position (73.8%) is its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Restricted net 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* (\$150,125,234), may be used to meet government's on-going obligations to citizens and creditors consistent with the purpose of the fund. Only the \$22.4 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. As noted on page 3, the ending fund balance is \$3.1 million more than the target goal in the fund balance policy.

At June 30, 2016, 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	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities	2016	2015
	2016	2015	2016	2015		
Land	\$ 15,957,568	\$ 15,957,568	\$ 15,048,228	\$ 14,913,038	\$ 31,005,796	\$ 30,870,606
Easements/Right of Way	753,382	717,620	1,375,089	1,043,635	2,128,471	1,761,255
Land improvements	15,069,954	14,176,652	6,887,520	7,096,752	21,957,474	21,273,404
Buildings and structures	77,307,316	81,981,994	100,776,766	102,373,905	178,084,082	184,355,899
Leasehold improvements	-	-	-	-	-	-
Storage tanks	-	-	8,576,138	9,054,843	8,576,138	9,054,843
Machinery and equipment	5,358,293	5,419,466	82,333,999	85,684,128	87,692,292	91,103,594
Motor vehicles	23,414,704	22,466,332	442,428	703,945	23,857,132	23,170,277
Furniture	186,118	243,623	39,449	48,833	225,567	292,456
Software	351,262	336,728	172,071	-	523,333	336,728
Water and sewer mains	-	-	554,143,832	534,383,948	554,143,832	534,383,948
Infrastructure	155,099,455	165,959,246	-	-	155,099,455	165,959,246
Construction in progress	6,778,573	7,318,206	17,079,353	19,278,739	23,857,926	26,596,945
Total	<u>\$ 300,276,625</u>	<u>\$ 314,577,435</u>	<u>\$ 786,874,873</u>	<u>\$ 774,581,766</u>	<u>\$ 1,087,151,498</u>	<u>\$ 1,089,159,201</u>

Capital assets: The City's investment in capital assets for its governmental and business type activities as of June 30, 2016 amounts to \$1,087,151,498 (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) totalled \$54.0 million. Most of the expenditures on street infrastructure fall into the categories of maintenance and repairs and are therefore not capital additions. 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 \$18,850,966. Construction in progress on additional projects as of June 30, 2016 increased to \$11,213,432.
- Various additions and improvements were completed in the Sewage Disposal System at a cost of \$22,327,563. Construction in progress in on-going projects at the close of the fiscal year declined to \$3,502,918.
- New motor vehicles were purchased by the Motor Equipment Fund and the Fire Department for \$4,729,736.

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 2016	Governmental Activities 2015	Business-Type Activities 2016	Business-Type Activities 2015	Total 2016	Total 2015
Limited tax pledge bonds	\$ 74,322,800	\$ 54,085,800	\$ 30,170,000	\$ 33,419,837	\$ 104,492,800	\$ 87,505,637
Revenue bonds	25,860,000	27,205,000	346,416,792	366,465,643	372,276,792	393,670,643
Long-term contracts	<u>11,053,967</u>	<u>8,278,698</u>	<u>1,880,334</u>	<u>367,500</u>	<u>12,934,301</u>	<u>8,646,198</u>
Total	<u>\$ 111,236,767</u>	<u>\$ 89,569,498</u>	<u>\$ 378,467,126</u>	<u>\$ 400,252,980</u>	<u>\$ 489,703,893</u>	<u>\$ 489,822,478</u>

Long-term debt: At June 30, 2016 the City had total long-term debt outstanding of \$489,703,893. Of this amount, \$104,492,800 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, 2016 balance of the City of Grand Rapids and County of Kent Building Authority bonds of \$44,180,533 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 2016. Additional information on the City's long-term debt can be found in note 6 of the notes to the financial statements.

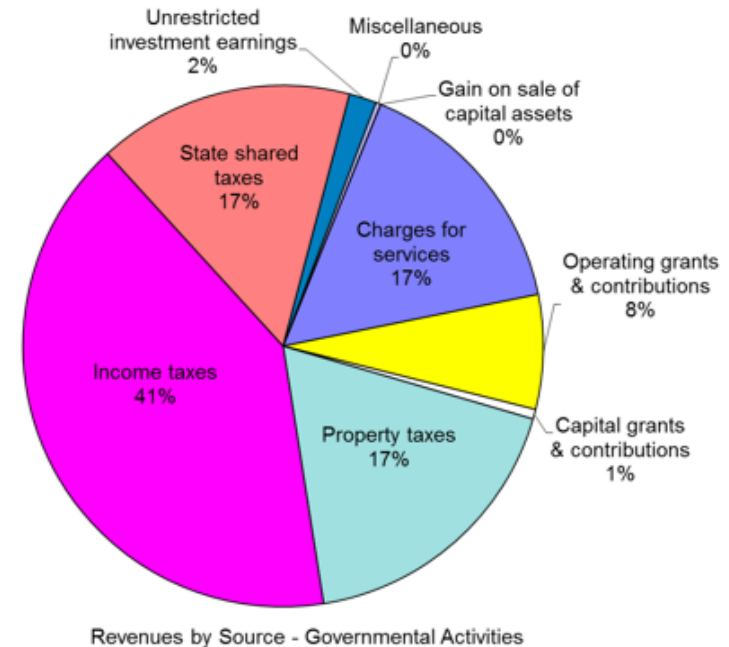
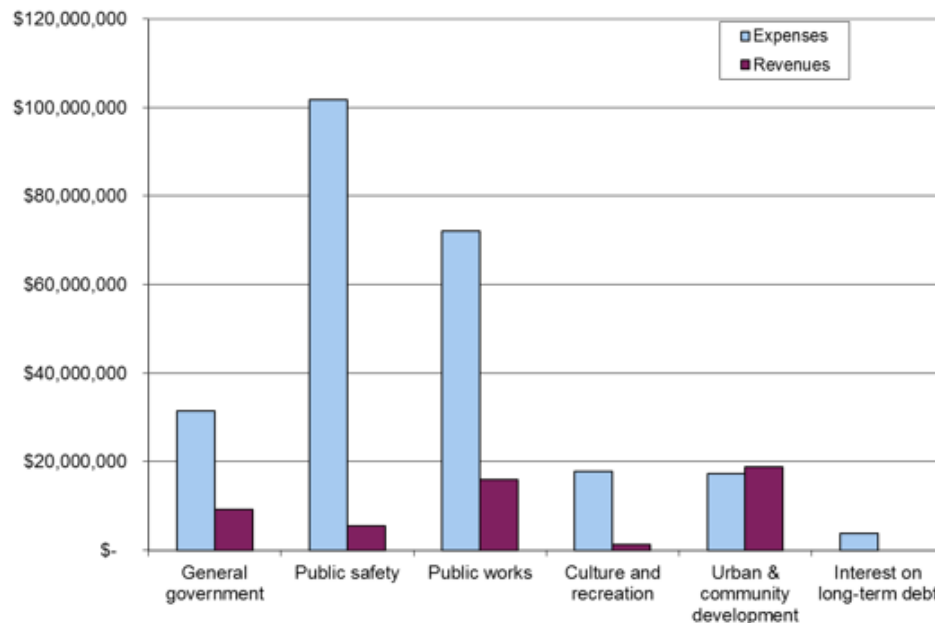
Changes in Net Position:

City of Grand Rapids' Changes in Net Position						
	Governmental Activities 2016	Governmental Activities 2015	Business-Type Activities 2016	Business-Type Activities 2015	Total Primary Government 2016	Total Primary Government 2015
Revenues:						
Program Revenues:						
Charges for services	\$ 33,890,168	\$ 31,897,761	\$ 113,389,258	\$ 109,809,251	\$ 147,279,426	\$ 141,707,012
Operating grants and contributions	15,432,226	15,145,783	623,218	630,374	16,055,444	15,776,157
Capital grants and contributions	1,376,082	1,778,543	6,216,877	4,593,227	7,592,959	6,371,770
General Revenues:						
Property taxes	38,976,376	37,716,877	-	-	38,976,376	37,716,877
City Income taxes	88,174,251	81,968,457	-	-	88,174,251	81,968,457
Intergovernmental, unrestricted	34,437,232	34,254,030	-	-	34,437,232	34,254,030
Unrestricted investment earnings	3,592,965	2,104,705	1,107,815	697,150	4,700,780	2,801,855
Miscellaneous	626,056	494,106	159,504	161,301	785,560	655,407
Total Revenues	216,505,356	205,360,262	121,496,672	115,891,303	338,002,028	321,251,565
Expenses:						
General government	31,370,052	27,158,278	-	-	31,370,052	27,158,278
Public safety	101,714,766	76,336,144	-	-	101,714,766	76,336,144
Public works	72,032,052	63,819,694	-	-	72,032,052	63,819,694
Culture and Recreation	17,714,262	19,718,462	-	-	17,714,262	19,718,462
Urban & Community Development	17,361,430	14,719,552	-	-	17,361,430	14,719,552
Interest on long-term debt	3,892,373	3,936,941	-	-	3,892,373	3,936,941
Water Supply System	-	-	36,197,215	33,302,278	36,197,215	33,302,278
Sewage Disposal System	-	-	47,691,862	45,184,106	47,691,862	45,184,106
Parking System	-	-	14,249,852	11,594,252	14,249,852	11,594,252
Other Enterprises	-	-	1,950,213	2,411,202	1,950,213	2,411,202
Total Expenses	244,084,935	205,689,071	100,089,142	92,491,838	344,174,077	298,180,909
Change in Net Position before Transfers	(27,579,579)	(328,809)	21,407,530	23,399,465	(6,172,049)	23,070,656
Transfers	(819,936)	1,252,086	819,936	(1,252,086)	-	-
Change in Net Position	(28,399,515)	923,277	22,227,466	22,147,379	(6,172,049)	23,070,656
Net Position - beginning	328,410,933	327,487,656	483,797,690	461,650,311	812,208,623	789,137,967
Net Position - ending	\$ 300,011,418	\$ 328,410,933	\$ 506,025,156	\$ 483,797,690	\$ 806,036,574	\$ 812,208,623

Governmental activities: Governmental activities decreased the City's net position by \$28,399,515. Key elements within this change are as follows:

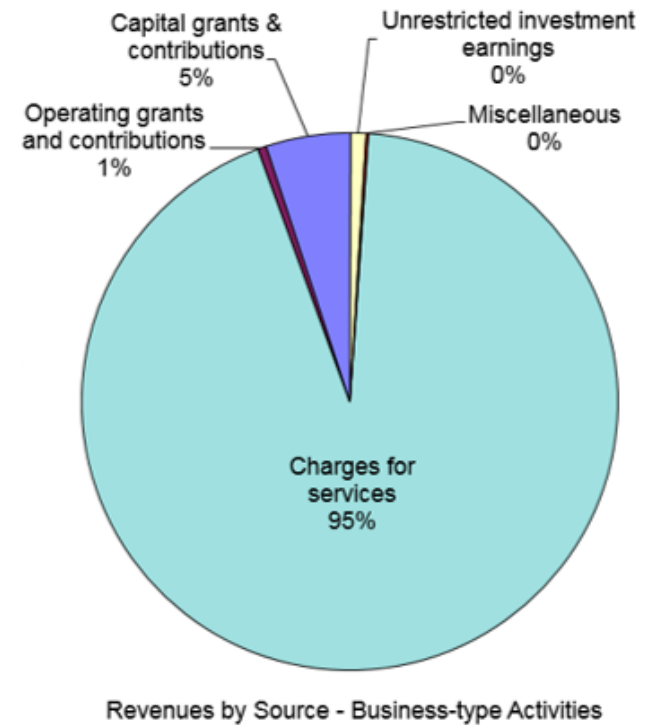
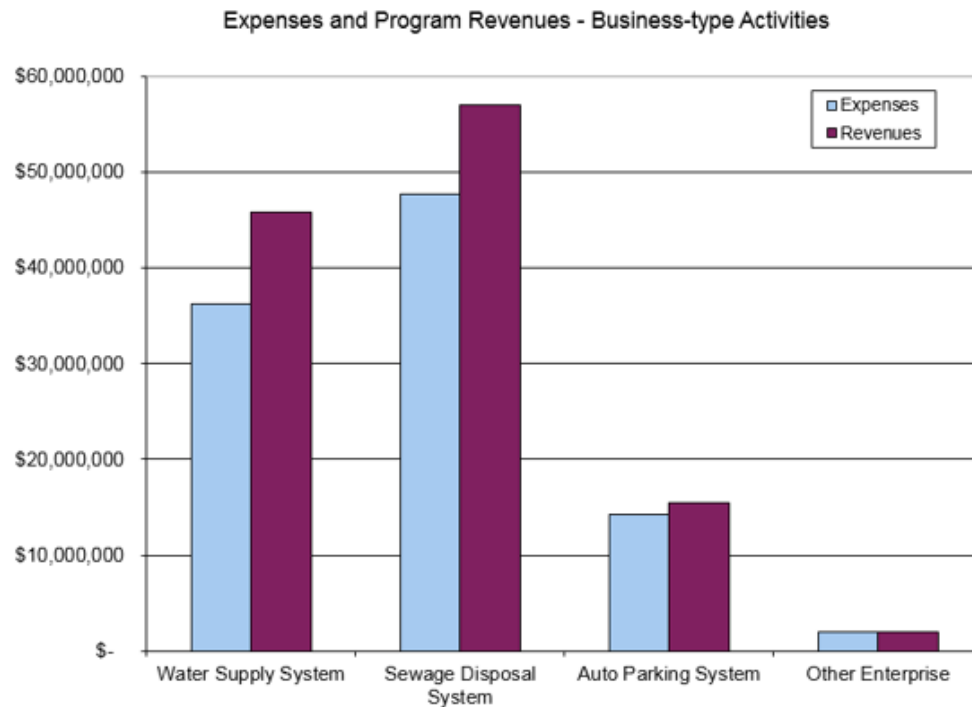
- Tax revenues increased \$7.7 million. Over 80% of the increase was in the City's largest tax revenue, the local income tax, which increased \$6.2 million, or 7.6% from the prior year. The increase was a result of increasing employment and increasing local income. State shared taxes increased less than 0.6% from the prior year.
- The gap between the height of the revenue and expense bars on the below chart shows the spending that was financed by tax revenues.
- Public works expenses increased \$8.2 million compared to the prior year as an aggressive program of remedying deferred maintenance of city streets continued, primarily using the proceeds of the issuance of \$30.2 million in short-term and medium-term debt.
- Culture and recreation spending decreased by \$2.0 million. The prior year expenditures had been inflated by a large increase in spending to remedy deferred maintenance issues in park facilities after the voters approved a new millage for that purpose.
- In fiscal year 2015 reported expenses included only \$3.1 million of pension expense as a result of actual results being better than actuarial expectations. Changes in actuarial assumptions and poor investment returns during the measurement period of the current pension liability caused current year expenses related to those employee benefit programs to exceed \$ 32.4 million.

Expenses and Program Revenues - Governmental Activities



Business-type activities: Business-type activities increased the City's net position by \$22,227,466. The key elements of this increase are as follows:

- The Water System's operating revenues increased by over \$1.9 million as a result of a 2.8% increase in billed volume as well as a mid-year rate increase of 1.0%. Even with increased reinvestment, the Water System improved its net position. The Sewer System had revenue growth from billed volume increase of 2.6% and a 0.80% mid-year rate increase. With a refunding in February of 2016, the Sewer System also benefitted from interest cost savings.
- The Parking System experienced a modest decline of \$351,463 in operating revenues. Operating expenses increased by \$2.6 million as the system made significant investments in maintenance and repairs to their facilities. In spite of lower revenues and increased expenses net position still increased modestly.
- 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.



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, 2016, the City's governmental funds reported combined ending fund balances of \$139,479,169. Of this total, all but \$22,388,202 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, 2016, the fund had an unassigned fund balance of \$22,388,202. 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 17.4% and 37.8% respectively of total fiscal year 2016 General Fund expenditures, compared to the unassigned and total fund balance representing 12.5% and 32.7% of fund expenditures a year earlier. The fund's fund balance increased \$9,058,030 during fiscal year 2015. As originally adopted, the budget anticipated a surplus of only \$82,608. Three things explain most of the \$9.0 million difference. Income tax receipts were almost \$4.0 million over initial expectations and the Transformation Fund provided \$9.2 million designed to bring the fund balance committed to budget stabilization and the unassigned fund balance close to the amounts set by policy. Offsetting these increases were the additional appropriations detailed on the next page.

The Major Street Fund saw an increase of \$10,263,876 to fund balance. This is mainly due to receipts from the fifteen year income tax rate increase dedicated to the street maintenance, rehabilitation, and reconstruction (Vital Streets) as guided by the Vital Streets Oversight Committee. Originally the City's plan was to segregate the activity associated with this initiative into a Vital Streets Fund, however since a component of the Vital Streets plan includes spending Gas and Weight tax funds, which per the State of Michigan, can only be spent from the Major or Local Street Funds, the decision was made to blend the Vital Street Fund with the Major Street Fund as of the end of fiscal year 2015. See Note 12 for more information. All Vital Street activity occurring in fiscal year 2016 was allocated appropriately to either the Major or Local Street Fund. The Local Street Fund saw a decrease in fund balance of \$226,935, the budgeted change in fund balance was an increase of \$64,256. Both revenues and expenditures fell short of their budgeted amounts.

The Vital Street Capital Construction Fund saw an increase in fund balance of \$9,419,358 mainly due to unspent proceeds from two new debt issues totalling \$30,245,000. The bonds were issued 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. Over \$22.6 million was spent on street maintenance, rehabilitation, and reconstruction. The Vital Streets Oversight Committee estimated it will require \$22 million per year for 70% of the streets to reach a good or fair rating by the end of the fifteen year tax.

The fund balance of the Street Capital Construction Fund decreased by \$1,120,707 to \$2,210,593 as spending on previously funded projects was completed. New street construction projects are being managed in the Vital Street Capital Construction Fund.

The fund balance of the General Capital Construction Fund increased by \$1.5 million, largely as a result of slower than expected spending on some capital projects.

The fund balances of the City's non-major governmental funds increased by \$9.0 million net of a \$13.6 million decrease in the fund balance of the Transformation Fund as that fund completes disbursing its committed programming prior to the expected closure of the fund in fiscal year 2018. Three funds accounted for most of the increase. The Refuse Fund saw a \$2.3 million increase as both property tax and fee revenue increased modestly while efficiencies continued to reduce costs. The Parks and Recreation Fund saw a \$1.9 million increase in fund balance as a result of transfers from the General Fund, including a loan of \$1.2 million to be repaid from future tax receipts. The fund balance of the Building Inspection Fund was up \$1.7 million as a stronger construction environment lead to a 54% increase in permit revenue, only partially offset by staff increases needed to handle the increased workload. Two other funds saw fund balance increase more than \$500,000, largely as a result of increased transfers. The Library Fund benefited from a

modest increase in property tax revenues and a \$477,493 transfer from the Transformation Fund to assist with increasing debt service payments on serial bonds issued in 1998 and the development of an asset maintenance plan. Increased income tax receipts in the Vital Street Fund required increased transfers to the Sidewalk Repair Fund which will support future construction activity.

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 non-major enterprise funds at the end of the year amounted to \$72,388,560. The total net position for enterprise funds is \$496,080,558. 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. The strong results of operations were little impacted by the inclusion of a \$13,635,869 increase in the pension liabilities allocated to the enterprise. The total impact on the funds was only \$413,291 above the actuarially determined contribution the City was required to make. Most of the recognition of the increase in the liability is being deferred and amortized over the next three to four years while the current year benefitted from the recognition of strong investment returns in prior measurement periods.

General Fund Budgetary Highlights

During the year the general fund budget increased by \$2,266,682 and the \$1,000,000 contingency budget was allocated to specific projects. The primary changes were:

- \$1,450,000 was appropriated to offset the projected operating deficit in the District Court Fund primarily caused by decreased court revenues.
- \$1,200,000 was appropriated as a short-term advance to eliminate the FY 2015 deficit and projected 2016 deficit in the Parks & Recreation Fund.
- \$370,765 was appropriated to allow the award of contracts to demolish pools in three parks in FY 2017 without using resources from the parks millage.
- \$250,000 was appropriated for a city-wide classification and compensation study by the human resources department.
- \$157,810 was appropriated to allow the police department to contract for a study of traffic stop data. Including study design, collection, analysis, and reporting.

Actual departmental and other expenditures and transfers-out in the General Fund were \$374,283 below amended appropriations, achieving the expected appropriation lapse of \$3,500,000.

Revenues for the year ended June 30, 2016 were \$4,066,552 higher than originally budgeted. For the third consecutive year the primary driver of this increase was revenue from the local income tax that was up \$3,969,929 or 5.8% above the original budget and 1.8% above the mid-year revision to estimated revenues.

Economic Factors and Next Year's Budgets and Rates

City Commission, top management, and fiscal staff considered many factors when preparing the fiscal year 2017 (FY17) 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 but outside forces have continued to push up the costs of health care and pension benefits. As part of Phase II of the Plan the City 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 FY17 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. Phase III of the Plan focuses on maintaining financial reserves, pursuing best practices for service delivery, and continuing the long-term asset management strategies developed in Phase II. A new challenge has been identified, over one-third of the City's workforce will be eligible to retire in the next five years. The Plan eliminated most overlap and redundancies in staffing so new strategies must be developed to address the challenge of replacing experienced employees that no longer have an experienced "understudy".

The FY17 and future budgets reflect continued efforts to study the City's internal and external service delivery process with the objective of learning and improving what services the organization provides the community, and how they are delivered. Funding has been appropriated to expand engagement with neighborhoods and the business community. Efforts to improve police and community relations are underway. Internally projects have been budgeted to examine purchasing, hiring, training, and code compliance services to improve the aspects of the organization.

The voters approved a fifteen year extension of the 0.2% temporary income tax rate increase previously scheduled to end June 30, 2015. These 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 \$50 million in bonds to allow for 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. 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 FY17 projected a 4.4% increase in the local income tax base above the FY16 estimated revenue. Total local property tax revenues are expected to increase 3.3% above FY16 revenues. State shared revenue was projected to increase slightly over FY16.

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 aligned resources to meet the forecasted needs of the capital plans. FY17 is the eleventh 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 maintenance 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
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City of Grand Rapids, Michigan
Statement of Net Position
Government Wide
June 30, 2016

	Primary Government			Total Component Units
	Governmental Activities	Business-type Activities	Total Primary Government	
ASSETS				
Equity in pooled cash and investments (Note 2)	\$ 187,561,252	\$ 86,832,185	\$ 274,393,437	\$ 22,172,003
Investments held by trustee	-	-	-	5,406,462
Receivables, net	13,552,751	17,008,181	30,560,932	959,547
Internal balances	(5,889,349)	5,889,349	-	-
Due from other governmental units	8,706,452	-	8,706,452	171,278
Inventories	2,671,167	2,341,871	5,013,038	-
Prepaid expenses and other assets	470,046	-	470,046	378,441
Restricted assets (Notes 2 and 4)	4,396,767	38,166,472	42,563,239	-
Investment in joint venture (Note 1)	-	2,472,900	2,472,900	-
Net OPEB asset (Note 8)	19,538	26,675	46,213	47,186
Other assets	-	239,958	239,958	-
Capital Assets (Note 5):				
Non-depreciable	23,489,523	33,502,670	56,992,193	14,538,882
Depreciable, net	276,787,102	753,372,203	1,030,159,305	27,099,983
Total assets	<u>511,765,249</u>	<u>939,852,464</u>	<u>1,451,617,713</u>	<u>70,773,782</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions (Note 7)	110,544,945	13,856,678	124,401,623	4,492,595
Deferred on refunding of bonds	<u>1,761,330</u>	<u>12,516,976</u>	<u>14,278,306</u>	<u>1,078,004</u>
Total deferred outflows of resources	<u>112,306,275</u>	<u>26,373,654</u>	<u>138,679,929</u>	<u>5,570,599</u>
LIABILITIES				
Accounts payable and accrued expenses	20,189,408	6,788,773	26,978,181	8,278,923
Accrued interest payable	1,139,753	8,171,650	9,311,403	250,604
Due to other governmental units	1,337,852	-	1,337,852	-
Unearned revenues	2,400,367	547,593	2,947,960	-
Customer deposits	2,021,324	-	2,021,324	107,578
Payable from restricted assets (Note 6):				
Bonds and contracts payable	-	18,134,704	18,134,704	-
Accrued interest and other	-	749,173	749,173	-
Noncurrent liabilities (Note 6):				
Due within 1 year:	19,133,970	2,701,151	21,835,121	4,919,351
Due in more than 1 year:	261,314,183	416,898,258	678,212,441	41,778,843
Total liabilities	<u>307,536,857</u>	<u>453,991,302</u>	<u>761,528,159</u>	<u>55,335,299</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to special assessments	81,577	-	81,577	-
Deferred inflows related to pensions (Note 7)	16,441,672	6,209,660	22,651,332	2,013,288
Total deferred inflows of resources	<u>16,523,249</u>	<u>6,209,660</u>	<u>22,732,909</u>	<u>2,013,288</u>
NET POSITION				
Net investment in capital assets	202,004,329	392,979,402	594,983,731	17,417,745
Restricted for:				
Expendable:				
Public Safety	1,802,986	-	1,802,986	-
Cultural and recreation	506,004	-	506,004	-
Public Works	20,442,110	-	20,442,110	-
Debt service	-	32,359,186	32,359,186	-
Authorized projects	-	-	-	7,456,606
Urban and community development	2,856,936	-	2,856,936	-
Nonexpendable:				
Perpetual care	2,921,117	-	2,921,117	-
Cultural and recreation	39,270	-	39,270	-
Unrestricted (deficit)	<u>69,438,666</u>	<u>80,686,568</u>	<u>150,125,234</u>	<u>(5,878,557)</u>
Total net position	<u>\$ 300,011,418</u>	<u>\$ 506,025,156</u>	<u>\$ 806,036,574</u>	<u>\$ 18,995,794</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, 2016

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			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
<i>Governmental activities:</i>								
General government	\$ 31,370,052	\$ 8,828,209	\$ 331,296	\$ -	\$ (22,210,547)	\$ -	\$ (22,210,547)	\$ -
Public safety	101,714,766	1,752,816	3,789,947	-	(96,172,003)	-	(96,172,003)	-
Public works	72,032,052	11,708,111	2,858,061	1,376,082	(56,089,798)	-	(56,089,798)	-
Culture and recreation	17,714,262	765,030	557,662	-	(16,391,570)	-	(16,391,570)	-
Urban and community development	17,361,430	10,836,002	7,895,260	-	1,369,832	-	1,369,832	-
Interest on long-term debt	3,892,373	-	-	-	(3,892,373)	-	(3,892,373)	-
Total governmental activities	<u>244,084,935</u>	<u>33,890,168</u>	<u>15,432,226</u>	<u>1,376,082</u>	<u>(193,386,459)</u>	<u>-</u>	<u>(193,386,459)</u>	<u>-</u>
<i>Business-type activities:</i>								
Water Supply System	36,197,215	41,968,413	21,067	3,856,601	-	9,648,866	9,648,866	-
Sewage Disposal System	47,691,862	54,119,246	466,276	2,360,276	-	9,253,936	9,253,936	-
Parking System	14,249,852	15,361,175	135,875	-	-	1,247,198	1,247,198	-
Other Enterprise	1,950,213	1,940,424	-	-	-	(9,789)	(9,789)	-
Total business-type activities	<u>100,089,142</u>	<u>113,389,258</u>	<u>623,218</u>	<u>6,216,877</u>	<u>-</u>	<u>20,140,211</u>	<u>20,140,211</u>	<u>-</u>
Total primary government	<u>\$ 344,174,077</u>	<u>\$ 147,279,426</u>	<u>\$ 16,055,444</u>	<u>\$ 7,592,959</u>	<u>(193,386,459)</u>	<u>20,140,211</u>	<u>(173,246,248)</u>	<u>-</u>
Component Units:								
Downtown Development Authority	11,320,771	511,196	5,763	-	-	-	-	(10,803,812)
Tax Increment Financing Authority	486,281	-	-	-	-	-	-	(486,281)
SmartZone Development Authority	1,953,552	189	79,875	-	-	-	-	(1,873,488)
Brownfield Redevelopment Authority	3,389,435	234,751	127,165	-	-	-	-	(3,027,519)
Corridor Improvement Districts	32,535	-	-	-	-	-	-	(32,535)
61st District Court	14,375,200	6,365,865	8,345,538	-	-	-	-	336,203
Total component units	<u>\$ 31,557,774</u>	<u>\$ 7,112,001</u>	<u>\$ 8,558,341</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,887,432)</u>
General revenues:								
Property taxes					38,976,376	-	38,976,376	15,497,832
City income taxes					88,174,251	-	88,174,251	-
Intergovernmental, unrestricted					34,437,232	-	34,437,232	-
Unrestricted investment earnings					3,592,965	1,107,815	4,700,780	408,274
Miscellaneous					626,056	159,504	785,560	-
Transfers (Note 9)					(819,936)	819,936	-	-
Total general revenues, special items and transfers					<u>164,986,944</u>	<u>2,087,255</u>	<u>167,074,199</u>	<u>15,906,106</u>
Change in net position					(28,399,515)	22,227,466	(6,172,049)	18,674
Net position - beginning					<u>328,410,933</u>	<u>483,797,690</u>	<u>812,208,623</u>	<u>18,977,120</u>
Net position - ending					<u>\$ 300,011,418</u>	<u>\$ 506,025,156</u>	<u>\$ 806,036,574</u>	<u>\$ 18,995,794</u>

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

City of Grand Rapids, Michigan
Balance Sheet
Governmental Funds
June 30, 2016

	Major Governmental Funds							Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Streets	Local Streets	Vital Streets Capital Construction	Streets Capital Construction	General Capital Construction			
ASSETS									
Equity in pooled cash & investments (Note 2)	\$ 46,239,099	\$ 15,961,091	\$ 980,362	\$ 15,808,255	\$ 2,205,329	\$ 14,328,846	\$ 40,568,458	\$ 136,091,440	
Receivables, net	9,275,378	1,545,470	23,147	465	26,118	698,131	581,543	12,150,252	
Due from other funds (Note 9)	35,330	1,884	5,651	-	-	-	132,335	175,200	
Due from other governmental units	2,962,545	3,176,239	506,798	-	53,994	440,757	1,566,119	8,706,452	
Inventories	861,173	894,065	-	-	-	-	17,593	1,772,831	
Long-term advance	4,160,000	-	-	-	-	-	-	4,160,000	
Total assets	\$ 63,533,525	\$ 21,578,749	\$ 1,515,958	\$ 15,808,720	\$ 2,285,441	\$ 15,467,734	\$ 42,866,048	\$ 163,056,175	
LIABILITIES									
Accounts payable and accruals	\$ 11,145,691	\$ 1,108,809	\$ 647,009	\$ 3,028,273	\$ 72,775	\$ 478,348	\$ 1,405,451	\$ 17,886,356	
Due to other governmental units	1,188,070	-	-	-	-	-	725	1,188,795	
Unearned revenues	1,886,494	-	-	-	-	-	512,460	2,398,954	
Customer deposits	650,919	2,714	-	-	-	367,145	1,000,546	2,021,324	
Total liabilities	14,871,174	1,111,523	647,009	3,028,273	72,775	845,493	2,919,182	23,495,429	
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues - special assessments	-	-	-	-	2,073	79,504	-	81,577	
Total deferred inflows of resources	-	-	-	-	2,073	79,504	-	81,577	
FUND BALANCES									
Nonspendable:									
Long-term advance	4,160,000	-	-	-	-	-	-	4,160,000	
Inventories	861,173	894,065	-	-	-	-	17,593	1,772,831	
Nonexpendable trust principal	-	-	-	-	-	-	2,960,387	2,960,387	
Restricted:(Note 1)									
Public safety	-	-	-	-	-	-	1,802,986	1,802,986	
Urban and community development	-	-	-	-	-	-	2,856,936	2,856,936	
Culture and recreation	-	-	-	-	-	-	506,004	506,004	
Public works	-	19,573,161	868,949	-	-	-	-	20,442,110	
Authorized projects	-	-	-	12,292,105	-	101,097	-	12,393,202	
Committed: (Note 1)									
Authorized projects	-	-	-	488,342	2,210,593	14,441,640	10,440,321	27,580,896	
Other purposes	12,948,835	-	-	-	-	-	1,028,176	13,977,011	
Assigned: (Note 1)									
Culture and recreation	-	-	-	-	-	-	4,332,983	4,332,983	
Public safety	-	-	-	-	-	-	1,891,303	1,891,303	
Urban and community development	-	-	-	-	-	-	7,195,370	7,195,370	
Public works	-	-	-	-	-	-	3,888,771	3,888,771	
Ensuuing year budget	-	-	-	-	-	-	3,639	3,639	
Compensated absences	7,829,830	-	-	-	-	-	1,439,203	9,269,033	
Other purposes	474,311	-	-	-	-	-	1,583,194	2,057,505	
Unassigned	22,388,202	-	-	-	-	-	-	22,388,202	
Total fund balance	48,662,351	20,467,226	868,949	12,780,447	2,210,593	14,542,737	39,946,866	139,479,169	
Total liabilities, deferred inflows of resources and fund balances	\$ 63,533,525	\$ 21,578,749	\$ 1,515,958	\$ 15,808,720	\$ 2,285,441	\$ 15,467,734	\$ 42,866,048	\$ 163,056,175	

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

City of Grand Rapids, Michigan
Reconciliation of the Fund Balances of Governmental Funds to the
Net Position of Governmental Activities on the Statement of Net Position
June 30, 2016

Total governmental funds, fund balances	\$ 139,479,169
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	862,193,424
Accumulated depreciation	<u>(561,916,799)</u>
Net capital assets	300,276,625
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the fund statements	
Net OPEB asset	19,538
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 pensions	110,544,945
Deferred on refunding of bonds	1,761,330
Deferred inflows of resources related to pensions yet to be recognized in relation to the pension actuarial calculation	(16,441,672)
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.	45,959,389
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	(111,236,767)
Premium on bonds	(4,216,892)
Compensated absences	(10,623,654)
Net OPEB obligation	(6,084,932)
Net pension liability	(142,368,428)
Insurance claims	(5,917,480)
Accrued interest on bonds	<u>(1,139,753)</u>
Net position of governmental activities	<u>\$ 300,011,418</u>

City of Grand Rapids, Michigan
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

for the year ended June 30, 2016

	Major Governmental Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General	Major Streets	Local Streets	Vital Street Capital Construction	Street Capital Construction	General Capital Construction		
Revenues:								
Property taxes	\$ 13,510,981	\$ -	\$ -	\$ -	\$ -	\$ 5,070,914	\$ 20,408,592	\$ 38,990,487
City income taxes	72,474,550	11,020,887	-	-	-	3,857,400	821,414	88,174,251
State shared taxes	16,951,211	11,552,297	3,081,683	-	-	2,644,539	210,844	34,440,574
Licenses and permits	2,839,981	-	-	-	-	-	4,859,269	7,699,250
Fines and forfeitures	2,115,302	-	-	-	-	-	-	2,115,302
Federal grants	38,105	366,662	-	-	609,656	-	7,320,642	8,335,065
State grants	649,716	2,196,279	1,642	-	-	13,698	257,575	3,118,910
Other grants & contributions	976,277	-	-	-	-	752,728	3,625,328	5,354,333
Charges for services	10,329,543	2,640,547	13,803	14,500	71,919	34,952	10,970,352	24,075,616
Investment earnings	633,743	253,289	25,028	22,260	19,764	205,320	653,030	1,812,434
Miscellaneous	18,594	340,572	6,074	-	-	134,601	126,215	626,056
Total revenues	120,538,003	28,370,533	3,128,230	36,760	701,339	12,714,152	49,253,261	214,742,278
Expenditures:								
Current:								
General government	26,982,502	-	-	-	-	1,616,978	96,689	28,696,169
Public safety	74,479,832	-	-	-	-	-	8,991,890	83,471,722
Public works	5,037,039	11,028,797	3,179,494	-	-	-	12,186,749	31,432,079
Culture and recreation	-	-	-	-	-	-	17,791,041	17,791,041
Urban and community development	4,933,129	-	-	-	-	-	10,829,883	15,763,012
Debt service:								
Principal	298,606	455,000	-	-	-	1,648,444	5,035,170	7,437,220
Interest, fees, and bond issue costs	25,205	765,085	-	229,105	-	431,333	2,457,633	3,908,361
Capital outlay	-	4,146,943	1,079,211	22,629,090	1,822,046	5,708,265	111,722	35,497,277
Total expenditures	111,756,313	16,395,825	4,258,705	22,858,195	1,822,046	9,405,020	57,500,777	223,996,881
Excess (deficit) of revenues over expenditures	8,781,690	11,974,708	(1,130,475)	(22,821,435)	(1,120,707)	3,309,132	(8,247,516)	(9,254,603)
Other financing sources (uses):								
Transfers in (Note 9)	16,971,645	1,037,982	970,350	150,000	-	1,092,609	23,716,577	43,939,163
Transfers out (Note 9)	(16,820,766)	(2,759,960)	(66,810)	(907,372)	-	(2,997,371)	(20,121,990)	(43,674,269)
Sale of capital assets	-	-	-	-	-	120,109	-	120,109
Face value of bonds and contracts issued	-	6,100,000	-	30,245,000	-	1,495,000	-	37,840,000
Premium on bonds and contracts issued	-	909,930	-	2,753,165	-	223,007	-	3,886,102
Payment to refunded bond escrow agent	-	(6,935,310)	-	-	-	(1,699,719)	-	(8,635,029)
Total other financing sources (uses)	150,879	(1,647,358)	903,540	32,240,793	-	(1,766,365)	3,594,587	33,476,076
Net change in fund balances	8,932,569	10,327,350	(226,935)	9,419,358	(1,120,707)	1,542,767	(4,652,929)	24,221,473
Fund balances - beginning, as restated (Note 12)	39,604,321	10,203,997	1,095,884	3,361,089	3,331,300	12,999,970	44,599,795	115,196,356
Current year change in inventory levels	125,461	(64,121)	-	-	-	-	-	61,340
Fund balances - ending	\$ 48,662,351	\$ 20,467,226	\$ 868,949	\$ 12,780,447	\$ 2,210,593	\$ 14,542,737	\$ 39,946,866	\$ 139,479,169

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, 2016

Net change in fund balances - total governmental funds 24,221,473

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 (\$23,792,197) exceeded capital outlays (\$8,886,663). (14,905,534)

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. (526,589)

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	(37,840,000)
Premium on bonds issued	(3,886,102)
Repayments	7,437,220
Deferred on refunding of bonds	831,379
Principal of bonds defeased	8,110,000

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	(80,701)
Compensated absences	(315,580)
Net OPEB obligation	1,418,084
Net pension liability	(20,409,359)
Other	367,791

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. 7,178,403

Change in net position of governmental activities (28,399,515)

City of Grand Rapids, Michigan
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Parking System			
ASSETS						
Current assets:						
Equity in pooled cash and investments (Note 2)	\$ 20,410,729	\$ 41,164,753	\$ 23,182,849	\$ 2,073,854	\$ 86,832,185	\$ 51,469,812
Receivables, net	6,723,015	9,665,054	522,101	98,011	17,008,181	1,026,299
Due from other funds (Note 9)	104,751	-	-	-	104,751	-
Due from other governmental units	-	-	-	-	-	340,870
Inventory	1,434,354	903,432	-	4,085	2,341,871	898,336
Restricted assets (Note 4)	10,520,000	8,363,877	-	-	18,883,877	4,396,767
Prepaid expenses and other assets	-	-	-	-	-	470,046
Total current assets	<u>39,192,849</u>	<u>60,097,116</u>	<u>23,704,950</u>	<u>2,175,950</u>	<u>125,170,865</u>	<u>58,602,130</u>
Noncurrent assets:						
Restricted assets (Note 4)	636,914	18,645,681	-	-	19,282,595	-
Other assets	-	-	-	239,958	239,958	-
Net OPEB asset (Note 8)	-	26,675	-	-	26,675	19,538
Investment in joint venture (Note 1)	-	2,472,900	-	-	2,472,900	-
Capital assets: (Note 5)						
Non-depreciable	15,963,426	8,391,880	7,120,729	2,026,635	33,502,670	-
Depreciable	483,135,671	703,915,363	86,829,996	6,340,199	1,280,221,229	50,762,207
Less accumulated depreciation	<u>(191,938,931)</u>	<u>(285,337,261)</u>	<u>(45,371,422)</u>	<u>(4,201,412)</u>	<u>(526,849,026)</u>	<u>(29,607,763)</u>
Total noncurrent assets	<u>307,797,080</u>	<u>448,115,238</u>	<u>48,579,303</u>	<u>4,405,380</u>	<u>808,897,001</u>	<u>21,173,982</u>
Total assets	<u>346,989,929</u>	<u>508,212,354</u>	<u>72,284,253</u>	<u>6,581,330</u>	<u>934,067,866</u>	<u>79,776,112</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions (Note 7)	\$ 6,657,700	\$ 5,683,403	\$ 1,353,192	\$ 162,383	\$ 13,856,678	\$ 5,899,913
Deferred on refunding of bonds	<u>1,879,190</u>	<u>8,991,196</u>	<u>1,646,590</u>	<u>-</u>	<u>12,516,976</u>	<u>1,440</u>
Total deferred outflows of resources	<u>8,536,890</u>	<u>14,674,599</u>	<u>2,999,782</u>	<u>162,383</u>	<u>26,373,654</u>	<u>5,901,353</u>

City of Grand Rapids, Michigan
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Parking System			
LIABILITIES						
Current liabilities:						
Vouchers and accounts payable	\$ 3,834,321	\$ 1,239,360	\$ 889,615	\$ 825,477	\$ 6,788,773	\$ 2,303,051
Accrued interest payable	2,015,113	5,780,342	376,195	-	8,171,650	10,223
Due to other governmental units	-	-	-	-	-	149,057
Due to other funds (Note 9)	-	-	-	-	-	244,621
Unearned revenues	547,593	-	-	-	547,593	1,413
Current portion of claims payable	-	-	-	-	-	5,454,065
Current maturities of bonds, notes and contracts payable (Note 6)	183,037	93,000	1,260,000	-	1,536,037	274,777
Current portion of compensated absences	573,118	470,977	98,522	22,497	1,165,114	501,818
Current portion of long-term advance	-	-	1,535,000	-	1,535,000	-
Liabilities payable from restricted assets (Note 6):						
Current maturities of bonds, notes and contracts payable	10,520,000	7,614,704	-	-	18,134,704	-
Other	-	749,173	-	-	749,173	-
Total current liabilities	<u>17,673,182</u>	<u>15,947,556</u>	<u>4,159,332</u>	<u>847,974</u>	<u>38,628,044</u>	<u>8,939,025</u>
Noncurrent liabilities (net of current portion) (Note 6):						
Bonds payable	89,991,732	271,849,389	30,587,772	-	392,428,893	593,917
Contracts and notes payable	1,418,297	186,000	-	-	1,604,297	-
Long-term advance	-	-	2,625,000	-	2,625,000	-
General claims payable	-	-	-	-	-	463,415
Compensated absences	432,353	355,299	74,323	16,972	878,947	378,565
Net pension liability (Note 7)	10,521,660	8,981,905	2,138,549	256,626	21,898,740	9,324,071
Net OPEB obligation (Note 8)	52,924	-	22,624	11,833	87,381	148,762
Total noncurrent liabilities	<u>102,416,966</u>	<u>281,372,593</u>	<u>35,448,268</u>	<u>285,431</u>	<u>419,523,258</u>	<u>10,908,730</u>
Total liabilities	<u>120,090,148</u>	<u>297,320,149</u>	<u>39,607,600</u>	<u>1,133,405</u>	<u>458,151,302</u>	<u>19,847,755</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions (Note 7)	<u>2,983,548</u>	<u>2,546,931</u>	<u>606,412</u>	<u>72,769</u>	<u>6,209,660</u>	<u>2,643,955</u>
Total deferred inflows of resources	<u>2,983,548</u>	<u>2,546,931</u>	<u>606,412</u>	<u>72,769</u>	<u>6,209,660</u>	<u>2,643,955</u>
NET POSITION						
Net investment in capital assets	208,527,624	161,908,235	18,378,121	4,165,422	392,979,402	20,285,750
Restricted:						
Debt service	11,058,637	21,300,549	-	-	32,359,186	-
Unrestricted	<u>12,866,862</u>	<u>39,811,089</u>	<u>16,691,902</u>	<u>1,372,117</u>	<u>70,741,970</u>	<u>42,900,005</u>
Total net position	<u>\$ 232,453,123</u>	<u>\$ 223,019,873</u>	<u>\$ 35,070,023</u>	<u>\$ 5,537,539</u>	<u>496,080,558</u>	<u>\$ 63,185,755</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>9,944,598</u>	
Net position of business-type activities					<u>\$ 506,025,156</u>	

City of Grand Rapids, Michigan
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
for the year ended June 30, 2016

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
	Water Supply System	Sewage Disposal System	Parking System			
Operating revenues:						
Charges for services	\$ 1,969,577	\$ 53,103,183	\$ 15,328,324	\$ 1,623,545	\$ 72,024,629	\$ 59,683,367
Sales	39,874,796	36,381	-	316,879	40,228,056	24,313
Miscellaneous	124,040	979,682	32,851	-	1,136,573	1,179,550
Total operating revenues	<u>41,968,413</u>	<u>54,119,246</u>	<u>15,361,175</u>	<u>1,940,424</u>	<u>113,389,258</u>	<u>60,887,230</u>
Operating expenses:						
Personal services	10,770,650	9,221,482	2,723,988	584,359	23,300,479	9,736,653
Supplies and materials	2,403,576	1,834,809	141,160	137,829	4,517,374	4,155,519
Utilities	3,128,970	2,176,423	481,446	183,865	5,970,704	1,249,969
Contractual services	2,179,633	7,222,132	2,593,513	341,589	12,336,867	5,580,181
Other services and charges	5,712,537	2,870,401	4,147,402	613,688	13,344,028	28,671,674
Depreciation	<u>8,425,252</u>	<u>14,440,267</u>	<u>2,764,517</u>	<u>125,831</u>	<u>25,755,867</u>	<u>3,486,550</u>
Total operating expenses	<u>32,620,618</u>	<u>37,765,514</u>	<u>12,852,026</u>	<u>1,987,161</u>	<u>85,225,319</u>	<u>52,880,546</u>
Operating income (loss)	<u>9,347,795</u>	<u>16,353,732</u>	<u>2,509,149</u>	<u>(46,737)</u>	<u>28,163,939</u>	<u>8,006,684</u>
Nonoperating revenues (expenses):						
Other federal revenue	21,067	466,276	135,875	-	623,218	-
Interest revenue	297,133	609,353	148,115	53,214	1,107,815	1,278,380
Miscellaneous revenue (expense)	157,205	(1,705,860)	2,299	-	(1,546,356)	-
Gain on sale of capital assets	-	-	-	-	-	594,229
Interest expense and paying agent fees	<u>(4,183,132)</u>	<u>(8,922,685)</u>	<u>(1,636,792)</u>	<u>-</u>	<u>(14,742,609)</u>	<u>(31,414)</u>
Total nonoperating revenues (expenses)	<u>(3,707,727)</u>	<u>(9,552,916)</u>	<u>(1,350,503)</u>	<u>53,214</u>	<u>(14,557,932)</u>	<u>1,841,195</u>
Income (loss) before capital contributions and transfers	5,640,068	6,800,816	1,158,646	6,477	13,606,007	9,847,879
Capital contributions	3,856,601	2,360,276	-	-	6,216,877	-
Transfers in (Note 9)	2,011,453	-	-	3,256,018	5,267,471	52,000
Transfers out (Note 9)	<u>(659,108)</u>	<u>(2,687,143)</u>	<u>(910,641)</u>	<u>(190,643)</u>	<u>(4,447,535)</u>	<u>(1,136,830)</u>
Change in net position	10,849,014	6,473,949	248,005	3,071,852	20,642,820	8,763,049
Net position - beginning	<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>
Net position - ending	<u>\$ 232,453,123</u>	<u>\$ 223,019,873</u>	<u>\$ 35,070,023</u>	<u>\$ 5,537,539</u>		<u>\$ 63,185,755</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds					<u>1,584,646</u>	
Change in net position of business-type activities					<u>\$ 22,227,466</u>	

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

for the year ended June 30, 2016

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor	Total	Total
	Water Supply System	Sewage Disposal System	Parking System	Enterprise Funds	Enterprise Funds	Internal Service Funds
Cash flows from operating activities:						
Receipts from customers	\$ 42,026,763	\$ 54,109,988	\$ 15,339,805	\$ 1,928,302	\$ 113,404,858	\$ 59,970,049
Payments to suppliers	(13,031,696)	(13,723,615)	(7,078,687)	(783,099)	(34,617,097)	(39,155,255)
Payments to employees	(6,737,477)	(5,541,317)	(1,818,217)	(416,686)	(14,513,697)	(6,107,917)
Payments for payroll taxes and benefits	(4,246,975)	(3,477,970)	(574,773)	(263,092)	(8,562,810)	(3,407,323)
Other operating receipts	781,647	120,298	38,176	-	940,121	1,179,550
Net cash provided (used) by operating activities	<u>18,792,262</u>	<u>31,487,384</u>	<u>5,906,304</u>	<u>465,425</u>	<u>56,651,375</u>	<u>12,479,104</u>
Cash flows from noncapital financing activities:						
Other federal receipts	21,067	466,276	135,875	-	623,218	-
Transfers from other funds	2,011,453	-	-	3,256,018	5,267,471	52,000
Transfers to other funds	(659,108)	(2,687,143)	(910,641)	(190,643)	(4,447,535)	(1,136,830)
Payment of advance	-	-	(1,475,000)	-	(1,475,000)	-
Net cash provided (used) by noncapital financing activities	<u>1,373,412</u>	<u>(2,220,867)</u>	<u>(2,249,766)</u>	<u>3,065,375</u>	<u>(31,846)</u>	<u>(1,084,830)</u>
Cash flows from capital and related financing activities:						
Proceeds from capital debt	4,461,298	58,975,739	13,329,971	-	76,767,008	-
Proceeds from capital grant	-	93,335	-	-	93,335	-
Purchase of capital assets	(17,180,525)	(14,765,293)	(907,325)	(2,483,553)	(35,336,696)	(4,631,089)
Sale of capital assets	-	-	-	-	-	607,455
Principal paid on capital debt	(10,154,096)	(62,461,710)	(13,455,000)	-	(86,070,806)	(625,510)
Interest paid on capital debt	(4,434,302)	(15,169,495)	(2,514,934)	-	(22,118,731)	(38,462)
Net cash used by capital and related financing activities	<u>(27,307,625)</u>	<u>(33,327,424)</u>	<u>(3,547,288)</u>	<u>(2,483,553)</u>	<u>(66,665,890)</u>	<u>(4,687,606)</u>
Cash flows from investing activities:						
Interest received	297,133	609,353	148,115	53,214	1,107,815	1,278,380
Net increase (decrease) in equity in pooled cash and investments	(6,844,818)	(3,451,554)	257,365	1,100,461	(8,938,546)	7,985,048
Equity in pooled cash and investments - beginning of year	<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>
Equity in pooled cash and investments - end of year (including \$5,690,150 and \$4,396,767 for the Sewage System and Internal Service, respectively, reported in restricted accounts)	<u>\$ 20,410,729</u>	<u>\$ 46,854,903</u>	<u>\$ 23,182,849</u>	<u>\$ 2,073,854</u>	<u>\$ 92,522,335</u>	<u>\$ 55,866,579</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, 2016

	Business-Type Activities - Enterprise Funds					
	Major Funds			Nonmajor	Total	Total
	Water Supply System	Sewage Disposal System	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)	\$ 9,347,795	\$ 16,353,732	\$ 2,509,149	\$ (46,737)	\$ 28,163,939	\$ 8,006,684
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	8,425,252	14,440,267	2,764,517	125,831	25,755,867	3,486,550
Miscellaneous cash received	781,647	120,298	5,325	-	907,270	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	(304,499)	(128,097)	11,481	25,010	(396,105)	428,655
Increase in due from other intergovernmental units	-	-	-	-	-	(299,876)
Decrease in due from other funds	-	-	-	-	-	41,442
(Increase) decrease in inventory	49,394	108,564	-	(37,132)	120,826	92,473
Increase in prepaid expenses	-	-	-	-	-	(470,046)
Increase in vouchers and accounts payable	620,802	332,029	284,834	493,872	1,731,537	757,316
Increase in due to other intergovernmental units	-	-	-	-	-	37,829
Increase (decrease) in due to other funds	201,839	-	-	-	201,839	(122,310)
Increase (decrease) in unearned revenues	95,502	-	-	-	95,502	(325)
(Increase) decrease in restricted assets	(211,668)	58,396	-	-	(153,272)	-
Increase in deferred outflows related to pensions	(5,185,099)	(4,493,994)	(1,126,638)	(105,745)	(10,911,476)	(4,653,866)
Decrease in deferred inflows related to pensions	(1,276,833)	(894,146)	(49,031)	(91,092)	(2,311,102)	(960,982)
Increase (decrease) in compensated absences	(79,850)	9,338	18,416	6,559	(45,537)	81,894
Increase (decrease) in net pension liability	6,390,225	5,644,977	1,502,943	97,724	13,635,869	5,828,243
Decrease in net OPEB obligation	(62,245)	(63,980)	(14,692)	(2,865)	(143,782)	(73,876)
Increase in general claims payable	-	-	-	-	-	299,299
	<u>9,444,467</u>	<u>15,133,652</u>	<u>3,397,155</u>	<u>512,162</u>	<u>28,487,436</u>	<u>4,472,420</u>
Net cash provided (used) by operating activities	<u>\$ 18,792,262</u>	<u>\$ 31,487,384</u>	<u>\$ 5,906,304</u>	<u>\$ 465,425</u>	<u>\$ 56,651,375</u>	<u>\$ 12,479,104</u>
Noncash capital activities						
Contributions of capital assets	<u>\$ 3,306,581</u>	<u>\$ 1,859,327</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,165,908</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, 2016

	<u>Total Employee Benefit Trust Funds</u>	<u>Agency Tax Fund</u>
ASSETS		
Equity in pooled cash and investments (Note 2)	\$ 1,755,226	\$ 671,742
Investments held by trustee (Note 2):		
Cash and money market funds	12,623,347	-
United States Government Securities	39,833,902	-
State and municipal bonds	799,283	-
Corporate bonds and fixed income comingled funds	134,752,465	-
Common stocks and equity mutual funds	478,086,209	-
Real estate	37,941,175	-
Asset-backed securities	15,700,450	-
Commodities	27,041,139	-
Other	18,691,891	-
Comingled multi-asset portfolio	46,751,044	-
Collateral held by broker under securities lending		
Short-term fixed income	46,395,187	-
Receivables, net:		
Investment securities sold	4,772,030	-
Property taxes	-	404,094
Other accounts	1,187,610	-
Accrued interest and dividends	837,954	-
Total assets	<u>867,168,912</u>	<u>1,075,836</u>
LIABILITIES		
Compensated absences	40,530	-
Investment securities purchased	6,167,930	-
Vouchers and accounts payable	1,151,705	-
Due to other funds (Note 9)	25,569	-
Due to other governmental units	-	1,075,836
Liabilities under securities lending program	46,395,187	-
Total liabilities	<u>53,780,921</u>	<u>\$ 1,075,836</u>
NET POSITION		
Restricted for pension and OPEB benefits	<u>\$ 813,387,991</u>	

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

for the year ended June 30, 2016

	<u>Total Employee Benefit Trust Funds</u>
ADDITIONS	
Plan Contributions:	
Employer	\$ 30,286,157
Plan members	<u>8,825,712</u>
Total contributions	39,111,869
Investment earnings:	
Interest and dividends	9,331,018
Net depreciation in fair value of investments	<u>(15,792,404)</u>
Total investment loss	(6,461,386)
Investment management expense	<u>(1,921,673)</u>
Net investment loss	<u>(8,383,059)</u>
Securities lending earnings	193,484
Securities lending expenses	<u>(37,609)</u>
Net earnings from securities lending activities	<u>155,875</u>
Total net investment loss	<u>(8,227,184)</u>
Total additions	<u>30,884,685</u>
DEDUCTIONS	
Benefits paid	78,556,323
Administration expenses	<u>1,526,780</u>
Total deductions	<u>80,083,103</u>
Change in net position	(49,198,418)
Net position - beginning	<u>862,586,409</u>
Net position - ending	<u>\$ 813,387,991</u>

City of Grand Rapids, Michigan
Statement of Net Position
Component Units
June 30, 2016

	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)	\$ 12,954,382	\$ 1,464,819	\$ 4,327,934	\$ 1,967,776	\$ 36,818	\$ 1,420,274	\$ 22,172,003
Investments held by trustee (Note 2)	5,406,462	-	-	-	-	-	5,406,462
Receivables, net	801,239	17,722	53,573	65,079	399	21,535	959,547
Due from other governmental units	-	-	-	50,266	-	121,012	171,278
Net OPEB asset (Note 8)	5,720	-	2,797	6,506	-	32,163	47,186
Prepaid expenses and other assets	197,191	-	181,250	-	-	-	378,441
Capital Assets (Note 5):							
Non-depreciable	13,258,882	1,280,000	-	-	-	-	14,538,882
Depreciable	76,792,854	4,027,124	-	-	-	197,884	81,017,862
Less: accumulated depreciation	<u>(50,672,716)</u>	<u>(3,222,031)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,132)</u>	<u>(53,917,879)</u>
Total assets	<u>58,744,014</u>	<u>3,567,634</u>	<u>4,565,554</u>	<u>2,089,627</u>	<u>37,217</u>	<u>1,769,736</u>	<u>70,773,782</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions (Note 7)	-	-	-	-	-	4,492,595	4,492,595
Deferred gain on refunding of debt	<u>1,065,064</u>	<u>12,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,078,004</u>
Total deferred outflows of resources	<u>1,065,064</u>	<u>12,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,492,595</u>	<u>5,570,599</u>
LIABILITIES							
Vouchers payable and accruals	5,832,120	57,605	100,599	269,131	13,768	634,360	6,907,583
Accrued Interest	248,357	2,247	-	-	-	-	250,604
Unearned revenue	107,578	-	-	-	-	-	107,578
Due to participants	7,373	-	-	1,077,948	-	286,019	1,371,340
Non-current liabilities (Note 6):							
Due within 1 year	4,375,992	112,634	12,205	115,847	-	302,673	4,919,351
Due in more than 1 year	<u>32,189,159</u>	<u>223,980</u>	<u>9,207</u>	<u>2,028,183</u>	<u>-</u>	<u>7,328,314</u>	<u>41,778,843</u>
Total liabilities	<u>42,760,579</u>	<u>396,466</u>	<u>122,011</u>	<u>3,491,109</u>	<u>13,768</u>	<u>8,551,366</u>	<u>55,335,299</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions (Note 7)	-	-	-	-	-	2,013,288	2,013,288
NET POSITION							
Net investment in capital assets	15,479,760	1,763,233	-	-	-	174,752	17,417,745
Restricted for authorized projects	1,568,739	1,420,875	4,443,543	-	23,449	-	7,456,606
Unrestricted (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,401,482)</u>	<u>-</u>	<u>(4,477,075)</u>	<u>(5,878,557)</u>
Total net position (deficit)	<u>\$ 17,048,499</u>	<u>\$ 3,184,108</u>	<u>\$ 4,443,543</u>	<u>\$ (1,401,482)</u>	<u>\$ 23,449</u>	<u>\$ (4,302,323)</u>	<u>\$ 18,995,794</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, 2016

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	Brownfield Redevelopment Authority	Corridor Improvement Districts	61st District Court		
						Local Development Financing Authority					
Urban & community development:											
Downtown Development Authority	\$ 11,320,771	\$ 511,196	\$ 5,763	\$ (10,803,812)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (10,803,812)	
Tax Increment Financing Authority	486,281	-	-	-	(486,281)	-	-	-	-	(486,281)	
SmartZone Development Authority	1,953,552	189	79,875	-	-	(1,873,488)	-	-	-	(1,873,488)	
Brownfield Redevelopment Authority	3,389,435	234,751	127,165	-	-	-	(3,027,519)	-	-	(3,027,519)	
Corridor Improvement Districts	32,535	-	-	-	-	-	-	(32,535)	-	(32,535)	
Public safety:											
61st District Court	14,375,200	6,365,865	8,345,538	-	-	-	-	-	336,203	336,203	
	<u>\$ 31,557,774</u>	<u>\$ 7,112,001</u>	<u>\$ 8,558,341</u>	<u>(10,803,812)</u>	<u>(486,281)</u>	<u>(1,873,488)</u>	<u>(3,027,519)</u>	<u>(32,535)</u>	<u>336,203</u>	<u>(15,887,432)</u>	
General revenues:											
Investment earnings				269,699	22,173	66,904	38,835	534	10,129	408,274	
Property taxes				10,193,687	497,915	1,367,066	3,394,058	45,106	-	15,497,832	
Total general revenues				<u>10,463,386</u>	<u>520,088</u>	<u>1,433,970</u>	<u>3,432,893</u>	<u>45,640</u>	<u>10,129</u>	<u>15,906,106</u>	
Change in net position				<u>(340,426)</u>	<u>33,807</u>	<u>(439,518)</u>	<u>405,374</u>	<u>13,105</u>	<u>346,332</u>	<u>18,674</u>	
Net position (deficit) - beginning				<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>	
Net position (deficit) - ending				<u>\$ 17,048,499</u>	<u>\$ 3,184,108</u>	<u>\$ 4,443,543</u>	<u>\$ (1,401,482)</u>	<u>\$ 23,449</u>	<u>\$ (4,302,323)</u>	<u>\$ 18,995,794</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, 2016</u>		<u>Year ended June 30, 2016</u>
Total Assets	\$ 178,447,680		
Total Liabilities	\$ 93,006,059		
Total Deferred Inflows of Resources	113,704	Revenues	\$ 6,777,300
Total Net Position	<u>85,327,917</u>	Expenses	<u>(9,206,174)</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 178,447,680</u>	Change in Net Position	<u>\$ (2,428,874)</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, 2016</u>		<u>Year ended June 30, 2016</u>
Total Assets	\$ 34,744,858		
Total Liabilities	\$ 10,829,897	Revenues	\$ 14,620,074
Total Net Position	<u>23,914,961</u>	Expenses	<u>(13,903,595)</u>
Total Liabilities and Net Position	<u>\$ 34,744,858</u>	Change in Net Position	<u>\$ 716,479</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, 2016</u>		<u>Year ended June 30, 2016</u>
Total Assets	\$ 31,471,656		
Total Liabilities	\$ 24,131,359	Revenues	\$ (7,792,406)
Total Net Position	<u>7,340,297</u>	Expenses	<u>6,984,689</u>
Total Liabilities and Net Position	<u>\$ 31,471,656</u>	Change in Net Position	<u>\$ (807,717)</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. These funds also account for an 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 Parking System Fund accounts for the operations and maintenance, capital additions, improvements and retirement of bonds of the 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 Fund accounts 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.

1. Summary of Significant Accounting Policies, continued:

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.

<u>Function:</u>		<u>Total</u>
Public Safety		
Law Enforcement	\$ 1,648,004	
Fire Grants	109,155	
Police	45,827	\$ 1,802,986
Urban & community development		
Community development grants	1,860,573	
Home ownership income diversity	358,233	
Special assessments	638,130	2,856,936
Culture and recreation		
Library programs	438,379	
Statue maintenance	67,625	506,004
Public Works		
Major and Local Street work	20,442,110	20,442,110
Authorized projects		
Capital projects-bond proceeds	12,393,202	12,393,202
		<u>\$ 38,001,238</u>

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.

<u>Function:</u>		<u>Total</u>
Authorized projects		
Transformation projects	\$ 10,440,321	
Streets capital projects	2,698,935	
General capital projects	14,441,640	\$ 27,580,896
Other purposes		
Budget stabilization	12,948,835	
Perpetual care-cemetery	1,028,176	13,977,011
		<u>\$ 41,557,907</u>

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.

<u>Function:</u>		<u>Total</u>
Culture and recreation		
Library programs	\$ 2,960,759	
Parks & recreation programs	1,372,224	\$ 4,332,983
Public safety		
Community Dispatch	1,891,303	1,891,303
Urban & community development		
Property Management programs	1,020,031	
Building inspections	5,265,541	
Economic development programs	764,302	
DNR properties	145,496	7,195,370
Public works		
Refuse	2,590,413	
Sidewalk repair	889,148	
Vehicle storage	409,210	3,888,771
Ensuing budget year		
Vehicle storage	3,639	3,639
Compensated absences	9,269,033	9,269,033
Other purposes		
Debt service	1,583,194	
Encumbrances-general fund	474,311	2,057,505
		<u>\$ 28,638,604</u>

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.

1. Summary of Significant Accounting Policies, continued:

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

Appropriations are authorized by ordinance at the departmental level within the General 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.

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 either in an internal investment pool or through delegation of a portion of the pool to an external investment manager trading an assigned portion of the 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.

1. Summary of Significant Accounting Policies, continued:

DUE FROM OTHER GOVERNMENTAL UNITS

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

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

1. Summary of Significant Accounting Policies, continued:

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

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 three 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 other two relate to the City's defined benefit pension plans. 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 are deferred and will reduce the pension liability in the next fiscal year. Differences between projected and actual experience are deferred and amortized according to the schedules in Note 7.

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.

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 2015, the total assessed value of all real and personal property in the City subject to *ad valorem* taxation was \$4,455,733,728 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 \$404,184,872 by this limitation, reducing City tax revenues by approximately \$3,698,900 for fiscal year 2016.

1. Summary of Significant Accounting Policies, continued:

The City's portion of the property tax levy per \$1,000 of taxable value for fiscal year 2016 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	0.0112	\$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 2016.

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.

1. Summary of Significant Accounting Policies, continued:

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>2016</u>	<u>2015</u>
Unpaid claims - beginning of year	\$ 5,618,181	\$ 6,766,089
Incurred claims, net of changes in estimates	23,210,724	19,485,031
Claim payments	<u>(22,911,425)</u>	<u>(20,632,939)</u>
Unpaid claims - end of year	<u>\$ 5,917,480</u>	<u>\$ 5,618,181</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.

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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 City Treasurer has delegated responsibility for investing certain sleeves of the portfolio to external managers where their expertise and market access is judged to be more cost effective than internal management. The laws of the State of Michigan, the City of Grand Rapids Charter, the City ordinance on investments, and the City's Investment Policy authorize the Treasurer, and any external investment managers contracted by the Treasurer, to invest surplus monies belonging to and under the control of the City in an investment portfolio diversified by type of instrument, issuer, and maturity and monitored with the assistance of an investment consultant. In addition certain requirements for federal regulation and capital adequacy tests are required of any financial institution or broker dealer in the investment program. Authorized investments are summarized 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, savings and loan association, savings bank, or credit union whose deposits are insured by the United States government and that maintains a principal office or branch office in the State of Michigan.
- Commercial paper with an original maturity of 270 days or less and rated not less than A-1 (Standard & Poors), P-1 (Moody), or F1 (Fitch) at the time of purchase by not less than two of the listed rating organizations:
- Repurchase agreements of 90 days or less collateralized 102 percent by U.S. Treasury or federal agency obligation securities held by the City's custodial bank.
- Obligations of the State of Michigan or any of its political subdivisions that, at the time of purchase, were rated at least A or its equivalent.
- Banker's acceptances with maturities not exceeding 180 days, rated not less than A-1 (Standard & Poors), P-1 (Moody), or F1 (Fitch) at the time of purchase issued by a state or nationally chartered bank with combined capital and surplus of at least \$250 million.
- 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, that maintain a constant net asset value per share of \$1.00.
- 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.

The general policy states that investments should avoid an over concentration in a specific maturity. The investment policy specifically requires that the weighted average maturity of the portfolio of any external investment managers shall not exceed five years. The internally managed portfolio is restricted to individual investments that mature within five years and a weighted average maturity of not more than two and one half years. Certificates of deposit may not exceed a three year maturity.

**City of Grand Rapids, Michigan
Notes to Financial Statements**

2. Equity in Pooled Cash and Investments, continued:

The City's Investment Policy places limits on the amount that may be invested in any one issuer. The policy aggregates both deposits and investments to calculate the concentration percentage. The maximum concentrations by type of investment and issuer are shown below:

<u>Type of Instrument</u>	<u>Maximum % of Accounts/Funds</u>		<u>Individual Issuer</u>	<u>Maximum % of Accounts/Funds</u>
	<u>Internal</u>	<u>External</u>		
U.S. Treasury Obligations	100 %	100 %	U.S. Treasury	100 %
U.S. Government Agencies	20	20	U.S. Government Agency	20
Investment Pools	25	0	Investment Pool	25
Money Market Mutual Funds	25	10	Certificate of Deposit	10
Michigan Municipal Securities	25	25	Banker Acceptance	5
Commercial Paper	25	25	Michigan Municipal Securities	5
Banker's Acceptance	25	25	Commercial Paper	5
Certificates of Deposit	25	10		

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. The City's investment policy seeks to minimize custodial credit risk by limiting the amount of deposits at each bank, savings and loan, or credit union to the amount of federal deposit insurance unless the institution has a bank credit rating of 30 or above by SNL Financial. 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 \$148,548,366 and the associated bank balances totaled \$153,577,359. Of the bank balances, \$6,155,513 was covered by federal deposit insurance. Accordingly, the remaining deposits of \$147,421,847 were uninsured and exposed to custodial credit risk.

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 a review of references and the net worth of each investment company. At June 30, 2016, all investments were held by the City's agents in the City's name.

2. Equity in Pooled Cash and Investments, continued:

Concentration of Credit Risk

The City's Investment Policy aggregates both deposits and investments to calculate the concentration limitation percentage relative to the entire portfolio. Generally accepted accounting principles require disclosure of any investments that exceed 5 percent of total investments. Excluded from this reporting requirement are securities issued by, or explicitly guaranteed by, the U.S. government, and investments in an investment pool or other fund that is itself a pool of other investments. At June 30, 2016 more than 5% of the City's investments were in securities of the following issuers:

<u>Issuer</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
Federal Farm Credit Bank	\$ 11,407,164	6.1 %
Federal Home Loan Bank	27,596,161	14.8
Federal Home Loan Mortgage Corp.	19,830,812	10.7
Federal National Mortgage Assn.	25,084,266	13.5
Macomb County Michigan	17,057,266	9.2

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 nationally recognized statistical rating organizations (NRSROs) at the time of purchase and limiting the purchase of municipal obligations to those rated at least A or the equivalent by at least one NRSRO. The investment policy restricts Money Market Mutual Funds to those that maintain a constant share value of \$1 but does not require a specific rating. At year end all such funds are rated AAA by two or more of the NRSROs.

<u>Fair value by Investment Type</u>	<u>S&P Rating or Equivalent</u>				<u>Not subject to credit risk</u>
	<u>Total</u>	<u>AAA / A-1</u>	<u>AA / A-2</u>	<u>A / A-3</u>	
U.S. Treasury Obligations	\$ 44,754,883	\$ -	\$ -	\$ -	\$ 44,754,883
U.S. Government Agencies	89,281,904	15,665,467	73,616,437	-	-
Michigan municipal securities	41,709,619	2,665,658	35,797,175	3,246,786	-
Commercial Paper	10,374,977	10,374,977	-	-	-
Money Market Mutual Funds	7,507,265	7,507,265	-	-	-
	<u>\$193,628,648</u>	<u>\$ 36,213,367</u>	<u>\$109,413,612</u>	<u>\$ 3,246,786</u>	<u>\$ 44,754,883</u>

Interest Rate Risk

Interest rate risk is the exposure of investments to changes in market value as interest rates change. The investment policy limits maturities of certificates of deposit to no longer than three years and the weighted average maturity of debt securities to no longer than five 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 through the pooling concept where current cash receipts and investment maturities are used to pay any fund's current obligations by changing a funds equity in the investment pool.

**City of Grand Rapids, Michigan
Notes to Financial Statements**

2. Equity in Pooled Cash and Investments, continued:

At June 30, 2016 the City's investments had the following maturities:

<u>Investment Type</u>	<u>Weighted average maturity (yrs)</u>
U. S. Treasury Notes	1.95
U. S. Agency	2.66
Municipal Bond	1.07
Commercial Paper	0.26
Money Market Mutual Funds	<0.25

Fair value measurement

The City categorizes its fair value measurements of its investment portfolio within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs, other than Level 1 inputs, that market participants would use when pricing an asset. Level 3 inputs are those where market data is unavailable and use the best information available about the assumptions that market participants would use to price a similar asset. Certain assets, such as money market mutual funds that calculate a net asset value per unit, continue to be reported using the net asset value.

The value of the City's investment portfolio at June 30, 2016 was developed using the following inputs:

	Reported value at June 30, 2016	<u>Fair Value Measurements Using</u>		
		Quoted prices for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments measured at fair value				
U.S. Treasury	\$ 44,754,883	\$ 44,754,883	\$ -	\$ -
U.S. government agency	89,281,904	62,757,357	26,524,547	-
Michigan municipal securities	41,709,619	-	41,709,619	-
Commercial Paper	10,374,977	-	10,374,977	-
Total measured at fair value level	<u>186,121,383</u>	<u>\$ 107,512,240</u>	<u>\$ 78,609,143</u>	<u>\$ -</u>
Investments measured at net asset value				
Money Market Mutual Funds	7,507,265			
Total measured at net asset value	<u>7,507,265</u>			
Total investments at fair value	<u>\$ 193,628,648</u>			

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, 2015, no cash equivalents of the Police and Fire Retirement System (P&F) were exposed to custodial credit risk. As of June 30, 2016, 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 position.

**City of Grand Rapids, Michigan
Notes to Financial Statements**

2. Equity in Pooled Cash and Investments, continued:

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.

As of the end of each system's fiscal year the fixed income securities in the two portfolios had the following credit ratings:

	<u>P&F at December 31, 2015</u>	<u>GRS at June 30, 2016</u>
S&P AAA	\$ 3,273,831	\$ 3,774,716
S&P AA	2,999,546	2,693,592
S&P A	64,304,298	63,923,843
S&P BBB	6,738,462	6,763,538
S&P BB	492,777	503,602
S&P B	163,000	191,000
S&P CCC	540,277	451,393
S&P CC	28,176	23,881
S&P D	50,858	42,710
U.S. Govt obligations - not subject to credit risk	12,819,295	13,630,722
Unrated securities and funds	<u>33,149,843</u>	<u>33,545,274</u>
 Total portfolio	 <u>\$ 124,560,363</u>	 <u>\$ 125,544,271</u>

City of Grand Rapids, Michigan
Notes to Financial Statements

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, 2015:	Fair Value	Less Than 1 Year	1-6 Years	6-10 Years	More Than 10 Years
<u>Fixed Income</u>					
United State government obligations	\$ 19,342,042	\$ -	\$ 2,864,619	\$ 768,543	\$ 15,708,880
State and municipal bonds	582,785	385,000	-	59,310	138,475
Corporate bonds and fixed income commingled funds	66,087,561	981,703	9,356,355	51,524,466	4,225,037
Asset backed securities	<u>7,850,667</u>	<u>-</u>	<u>2,277,812</u>	<u>777,531</u>	<u>4,795,324</u>
Total	93,863,055	1,366,703	14,498,786	53,129,850	24,867,716
<u>Other</u>					
Cash and money market mutual funds	7,697,456	7,697,456	-	-	-
Investments held as collateral for securities lending	<u>22,999,852</u>	<u>22,999,852</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	30,697,308	30,697,308	-	-	-
Grand Total	<u>\$ 124,560,363</u>	<u>\$ 32,064,011</u>	<u>\$ 14,498,786</u>	<u>\$ 53,129,850</u>	<u>\$ 24,867,716</u>
GRS at June 30, 2016:	Fair Value	Less Than 1 Year	1-6 Years	6-10 Years	More Than 10 Years
<u>Equities</u>					
<u>Fixed Income</u>					
United State government obligations	\$ 20,491,860	\$ -	\$ 4,032,030	\$ 1,357,666	\$ 15,102,164
State and municipal bonds	216,498	-	-	55,952	160,546
Corporate bonds and fixed income commingled funds	68,664,904	1,277,744	58,185,782	4,193,948	5,007,430
Asset backed securities	<u>7,849,783</u>	<u>-</u>	<u>2,446,083</u>	<u>844,718</u>	<u>4,558,982</u>
Total	97,223,045	1,277,744	64,663,895	6,452,284	24,829,122
<u>Other</u>					
Cash and money market funds	4,925,891	4,925,891	-	-	-
Investments held as collateral for securities lending	<u>23,395,335</u>	<u>23,395,335</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	28,321,226	28,321,226	-	-	-
Grand Total	<u>\$ 125,544,271</u>	<u>\$ 29,598,970</u>	<u>\$ 64,663,895</u>	<u>\$ 6,452,284</u>	<u>\$ 24,829,122</u>

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

**City of Grand Rapids, Michigan
Notes to Financial Statements**

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>Asset Backed Securities</u>	<u>Government Bonds</u>	<u>Corporate Bonds and Comingled Funds</u>
P&F at December 31, 2015:						
U.S. Dollars	\$ 95,927,233	\$ 82,848,689	\$ 2,247,106	\$ 499,736	\$ 90,000	\$ 10,241,702
GRS at June 30, 2016:						
U.S. Dollars	\$ 96,750,592	\$ 83,477,290	\$ 2,661,240	\$ -	\$ 101,438	\$ 10,510,625

Securities Lending Risk

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

As of December 31, 2015, 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 Received</u>
U.S. Corporate Fixed Income	\$ 2,501,347	\$ 2,566,684
U.S. Equities	12,853,070	13,249,211
U.S. Govt. Fixed Income	7,025,058	7,183,957
	<u>\$ 22,379,475</u>	<u>\$ 22,999,852</u>

**City of Grand Rapids, Michigan
Notes to Financial Statements**

2. Equity in Pooled Cash and Investments, continued:

As of June 30, 2016, 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	\$ 1,587,788	\$ 1,622,089
U.S. Equities	15,759,147	16,005,744
U.S. Govt. Fixed Income	5,673,226	5,767,502
	<u>\$ 23,020,161</u>	<u>\$ 23,395,335</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.

Fair Value Measurement

The retirement systems categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets. Level 2 inputs are inputs that are observable, directly or indirectly, for an asset that are not Level 1 inputs. Level 3 inputs are values that are not directly observable and must be developed using reasonably available information about market participant assumptions on valuation of the asset.

The reported net asset values of open-end mutual funds are considered Level 1 inputs because that was the value at which shares could be purchased or sold at the end of the day. Values for most securities in separately managed accounts are also considered Level 1 inputs because they are traded in active markets. The reported value of investments in comingled investment funds and common trust funds are considered Level 2 inputs because there is less transparency into the daily valuation methodology of these investment vehicles. The reported value of private equity funds is considered a Level 3 input because each of the investments within the fund is valued quarterly using judgment and estimates derived from market comparisons. Classification into each level of the hierarchy is determined by the systems' investment consultant. The systems' investment consultant also validates the valuations reported by the investment managers each reporting period.

City of Grand Rapids, Michigan
Notes to Financial Statements

2. Equity in Pooled Cash and Investments, continued:

The investments of the two portfolios as of the end of their respective fiscal years were categorized as follows:

<u>Police & Fire Retirement System</u>	Reported value at	Quoted prices for	Significant other	Significant
Investments by Fair Value Level	December 31, 2015	identical assets	observable inputs	unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
United States government obligations	\$ 19,342,042	\$ 19,342,042	\$ -	\$ -
State and municipal bonds	582,785	582,785	-	-
Corporate bonds and fixed income commingled funds	66,087,561	18,797,615	47,289,946	-
Common stocks and equity mutual funds	234,838,362	101,271,611	133,566,751	-
Real estate security fund	18,170,497	-	18,170,497	-
Asset backed securities	7,850,667	7,850,667	-	-
Commodities	12,366,138	-	12,366,138	-
Private equity partnerships	8,929,823	-	-	8,929,823
Securities lending collateral pool	22,999,852	22,999,852	-	-
	<u>\$ 391,167,727</u>	<u>\$ 170,844,572</u>	<u>\$ 211,393,332</u>	<u>\$ 8,929,823</u>

<u>General Retirement System</u>	Reported value at	Quoted prices for	Significant other	Significant
Investments by Fair Value Level	June 30, 2016	identical assets	observable inputs	unobservable inputs
		(Level 1)	(Level 2)	(Level 3)
United States government obligations	\$ 20,491,860	\$ 20,491,860	\$ -	\$ -
State and municipal bonds	216,498	216,498	-	-
Corporate bonds and fixed income commingled funds	68,664,904	19,408,969	49,255,935	-
Common stocks and equity mutual funds	243,247,847	105,184,781	138,063,066	-
Real estate security fund	19,770,678	-	19,770,678	-
Asset backed securities	7,849,783	7,849,783	-	-
Commodities	14,675,001	-	14,675,001	-
Private equity partnerships	9,762,068	-	-	9,762,068
Securities lending collateral pool	23,395,335	23,395,335	-	-
	<u>\$ 408,073,974</u>	<u>\$ 176,547,226</u>	<u>\$ 221,764,680</u>	<u>\$ 9,762,068</u>

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, Major and Local Street Funds and various Capital Project and Grant Funds where authorized appropriations span multiple years, funds contain the operations of a single department. For the year ended June 30, 2016, expenditures did not exceeded appropriations in any of the annually budgeted governmental funds.

The 311 Program Fund, an internal service funds that provides centralized customer services to other City funds, ended the year with a deficit of \$559,524. 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 \$4,302,323 at June 30, 2016. 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 \$1,401,482 at June 30, 2016. 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, 2016 consist of the following:

	Proprietary Funds			
	Water Supply System	Sewage Disposal System	Internal Service	Total
Equity in pooled cash and investments	\$ -	\$ 5,690,150	\$ -	\$ 5,690,150
Funds held by trustee	11,058,637	21,300,549	4,396,767	36,755,953
Loans receivable	98,277	18,859	-	117,136
Total restricted assets	<u>\$ 11,156,914</u>	<u>\$ 27,009,558</u>	<u>\$ 4,396,767</u>	<u>\$ 42,563,239</u>

5. Capital Assets

Capital assets at June 30, 2016 are summarized as follows:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 15,957,568	\$ -	\$ -	\$ 15,957,568
Easement/Right of Way	717,620	35,762	-	753,382
Construction in progress	7,318,206	1,823,598	2,363,231	6,778,573
Total capital assets, not being depreciated	<u>23,993,394</u>	<u>1,859,360</u>	<u>2,363,231</u>	<u>23,489,523</u>
Capital assets, being depreciated:				
Land improvements	43,286,071	2,883,737	1,494,334	44,675,474
Buildings and structures	176,220,004	964,243	345,448	176,838,799
Machinery and equipment	26,204,444	1,086,430	322,276	26,968,598
Motor vehicles	51,386,826	4,729,736	5,209,947	50,906,615
Furniture	2,731,163	-	18,000	2,713,163
Software	1,095,209	82,000	-	1,177,209
Infrastructure	531,148,565	4,275,478	-	535,424,043
Total capital assets, being depreciated	<u>832,072,282</u>	<u>14,021,624</u>	<u>7,390,005</u>	<u>838,703,901</u>
Less accumulated depreciation for:				
Land improvements	29,109,419	1,781,358	1,285,257	29,605,520
Buildings and structures	94,238,010	5,512,059	218,586	99,531,483
Machinery and equipment	20,784,978	1,147,603	322,276	21,610,305
Motor vehicles	28,920,494	3,557,653	4,986,236	27,491,911
Furniture	2,487,540	57,505	18,000	2,527,045
Software	758,481	67,466	-	825,947
Infrastructure	365,189,319	15,155,102	19,833	380,324,588
Total accumulated depreciation	<u>541,488,241</u>	<u>27,278,746</u>	<u>6,850,188</u>	<u>561,916,799</u>
Total capital assets, being depreciated, net	<u>290,584,041</u>	<u>(13,257,122)</u>	<u>539,817</u>	<u>276,787,102</u>
Governmental activities capital assets, net	<u>\$ 314,577,435</u>	<u>\$ (11,397,762)</u>	<u>\$ 2,903,048</u>	<u>\$ 300,276,625</u>

5. Capital Assets, continued:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 14,913,038	\$ 135,190	\$ -	\$ 15,048,228
Easement/Right of Way	1,043,635	331,454	-	1,375,089
Construction in progress	<u>19,278,739</u>	<u>34,491,196</u>	<u>36,690,582</u>	<u>17,079,353</u>
Total capital assets, not being depreciated	35,235,412	34,957,840	36,690,582	33,502,670
Capital assets, being depreciated:				
Land improvements	26,617,213	465,133	2,989	27,079,357
Buildings and structures	202,728,875	4,255,007	2,087,899	204,895,983
Storage tanks	20,291,868	-	-	20,291,868
Water meters	7,375,481	-	-	7,375,481
Machinery and equipment	222,876,539	4,380,383	2,946,882	224,310,040
Motor vehicles	2,646,627	-	185,018	2,461,609
Furniture	1,721,954	-	-	1,721,954
Sewer service mains	476,634,019	17,941,859	-	494,575,878
Water mains	282,316,097	15,002,004	-	297,318,101
Intangibles & Software	<u>-</u>	<u>190,958</u>	<u>-</u>	<u>190,958</u>
Total capital assets, being depreciated	1,243,208,673	42,235,344	5,222,788	1,280,221,229
Less accumulated depreciation for:				
Land improvements	19,520,461	674,365	2,989	20,191,837
Buildings and structures	100,354,970	4,853,174	1,088,927	104,119,217
Storage tanks	11,237,025	478,705	-	11,715,730
Water meters	7,375,481	-	-	7,375,481
Machinery and equipment	137,192,411	6,275,855	1,492,225	141,976,041
Motor vehicles	1,942,682	261,518	185,019	2,019,181
Furniture	1,673,121	9,384	-	1,682,505
Sewer service mains	148,931,815	9,389,688	-	158,321,503
Water mains	75,634,353	3,794,291	-	79,428,644
Intangibles & Software	<u>-</u>	<u>18,887</u>	<u>-</u>	<u>18,887</u>
Total accumulated depreciation	<u>503,862,319</u>	<u>25,755,867</u>	<u>2,769,160</u>	<u>526,849,026</u>
Total capital assets, being depreciated, net	<u>739,346,354</u>	<u>16,479,477</u>	<u>2,453,628</u>	<u>753,372,203</u>
Business-type activities capital assets, net	<u>\$ 774,581,766</u>	<u>\$ 51,437,317</u>	<u>\$ 39,144,210</u>	<u>\$ 786,874,873</u>

5. Capital Assets, continued:

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

Governmental activities	
General government	\$ 2,048,714
Public safety	1,677,454
Public works	15,408,454
Culture and recreation	2,804,367
Community and economic development	1,853,209
Capital assets held by the government's internal service funds	<u>3,486,548</u>
Total depreciation expense - governmental activities	<u>\$ 27,278,746</u>
Business-type activities	
Water	\$ 8,425,252
Sewer	14,440,267
Auto parking	2,764,517
Other	<u>125,831</u>
Total depreciation expense - business-type activities	<u>\$ 25,755,867</u>

DISCRETELY PRESENTED COMPONENT UNITS

Activity for the 61st District Court for the year ended June 30, 2016 was as follows:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 130,000	\$ -	\$ 130,000	\$ -
Total capital assets, not being depreciated	<u>130,000</u>	<u>-</u>	<u>130,000</u>	<u>-</u>
Capital assets, being depreciated:				
Motor vehicles	47,104	-	-	47,104
Intangibles/Software	-	150,780	-	150,780
Total capital assets, being depreciated	<u>47,104</u>	<u>150,780</u>	<u>-</u>	<u>197,884</u>
Less accumulated depreciation for:				
Motor vehicles	20,436	2,696	-	23,132
Total accumulated depreciation	<u>20,436</u>	<u>2,696</u>	<u>-</u>	<u>23,132</u>
Total capital assets, being depreciated, net	<u>26,668</u>	<u>148,084</u>	<u>-</u>	<u>174,752</u>
61st District Court capital assets, net	<u>\$ 156,668</u>	<u>\$ 148,084</u>	<u>\$ 130,000</u>	<u>\$ 174,752</u>

5. Capital Assets, continued:

Activity for the Downtown Development Authority for the year ended June 30, 2016 was as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</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	6,123,062	-	-	6,123,062
Furniture	2,827,540	-	-	2,827,540
Infrastructure	267,779	-	-	267,779
Total capital assets, being depreciated	<u>76,792,854</u>	<u>-</u>	<u>-</u>	<u>76,792,854</u>
Less accumulated depreciation for:				
Land improvements	5,450,749	334,970	-	5,785,719
Buildings and structures	36,955,168	2,000,748	-	38,955,916
Machinery and equipment	3,654,528	242,430	-	3,896,958
Furniture	1,767,212	94,335	-	1,861,547
Infrastructure	496	172,080	-	172,576
Total accumulated depreciation	<u>47,828,153</u>	<u>2,844,563</u>	<u>-</u>	<u>50,672,716</u>
Total capital assets, being depreciated, net	<u>28,964,701</u>	<u>(2,844,563)</u>	<u>-</u>	<u>26,120,138</u>
Downtown Development Authority capital assets, net	<u>\$ 42,223,583</u>	<u>\$ (2,844,563)</u>	<u>\$ -</u>	<u>\$ 39,379,020</u>

5. Capital Assets, continued:

Activity for the Tax Increment Financing Authority for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
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	2,883,364	190,506	-	3,073,870
Buildings and structures	139,648	8,513	-	148,161
Total accumulated depreciation	<u>3,023,012</u>	<u>199,019</u>	<u>-</u>	<u>3,222,031</u>
Total capital assets, being depreciated, net	<u>1,004,112</u>	<u>(199,019)</u>	<u>-</u>	<u>805,093</u>
Tax Increment Financing Authority capital assets, net	<u>\$ 2,284,112</u>	<u>\$ (199,019)</u>	<u>\$ -</u>	<u>\$ 2,085,093</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, 2016. The major projects include various Water Supply System, Sewage Disposal System and Street Construction Projects. At year-end, the City's major commitments with contractors are as follows:

Fund	Project	Spent-to-Date	Remaining Commitment
Water	Various water mains and system construction projects	\$ 17,303,244	\$ 5,302,168
Sewer	Various sewer mains and system construction projects	11,765,299	7,350,915
Streets Capital	Various street construction projects	1,822,046	92,749
Vital Streets Capital	Various vital street construction projects	<u>23,765,567</u>	<u>10,194,519</u>
	Total	<u>\$ 54,656,155</u>	<u>\$ 22,940,351</u>

6. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2016:

	<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	\$ 62,364,498	\$ 37,840,000	\$ (14,827,731)	\$ 85,376,767	\$ 6,209,423
Revenue bonds	27,205,000	-	(1,345,000)	25,860,000	1,415,000
Premium on bonds	876,547	3,886,102	(502,151)	4,260,498	-
Discount on bonds	(46,960)	-	3,354	(43,606)	-
Total bonds & contracts payable	90,399,085	41,726,102	(16,671,528)	115,453,659	7,624,423
Insurance Claims	5,618,181	23,210,724	(22,911,425)	5,917,480	5,454,065
Compensated absences	10,226,180	10,054,857	(9,657,383)	10,623,654	6,055,482
Net pension liability	20,974,972	121,393,456	-	142,368,428	-
Net OPEB Obligation	7,557,354	-	(1,472,422)	6,084,932	-
Total Long-term Liabilities-					
Governmental Activities	<u>\$ 134,775,772</u>	<u>\$ 196,385,139</u>	<u>\$ (50,712,758)</u>	<u>\$ 280,448,153</u>	<u>\$ 19,133,970</u>
Business-Type Activities					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 33,787,337	\$ 11,985,000	\$ (13,722,003)	\$ 32,050,334	\$ 1,536,037
Revenue bonds	366,465,643	53,257,586	(73,306,437)	346,416,792	18,134,704
Premium on bonds	26,238,937	11,524,422	(2,140,620)	35,622,739	-
Discount on bonds	(885,511)	-	499,577	(385,934)	-
Total bonds & contracts payable	425,606,406	76,767,008	(88,669,483)	413,703,931	19,670,741
Compensated absences	2,089,598	2,022,862	(2,068,399)	2,044,061	1,165,114
Net pension liability	8,262,871	13,635,869	-	21,898,740	-
Net OPEB Obligation	204,488	-	(117,107)	87,381	-
Total Long-term Liabilities-					
Business-Type Activities	<u>\$ 436,163,363</u>	<u>\$ 92,425,739</u>	<u>\$ (90,854,989)</u>	<u>\$ 437,734,113</u>	<u>\$ 20,835,855</u>
Component Units					
Bonds & contracts payable:					
General obligation limited tax bonds	\$ 31,279,750	\$ -	\$ (250,450)	\$ 31,029,300	\$ 263,100
Revenue bonds	2,526,213	-	(857,487)	1,668,726	1,119,572
Accrued interest	8,500,541	823,456	(3,137,513)	6,186,484	3,205,428
Premium on bonds	149,130	-	(16,570)	132,560	-
Total bonds & contracts payable	42,455,634	823,456	(4,262,020)	39,017,070	4,588,100
Compensated absences	549,593	504,054	(472,505)	581,142	331,251
Net pension liability	2,542,421	4,557,561	-	7,099,982	-
Net OPEB Obligation	20,135	-	(20,135)	-	-
Total Long-term Liabilities-					
Component Units	<u>\$ 45,567,783</u>	<u>\$ 5,885,071</u>	<u>\$ (4,754,660)</u>	<u>\$ 46,698,194</u>	<u>\$ 4,919,351</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)	10-16 to 10-21	3 - 5%	\$ 1,635,000
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)	10-16 to 10-32	4.1-6.33%	2,400,000
2009 Grand Rapids Building Authority Refunding (Archive Center Ph I)	8-16 to 8-18	3.5 - 3.75%	405,000
2009 Grand Rapids Building Authority Refunding (Police Facilities)	8-16 to 8-20	3.5 - 4.811%	8,905,000
2004A Grand Rapids Building Authority (Condo II-sublease)	10-16 to 10-28	5.1 - 5.75%	12,760,000
2002A Grand Rapids Building Authority (Condo II)	10-16 to 10-28	4.875 - 5.5%	13,100,000
1998 Grand Rapids Building Authority (Library)	4-17 to 4-18	5%	4,000,000
2016 LTGO Refunding Bonds	10-18 to 10-27	3 - 5%	7,595,000
2012 Grand Rapids Brownfield Redevelopment Authority Purchase Agreement	6-17 to 6-23	2.1%	367,800
2016 Capital Improvement Bonds Vital Streets	4-18 to 4-26	2 - 5%	15,245,000
2015 Capital Improvement Bonds Vital Streets	8/20	1.79%	15,000,000
2014 Capital Improvement Bonds Vital Streets	10/17	1.33%	17,000,000
2013 Capital Improvement Bonds	8-16 to 8-29	2.98%	2,760,000
2007 Capital Improvement Bonds	9-16 to 9-27	4 - 5%	1,550,000
Kent County Drain Commission Contract payable (2014)	11-16 to 11-34	2 - 4%	4,370,000
Kent County Drain Commission Contract payable (2008 Floodwalls)	11-16 to 11-20	4 - 4.25%	2,036,700
Kent County Drain Commission Contract payable (2013A Shawmut Drain)	4-17 to 4-19	1.14%	217,267
Other 2002A installment purchase agreements	6/17	4.4%	55,618
Motor Equipment System - 2002A Installment Purchase agreements	6-17	4.4%	64,382
			<u>111,236,767</u>
Other:			
Insurance claims			5,917,480
Compensated absences			10,623,654
Net pension liability			142,368,428
Net OPEB obligation			6,084,932
Unamortized bond premium			4,260,498
Unamortized bond discount			<u>(43,606)</u>
			280,448,153
Less amounts due within one year:			
Bonds & contracts payable			(7,624,423)
Insurance claims			(5,454,065)
Compensated absences			<u>(6,055,482)</u>
			<u>(19,133,970)</u>
Total Long-Term Portion Governmental Activities			<u>\$ 261,314,183</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	1-17 to 1-28	2 - 4%	2,500,000
2010 Water Supply System Revenue Refunding Bonds	1-17 to 1-18	5%	13,545,000
2009 Water Supply System Revenue Bonds	1-19 to 1-39	4.5 - 5%	25,110,000
1993 Water Supply System Revenue Bonds	1-17 to 1-20	4.05 - 4.45%	13,600,000
2015 Water Supply System Junior Lien Revenue Bonds	10-17 to 10-36	2.5%	3,911,278
2014 Water Supply System Junior Lien Revenue Bonds	10-16 to 10-34	2.5%	2,780,000
2012 Water Supply System Junior Lien Revenue Bonds	10-16 to 10-33	2.5%	3,270,000
2012A Water Supply System Junior Lien Revenue Bonds	4-17 to 4-33	2%	593,514
2011A Water Supply System Junior Lien Revenue Bonds	10-16 to 10-31	2.5%	734,752
2011B Water Supply System Junior Lien Revenue Bonds	4-17 to 4-32	2.5%	651,549
2011C Water Supply System Junior Lien Revenue Bonds	4-17 to 4-33	2.5%	2,421,024
2016 Sanitary Sewer System Revenue Refunding Bonds	1-19 to 1-38	4 - 5%	48,410,000
2014 Sanitary Sewer System Revenue Refunding Bonds	1-17 to 1-44	4 - 5%	54,510,000
2013 Sanitary Sewer System Revenue Refunding Bonds	1-17 to 1-34	3 - 5%	36,475,000
2012 Sanitary Sewer System Revenue Bonds	1-17 to 1-42	4 - 5%	27,405,000
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	1-17 to 1-25	3 - 4%	2,430,000
2010 Sanitary Sewer System Revenue Refunding Bonds	1-23 to 1-28	5%	29,625,000
2008 Sanitary Sewer System Revenue Bonds	1-17 to 1-18	4 - 5%	3,130,000
1998 Sanitary Sewer System Refunding and Improvement Revenue Bonds	1-17 to 1-22	5.5%	21,925,000
2013 Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-17 to 4-34	2%	1,165,000
2011A Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-17 to 4-32	2.5%	3,879,305
2011B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	4-17 to 4-33	2.5%	1,435,370
1995B Sanitary Sewer System Improvement Junior Lien Revenue Bonds	10-16	2.25%	210,000
2016 Limited Tax General Obligation Refunding Bonds	10-17 to 10-36	2 - 5%	11,985,000
2011 Grand Rapids Building Authority Refunding Bonds (Ottawa/Fulton)	10-16 to 10-20	3 - 4.669%	2,080,000
2011 Grand Rapids Building Authority Refunding Bonds (Monroe Center)	10-16 to 10-31	3 - 5%	8,555,000
2010C Grand Rapids Building Authority Bonds (Gallery)	10-16 to 10-35	2.95 - 5.9%	6,175,000
2008 Grand Rapids Building Authority Bonds (Weston/Commerce)	10-16 to 10-18	4.5 - 5%	1,190,000
2006 Grand Rapids Building Authority Bonds (Cherry/Commerce)	10-16	4.50%	185,000
2014 Water Supply System QECB/IPA	1-17 to 1-24	0.0254	1,601,334
Kent County Drain Commission Contract Payable (2008 Floodwall Refunding)	11-16 to 11-20	4 - 4.25%	279,000
			378,467,126

6. Long-Term Obligations, continued:

Business-Type Activities, continued

Other:

Bond premium	35,622,739
Bond discount	(385,934)
Compensated absences	2,044,061
Net pension liability	21,898,740
Net OPEB obligation	87,381
	<hr/>
Less amounts due within one year:	437,734,113
Bonds & contracts payable	(19,670,741)
Compensated absences	(1,165,114)
	<hr/>
	(20,835,855)
	<hr/>
Total Long-Term Portion Business-Type Activities	<u>\$ 416,898,258</u>

Governmental Funds Component Units

Bonds and Contracts:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Outstanding Balance</u>
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	6-17 to 6-19	7.3 - 7.35%	1,668,726
Kent County Drain Commission Contracts Payable (2008 Floodwall Refunding)	11-16 to 11-20	4 - 4.25%	474,300
2012 Brownfield Redevelopment Authority Bonds	6-17 to 6-32	2 - 4%	2,125,000
			<hr/>
Other:			32,698,026
Accrued interest on Capital appreciation portion of 1994 issue			6,186,484
Compensated absences			581,142
Net pension liability			7,099,982
Unamortized bond premium			132,560
			<hr/>
			46,698,194
Less amounts due within one year:			
Bonds & contracts payable			(4,588,100)
Compensated absences			(331,251)
			<hr/>
			(4,919,351)
			<hr/>
Total Long-Term Portion Governmental Component Units			<u>\$ 41,778,843</u>

6. Long-Term Obligations, continued:

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.

On February 4, 2016 the City of Grand Rapids issued Limited Tax General Obligation Refunding Bonds, series 2016 in the amount of \$19,580,000 with interest rates ranging from 2% to 5% with maturities at varying amounts from October 2017 to 2036. The net proceeds of \$21,936,904 (including a premium of \$2,477,908 less underwriter's discount of \$121,004) were used for issue costs of the bonds, deposited into an escrow fund for the redemption of \$5,825,000 of Series 2006 Grand Rapids Building Authority bonds, deposited into an escrow for the redemption of \$6,405,000 of Series 2008 Grand Rapids Building Authority bonds, and deposited into an escrow for the redemption of \$8,110,000. The net present value savings is \$2,795,663, actual savings is \$3,336,680.

On March 3, 2016 the City of Grand Rapids issued Sanitary Sewer System Revenue Refunding Bonds, series 2016 in the amount of \$48,410,000 with interest rates ranging from 4% to 5% with maturities at varying amounts from January 2019 to 2038. The net proceeds of \$58,301,100 (including a premium of \$10,179,451 less underwriter's discount of \$288,351) were used for issue costs of the bonds, and deposited into an escrow fund for the redemption of \$54,845,000 of Series 2008 Sewer bonds. The net present value savings is \$7,416,095, actual savings is \$10,815,863. 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 March 31, 2016 the City of Grand Rapids Issued General Obligation Limited Tax Capital Improvement Bonds Series 2016 in the amount of \$15,245,000 with interest rates ranging from 2% to 5% with maturities at varying amounts from April 2018 to 2026. The net proceeds of \$17,906,695 (including a premium of \$2,753,165 less underwriter's discount of \$91,470) were used for construction, reconstruction, repair and rehabilitation of various public streets and sidewalks.

On June 24, 2011, and on March 14, 2013 the City of Grand Rapids committed to the issuance of a maximum of \$3,160,000 and \$2,235,000 of Sanitary Sewer System Junior Lien Revenue Bonds, series 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 Series 2011B is 2.5%, on Series 2013 the interest rate is 2.0%. Principal payments commence April 2014 on the series 2011B bonds. Assuming the city borrows the full amount of the bonds, there is possible principal forgiveness of \$964,200 on Series 2013, for a total principal owed of \$ 1,270,800. At June 30, 2016, \$1,815,370 was received for Series 2011B and \$1,957,928 for Series 2013.

On April 8, 2011, the City of Grand Rapids committed to the issuance of a maximum of \$6,000,000 with possible principal forgiveness of \$1,246,500 of Sanitary Sewer System Junior Lien Revenue Bonds, series 2011A. The bonds were issued in draws required to meet project expenditures related to improvements to the City's Sanitary Sewer System. The interest rate is 2.5%. The City borrowed a total of \$5,678,015 has paid \$768,500 of principal payments and was given \$1,030,210 of principal forgiven resulting in a total owed at June 30, 2016 of \$3,879,305. Principal payments commenced April 2013.

6. Long-Term Obligations, continued:

On September 7, 2012, September 5, 2014, and March 13, 2015 the City of Grand Rapids committed to the issuance of a maximum of \$4,380,000, \$3,545,000, and \$10,000,000 of Water Supply System Junior Lien Revenue Bonds, Series 2012, 2014 and 2015 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 all 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, principal payments commenced October 2014. Possible principal forgiveness on Series 2014 is \$654,407 for a total principal owed of \$2,890,593, principal payments commenced October 2015. Possible principal forgiveness on series 2015 is \$259,250 for a total principal owed of \$9,740,750 with principal payments commencing on October 1, 2017. At June 30, 2016, \$3,943,368 was received for Series 2012, \$3,412,926 was received for Series 2014, and \$3,911,278 for Series 2015.

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 \$39,720,533 or the 2013 JBA bonds of \$4,460,000. 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, 2016 are:

Fiscal Year	Governmental Activities		Business Type Activities		Component Units		Totals	
	Principal	Interest	Principal	Interest	Governmental		Principal	Interest
					Principal	Interest		
2017	\$ 7,624,423	\$ 4,101,064	\$ 19,670,741	\$ 17,052,429	\$ 1,382,672	\$ 4,778,451	\$ 28,677,836	\$ 25,931,944
2018	26,339,735	3,601,645	20,372,276	16,531,979	1,349,500	4,811,662	48,061,511	24,945,286
2019	6,717,160	3,122,189	15,544,840	15,601,374	3,813,004	2,230,679	26,075,004	20,954,242
2020	6,953,350	2,819,005	16,232,323	14,915,046	4,690,150	1,349,398	27,875,823	19,083,449
2021	22,019,300	2,351,798	13,072,851	14,168,843	4,942,700	1,094,829	40,034,851	17,615,470
2022-2026	26,172,800	7,143,736	82,488,751	60,319,619	15,585,000	1,835,588	124,246,551	69,298,943
2027-2031	12,064,999	1,619,934	86,485,538	40,256,748	765,000	119,256	99,315,537	41,995,938
2032-2036	2,280,000	388,576	78,784,867	21,001,539	170,000	6,375	81,234,867	21,396,490
2037-2041	1,065,000	77,667	41,309,939	6,108,527	-	-	42,374,939	6,186,194
2042-2044	-	-	4,505,000	329,700	-	-	4,505,000	329,700
	<u>\$ 111,236,767</u>	<u>\$ 25,225,614</u>	<u>\$ 378,467,126</u>	<u>\$ 206,285,804</u>	<u>\$ 32,698,026</u>	<u>\$ 16,226,238</u>	<u>\$ 522,401,919</u>	<u>\$ 247,737,656</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:

Year of Issue	Description	Amount Outstanding at June 30, 2016
2006	Grand Rapids Building Authority Bonds	\$ 5,825,000
2007	Capital Improvement Bonds	8,110,000
2008	Grand Rapids Building Authority Bonds	6,405,000
2008	Sanitary Sewer System Revenue Bonds	54,845,000
2009	Water Supply System Revenue Bonds	1,345,000

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 2006 Grand Rapids Building Authority Bonds were called on October 1, 2016.

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.

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. Both system's financial reports for recent years can be found on the pension's web-site, www.grpensions.org. Copies 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 pension system'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 2016 those adjustments were 11.6% 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, 2015, the Police and Fire System's membership consisted of the following:

Retirees and beneficiaries receiving pension benefits	672
Terminated plan members entitled to but not yet receiving benefits	33
Active plan members	489
Total	1,194

The General Retirement System covers most other eligible employees regularly employed by the City, including the 61st District Court, a component unit of the City. 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 became 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, 2016 were 8.3% and 46.9% 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. 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 closed to new entrants 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, 2015, the General System's membership consisted of the following:

Retirees and beneficiaries receiving pension benefits	1,126
Terminated plan members entitled to but not yet receiving benefits	102
Active plan members	653
Total	1,881

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. Both employer and plan member contributions are recognized when covered wages are earned. Benefits are paid monthly. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Police and Fire System has adopted a December 31 year-end. The General Retirement System shares a June 30 year-end with the primary government. The measurement dates of the City's net pension liability were December 31, 2015 for the Police and Fire System and June 30, 2015 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 assumptions used to value the liabilities were as follows:

7. Retirement Plans, continued:

	<u>Police and Fire Retirement System</u>	<u>General Retirement System</u>
Actuarial measurement date	December 31, 2015	June 30, 2015
Projected salary increases	3.5% - 20.5%	3.5% - 7.7%
Inflation assumptions	3.5% - wage, 2.75% - price.	3.5% - wage, 2.75% - price.
Investment rate of return	7.25%	7.25%
Discount rate	7.25% - current valuation, 7.50% - prior year.	7.25% - current valuation, 7.50% - prior year.
Mortality assumptions	RP-2014 mortality tables, projected to 2019 using the MP-2014 mortality improvement scale. First used in this valuation.	RP-2014 mortality tables, projected to 2019 using the MP-2014 mortality improvement scale. First used in this valuation.

CONTRIBUTIONS

The contribution requirements of plan members and the City are based on City Ordinance. The funding policy provides that the 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 the plan assumptions used to calculate needed contributions. The most recent studies covered the five years ending June 30, 2014 and December 31, 2014 and were used to calculate net pension liability presented herein and future contributions. The contribution rates for fiscal year 2016 shown below were calculated using earlier assumptions of 3.5% price inflation, 7.5% investment rate of return and the 1983 Group annuity male and female mortality tables set back 3 years for males and 2 years for females.

	<u>Police and Fire Retirement System</u>	<u>General Retirement System</u>
Contribution rates for fiscal year 2016:		
City (employer)	14.63%	24.38%
Plan Members	9.86 - 10.89%	2.00% - 11.54%
Unfunded liability amortization	24 year, closed, level percent-of-payroll	24 year, closed, level dollar

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 and their valuation 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;

7. Retirement Plans, continued:

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.

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 plans' actuarial experience study. The most recent studies in 2015 applied the nominal asset class return expectations of eight nationally recognized investment consultants to the plan's current asset allocation. After adjustment for the investment fees and converting the various consultant's inflation expectations to the 2.75% price inflation assumption found in the 2014 Social Security Trustee's Report, the expected rate of return was reduced from 7.5% to 7.25%.

During the interval between experience studies, the expectation is tested through occasional asset allocation studies conducted by the Systems' investment consultant. The asset allocation studies utilize 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. These estimates are then combined using a building-block method to estimate future returns for the current asset allocation. Future inflation in these studies 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 2015 in connection with a five year experience study. The last change in asset allocation was approved in 2014 and implemented in early 2015.

Both Systems have the same asset allocation policies. The current asset allocation policy and the expected arithmetic real rate of return (net of 2.75% projected inflation) of each asset class as of June 30, 2015 is shown below.

<i>Asset Class</i>	Target Allocation	Expected real return
U.S. equity	22.5 %	6.00 %
Non-U.S. equity	22.5	6.22
Fixed income	25.0	2.19
Treasury Inflation Protected Securities	10.0	2.60
Real estate	5.0	4.80
Master Limited Partnerships	5.0	8.95
Private equity	5.0	10.98
Commodities	<u>5.0</u>	3.13
Total	100.0 %	

7. Retirement Plans, continued:

DISCOUNT RATE

A single discount rate of 7.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on System investments of 7.25%. 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. The assumed rate of return had been 7.50% prior to the current valuations.

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

The following table presents each System's net pension liability as of the most recent measurement date, calculated using a single discount rate of 7.25%, 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
6.25%	7.25%	8.25%	6.25%	7.25%	8.25%
\$140,615,468	\$85,825,201	\$30,721,698	\$141,405,625	\$85,541,949	\$38,381,220

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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	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (Asset) (a) - (b)
Balances at December 31, 2014	\$ 403,969,869	\$ 406,826,458	\$ (2,856,589)
Changes for the year:			
Service cost	7,482,069	-	7,482,069
Interest	29,375,231	-	29,375,231
Changes in benefit terms	-	-	-
Difference between actual and expected experience	16,663,107	-	16,663,107
Changes in assumptions	35,683,769	-	35,683,769
Contributions - employer	-	5,630,297	(5,630,297)
Contributions - employee	-	4,557,165	(4,557,165)
Net investment income	-	(9,083,712)	9,083,712
Benefit payments, including refund of employee contributions	(32,082,302)	(32,082,302)	-
Administrative expense	-	(581,364)	581,364
Other changes	-	-	-
Net changes	<u>57,121,874</u>	<u>(31,559,916)</u>	<u>88,681,790</u>
Balances at December 31, 2015	<u>\$ 461,091,743</u>	<u>\$ 375,266,542</u>	<u>\$ 85,825,201</u>

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

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability (a)	Net Position (b)	Liability (a) - (b)
Balances at June 30, 2014	\$ 460,585,801	\$ 428,805,538	\$ 31,780,263
Changes for the year:			
Service cost	6,348,067	-	6,348,067
Interest	33,287,484	-	33,287,484
Changes in benefit terms	20,882	-	20,882
Difference between actual and expected experience	10,083,648	-	10,083,648
Changes in assumptions	29,733,502	-	29,733,502
Contributions - employer	-	11,327,704	(11,327,704)
Contributions - employee	-	3,473,382	(3,473,382)
Net investment income	-	11,478,680	(11,478,680)
Benefit payments, including refund of employee contributions	(39,853,430)	(39,853,430)	-
Administrative expense	-	(567,869)	567,869
Other changes	-	-	-
Net changes	<u>39,620,153</u>	<u>(14,141,533)</u>	<u>53,761,686</u>
Balances at June 30, 2015	<u>\$ 500,205,954</u>	<u>\$ 414,664,005</u>	<u>\$ 85,541,949</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, 2015		June 30, 2016		Amounts allocated to	
	Balance	Net Change	Balance	Primary Government	Component Unit	
Net pension asset	\$ 2,856,589	\$ (2,856,589)	\$ -	\$ -	\$ -	
Deferred outflows of resources:						
Contributions after the measurement date	14,244,887	(2,298,848)	11,946,039	11,174,545	771,494	
Other differences	2,256,323	114,691,856	116,948,179	113,227,078	3,721,101	
Net pension liability	31,780,263	139,586,887	171,367,150	164,267,168	7,099,982	
Deferred inflow of resources	33,316,344	(8,651,724)	24,664,620	22,651,332	2,013,288	
Pension expense			\$ 36,057,897	\$ 35,083,380	\$ 974,517	

7. Retirement Plans, continued:

For the year ended June 30, 2016, the City recognized pension expense of \$ 24,316,726 for the Police and Fire System and pension expense of \$11,741,171 for the General Retirement System, of which \$974,517 related to the 61st District Court, a discretely presented component unit. At June 30, 2016 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	\$ 14,132,957	\$ -	\$ 7,358,338	\$ 1,775,227
Change in assumptions	26,980,411	-	21,697,420	-
Net difference between projected and actual earnings on pension plan investments	31,002,271	408,136	15,776,782	22,481,257
Contributions subsequent to the measurement date	<u>2,650,935</u>	<u>-</u>	<u>9,295,104</u>	<u>-</u>
Total	<u>\$ 74,766,574</u>	<u>\$ 408,136</u>	<u>\$ 54,127,644</u>	<u>\$ 24,256,484</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 4.1 years for the Police and Fire System and 3.7 years for the General Retirement System. The differences between projected and actual investment earnings are amortized over five years. The \$11,946,039 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense according to the following schedule:

Year ended June 30,	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Thereafter</u>
from the Police and Fire System	\$ 21,104,354	\$ 21,104,354	\$ 20,471,472	\$ 9,027,323	\$ -	\$ -
from the General System	<u>6,189,908</u>	<u>6,458,535</u>	<u>3,983,416</u>	<u>3,944,197</u>	-	-
Total effect on future pension expense	<u>\$ 27,294,262</u>	<u>\$ 27,562,889</u>	<u>\$ 24,454,888</u>	<u>\$ 12,971,520</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, 2016.

Statement of Fiduciary Net Position

June 30, 2016

	<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	\$ 614,767	\$ 653,808	\$ 486,651	\$ 1,755,226
Investments held by trustee:				
Diversified investment pool	9,165,511	23,559,922	14,025,611	46,751,044
Receivables, net:				
Other accounts	1,309	124	124	1,557
Accrued interest	4,282	4,873	3,411	12,566
Receivables, net	<u>5,591</u>	<u>4,997</u>	<u>3,535</u>	<u>14,123</u>
Total assets	<u>9,785,869</u>	<u>24,218,727</u>	<u>14,515,797</u>	<u>48,520,393</u>
LIABILITIES				
Vouchers and accounts payable	<u>371,934</u>	<u>124,781</u>	<u>91,990</u>	<u>588,705</u>
Total liabilities	<u>371,934</u>	<u>124,781</u>	<u>91,990</u>	<u>588,705</u>
NET POSITION				
Held in trust for health care benefits	<u>9,413,935</u>	<u>24,093,946</u>	<u>14,423,807</u>	<u>47,931,688</u>
Total net position	<u>\$ 9,413,935</u>	<u>\$ 24,093,946</u>	<u>\$ 14,423,807</u>	<u>\$ 47,931,688</u>

8. Postemployment Benefits Other than Pensions, continued:

Statement of Changes in Net Position

for the year ended June 30, 2016

	Retiree Health Care Trust Funds			Total Retiree Health Care Trust Funds
	General Employee	Police Retiree	Fire Retiree	
ADDITIONS				
Employer	\$ 5,822,687	\$ 5,837,166	\$ 3,700,903	\$ 15,360,756
Plan members	461,820	218,382	160,176	840,378
Total contributions	<u>6,284,507</u>	<u>6,055,548</u>	<u>3,861,079</u>	<u>16,201,134</u>
Investment income (loss):				
Interest and dividends	4,308	5,091	3,318	12,717
Net appreciation (depreciation) in fair value of investments	76,752	298,889	179,066	554,707
Total additions	<u>6,365,567</u>	<u>6,359,528</u>	<u>4,043,463</u>	<u>16,768,558</u>
DEDUCTIONS				
Benefits paid	5,809,047	1,925,017	1,822,231	9,556,295
Administration expenses	178,680	111,297	86,544	376,521
Total deductions	<u>5,987,727</u>	<u>2,036,314</u>	<u>1,908,775</u>	<u>9,932,816</u>
Change in net position	377,840	4,323,214	2,134,688	6,835,742
Total net position - beginning	<u>9,036,095</u>	<u>19,770,732</u>	<u>12,289,119</u>	<u>41,095,946</u>
Total net position - ending	<u>\$ 9,413,935</u>	<u>\$ 24,093,946</u>	<u>\$ 14,423,807</u>	<u>\$ 47,931,688</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, 2016, the number of retirees currently receiving benefits under the four City DB plans was 433. 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 2016, the City contributed \$15,512,946 to the four plans and retiree premium sharing added \$854,415 to the plans. Retiree Health Care costs are charged to individual funds as a percentage of pensionable wages at rates of 24.77% for firefighters, 25.90% for police officers, and 13.75% 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.

	<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>
Contribution rates:	Legislatively determined	Legislatively determined	Legislatively determined	Pay-as-you-go
City	23.43%	39.76%	29.24%	83.75%
Plan members	n/a	n/a	n/a	n/a
Annual required contribution (ARC)	\$ 5,258,867	\$ 5,103,301	\$ 3,461,882	\$ 160,724
Interest on net OPEB obligation	33,916	167,159	184,372	2,556
Adjustment to ARC	<u>(56,623)</u>	<u>(236,421)</u>	<u>(250,308)</u>	<u>(19,542)</u>
Annual OPEB cost	5,236,160	5,034,039	3,395,946	143,738
Contributions made	<u>5,822,687</u>	<u>5,837,166</u>	<u>3,700,903</u>	<u>152,190</u>
Increase (decrease) in net OPEB obligation	(586,527)	(803,127)	(304,957)	(8,452)
Net OPEB obligation (asset) - beginning of year	<u>678,321</u>	<u>3,343,184</u>	<u>3,687,443</u>	<u>73,029</u>
Net OPEB obligation - end of year	<u>\$ 91,794</u>	<u>\$ 2,540,057</u>	<u>\$ 3,382,486</u>	<u>\$ 64,577</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, 2014	\$ 5,739,585	96	\$ 76,211
	June 30, 2015	5,581,386	89	678,321
	June 30, 2016	5,236,160	111	91,794
Police Retiree Health Care Plan	June 30, 2014	4,493,905	109	3,775,445
	June 30, 2015	5,039,758	109	3,343,184
	June 30, 2016	5,034,039	116	2,540,057
Fire Retiree Health Care Plan	June 30, 2014	3,095,818	104	3,846,211
	June 30, 2015	3,558,950	104	3,687,443
	June 30, 2016	3,395,946	109	3,382,486
Library Retiree Health Care Plan	June 30, 2014	158,748	78	64,230
	June 30, 2015	149,890	94	73,029
	June 30, 2016	143,738	106	64,577

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, 2015	June 30, 2015	June 30, 2015	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	17 years for unfunded actuarial liabilities	23 years for unfunded actuarial liabilities	25 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% - 7.7%	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% in 2025
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, 2015	\$ 9,036,095	\$ 56,720,399	\$ 47,684,304	15.9%	\$ 24,850,908	192%
Police Retiree Plan						
June 30, 2015	19,770,732	57,552,601	37,781,869	34.4%	14,679,722	257%
Fire Retiree Plan						
June 30, 2015	12,289,119	38,287,273	25,998,154	32.1%	12,655,872	205%
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 one of the DB retiree health care plans described above. 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, 2016 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	\$ 35,330	\$ -
Fiduciary	Accrued payroll	-	25,569
Fiduciary	Timing difference due to different year end	-	9,761
Internal Service	Start-up funding for the 311 call center operations	-	244,621
Major Street	Support for start up of consolidated call center	1,884	-
Local Street	"	5,651	-
Non-major Governmental	"	132,335	-
Water Supply System	"	104,751	-
		<u>\$ 279,951</u>	<u>\$ 279,951</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, 2016, 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	\$ 6,696,923	\$ -
		Transfer from Transformation Fund	10,274,722	-
		Debt service, support of Parks, Dispatch & other funds	-	16,820,766
	Major Streets	Debt service & Internal cost allocation program	1,037,982	2,759,960
	Local Streets	Internal cost allocation program	970,350	66,810
	Vital Streets Capital	Project Support from Auto Parking System	150,000	-
		Sidewalk & Major Street Fund support	-	907,372
	General Capital	Project support from other funds	1,092,609	-
		Debt service and General Fund support	-	2,997,371
	Non-major Governmental		Transfers to pay debt service by various funds	7,437,981
Support from General and Other Funds			16,278,596	-
Debt service and General and other funds support			-	20,121,990
Enterprise Funds:	Water Supply System	From Sewage Disposal Fund for customer service	2,011,453	-
		Internal cost allocation program	-	659,108
	Sewage Disposal System	Allocated cost of customer service and internal costs	-	2,687,143
	Auto Parking System	Debt service & Internal cost allocation program	-	910,641
	Non-Major Proprietary	General Fund & other funds support of cemetery operations	3,256,018	190,643
Internal Service Funds:	Facilities Management	Transfer from Transformation Fund	52,000	-
		Internal cost allocation program	-	180,693
	311 Program	Internal cost allocation program	-	52,742
	Motor Equipment	Internal cost allocation program	-	194,154
	Information Technology	Internal cost allocation program	-	105,217
	Engineering	Internal cost allocation program	-	268,781
	Insurance Payment	Internal cost allocation program	-	335,243
			<u>\$ 49,258,634</u>	<u>\$ 49,258,634</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, 2016 the outstanding liability was \$23,735,000. Principal and interest payments are split between the two cities based on their usage of the facility. For fiscal year 2016, Grand Rapids' portion of the liability was 63.04%. For fiscal year 2017, it is budgeted at 65.85%.
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, 2016 was \$141,415,238.
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 2016 were \$2,826,225. Total future lease payments are as follows:

<u>Year ending June 30,</u>	<u>Outstanding Lease Due</u>
2017	\$ 2,827,932
2018	2,835,714
2019	2,835,620
2020	2,838,154
2021	2,839,075
2022-2026	14,015,015

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 \$51,430 and \$15,500, respectively, at June 30, 2016. 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 – On March 30, 2010, the City acquired a building located at 1120 Monroe Avenue, NW. The building and improvements as of June 30, 2016 total \$4,255,170. The accumulated depreciation at year end is \$611,673. The City leases parts of the building to various tenants with terms extending into FY2019. The total lease revenue for FY2016 was \$198,556. 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>
2017	\$ 196,500
2018	189,915
2019	<u>83,379</u>
Total	<u>\$ 469,794</u>

9. Subsequent Event – On September 22, 2016 the City of Grand Rapids issued Water Supply System Revenue Improvement and Refunding Bonds, series 2016 in the amount of \$36,740,000 with interest rates ranging from 3% to 5% with maturities at varying amounts from January 2019 to 2046. The net proceeds of \$44,739,376 (including a premium of \$8,221,918 less underwriter’s discount of \$222,542) were used for issue costs of the bonds, paying the cost of certain improvements to the City’s Water Supply System, and deposited into an escrow fund for the redemption of \$24,395,000 of Series 2009 Water bonds. The net present value savings is \$3,586,808, actual savings is \$4,726,856. 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.
10. Subsequent Event – On November 15, 2016, at the request of the City of Grand Rapids, the Kent County Drain Commission issued \$8,445,000 of Grand River Floodwall and Embankments Drain Bonds Series 2016. The bonds are backed by the full faith and credit of the County of Kent to obtain a lower interest rate, but will be repaid by a special assessment against the City for the payment on all interest and principal on the bonds.

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, 2016 employee contributions were \$515,055 and the employer contributions were \$515,055 to this Plan. At June 30, 2016, the plan had 200 active and 13 terminated participants. The fair market value of plan assets was \$2,250,301.

11. Deferred Compensation Plans, continued:

The City also maintains the Officer's Option Plan, a defined contribution contributory savings plan created in accordance with IRC Section 401(a) and is offered to executive and appointed employees. 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, 2016, there were 11 active and 26 terminated plan participants with a total fair market value of plan assets for both active and retired participants of approximately \$9,427,503. Contributions made by employees and the City totaled \$104,316 and \$237,002 respectively, for the fiscal year ended June 30, 2016.

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, 2016, the total market value of plan assets was approximately \$80,051,267. Net of the effect of employee contributions, withdrawals and earnings, the fair market value of plan assets decreased \$4,368,976 for the year ended June 30, 2016. 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, 2016, 675 employees were participating in this defined contribution retiree health care plan. For the fiscal year ended June 30, 2016, regular contributions made by employees and the employer totaled \$554,765 and \$991,805 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. Prior Period Adjustment:

In May of 2014, the voters of the City of Grand Rapids approved a 15 year extension of a temporary income tax increase to create a local funding source for maintenance and improvements to failing street infrastructure. A fund called the Vital Streets Fund was created in 2015 to track and report on the revenues and expenditures of this new source. Since the plan for streets includes the use of both the temporary income tax dollars and gas and weight tax which the Michigan Department of Transportation requires only be spent by Major and Local Street funds, the Vital Streets Fund was consolidated with the Major Streets Fund beginning with fiscal year 2016 reporting. The fiscal year 2015 ending balance of the Vital Street Fund has accordingly been combined with the ending balance of the Major Street Fund as the beginning balance for fiscal year 2016 as detailed below.

Restated Fund Balance	Major Streets
Fund Balance as reported at June 30, 2015	\$ 8,786,019
Adjustment for Consolidation with Vital Streets	1,417,978
Fund Balance, as restated	<u>\$ 10,203,997</u>



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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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 13,396,433	\$ 13,396,433	\$ 13,510,981	\$ 114,548
City income taxes	68,504,621	71,237,039	72,474,550	1,237,511
State shared taxes	17,817,900	17,817,900	16,951,211	(866,689)
Licenses and permits	2,874,602	2,874,602	2,839,981	(34,621)
Fines and forfeitures	2,012,000	2,012,000	2,115,302	103,302
Federal grants	-	-	38,105	38,105
State grants	677,729	677,729	649,716	(28,013)
Other grants and contributions	876,965	876,965	976,277	99,312
Charges for services	9,736,913	9,754,804	10,329,543	574,739
Investment earnings	561,011	561,011	633,743	72,732
Miscellaneous	13,277	63,277	18,594	(44,683)
Total revenues	116,471,451	119,271,760	120,538,003	1,266,243
Expenditures:				
Current:				
General government	27,711,138	29,298,602	26,982,502	2,316,100
Public safety	75,219,460	75,395,161	74,479,832	915,329
Public works	5,458,456	5,524,192	5,037,039	487,153
Urban and community development	5,020,724	4,968,607	4,933,129	35,478
Debt service:				
Principal	298,300	298,300	298,606	(306)
Interest and paying agent fees	24,683	24,683	25,205	(522)
Total expenditures	113,732,761	115,509,545	111,756,313	3,753,232
Excess (deficit) of revenues over expenditures	2,738,690	3,762,215	8,781,690	5,019,475
Other financing sources (uses):				
Budgeted appropriation lapse for the fund	3,500,000	3,500,000	-	(3,500,000)
Contingencies	(1,000,000)	-	-	-
Transfers in	8,992,242	18,442,242	16,971,645	(1,470,597)
Transfers out	(14,675,135)	(16,941,817)	(16,820,766)	121,051
Total other financing sources (uses)	(3,182,893)	5,000,425	150,879	(4,849,546)
Net change in fund balances	(444,203)	8,762,640	8,932,569	169,929
Fund balances - beginning	39,604,321	39,604,321	39,604,321	-
Current year change in inventory levels	-	-	125,461	125,461
Fund balances - ending	\$ 39,160,118	\$ 48,366,961	\$ 48,662,351	\$ 295,390

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, 2016

	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:								
City income taxes	\$ 11,285,960	\$ 11,635,198	\$ 11,020,887	\$ (614,311)	\$ -	\$ -	-	\$ -
State shared taxes	9,036,742	11,427,798	11,552,297	124,499	5,431,685	3,040,629	3,081,683	41,054
Federal grants	320,000	320,000	366,662	46,662	-	-	-	-
State grants	-	4,038,116	2,196,279	(1,841,837)	-	495,981	1,642	(494,339)
Charges for services	2,325,060	2,325,060	2,640,547	315,487	500	500	13,803	13,303
Investment earnings	15,700	15,700	253,289	237,589	5,233	5,233	25,028	19,795
Miscellaneous	30,000	55,000	340,572	285,572	-	-	6,074	6,074
Total revenues	<u>23,013,462</u>	<u>29,816,872</u>	<u>28,370,533</u>	<u>(1,446,339)</u>	<u>5,437,418</u>	<u>3,542,343</u>	<u>3,128,230</u>	<u>(414,113)</u>
Expenditures:								
Current:								
Public works	15,646,765	13,262,900	11,028,797	2,234,103	4,539,961	3,800,116	3,179,494	620,622
Debt service:								
Principal	455,000	455,000	455,000	-	-	-	-	-
Interest and paying agent fees	636,620	711,240	765,085	(53,845)	-	-	-	-
Capital outlay:	59,023	6,938,009	4,146,943	2,791,066	9,542	1,237,274	1,079,211	158,063
Total expenditures	<u>16,797,408</u>	<u>21,367,149</u>	<u>16,395,825</u>	<u>4,971,324</u>	<u>4,549,503</u>	<u>5,037,390</u>	<u>4,258,705</u>	<u>778,685</u>
Excess (deficit) of revenues over expenditures	<u>6,216,054</u>	<u>8,449,723</u>	<u>11,974,708</u>	<u>3,524,985</u>	<u>887,915</u>	<u>(1,495,047)</u>	<u>(1,130,475)</u>	<u>364,572</u>
Other financing sources (uses):								
Budgeted appropriation lapse for the fund	3,390,653	300,000	-	(300,000)	100,000	100,000	-	(100,000)
Transfers in	1,873,960	1,347,847	1,037,982	(309,865)	1,370,000	2,296,113	970,350	(1,325,763)
Transfers out	(10,444,572)	(2,759,960)	(2,759,960)	-	(2,293,659)	(836,810)	(66,810)	770,000
Sale of capital assets	1,227,400	1,227,400	-	(1,227,400)	-	-	-	-
Face value of bonds and contracts issued	-	6,100,000	6,100,000	-	-	-	-	-
Premium on bonds and contracts issued	-	909,930	909,930	-	-	-	-	-
Payment to refunded bond escrow agent	-	(6,935,310)	(6,935,310)	-	-	-	-	-
Total other financing sources (uses)	<u>(3,952,559)</u>	<u>189,907</u>	<u>(1,647,358)</u>	<u>(1,837,265)</u>	<u>(823,659)</u>	<u>1,559,303</u>	<u>903,540</u>	<u>(655,763)</u>
Net change in fund balances	2,263,495	8,639,630	10,327,350	1,687,720	64,256	64,256	(226,935)	(291,191)
Fund balances - beginning, as restated	10,203,997	10,203,997	10,203,997	-	1,095,884	1,095,884	1,095,884	-
Current year change in inventory levels	-	-	(64,121)	(64,121)	-	-	-	-
Fund balances - ending	<u>\$ 12,467,492</u>	<u>\$ 18,843,627</u>	<u>\$ 20,467,226</u>	<u>\$ 1,623,599</u>	<u>\$ 1,160,140</u>	<u>\$ 1,160,140</u>	<u>\$ 868,949</u>	<u>\$ (291,191)</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 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>2016</u>	<u>2015</u>
Total Pension Liability		
Service cost	\$ 7,482,069	\$ 7,794,219
Interest on the total pension liability	29,375,231	28,440,421
Changes of benefit terms	-	-
Difference between expected and actual experience	16,663,107	2,978,624
Changes of assumptions	35,683,769	-
Benefit payments	(32,070,933)	(21,079,038)
Refunds of contributions	(11,369)	(24,749)
Net change in total pension liability	<u>57,121,874</u>	<u>18,109,477</u>
Total pension liability - beginning	<u>403,969,869</u>	<u>385,860,392</u>
Total pension liability - ending (a)	<u>\$ 461,091,743</u>	<u>\$ 403,969,869</u>
 Plan fiduciary net position		
Contributions - employer	\$ 5,630,297	\$ 6,331,848
Contributions - employee	4,557,165	4,563,692
Net investment income	(9,046,103)	29,390,902
Benefit payments	(32,070,933)	(21,079,038)
Refunds of contributions	(11,369)	(24,749)
Administrative expenses	(581,364)	(523,607)
Other	(37,609)	(15,065)
Net change in plan fiduciary net position	<u>(31,559,916)</u>	<u>18,643,983</u>
 Plan fiduciary net position - beginning	<u>406,826,458</u>	<u>388,182,475</u>
Plan fiduciary net position - ending (b)	<u>\$ 375,266,542</u>	<u>\$ 406,826,458</u>
 Net pension liability (asset) - ending (a) - (b)	<u>\$ 85,825,201</u>	<u>\$ (2,856,589)</u>
 Plan fiduciary net position as a percentage of the total pension asset	81.4%	100.7%
 Covered-employee payroll	\$ 36,827,593	\$ 35,710,964
 Net pension asset as a percentage of covered-employee payroll	233.0%	-8.0%

Notes to schedule:

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.

Changes of assumptions: In 2016 the amount reported as changes of assumptions reflected a reduction in the assumed rate of return from 7.50% to 7.25%, the adoption of a new mortality table and updated demographic assumptions for retirement and withdrawal patterns.

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>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability			
Service cost	\$ 6,348,067	\$ 6,904,650	\$ 7,294,537
Interest on the total pension liability	33,287,484	33,394,709	32,920,147
Changes of benefit terms	20,882	-	-
Difference between expected and actual experience	10,083,648	(7,420,169)	(6,012,166)
Changes of assumptions	29,733,502	-	-
Benefit payments	(39,570,343)	(28,055,439)	(27,037,516)
Refunds of contributions	(283,087)	(152,273)	(114,916)
Net change in total pension liability	<u>39,620,153</u>	<u>4,671,478</u>	<u>7,050,086</u>
Total pension liability - beginning	<u>460,585,801</u>	<u>455,914,323</u>	<u>448,864,237</u>
Total pension liability - ending (a)	<u>\$ 500,205,954</u>	<u>\$ 460,585,801</u>	<u>\$ 455,914,323</u>
Plan fiduciary net position			
Contributions - employer	\$ 11,327,704	\$ 8,771,032	\$ 8,135,843
Contributions - employee	3,473,382	3,737,014	3,933,341
Net investment income	11,478,680	65,337,996	44,058,818
Benefit payments	(39,570,343)	(28,055,439)	(27,037,516)
Refunds of contributions	(283,087)	(152,273)	(114,916)
Administrative expenses	(567,869)	(523,086)	(476,059)
Other	-	(21,741)	(15,873)
Net change in plan fiduciary net position	<u>(14,141,533)</u>	<u>49,093,503</u>	<u>28,483,638</u>
Plan fiduciary net position - beginning	<u>428,805,538</u>	<u>379,712,035</u>	<u>351,228,397</u>
Plan fiduciary net position - ending (b)	<u>\$ 414,664,005</u>	<u>\$ 428,805,538</u>	<u>\$ 379,712,035</u>
Net pension liability - ending (a) - (b)	<u>\$ 85,541,949</u>	<u>\$ 31,780,263</u>	<u>\$ 76,202,288</u>
Plan fiduciary net position as a percentage of the total pension liability	82.9%	93.1%	83.3%
Covered-employee payroll	\$ 38,492,586	\$ 40,510,955	\$ 43,783,450
Net pension liability as a percentage of covered-employee payroll	222.2%	78.4%	174.0%

Notes to schedule:

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.

Changes of assumptions: In 2016 the amount reported as changes of assumptions reflected a reduction in the assumed rate of return from 7.50% to 7.25%, the adoption of a new mortality table and updated demographic assumptions for retirement and withdrawal patterns.

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>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 5,364,049	\$ 5,807,941	\$ 6,831,550
Actual contribution	5,364,049	5,807,941	6,831,550
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 36,402,336	\$ 35,561,982	\$ 35,690,502
Actual Contribution as a Percentage of Covered Payroll	14.7%	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 at December 31, 2014.
Asset valuation method	5-year smoothed market.
Projected salary increases	4.5% - 20.5%
Inflation assumptions	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	7.5% compounded annually. (7.25% beginning with the December 2015 measurement date)
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the years 2010 through 2014.
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 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>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 9,295,104	\$ 11,327,704	\$ 8,771,032
Actual contribution	9,295,104	11,327,704	8,771,032
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 35,760,078	\$ 40,200,201	\$ 40,510,955
Actual Contribution as a Percentage of Covered Payroll	26.0%	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	7.5% compounded annually. (7.25% beginning with the June 2015 measurement date)
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 table were first used for the June 2006 valuation computations.
Significant changes to the plan	In 2014 the plan was closed to all new entrants. Current members continue to accrue future benefits.

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, 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%
June 30, 2015	9,036,095	56,720,399	47,684,304	16%	24,850,908	192%
Police Retiree Plan						
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%
June 30, 2015	19,770,732	57,552,601	37,781,869	34%	14,679,722	257%
Fire Retiree Plan						
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%
June 30, 2015	12,289,119	38,287,273	25,998,154	32%	12,655,872	205%
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, and 9 current members, was created in September of 2010 with the intention of conducting triennial actuarial valuations.

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

for the year ended June 30, 2016

<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 and City Commission	\$ 1,539,196	\$ 1,554,196	\$ 1,478,112	\$ 76,084
Comptroller's Office	2,562,117	2,562,117	2,437,361	124,756
Fiscal Services	6,603,079	6,603,079	5,685,928	917,151
Clerk's Office	2,128,118	2,128,118	1,895,396	232,722
Technology and Change Management	193,488	193,488	192,210	1,278
Treasury	2,155,963	2,155,963	1,929,378	226,585
Attorney's Office	2,476,106	2,476,106	2,531,862	(55,756) *
Human Resources	2,319,636	2,641,136	2,066,941	574,195
Administrative Services Support	791,558	791,558	596,804	194,754
Other general government	6,941,877	8,192,841	8,168,510	24,331
Total General Government	27,711,138	29,298,602	26,982,502	2,316,100
Public safety:				
Police	48,552,443	48,710,253	47,288,368	1,421,885
Fire	26,667,017	26,684,908	27,191,464	(506,556) *
Total Public Safety	75,219,460	75,395,161	74,479,832	915,329
Public Works:				
Enterprise Services	5,458,456	5,524,192	5,037,039	487,153
Total Public Works	5,458,456	5,524,192	5,037,039	487,153
Urban development:				
Community Development	2,967,030	3,017,030	3,065,404	(48,374) *
Design, Development and Comm. Engagem	2,053,694	1,951,577	1,867,725	83,852
Total Urban Development	5,020,724	4,968,607	4,933,129	35,478
Non-departmental:				
Budgeted appropriation lapse	(3,500,000)	(3,500,000)	-	(3,500,000)
Contingencies	1,000,000	-	-	-
Debt service	322,983	322,983	323,811	(828)
Transfers to other funds	14,675,135	16,941,817	16,820,766	121,051
Total non-departmental	12,498,118	13,764,800	17,144,577	(3,379,777)
Total charges to appropriations	\$ 125,907,896	\$ 128,951,362	\$ 128,577,079	\$ 374,283

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

City of Grand Rapids, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

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	\$ 3,816,427	\$ 3,946,589	\$ 1,916,827	\$ 10,122,213	\$ 2,106,390	\$ 198,374	\$ 492,407	\$ 1,395,022	\$ 5,466,140	\$ 139,346
Receivables, net	63,510	50,295	23,980	252,794	4,315	2,093	5,255	13,465	58,132	6,221
Due from other funds	-	56,786	10,235	65,314	-	-	-	-	-	-
Due from other governmental units	61,889	-	-	-	620,580	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 3,941,826</u>	<u>\$ 4,053,670</u>	<u>\$ 1,951,042</u>	<u>\$ 10,440,321</u>	<u>\$ 2,731,285</u>	<u>\$ 200,467</u>	<u>\$ 497,662</u>	<u>\$ 1,408,487</u>	<u>\$ 5,524,272</u>	<u>\$ 145,567</u>
LIABILITIES										
Vouchers and accounts payable	\$ 184,211	\$ 262,791	\$ 360,280	\$ -	\$ 239,958	\$ 1,843	\$ 68,669	\$ 29,567	\$ 3,876	\$ 71
Due to other governmental units	-	-	-	-	-	-	725	-	-	-
Unearned revenues	10,000	-	-	-	499,575	-	-	-	-	-
Customer deposits	-	954,562	45,416	-	-	-	-	-	-	-
Total liabilities	<u>194,211</u>	<u>1,217,353</u>	<u>405,696</u>	<u>-</u>	<u>739,533</u>	<u>1,843</u>	<u>69,394</u>	<u>29,567</u>	<u>3,876</u>	<u>71</u>
FUND BALANCES										
Nonspendable:										
Inventories	-	-	-	-	-	-	-	-	-	-
Nonexpendable Trust principal	14,270	-	-	-	-	-	-	-	-	-
Restricted:										
Public safety	-	-	-	-	131,179	198,624	-	-	-	-
Urban and community development	-	-	-	-	1,860,573	-	-	358,233	-	-
Culture and recreation	389,054	-	-	-	-	-	-	-	-	-
Committed:										
Authorized projects	-	-	-	10,440,321	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Assigned:										
Culture and recreation	2,960,759	-	1,338,133	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Urban and community development	-	-	-	-	-	-	-	1,020,031	5,265,541	145,496
Public works	-	2,590,413	-	-	-	-	409,210	-	-	-
Ensuing budget year	-	-	-	-	-	-	3,639	-	-	-
Compensated absences	383,532	245,904	207,213	-	-	-	15,419	656	254,855	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Total fund balance	<u>3,747,615</u>	<u>2,836,317</u>	<u>1,545,346</u>	<u>10,440,321</u>	<u>1,991,752</u>	<u>198,624</u>	<u>428,268</u>	<u>1,378,920</u>	<u>5,520,396</u>	<u>145,496</u>
Total liabilities and fund balances	<u>\$ 3,941,826</u>	<u>\$ 4,053,670</u>	<u>\$ 1,951,042</u>	<u>\$ 10,440,321</u>	<u>\$ 2,731,285</u>	<u>\$ 200,467</u>	<u>\$ 497,662</u>	<u>\$ 1,408,487</u>	<u>\$ 5,524,272</u>	<u>\$ 145,567</u>

City of Grand Rapids, Michigan
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	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	\$ 1,085,903	\$ 1,282,810	\$ 1,458,288	\$ 200,431	\$ 769,554	\$ 665,706	\$ 16,842	\$ 1,583,194	\$ 3,905,995	\$ 40,568,458
Receivables, net	9,049	14,596	16,067	2,298	8,200	7,565	410	-	43,298	581,543
Due from other funds	-	-	-	-	-	-	-	-	-	132,335
Due from other governmental units	-	883,650	-	-	-	-	-	-	-	1,566,119
Inventories	-	-	-	-	-	-	-	-	17,593	17,593
Total assets	<u>\$ 1,094,952</u>	<u>\$ 2,181,056</u>	<u>\$ 1,474,355</u>	<u>\$ 202,729</u>	<u>\$ 777,754</u>	<u>\$ 673,271</u>	<u>\$ 17,252</u>	<u>\$ 1,583,194</u>	<u>\$ 3,966,886</u>	<u>\$ 42,866,048</u>
LIABILITIES										
Vouchers and accounts payable	\$ 175,515	\$ -	\$ 24,975	\$ -	\$ 1,302	\$ 52,393	\$ -	\$ -	\$ -	\$ 1,405,451
Due to other governmental units	-	-	-	-	-	-	-	-	-	725
Unearned revenues	-	-	-	2,885	-	-	-	-	-	512,460
Customer deposits	568	-	-	-	-	-	-	-	-	1,000,546
Total liabilities	<u>176,083</u>	<u>-</u>	<u>24,975</u>	<u>2,885</u>	<u>1,302</u>	<u>52,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,919,182</u>
FUND BALANCES										
Nonspendable:										
Inventories	-	-	-	-	-	-	-	-	17,593	17,593
Nonexpendable Trust principal	-	-	-	25,000	-	-	-	-	2,921,117	2,960,387
Restricted:										
Public safety	-	-	1,449,380	23,803	-	-	-	-	-	1,802,986
Urban and community development	-	-	-	-	-	620,878	17,252	-	-	2,856,936
Culture and recreation	-	-	-	116,950	-	-	-	-	-	506,004
Committed:										
Authorized projects	-	-	-	-	-	-	-	-	-	10,440,321
Other purposes	-	-	-	-	-	-	-	-	1,028,176	1,028,176
Assigned:										
Culture and recreation	-	-	-	34,091	-	-	-	-	-	4,332,983
Public safety	-	1,891,303	-	-	-	-	-	-	-	1,891,303
Urban and community development	-	-	-	-	764,302	-	-	-	-	7,195,370
Public works	889,148	-	-	-	-	-	-	-	-	3,888,771
Ensuing budget year	-	-	-	-	-	-	-	-	-	3,639
Compensated absences	29,721	289,753	-	-	12,150	-	-	-	-	1,439,203
Other purposes	-	-	-	-	-	-	-	1,583,194	-	1,583,194
Total fund balance	<u>918,869</u>	<u>2,181,056</u>	<u>1,449,380</u>	<u>199,844</u>	<u>776,452</u>	<u>620,878</u>	<u>17,252</u>	<u>1,583,194</u>	<u>3,966,886</u>	<u>39,946,866</u>
Total liabilities and fund balances	<u>\$ 1,094,952</u>	<u>\$ 2,181,056</u>	<u>\$ 1,474,355</u>	<u>\$ 202,729</u>	<u>\$ 777,754</u>	<u>\$ 673,271</u>	<u>\$ 17,252</u>	<u>\$ 1,583,194</u>	<u>\$ 3,966,886</u>	<u>\$ 42,866,048</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, 2016

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>
Revenues:										
Property taxes	\$ 9,952,434	\$ 6,491,897	\$ 3,964,261	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City income taxes	-	-	-	821,414	-	-	-	-	-	-
State shared taxes	185,997	-	-	-	24,847	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	4,804,771	-
Federal grants	-	-	-	-	7,218,634	-	-	-	-	-
State grants	-	-	-	-	201,149	56,426	-	-	-	-
Other grants and contributions	535,808	-	21,854	-	472,276	-	-	-	-	-
Charges for services	338,129	5,859,588	426,901	-	585,840	-	675,304	10,049	335,949	-
Property sales	-	-	-	-	-	-	-	832,610	-	-
Investment earnings	86,410	69,510	22,695	219,500	22,511	2,691	6,840	11,983	75,835	2,102
Miscellaneous	-	-	57,896	-	5,834	-	-	-	-	5,600
Total revenues	<u>11,098,778</u>	<u>12,420,995</u>	<u>4,493,607</u>	<u>1,040,914</u>	<u>8,531,091</u>	<u>59,117</u>	<u>682,144</u>	<u>854,642</u>	<u>5,216,555</u>	<u>7,702</u>
Expenditures:										
Current:										
General government	-	-	-	-	96,689	-	-	-	-	-
Public safety	-	-	-	-	2,837,144	35,518	-	-	-	-
Public works	-	9,865,537	-	-	-	-	482,645	-	-	-
Culture and recreation	8,487,502	-	8,893,848	-	405,804	-	-	-	-	-
Urban and community development	-	-	-	-	5,336,701	-	-	891,366	3,353,196	37,407
Debt service:										
Principal	-	-	-	-	-	-	-	25,170	-	-
Interest and paying agent fees	750	-	-	-	-	-	-	15,611	-	-
Capital outlay	49,670	-	62,052	-	-	-	-	-	-	-
Total expenditures	<u>8,537,922</u>	<u>9,865,537</u>	<u>8,955,900</u>	<u>-</u>	<u>8,676,338</u>	<u>35,518</u>	<u>482,645</u>	<u>932,147</u>	<u>3,353,196</u>	<u>37,407</u>
Excess (deficiency) of revenues over expenditures	<u>2,560,856</u>	<u>2,555,458</u>	<u>(4,462,293)</u>	<u>1,040,914</u>	<u>(145,247)</u>	<u>23,599</u>	<u>199,499</u>	<u>(77,505)</u>	<u>1,863,359</u>	<u>(29,705)</u>
Other financing sources (uses):										
Transfers in	477,493	-	6,964,222	57,600	2,005,625	-	-	450,000	61,873	-
Transfers out	(2,314,211)	(275,591)	(579,168)	(14,700,884)	(1,479,764)	-	(137,090)	(10,398)	(217,203)	(447)
Total other financing sources (uses)	<u>(1,836,718)</u>	<u>(275,591)</u>	<u>6,385,054</u>	<u>(14,643,284)</u>	<u>525,861</u>	<u>-</u>	<u>(137,090)</u>	<u>439,602</u>	<u>(155,330)</u>	<u>(447)</u>
Net change in fund balances	724,138	2,279,867	1,922,761	(13,602,370)	380,614	23,599	62,409	362,097	1,708,029	(30,152)
Fund balances - beginning	3,023,477	556,450	(377,415)	24,042,691	1,611,138	175,025	365,859	1,016,823	3,812,367	175,648
Fund balances - ending	<u>\$ 3,747,615</u>	<u>\$ 2,836,317</u>	<u>\$ 1,545,346</u>	<u>\$ 10,440,321</u>	<u>\$ 1,991,752</u>	<u>\$ 198,624</u>	<u>\$ 428,268</u>	<u>\$ 1,378,920</u>	<u>\$ 5,520,396</u>	<u>\$ 145,496</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, 2016

	Special Revenue Funds						Debt Service Fund	Permanent Fund	Total Nonmajor Governmental Funds	
	Sidewalk	Community	Drug Law	General	Economic	Downtown	Business	Grand Rapids Building Authority		Cemeteries Perpetual Care
	Repair	Dispatch	Enforcement	Special Revenue	Development	Improvement District	Improvement District			
Revenues:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	20,408,592
City income taxes	-	-	-	-	-	-	-	-	-	821,414
State shared taxes	-	-	-	-	-	-	-	-	-	210,844
Licenses and permits	54,498	-	-	-	-	-	-	-	-	4,859,269
Federal grants	-	-	102,008	-	-	-	-	-	-	7,320,642
State grants	-	-	-	-	-	-	-	-	-	257,575
Other grants and contributions	-	2,595,390	-	-	-	-	-	-	-	3,625,328
Charges for services	114,505	-	546,018	-	245,363	878,505	90,411	-	31,180	10,137,742
Property sales	-	-	-	-	-	-	-	-	-	832,610
Investment earnings	7,604	31,596	20,107	3,018	10,521	9,012	592	-	50,503	653,030
Miscellaneous	-	1,951	28,153	2,222	-	-	-	24,559	-	126,215
Total revenues	<u>176,607</u>	<u>2,628,937</u>	<u>696,286</u>	<u>5,240</u>	<u>255,884</u>	<u>887,517</u>	<u>91,003</u>	<u>24,559</u>	<u>81,683</u>	<u>49,253,261</u>
Expenditures:										
Current:										
General government	-	-	-	-	-	-	-	-	-	96,689
Public safety	-	5,543,262	575,966	-	-	-	-	-	-	8,991,890
Public works	1,838,567	-	-	-	-	-	-	-	-	12,186,749
Culture and recreation	-	-	-	3,887	-	-	-	-	-	17,791,041
Urban and community development	-	-	-	-	277,379	827,382	106,452	-	-	10,829,883
Debt service:										
Principal	-	-	-	-	-	-	-	5,010,000	-	5,035,170
Interest and paying agent fees	-	-	-	-	-	-	-	2,441,272	-	2,457,633
Capital outlay	-	-	-	-	-	-	-	-	-	111,722
Total expenditures	<u>1,838,567</u>	<u>5,543,262</u>	<u>575,966</u>	<u>3,887</u>	<u>277,379</u>	<u>827,382</u>	<u>106,452</u>	<u>7,451,272</u>	<u>-</u>	<u>57,500,777</u>
Excess (deficiency) of revenues over expenditures	<u>(1,661,960)</u>	<u>(2,914,325)</u>	<u>120,320</u>	<u>1,353</u>	<u>(21,495)</u>	<u>60,135</u>	<u>(15,449)</u>	<u>(7,426,713)</u>	<u>81,683</u>	<u>(8,247,516)</u>
Other financing sources (uses):										
Transfers in	2,327,984	3,624,117	-	-	204,281	-	-	7,437,981	105,401	23,716,577
Transfers out	(42,609)	(268,336)	-	-	(8,133)	(16,248)	(2,890)	-	(69,018)	(20,121,990)
Total other financing sources (uses)	<u>2,285,375</u>	<u>3,355,781</u>	<u>-</u>	<u>-</u>	<u>196,148</u>	<u>(16,248)</u>	<u>(2,890)</u>	<u>7,437,981</u>	<u>36,383</u>	<u>3,594,587</u>
Net change in fund balances	623,415	441,456	120,320	1,353	174,653	43,887	(18,339)	11,268	118,066	(4,652,929)
Fund balances - beginning	295,454	1,739,600	1,329,060	198,491	601,799	576,991	35,591	1,571,926	3,848,820	44,599,795
Fund balances - ending	<u>\$ 918,869</u>	<u>\$ 2,181,056</u>	<u>\$ 1,449,380</u>	<u>\$ 199,844</u>	<u>\$ 776,452</u>	<u>\$ 620,878</u>	<u>\$ 17,252</u>	<u>\$ 1,583,194</u>	<u>\$ 3,966,886</u>	<u>\$ 39,946,866</u>

City of Grand Rapids
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget to Actual
Nonmajor Governmental Funds-Special Revenue
for the year ended June 30, 2016

	Budget				Actual				Net Variance
	Revenues	Expenditures	Other Financing Sources (uses)	Net	Revenues	Expenditures	Other Financing Sources (uses)	Net	
Library	10,602,183	8,760,494	(1,836,718)	4,971	11,098,778	8,537,922	(1,836,718)	724,138	719,167
Refuse	11,907,582	10,476,325	(275,591)	1,155,666	12,420,995	9,865,537	(275,591)	2,279,867	1,124,201
Grants	14,259,657	14,908,164	538,062	(110,445)	8,531,091	8,676,338	525,861	380,614	491,059
Michigan Justice Training	52,785	55,000	-	(2,215)	59,117	35,518	-	23,599	25,814
Vehicle Storage Facility	626,411	487,257	(142,793)	(3,639)	682,144	482,645	(137,090)	62,409	66,048
Parks & Recreation	4,347,068	9,897,855	6,482,692	931,905	4,493,607	8,955,900	6,385,054	1,922,761	990,856
Property Management	1,076,638	1,557,219	439,602	(40,979)	854,642	932,147	439,602	362,097	403,076
Building Inspections	3,777,360	3,477,826	(155,331)	144,203	5,216,555	3,353,196	(155,330)	1,708,029	1,563,826
DNR Properties	16,885	37,660	(447)	(21,222)	7,702	37,407	(447)	(30,152)	(8,930)
Sidewalk Repair	83,748	2,142,542	2,285,375	226,581	176,607	1,838,567	2,285,375	623,415	396,834
Community Dispatch	2,550,627	5,900,781	3,355,781	5,627	2,628,937	5,543,262	3,355,781	441,456	435,829
Transformation	959,928	-	(14,643,445)	(13,683,517)	1,040,914	-	(14,643,284)	(13,602,370)	81,147
Drug Law Enforcement	640,694	741,841	-	(101,147)	696,286	575,966	-	120,320	221,467
General Special Revenue	2,822	6,700	-	(3,878)	5,240	3,887	-	1,353	5,231
Economic Development	81,395	394,411	193,867	(119,149)	255,884	277,379	196,148	174,653	293,802
Downtown Improvement District	969,825	953,577	(16,248)	-	887,517	827,382	(16,248)	43,887	43,887
Business Improvement District	90,263	117,821	-	(27,558)	91,003	106,452	(2,890)	(18,339)	9,219
Total	52,045,871	59,915,473	(3,775,194)	(11,644,796)	49,147,019	50,049,505	(3,879,777)	(4,782,263)	6,862,533

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, 2016

	<u>Cemeteries Operating</u>	<u>Belknap Ice Arena</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current assets:			
Equity in pooled cash and investments	\$ 1,513,010	\$ 560,844	\$ 2,073,854
Receivables, net	63,653	34,358	98,011
Inventory	4,085	-	4,085
Total current assets	<u>1,580,748</u>	<u>595,202</u>	<u>2,175,950</u>
Noncurrent assets:			
Other assets	239,958	-	239,958
Capital assets:			
Non-depreciable	2,026,635	-	2,026,635
Depreciable	2,019,638	4,320,561	6,340,199
Less accumulated depreciation	<u>(1,179,921)</u>	<u>(3,021,491)</u>	<u>(4,201,412)</u>
Total noncurrent assets	<u>3,106,310</u>	<u>1,299,070</u>	<u>4,405,380</u>
Total assets	<u>4,687,058</u>	<u>1,894,272</u>	<u>6,581,330</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>162,383</u>	<u>-</u>	<u>162,383</u>
LIABILITIES			
Current liabilities:			
Vouchers and accounts payable	699,635	125,842	825,477
Current portion of compensated absences	<u>22,497</u>	<u>-</u>	<u>22,497</u>
Total current liabilities	<u>722,132</u>	<u>125,842</u>	<u>847,974</u>
Noncurrent liabilities (net of portion due within 1 year):			
Compensated absences	16,972	-	16,972
Net pension liability	256,626	-	256,626
Net OPEB obligation	<u>11,833</u>	<u>-</u>	<u>11,833</u>
Total noncurrent liabilities	<u>285,431</u>	<u>-</u>	<u>285,431</u>
Total liabilities	<u>1,007,563</u>	<u>125,842</u>	<u>1,133,405</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>72,769</u>	<u>-</u>	<u>72,769</u>
NET POSITION			
Net investment in capital assets	2,866,352	1,299,070	4,165,422
Unrestricted	<u>902,757</u>	<u>469,360</u>	<u>1,372,117</u>
Total net position	<u>\$ 3,769,109</u>	<u>\$ 1,768,430</u>	<u>\$ 5,537,539</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, 2016

	<u>Cemeteries Operating</u>	<u>Belknap Ice Arena</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating revenues:			
Charges for services	\$ 889,566	\$ 733,979	\$ 1,623,545
Sales	262,654	54,225	316,879
Total operating revenues	<u>1,152,220</u>	<u>788,204</u>	<u>1,940,424</u>
Operating expenses:			
Personal services	338,699	245,660	584,359
Supplies and materials	106,810	31,019	137,829
Utilities	56,126	127,739	183,865
Contractual services	91,487	250,102	341,589
Other services and charges	541,619	72,069	613,688
Depreciation	15,501	110,330	125,831
Total operating expenses	<u>1,150,242</u>	<u>836,919</u>	<u>1,987,161</u>
Operating Income (loss)	<u>1,978</u>	<u>(48,715)</u>	<u>(46,737)</u>
Nonoperating revenues:			
Interest revenue	47,874	5,340	53,214
Total nonoperating revenues	<u>47,874</u>	<u>5,340</u>	<u>53,214</u>
Income (loss) before transfers	49,852	(43,375)	6,477
Transfers in	3,256,018	-	3,256,018
Transfers out	(190,643)	-	(190,643)
Change in net position	3,115,227	(43,375)	3,071,852
Total net position - beginning	<u>653,882</u>	<u>1,811,805</u>	<u>2,465,687</u>
Total net position - ending	<u>\$ 3,769,109</u>	<u>\$ 1,768,430</u>	<u>\$ 5,537,539</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
for the year ended June 30, 2016

	<u>Cemeteries Operating</u>	<u>Belknap Ice Arena</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:			
Receipts from customers	\$ 1,146,011	\$ 782,291	\$ 1,928,302
Payments to suppliers	(283,448)	(499,651)	(783,099)
Payments to employees	(200,496)	(216,190)	(416,686)
Payments for payroll taxes and benefits	<u>(233,622)</u>	<u>(29,470)</u>	<u>(263,092)</u>
Net cash provided (used) by operating activities	<u>428,445</u>	<u>36,980</u>	<u>465,425</u>
Cash flows from noncapital financing activities:			
Transfers from other funds	3,256,018	-	3,256,018
Transfers to other funds	<u>(190,643)</u>	<u>-</u>	<u>(190,643)</u>
Net cash provided by noncapital financing activities	<u>3,065,375</u>	<u>-</u>	<u>3,065,375</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	<u>(2,483,553)</u>	<u>-</u>	<u>(2,483,553)</u>
Net cash used by capital and related financing activities	<u>(2,483,553)</u>	<u>-</u>	<u>(2,483,553)</u>
Cash flows from investing activities:			
Interest received	<u>47,874</u>	<u>5,340</u>	<u>53,214</u>
Net increase in equity in pooled cash and investments	1,058,141	42,320	1,100,461
Equity in pooled cash and investments, beginning	<u>454,869</u>	<u>518,524</u>	<u>973,393</u>
Equity in pooled cash and investments, ending	<u>\$ 1,513,010</u>	<u>\$ 560,844</u>	<u>\$ 2,073,854</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,978	\$ (48,715)	\$ (46,737)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation expense	15,501	110,330	125,831
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	30,923	(5,913)	25,010
Decrease in inventory	(37,132)	-	(37,132)
Increase (decrease) in vouchers and accounts payable	512,594	(18,722)	493,872
Increase in deferred outflows related to pensions	(105,745)	-	(105,745)
Decrease in deferred inflows related to pensions	(91,092)	-	(91,092)
Increase in compensated absences	6,559	-	6,559
Increase in pension liability	97,724	-	97,724
Decrease in net OPEB obligation	<u>(2,865)</u>	<u>-</u>	<u>(2,865)</u>
Total adjustments	<u>426,467</u>	<u>85,695</u>	<u>512,162</u>
Net cash provided (used) by operating activities	<u>\$ 428,445</u>	<u>\$ 36,980</u>	<u>\$ 465,425</u>

City of Grand Rapids, Michigan
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	311 Program	Total Internal Service Funds
ASSETS							
Current assets:							
Equity in pooled cash and investments	\$ 7,224,198	\$ 6,247,704	\$ 5,538,227	\$ 27,158,317	\$ 4,957,874	\$ 343,492	\$ 51,469,812
Receivables, net	88,111	63,872	262,745	469,275	138,465	3,831	1,026,299
Due from other governmental units	340,870	-	-	-	-	-	340,870
Inventory	-	898,336	-	-	-	-	898,336
Restricted assets	-	-	-	4,396,767	-	-	4,396,767
Prepaid expenses and other assets	470,046	-	-	-	-	-	470,046
Total current assets	<u>8,123,225</u>	<u>7,209,912</u>	<u>5,800,972</u>	<u>32,024,359</u>	<u>5,096,339</u>	<u>347,323</u>	<u>58,602,130</u>
Noncurrent assets:							
Net OPEB asset	4,209	10,654	4,675	-	-	-	19,538
Capital assets:							
Depreciable	7,907,217	41,211,333	1,609,983	-	33,674	-	50,762,207
Less accumulated depreciation	(6,547,525)	(22,683,387)	(373,636)	-	(3,215)	-	(29,607,763)
Total noncurrent assets	<u>1,363,901</u>	<u>18,538,600</u>	<u>1,241,022</u>	<u>-</u>	<u>30,459</u>	<u>-</u>	<u>21,173,982</u>
Total assets	<u>9,487,126</u>	<u>25,748,512</u>	<u>7,041,994</u>	<u>32,024,359</u>	<u>5,126,798</u>	<u>347,323</u>	<u>79,776,112</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	378,894	1,732,084	811,915	541,276	1,840,340	595,404	5,899,913
Deferred on refunding of bonds	-	1,440	-	-	-	-	1,440
Total deferred outflows of resources	<u>378,894</u>	<u>1,733,524</u>	<u>811,915</u>	<u>541,276</u>	<u>1,840,340</u>	<u>595,404</u>	<u>5,901,353</u>
LIABILITIES							
Current liabilities:							
Vouchers and accounts payable	663,568	223,607	165,567	1,115,447	125,974	8,888	2,303,051
Accrued interest payable	-	10,223	-	-	-	-	10,223
Due to other governmental units	-	-	-	149,057	-	-	149,057
Due to other funds	-	-	-	-	-	244,621	244,621
Unearned revenues	-	-	1,413	-	-	-	1,413
Current portion of claims payable	-	-	-	5,454,065	-	-	5,454,065
Current maturities of bonds & contracts payable	-	274,777	-	-	-	-	274,777
Compensated absences	25,784	143,925	87,860	36,715	187,717	19,817	501,818
Total current liabilities	<u>689,352</u>	<u>652,532</u>	<u>254,840</u>	<u>6,755,284</u>	<u>313,691</u>	<u>273,326</u>	<u>8,939,025</u>
Noncurrent liabilities (net of current portion):							
Bonds payable	-	593,917	-	-	-	-	593,917
Claims payable	-	-	-	463,415	-	-	463,415
Compensated absences	19,451	108,575	66,281	27,697	141,611	14,950	378,565
Net pension liability	598,794	2,737,342	1,283,129	855,419	2,908,426	940,961	9,324,071
Net OPEB obligation	-	-	-	92,804	49,765	6,193	148,762
Total noncurrent liabilities	<u>618,245</u>	<u>3,439,834</u>	<u>1,349,410</u>	<u>1,439,335</u>	<u>3,099,802</u>	<u>962,104</u>	<u>10,908,730</u>
Total liabilities	<u>1,307,597</u>	<u>4,092,366</u>	<u>1,604,250</u>	<u>8,194,619</u>	<u>3,413,493</u>	<u>1,235,430</u>	<u>19,847,755</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	169,795	776,207	363,847	242,565	824,720	266,821	2,643,955
NET POSITION							
Net investment in capital assets	1,359,692	17,659,252	1,236,347	-	30,459	-	20,285,750
Unrestricted	7,028,936	4,954,211	4,649,465	24,128,451	2,698,466	(559,524)	42,900,005
Total net position	<u>\$ 8,388,628</u>	<u>\$ 22,613,463</u>	<u>\$ 5,885,812</u>	<u>\$ 24,128,451</u>	<u>\$ 2,728,925</u>	<u>\$ (559,524)</u>	<u>\$ 63,185,755</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, 2016

	Information Technology	Motor Equipment	Facilities Management	Insurance Payment	Engineering	311 Program	Total Internal Service Funds
Operating revenues:							
Charges for services	\$ 6,299,147	\$ 12,424,474	\$ 6,337,609	\$ 27,029,134	\$ 6,191,459	\$ 1,401,544	\$ 59,683,367
Sales	-	23,892	421	-	-	-	24,313
Miscellaneous	1,096,981	1,038	81,531	-	-	-	1,179,550
Total operating revenues	<u>7,396,128</u>	<u>12,449,404</u>	<u>6,419,561</u>	<u>27,029,134</u>	<u>6,191,459</u>	<u>1,401,544</u>	<u>60,887,230</u>
Operating expenses:							
Personal services	603,526	2,924,001	1,339,657	885,812	3,007,412	976,245	9,736,653
Supplies and materials	649,497	2,686,558	674,574	106	135,165	9,619	4,155,519
Utilities	-	20,984	1,228,985	-	-	-	1,249,969
Contractual services	4,539,652	24,737	26,686	516,561	280,038	192,507	5,580,181
Other services and charges	2,384,254	826,094	1,651,480	22,916,824	707,907	185,115	28,671,674
Depreciation	518,214	2,870,934	94,187	-	3,215	-	3,486,550
Total operating expenses	<u>8,695,143</u>	<u>9,353,308</u>	<u>5,015,569</u>	<u>24,319,303</u>	<u>4,133,737</u>	<u>1,363,486</u>	<u>52,880,546</u>
Operating income (loss)	<u>(1,299,015)</u>	<u>3,096,096</u>	<u>1,403,992</u>	<u>2,709,831</u>	<u>2,057,722</u>	<u>38,058</u>	<u>8,006,684</u>
Nonoperating revenues (expenses):							
Interest revenue	117,235	70,152	75,818	963,362	46,887	4,926	1,278,380
Gain on sale of capital assets	-	594,229	-	-	-	-	594,229
Interest expense and paying agent fees	-	(31,414)	-	-	-	-	(31,414)
Total nonoperating revenues (expenses)	<u>117,235</u>	<u>632,967</u>	<u>75,818</u>	<u>963,362</u>	<u>46,887</u>	<u>4,926</u>	<u>1,841,195</u>
Income (loss) before transfers	<u>(1,181,780)</u>	<u>3,729,063</u>	<u>1,479,810</u>	<u>3,673,193</u>	<u>2,104,609</u>	<u>42,984</u>	<u>9,847,879</u>
Transfers in	-	-	52,000	-	-	-	52,000
Transfers out	<u>(105,217)</u>	<u>(194,154)</u>	<u>(180,693)</u>	<u>(335,243)</u>	<u>(268,781)</u>	<u>(52,742)</u>	<u>(1,136,830)</u>
Change in net position	<u>(1,286,997)</u>	<u>3,534,909</u>	<u>1,351,117</u>	<u>3,337,950</u>	<u>1,835,828</u>	<u>(9,758)</u>	<u>8,763,049</u>
Total net position - beginning	<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>
Total net position - ending	<u>\$ 8,388,628</u>	<u>\$ 22,613,463</u>	<u>\$ 5,885,812</u>	<u>\$ 24,128,451</u>	<u>\$ 2,728,925</u>	<u>\$ (559,524)</u>	<u>\$ 63,185,755</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2016

	<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	\$ 6,216,917	\$ 12,528,693	\$ 6,176,658	\$ 27,460,028	\$ 6,187,487	\$ 1,400,266	\$ 59,970,049
Payments to suppliers	(7,580,517)	(3,435,689)	(3,688,663)	(22,897,918)	(1,041,712)	(510,756)	(39,155,255)
Payments to employees	(405,771)	(1,802,371)	(845,382)	(565,398)	(1,892,250)	(596,745)	(6,107,917)
Payments for payroll taxes and benefits	(243,084)	(1,020,848)	(459,645)	(237,830)	(1,076,747)	(369,169)	(3,407,323)
Other operating revenues	<u>1,096,981</u>	<u>1,038</u>	<u>81,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,179,550</u>
Net cash provided (used) by operating activities	<u>(915,474)</u>	<u>6,270,823</u>	<u>1,264,499</u>	<u>3,758,882</u>	<u>2,176,778</u>	<u>(76,404)</u>	<u>12,479,104</u>
Cash flows from noncapital financing activities:							
Transfers from other funds	-	-	52,000	-	-	-	52,000
Transfers to other funds	<u>(105,217)</u>	<u>(194,154)</u>	<u>(180,693)</u>	<u>(335,243)</u>	<u>(268,781)</u>	<u>(52,742)</u>	<u>(1,136,830)</u>
Net cash provided (used) by noncapital financing activities	<u>(105,217)</u>	<u>(194,154)</u>	<u>(128,693)</u>	<u>(335,243)</u>	<u>(268,781)</u>	<u>(52,742)</u>	<u>(1,084,830)</u>
Cash flows from capital and related financing activities:							
Purchase of capital assets	(82,000)	(4,324,172)	(191,243)	-	(33,674)	-	(4,631,089)
Sale of capital assets	-	607,455	-	-	-	-	607,455
Principal paid on capital debt	-	(625,510)	-	-	-	-	(625,510)
Interest paid on capital debt	<u>-</u>	<u>(38,462)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,462)</u>
Net cash used by capital and related financing activities	<u>(82,000)</u>	<u>(4,380,689)</u>	<u>(191,243)</u>	<u>-</u>	<u>(33,674)</u>	<u>-</u>	<u>(4,687,606)</u>
Cash flows from investing activities:							
Interest received	<u>117,235</u>	<u>70,152</u>	<u>75,818</u>	<u>963,362</u>	<u>46,887</u>	<u>4,926</u>	<u>1,278,380</u>
Net increase (decrease) in equity in pooled cash and investments	(985,456)	1,766,132	1,020,381	4,387,001	1,921,210	(124,220)	7,985,048
Equity in pooled cash and investments - beginning of year	<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>
Equity in pooled cash and investments - end of year (including restricted cash held by trustee: \$4,396,767 in Insurance Payment fund)	<u>\$ 7,224,198</u>	<u>\$ 6,247,704</u>	<u>\$ 5,538,227</u>	<u>\$ 31,555,084</u>	<u>\$ 4,957,874</u>	<u>\$ 343,492</u>	<u>\$ 55,866,579</u>

City of Grand Rapids, Michigan
Combining Statement of Cash Flows
Internal Service Funds
for the year ended June 30, 2016

	<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)	\$ (1,299,015)	\$ 3,096,096	\$ 1,403,992	\$ 2,709,831	\$ 2,057,722	\$ 38,058	\$ 8,006,684
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation expense	518,214	2,870,934	94,187	-	3,215	-	3,486,550
Change in assets and liabilities:							
(Increase) decrease in accounts receivable	258,640	(12,146)	(161,047)	430,894	(86,408)	(1,278)	428,655
Increase (decrease) in due from intergovernmental units	(340,870)	-	-	-	40,994	-	(299,876)
Increase in due from other funds	-	-	-	-	41,442	-	41,442
Increase in inventory	-	92,473	-	-	-	-	92,473
Increase in prepaid expenses	(470,046)	-	-	-	-	-	(470,046)
Increase (decrease) in vouchers and accounts payable	462,932	122,684	(106,938)	198,445	81,398	(1,205)	757,316
Increase in due to intergovernmental units	-	-	-	37,829	-	-	37,829
Decrease in due to other funds	-	-	-	-	-	(122,310)	(122,310)
Decrease in unearned revenues	-	-	(325)	-	-	-	(325)
Decrease in deferred outflows related to pensions	(288,273)	(1,369,597)	(641,999)	(439,327)	(1,443,870)	(470,800)	(4,653,866)
Decrease in deferred inflows related to pensions	(92,382)	(272,502)	(127,735)	(52,384)	(322,306)	(93,673)	(960,982)
Increase (decrease) in compensated absences	(7,355)	42,230	7,719	18,232	31,612	(10,544)	81,894
Increase in pension liability	344,552	1,720,374	806,424	569,398	1,796,117	591,378	5,828,243
Decrease in net OPEB obligation	(1,871)	(19,723)	(9,779)	(13,335)	(23,138)	(6,030)	(73,876)
Increase in general claims payable	-	-	-	299,299	-	-	299,299
Total adjustments	<u>383,541</u>	<u>3,174,727</u>	<u>(139,493)</u>	<u>1,049,051</u>	<u>119,056</u>	<u>(114,462)</u>	<u>4,472,420</u>
Net cash provided (used) by operating activities	<u>\$ (915,474)</u>	<u>\$ 6,270,823</u>	<u>\$ 1,264,499</u>	<u>\$ 3,758,882</u>	<u>\$ 2,176,778</u>	<u>\$ (76,404)</u>	<u>\$ 12,479,104</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, 2015</i>	<i>June 30, 2016</i>	<i>June 30, 2016</i>	<i>June 30, 2016</i>	<i>June 30, 2016</i>	
ASSETS						
Equity in pooled cash and investments	\$ -	\$ -	\$ 614,767	\$ 653,808	\$ 486,651	\$ 1,755,226
Investments held by trustee:						
Cash and money market funds	7,697,456	4,925,891	-	-	-	12,623,347
United States Government Securities	19,342,042	20,491,860	-	-	-	39,833,902
State and municipal bonds	582,785	216,498	-	-	-	799,283
Corporate bonds and fixed income comingled funds	66,087,561	68,664,904	-	-	-	134,752,465
Common stocks and equity mutual funds	234,838,362	243,247,847	-	-	-	478,086,209
Real estate securities	18,170,497	19,770,678	-	-	-	37,941,175
Asset-backed securities	7,850,667	7,849,783	-	-	-	15,700,450
Commodities	12,366,138	14,675,001	-	-	-	27,041,139
Other	8,929,823	9,762,068	-	-	-	18,691,891
Comingled multi-asset portfolio	-	-	9,165,511	23,559,922	14,025,611	46,751,044
Collateral held by broker under securities lending						
Short-term fixed income	22,999,852	23,395,335	-	-	-	46,395,187
Receivables, net:						
Investment securities sold	3,409,746	1,362,284	-	-	-	4,772,030
Other accounts	727,361	458,692	1,309	124	124	1,187,610
Accrued interest and dividends	393,942	431,446	4,282	4,873	3,411	837,954
Total assets	<u>403,396,232</u>	<u>415,252,287</u>	<u>9,785,869</u>	<u>24,218,727</u>	<u>14,515,797</u>	<u>867,168,912</u>
LIABILITIES						
Compensated absences	18,873	21,657	-	-	-	40,530
Investment securities purchased	4,833,791	1,334,139	-	-	-	6,167,930
Vouchers and accounts payable	269,270	293,730	371,934	124,781	91,990	1,151,705
Due to other funds	7,904	17,665	-	-	-	25,569
Liabilities under security lending program	22,999,852	23,395,335	-	-	-	46,395,187
Total liabilities	<u>28,129,690</u>	<u>25,062,526</u>	<u>371,934</u>	<u>124,781</u>	<u>91,990</u>	<u>53,780,921</u>
NET POSITION						
Restricted for pension and OPEB benefits	<u>\$ 375,266,542</u>	<u>\$ 390,189,761</u>	<u>\$ 9,413,935</u>	<u>\$ 24,093,946</u>	<u>\$ 14,423,807</u>	<u>\$ 813,387,991</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>December 31, 2015</i>	<i>June 30, 2016</i>	<i>June 30, 2016</i>	<i>June 30, 2016</i>	<i>June 30, 2016</i>	
<i>for the year ended:</i>						
ADDITIONS						
Plan Contributions:						
Employer	\$ 5,630,297	\$ 9,295,104	\$ 5,822,687	\$ 5,837,166	\$ 3,700,903	\$ 30,286,157
Plan members	4,557,165	3,428,169	461,820	218,382	160,176	8,825,712
Total contributions	<u>10,187,462</u>	<u>12,723,273</u>	<u>6,284,507</u>	<u>6,055,548</u>	<u>3,861,079</u>	<u>39,111,869</u>
Investment earnings:						
Interest and dividends	4,575,452	4,742,849	4,308	5,091	3,318	9,331,018
Net appreciation (depreciation) in fair value of investments	<u>(12,769,327)</u>	<u>(3,577,784)</u>	<u>76,752</u>	<u>298,889</u>	<u>179,066</u>	<u>(15,792,404)</u>
Total investment earnings (loss)	(8,193,875)	1,165,065	81,060	303,980	182,384	(6,461,386)
Investment management expense	<u>(959,770)</u>	<u>(961,903)</u>	-	-	-	<u>(1,921,673)</u>
Net investment earnings (loss)	<u>(9,153,645)</u>	<u>203,162</u>	<u>81,060</u>	<u>303,980</u>	<u>182,384</u>	<u>(8,383,059)</u>
Securities lending earnings	107,542	85,942	-	-	-	193,484
Securities lending expenses	<u>(37,609)</u>	-	-	-	-	<u>(37,609)</u>
Net earnings from securities lending activities	<u>69,933</u>	<u>85,942</u>	-	-	-	<u>155,875</u>
Total net investment earnings (loss)	<u>(9,083,712)</u>	<u>289,104</u>	<u>81,060</u>	<u>303,980</u>	<u>182,384</u>	<u>(8,227,184)</u>
Total additions	<u>1,103,750</u>	<u>13,012,377</u>	<u>6,365,567</u>	<u>6,359,528</u>	<u>4,043,463</u>	<u>30,884,685</u>
DEDUCTIONS						
Benefits paid	32,082,302	36,917,726	5,809,047	1,925,017	1,822,231	78,556,323
Administration expenses	581,364	568,895	178,680	111,297	86,544	1,526,780
Total deductions	<u>32,663,666</u>	<u>37,486,621</u>	<u>5,987,727</u>	<u>2,036,314</u>	<u>1,908,775</u>	<u>80,083,103</u>
Change in net position	(31,559,916)	(24,474,244)	377,840	4,323,214	2,134,688	(49,198,418)
Total net position - beginning	<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>
Total net position - ending	<u>\$ 375,266,542</u>	<u>\$ 390,189,761</u>	<u>\$ 9,413,935</u>	<u>\$ 24,093,946</u>	<u>\$ 14,423,807</u>	<u>\$ 813,387,991</u>

City of Grand Rapids, Michigan
Statement of Changes in Assets and Liabilities
Agency Tax Fund
for the year ended June 30, 2016

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2016</u>
Assets:				
Equity in pooled cash and investments	\$ 25,225	\$ 646,517	\$ -	\$ 671,742
Property taxes receivable	<u>552,375</u>	<u>122,801,787</u>	<u>122,950,068</u>	<u>404,094</u>
Total assets	<u>\$ 577,600</u>	<u>\$ 123,448,304</u>	<u>\$ 122,950,068</u>	<u>\$ 1,075,836</u>
Liabilities:				
Due to other governmental units	<u>\$ 577,600</u>	<u>\$ 123,448,304</u>	<u>\$ 122,950,068</u>	<u>\$ 1,075,836</u>
Total liabilities	<u>\$ 577,600</u>	<u>\$ 123,448,304</u>	<u>\$ 122,950,068</u>	<u>\$ 1,075,836</u>

City of Grand Rapids, Michigan
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2016

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:	\$ 3,208,987	\$ -	\$ 3,952,990	\$ 51,465,026	\$ 3,344,523	\$ -	\$ 74,131	\$ -	\$ -	\$ 62,045,657
Public safety:										
Police	1,382,455	-	-	23,743,910	8,677,060	585,594	54,195	-	-	34,443,214
Fire	453,690	-	-	6,611,807	2,637,415	11,559,838	29,741	-	-	21,292,491
	<u>1,836,145</u>	<u>-</u>	<u>-</u>	<u>30,355,717</u>	<u>11,314,475</u>	<u>12,145,432</u>	<u>83,936</u>	<u>-</u>	<u>-</u>	<u>55,735,705</u>
Public works:										
Public works	3,082,479	737,198	9,843,801	919,669	1,201,570	10,950	-	514,037,578	5,915,227	535,748,472
Street lighting	-	-	-	-	-	-	-	11,609,955	-	11,609,955
Traffic safety	42,400	-	16,965	3,710,930	435,940	-	5,769	9,776,509	-	13,988,513
	<u>3,124,879</u>	<u>737,198</u>	<u>9,860,766</u>	<u>4,630,599</u>	<u>1,637,510</u>	<u>10,950</u>	<u>5,769</u>	<u>535,424,042</u>	<u>5,915,227</u>	<u>561,346,940</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	427,424	-	530,787	-	-	46,854,851
Parks	2,394,191	16,184	30,534,652	9,093,353	683,026	128,067	-	-	863,346	43,712,819
	<u>7,787,557</u>	<u>16,184</u>	<u>30,743,543</u>	<u>89,031,859</u>	<u>1,140,575</u>	<u>153,291</u>	<u>2,549,326</u>	<u>-</u>	<u>863,346</u>	<u>132,285,681</u>
Community and economic development	-	-	-	-	-	17,234	-	-	-	17,234
Total governmental funds capital assets	\$ 15,957,568	\$ 753,382	\$ 44,557,299	\$ 175,483,201	\$ 17,437,083	\$ 12,326,907	\$ 2,713,162	\$ 535,424,042	\$ 6,778,573	\$ 811,431,217

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, 2016

<u>Function and Activity</u>	<u>June 30, 2015</u>	<u>Reclassification</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
General government	\$ 62,059,930	\$ -	\$ 73,919	\$ 224,564	\$ 61,909,285
Public safety:					
Police	33,859,113	-	584,101	-	34,443,214
Fire	22,172,762	-	393,207	1,273,477	21,292,492
Total public safety	56,031,875	-	977,308	1,273,477	55,735,706
Public works:					
Public works	530,729,297	-	4,732,118	68,039	535,393,376
Street lighting	11,609,955	-	31,911	-	11,641,866
Traffic safety	13,771,494	-	185,108	12,728	13,943,874
City/County parking facility	-	-	-	-	-
Total public works	556,110,746	-	4,949,137	80,767	560,979,116
Culture and recreation:					
Libraries	41,718,011	-	-	-	41,718,011
Museum	46,877,402	-	-	22,550	46,854,852
Parks	43,182,892	-	2,886,298	1,852,177	44,217,013
Art museum	-	-	-	-	-
Total culture and recreation	131,778,305	-	2,886,298	1,874,727	132,789,876
Urban and community development:					
Community and economic development	17,234	-	-	-	17,234
Neighborhood business improvements	-	-	-	-	-
Total urban and community development	17,234	-	-	-	17,234
Total governmental funds capital assets	\$ 805,998,090	\$ -	\$ 8,886,662	\$ 3,453,535	\$ 811,431,217

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
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

<p>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.</p>	<p>1-5</p>
<p>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.</p>	<p>6-10</p>
<p>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.</p>	<p>11-14</p>
<p>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.</p>	<p>15, 16</p>
<p>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.</p>	<p>17-19</p>

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,									
	<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>	<u>2016</u>
Governmental Activities										
Net Investment in capital assets	\$ 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	\$ 202,004,329
Restricted	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	28,568,423
Unrestricted	<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>	<u>69,438,666</u>
Total governmental activities net position	<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>	<u>\$ 300,011,418</u>
Business-type Activities										
Net Investment in capital assets	\$ 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	\$ 392,979,402
Restricted	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	32,359,186
Unrestricted	<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>	<u>80,686,568</u>
Total business-type activities net position	<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>	<u>\$ 506,025,156</u>
Primary Government										
Net Investment in capital assets	\$ 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	\$ 594,983,731
Restricted	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	60,927,609
Unrestricted	<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>	<u>150,125,234</u>
Total primary government net position	<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>	<u>\$ 806,036,574</u>

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental activities:										
General government	\$ 31,560,007	\$ 31,758,040	\$ 28,569,892	\$ 24,244,049	\$ 25,886,186	\$ 28,490,087	\$ 25,763,302	\$ 24,317,558	\$ 27,158,278	\$ 31,370,052
Public safety	70,760,682	78,488,302	74,485,764	72,301,627	78,776,861	85,540,347	83,883,605	79,901,439	76,336,144	101,714,766
Public works	45,630,253	52,100,751	52,457,035	47,956,043	49,113,508	50,339,679	50,403,933	48,477,155	63,819,694	72,032,052
Culture and Recreation	20,017,892	20,471,242	21,740,208	22,130,169	19,853,225	18,844,448	18,560,598	17,453,598	19,718,462	17,714,262
Urban & Community Development	19,701,047	18,111,909	18,223,093	21,519,381	26,234,918	28,103,849	20,544,534	16,321,393	14,719,552	17,361,430
Interest on long-term debt	5,724,165	6,126,343	5,985,292	5,085,083	5,139,731	4,825,257	4,338,102	4,058,044	3,936,941	3,892,373
Total governmental activities expenses	<u>193,394,046</u>	<u>207,056,587</u>	<u>201,461,284</u>	<u>193,236,352</u>	<u>205,004,429</u>	<u>216,143,667</u>	<u>203,494,074</u>	<u>190,529,187</u>	<u>205,689,071</u>	<u>244,084,935</u>
Business-type activities:										
Water Supply System	40,107,062	39,172,761	40,839,383	39,797,298	38,356,246	37,697,767	36,459,316	37,285,497	33,302,278	36,197,215
Sewage Disposal System	38,950,866	38,537,806	45,152,263	43,555,979	45,297,991	45,697,111	48,008,068	46,561,350	45,184,106	47,691,862
Auto Parking System	8,865,252	8,451,634	9,192,422	8,901,722	10,214,220	10,615,215	11,262,622	11,798,952	11,594,252	14,249,852
Other Enterprises	<u>2,463,912</u>	<u>2,369,229</u>	<u>2,781,803</u>	<u>2,259,044</u>	<u>2,371,611</u>	<u>2,482,758</u>	<u>1,990,459</u>	<u>2,300,183</u>	<u>2,411,202</u>	<u>1,950,213</u>
Total business-type activities expenses	<u>90,387,092</u>	<u>88,531,430</u>	<u>97,965,871</u>	<u>94,514,043</u>	<u>96,240,068</u>	<u>96,492,851</u>	<u>97,720,465</u>	<u>97,945,982</u>	<u>92,491,838</u>	<u>100,089,142</u>
Total primary government expenses	<u>\$ 283,781,138</u>	<u>\$ 295,588,017</u>	<u>\$ 299,427,155</u>	<u>\$ 287,750,395</u>	<u>\$ 301,244,497</u>	<u>\$ 312,636,518</u>	<u>\$ 301,214,539</u>	<u>\$ 288,475,169</u>	<u>\$ 298,180,909</u>	<u>\$ 344,174,077</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 5,751,788	\$ 7,195,479	\$ 7,989,255	\$ 8,566,152	\$ 8,064,316	\$ 8,722,141	\$ 8,840,382	\$ 9,087,640	\$ 8,920,866	\$ 8,828,209
Public safety	2,495,403	2,515,301	2,036,877	3,193,456	2,260,699	3,035,450	2,432,020	2,508,324	2,151,757	1,752,816
Public works	13,734,660	13,238,694	12,995,564	12,409,177	10,141,484	10,530,342	10,176,136	11,345,612	11,231,351	11,708,111
Culture and recreation	2,229,907	2,202,843	2,728,078	2,831,131	2,766,016	1,837,477	1,198,277	782,280	807,855	765,030
Urban & community development	<u>7,050,487</u>	<u>6,897,964</u>	<u>5,650,987</u>	<u>6,179,085</u>	<u>6,184,984</u>	<u>5,162,954</u>	<u>8,282,923</u>	<u>8,923,877</u>	<u>8,785,932</u>	<u>10,836,002</u>
Total Charges for services:	31,262,245	32,050,281	31,400,761	33,179,001	29,417,499	29,288,364	30,929,738	32,647,733	31,897,761	33,890,168
Operating grants and contributions:	11,856,924	9,094,674	11,057,758	15,755,323	21,175,008	32,169,748	20,176,947	15,059,686	15,145,783	15,432,226
Capital grants and contributions	<u>689,666</u>	<u>2,149,305</u>	<u>2,536,753</u>	<u>1,568,133</u>	<u>968,301</u>	<u>2,461,425</u>	<u>1,307,488</u>	<u>1,091,417</u>	<u>1,778,543</u>	<u>1,376,082</u>
Total governmental activities program revenues	<u>43,808,835</u>	<u>43,294,260</u>	<u>44,995,272</u>	<u>50,502,457</u>	<u>51,560,808</u>	<u>63,919,537</u>	<u>52,414,173</u>	<u>48,798,836</u>	<u>48,822,087</u>	<u>50,698,476</u>
Business-type activities:										
Charges for services:										
Water Supply System	40,518,846	41,881,537	40,128,820	41,982,356	41,639,821	43,392,238	44,228,303	40,548,424	40,014,365	41,968,413
Sewage Disposal System	37,821,828	41,598,797	43,701,325	48,484,433	50,130,450	51,619,089	49,251,979	49,732,439	51,991,509	54,119,246
Auto Parking System	11,277,080	10,173,994	9,939,136	9,867,098	11,570,553	12,413,783	13,504,506	14,402,322	15,712,638	15,361,175
Other Enterprise	<u>2,002,614</u>	<u>1,936,676</u>	<u>2,040,219</u>	<u>1,828,368</u>	<u>1,889,994</u>	<u>1,906,608</u>	<u>1,985,327</u>	<u>2,057,821</u>	<u>2,090,739</u>	<u>1,940,424</u>
Total Charges for services:	91,620,368	95,591,004	95,809,500	102,162,255	105,230,818	109,331,718	108,970,115	106,741,006	109,809,251	113,389,258
Operating grants and contributions:	481,086	245,032	-	131,096	208,000	676,381	631,163	603,191	630,374	623,218
Capital grants and contributions:	<u>2,707,224</u>	<u>2,170,346</u>	<u>1,836,608</u>	<u>1,034,755</u>	<u>1,098,463</u>	<u>1,144,782</u>	<u>3,265,749</u>	<u>3,347,880</u>	<u>4,593,227</u>	<u>6,216,877</u>
Total business-type activities program revenues	<u>94,808,678</u>	<u>98,006,382</u>	<u>97,646,108</u>	<u>103,328,106</u>	<u>106,537,281</u>	<u>111,152,881</u>	<u>112,867,027</u>	<u>110,692,077</u>	<u>115,032,852</u>	<u>120,229,353</u>
Total primary government program revenues	<u>\$ 138,617,513</u>	<u>\$ 141,300,642</u>	<u>\$ 142,641,380</u>	<u>\$ 153,830,563</u>	<u>\$ 158,098,089</u>	<u>\$ 175,072,418</u>	<u>\$ 165,281,200</u>	<u>\$ 159,490,913</u>	<u>\$ 163,854,939</u>	<u>\$ 170,927,829</u>
Net (expense)/revenue										
Governmental activities	\$ (149,585,211)	\$ (163,762,327)	\$ (156,466,012)	\$ (142,733,895)	\$ (153,443,621)	\$ (152,224,130)	\$ (151,079,901)	\$ (141,730,351)	\$ (156,866,984)	\$ (193,386,459)
Business-type activities	<u>4,421,586</u>	<u>9,474,952</u>	<u>(319,763)</u>	<u>8,814,063</u>	<u>10,297,213</u>	<u>14,660,030</u>	<u>15,146,562</u>	<u>12,746,095</u>	<u>22,541,014</u>	<u>20,140,211</u>
Total primary government net expense	<u>\$ (145,163,625)</u>	<u>\$ (154,287,375)</u>	<u>\$ (156,785,775)</u>	<u>\$ (133,919,832)</u>	<u>\$ (143,146,408)</u>	<u>\$ (137,564,100)</u>	<u>\$ (135,933,339)</u>	<u>\$ (128,984,256)</u>	<u>\$ (134,325,970)</u>	<u>\$ (173,246,248)</u>

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

	Fiscal Year Ended June 30,									
	<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>	<u>2016</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 38,976,376
Income taxes	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	88,174,251
State shared taxes	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	34,437,232
Unrestricted investment earnings	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	3,592,965
Miscellaneous	2,297,981	3,009,628	1,927,713	1,297,311	1,962,840	528,525	374,239	707,264	494,106	626,056
Gain on sale of capital assets	1,959,697	36,998	96,376	1,759,429	292,191	103,401	106,960	789,570	-	-
Transfers	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	(819,936)
Total governmental activities:	144,001,129	145,007,888	133,839,823	140,487,733	140,706,795	140,643,701	146,317,006	151,052,285	157,790,261	164,986,944
Business-type activities:										
Unrestricted investment earnings	6,878,811	4,435,828	2,677,764	2,030,100	975,845	432,126	593,408	711,272	697,150	1,107,815
Miscellaneous	524,004	1,339,685	2,816,747	2,755,680	1,378,750	1,592,148	617,730	775,377	161,301	159,504
Transfers	(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)	819,936
Total business-type activities	4,563,284	3,928,692	3,861,702	(6,625,450)	(279,185)	(442,296)	(5,721,620)	(680,784)	(393,635)	2,087,255
Total primary government	\$ 148,564,413	\$ 148,936,580	\$ 137,701,525	\$ 133,862,283	\$ 140,427,610	\$ 140,201,405	\$ 140,595,386	\$ 150,371,501	\$ 157,396,626	\$ 167,074,199
Change in Net Position										
Governmental activities	\$ (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	\$ (28,399,515)
Business-type activities	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	22,227,466
Total primary government	\$ 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	\$ (6,172,049)

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

	<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>	<u>2016</u>
General Fund										
Reserved	\$ 1,987,359	\$ 1,448,920	\$ 1,616,452	\$ 13,220,866	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<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	5,021,173
Committed					-	-	3,683,466	5,940,801	8,948,835	12,948,835
Assigned					12,357,965	7,537,106	7,218,561	8,098,880	9,183,103	8,304,141
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>	<u>22,388,202</u>
Total general fund	<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>	<u>\$ 48,662,351</u>
All other governmental funds										
Reserved	\$ 33,567,839	\$ 27,602,015	\$ 21,059,988	\$ 20,349,818	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	18,035,117	23,643,189	22,922,676	23,748,668	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Debt Service funds	<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	3,872,045
Restricted					14,770,028	13,917,489	12,471,415	13,723,322	17,846,513	38,001,238
Committed					18,978,088	23,248,555	30,862,888	39,983,001	41,781,471	28,609,072
Assigned					12,423,570	13,428,629	11,284,779	12,498,513	12,436,480	20,334,463
Unassigned					<u>(301,784)</u>	<u>-</u>	<u>(241,434)</u>	<u>(562,032)</u>	<u>(377,415)</u>	<u>-</u>
Total all other governmental funds	<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>	<u>\$ 90,816,818</u>

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Property taxes	\$ 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	\$ 38,990,487
City income taxes	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	88,174,251
State shared taxes	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	34,440,574
Licenses and permits	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	7,699,250
Fines and forfeitures	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	2,115,302
Federal grants	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	8,335,065
State grants	1,020,516	1,000,072	970,050	590,074	506,781	1,359,652	1,095,598	595,271	4,276,576	3,118,910
Other grants & contributions	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	5,354,333
Charges for services	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	24,075,616
Investment earnings	4,376,806	4,553,028	2,324,325	1,266,097	1,017,083	853,321	693,044	807,495	1,005,208	1,812,434
Miscellaneous	2,961,898	3,670,803	2,597,097	1,368,868	1,974,018	487,584	436,512	677,503	491,350	626,056
Total revenues	\$ 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	\$ 214,742,278
Expenditures:										
Current:										
General government	\$ 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	\$ 28,696,169
Public safety	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	83,471,722
Public works	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	31,432,079
Culture and recreation	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	17,791,041
Urban and community development	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	15,763,012
Debt service:										
Principal	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	7,437,220
Interest, fees, and bond issue costs	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	3,908,361
Capital outlay	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	35,497,277
Total expenditures	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	223,996,881
Excess (deficit) of revenues over expenditures	\$ (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)	\$ (9,254,603)
Other financing sources (uses):										
Transfers in	\$ 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	\$ 43,939,163
Transfers out	(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)	(43,674,269)
Sale of capital assets	2,268,309	945,075	-	4,241,992	-	-	-	1,119	1,571,243	120,109
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	37,840,000
Premium on bonds issued	642,623	-	503,856	-	-	175,389	-	-	-	3,886,102
Payment to refunded bond escrow agent	-	(945,075)	(23,908,566)	-	-	(2,438,269)	-	(2,293,547)	-	(8,635,029)
Total other financing sources (uses)	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	33,476,076
Net change in fund balances	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	24,221,473
Fund balances, beginning	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
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	61,340
Fund balances, ending	\$ 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	\$ 139,479,169
Debt Service as a percentage of non-capital expenditures	6.84%	7.08%	7.68%	7.27%	7.73%	6.42%	6.86%	7.09%	7.01%	6.40%

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

Fiscal Year	City Taxes		State Shared Taxes				Total Tax Revenues, All Funds
	Local Income Tax	Property Tax, All Funds ¹	Sales Tax	Gas and Weight Tax	CVTRS / EVIP ²	Other	
2007	58,475,287	33,865,482	22,444,741	13,521,754	-	501,068	128,808,332
2008	59,496,282	37,819,932	22,444,741	13,306,408	-	464,589	133,531,952
2009	53,086,986	38,371,239	21,665,044	12,811,157	-	531,623	126,466,049
2010	52,656,179	38,551,862	19,268,891	12,592,453	-	519,143	123,588,528
2011	63,852,926	37,451,239	19,268,889	12,789,888	70,222	276,017	133,709,181
2012	68,179,409	35,981,291	13,466,847	13,094,196	4,639,051	467,083	135,827,877
2013	75,471,493	34,155,212	13,745,657	13,210,493	4,952,664	718,653	142,254,172
2014	77,574,337	33,909,334	14,068,013	14,450,641	5,188,615	539,473	145,730,413
2015	81,970,412	37,716,877	14,288,969	13,842,559	5,387,594	732,953	153,939,364
2016	88,174,251	38,990,487	14,275,240	14,633,980	5,289,078	242,276	161,605,312

Percent to Total Tax Sources							% Increase (Decrease) Over Prior Year
2007	45.4	26.3	17.4	10.5	0.0	0.4	(0.44)
2008	44.6	28.3	16.8	10.0	0.0	0.3	3.67
2009	42.0	30.3	17.1	10.1	0.0	0.4	(5.29)
2010	42.6	31.2	15.6	10.2	0.0	0.4	(2.28)
2011	47.8	28.0	14.4	9.6	0.1	0.2	8.19
2012	50.2	26.5	9.9	9.6	3.4	0.3	1.58
2013	53.1	24.0	9.7	9.3	3.5	0.5	4.73
2014	53.1	23.3	9.7	9.9	3.6	0.4	2.44
2015	53.2	24.5	9.3	10.7	1.7	0.5	5.63
2016	54.6	24.1	8.8	9.1	3.3	0.1	4.98

Note: (1) Excludes the discretely presented Component Units and special assessments.

(2) The City, Village, and Township Revenue Sharing (CVTRS), previously Economic Vitality Incentive Program (EVIP) was a replacement for the former statutory State Shared Revenue program, which was distributed according to a formula. The CVTRS 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 2015					Calendar Year 2006				
	# 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
<u>Individual and Joint Returns</u>										
Resident Taxpayers:										
\$37 or less	3,214	3 %	\$ -	\$ -	0 %	2,810	2 %	\$ -	\$ -	0 %
38 - 12,500	11,459	10	67,700,000	1,020,000	2	16,231	13	92,300,000	1,200,000	3
12,501 - 25,000	9,174	8	170,800,000	2,560,000	5	12,267	10	228,500,000	2,970,000	6
25,001 - 50,000	12,869	11	467,300,000	7,010,000	12	15,753	13	567,700,000	7,380,000	16
50,001 - 100,000	10,022	9	696,900,000	10,450,000	18	10,562	8	721,500,000	9,380,000	20
More than \$100,000	3,967	3	698,800,000	10,480,000	19	2,655	2	486,900,000	6,330,000	13
Subtotal	50,705	44 %	\$ 2,101,500,000	\$ 31,520,000	56 %	60,278	48 %	\$ 2,096,900,000	\$ 27,260,000	58 %
Non-Resident Taxpayers:										
\$75 or less	5,815	5 %	\$ -	\$ -	0 %	7,764	6 %	\$ -	\$ -	0 %
76 - 12,500	15,540	13	79,800,000	600,000	1	15,455	12	80,000,000	520,000	1
12,501 - 25,000	8,800	8	163,800,000	1,230,000	2	10,359	8	195,400,000	1,270,000	3
25,001 - 50,000	14,775	13	544,200,000	4,080,000	7	17,339	14	632,300,000	4,110,000	9
50,001 - 100,000	11,511	10	781,600,000	5,860,000	10	9,830	8	658,500,000	4,280,000	9
More than \$100,000	4,720	4	960,700,000	7,210,000	13	3,180	3	656,900,000	4,270,000	9
Subtotal	61,161	53 %	\$ 2,530,100,000	\$ 18,980,000	34 %	63,927	51 %	2,223,100,000	14,450,000	31 %
<u>All Other Returns</u>										
Subtotal	4,178	4 %	\$ 399,800,000	\$ 6,000,000	11 %	695	1 %	\$ 330,200,000	\$ 5,240,000	11 %
Total	116,044	100.00 %	\$ 5,031,400,000	\$ 56,500,000	100 %	124,900	100 %	\$ 4,650,200,000	\$ 46,950,000	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									Ratio of Total Taxable to Estimated Actual Value	Percent Increase / (Decrease) in Estimated Actual Value Over Prior Year
Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Value	Renaissance Zone Property	Total Direct Tax Rate	Estimated Actual Value	Ratio of Total Taxable to Estimated Actual Value	Percent Increase / (Decrease) in Estimated Actual Value Over Prior Year
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	1.84
2016	2,606,974,602	1,197,154,599	174,669,827	476,934,700	4,455,733,728	(66,582,151)	9.1515	9,719,837,200	46	5.25

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

City of Grand Rapids, Michigan
Property Tax Levies and Collections (unaudited)

Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Year	Original Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (net of adjustments)	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Original Levy
2007	2006	33,103,919	33,003,553	99.70	69,465	33,073,018	99.91
2008	2007	34,822,801	34,724,866	99.72	(13,107)	34,711,759	99.68
2009	2008	35,403,361	35,341,720	99.83	(29,430)	35,312,290	99.74
2010	2009	35,607,847	35,562,537	99.87	(55,600)	35,506,937	99.72
2011	2010	34,856,007	34,743,948	99.68	(74,009)	34,669,939	99.47
2012	2011	34,133,129	33,993,003	99.59	(254,854)	33,738,149	98.84
2013	2012	32,464,748	32,073,324	98.79	(401,770)	31,671,554	97.56
2014	2013	31,640,801	31,561,732	99.75	(312,320)	31,249,412	98.76
2015	2014	31,685,204	31,502,619	99.42	(210,117)	31,292,502	98.76
2016	2015	36,360,029	36,281,099	99.78	-	36,281,099	99.78

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

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

City of Grand Rapids Direct Tax Rates ¹												
Fiscal		General	Promotional and		Refuse				Total State	Total		Combined
Year	Tax Year	Operating	Advertising	Library ²	Collection	Parks ⁵	Total City	Total School ³	Education	Intermodal	Total County	Total
Tax Rates: ⁴												
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
2016	2015	4.1070	0.0112	2.4533	1.6000	0.9800	9.1515	28.3768	6.0000	1.4700	4.2803	49.2786

- 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 2016			Fiscal Year 2007		
		Taxable Valuation	Rank	Percentage of Total Taxable Valuation	Taxable Valuation	Rank	Percentage of Total Taxable Valuation
Consumers Energy	Electric utility	\$ 77,222,176	1	1.72 %	39,301,877	2	0.86 %
Kellogg Company (4)*	Bakery products	38,173,828	2	0.85 %	26,897,800	4	0.59 %
Amway Hotel Corp.	Hospitality	38,139,639	3	0.85 %	32,000,567	3	0.70 %
Centerpoint Owner LLC	Retail shopping center	31,646,900	4	0.70 %	24,925,544	6	0.55 %
HP3 LLC	Hospitality	24,156,021	5	0.54 %	-		0.00 %
Spectrum Health Hospitals	Healthcare	22,426,653	6	0.50 %	-		0.00 %
DTE Gas Company	Gas utility	20,048,400	7	0.45 %			0.00 %
Fifth Third Bank	Banking / real estate	18,426,895	8	0.41 %	20,131,039	9	0.44 %
Steelcase, Inc.	Office systems design/manufacturing	18,291,867	9	0.41 %	65,074,163	1	1.42 %
Pridgeon and Clay Inc	Automotive components manufacturer	16,597,222	10	0.37 %	-		0.00 %
SH-2 LLC & BT-2 LLC	Real estate				25,660,031	5	0.56 %
Holland Home	Senior care services				23,036,804	7	0.50 %
Michigan Consolidated Gas Co	Gas utility				21,447,372	8	0.47 %
Jade Pig Ventures	Real estate/development				16,076,939	10	0.35 %
		<u>\$ 305,129,601</u>		<u>6.80 %</u>	<u>\$ 294,552,136</u>		<u>6.45 %</u>

Note: The principal Taxpayers and Taxable Values were determined from the July 1, 2015 and July 1, 2006 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 Company, a division of Kellogg USA, 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 \$4,492,335,045 in December 2014 and \$4,567,548,153 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, 2016

<u>Name of Governmental Unit</u>	City Share as		<u>Net</u>
	<u>Gross</u>	<u>Percent of Gross</u>	
Overlapping debt:			
Grand Rapids Public Schools	\$ 187,140,000	100.00%	\$ 187,140,000
Caledonia Community Schools	134,871,116	0.07%	94,410
Forest Hills Public Schools	156,755,000	1.87%	2,931,319
Godwin Heights Public Schools	18,980,000	6.36%	1,207,128
Kenowa Hills Public Schools	40,820,000	0.12%	48,984
Kentwood Public Schools	72,085,000	7.87%	5,673,090
Kent County	130,080,978	20.97%	27,277,981
Grand Rapids Community College	50,855,000	20.30%	10,323,565
Total overlapping debt	<u>\$ 791,587,094</u>		<u>234,696,477</u>
City direct debt			<u>115,453,659</u>
Total City direct and overlapping debt			<u>\$ 350,150,136</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	
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
2016	89,536,548	2.23	459	25,917,111	-	115,453,659

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
2007	25,169,991	329,170,353	354,340,344	473,855,629	9.90	2,488
2008	23,655,062	315,886,409	339,541,472	451,976,218	9.97	2,383
2009	31,469,455	399,021,488	430,490,942	544,957,891	12.28	2,811
2010	30,579,043	383,634,962	414,214,005	519,080,644	11.78	2,747
2011	36,881,758	392,163,510	429,045,268	524,522,963	12.62	2,839
2012	35,916,658	380,402,290	416,318,948	503,531,288	13.68	2,696
2013	34,509,504	411,135,020	445,644,524	523,986,421	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
2016	32,126,772	381,577,159	413,703,931	529,157,590	13.20	2,712

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.

2011-2016: 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)

2012-2016: 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>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>	<u>2016</u>
Debt Limit	\$ 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	\$ 493,728,270
Total net debt applicable to limit	<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>	<u>174,316,401</u>
Legal debt margin	<u>\$ 397,884,744</u>	<u>\$ 422,930,172</u>	<u>\$ 421,858,058</u>	<u>\$ 41,419,709</u>	<u>\$ 375,469,526</u>	<u>\$ 328,536,200</u>	<u>\$ 325,852,502</u>	<u>\$ 320,184,312</u>	<u>\$ 314,392,930</u>	<u>\$ 319,411,869</u>
Total net debt applicable to the limit (as a percentage of debt limit)	27.10%	24.70%	24.97%	27.78%	28.71%	34.19%	31.40%	30.48%	32.97%	35.31%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed Value	\$ 4,859,818,600
Add back: exempt property	<u>77,464,100</u>
Total Assessed Value	4,937,282,700
Debt limit (10% of total AV)	493,728,270
Debt applicable to limit:	
Total debt outstanding	522,401,919
Less: exempt debt	<u>348,085,518</u>
Total net debt applicable to limit	<u>174,316,401</u>
Legal debt margin	<u>\$ 319,411,869</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
Legal Debt Margin Information (unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	<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>	<u>2016</u>
Debt Limit	\$ 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	\$ 493,728,270
Total net debt applicable to limit	<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>	<u>174,316,401</u>
Legal debt margin	<u>\$ 397,884,744</u>	<u>\$ 422,930,172</u>	<u>\$ 421,858,058</u>	<u>\$ 41,419,709</u>	<u>\$ 375,469,526</u>	<u>\$ 328,536,200</u>	<u>\$ 325,852,502</u>	<u>\$ 320,184,312</u>	<u>\$ 314,392,930</u>	<u>\$ 319,411,869</u>
Total net debt applicable to the limit (as a percentage of debt limit)	27.10%	24.70%	24.97%	27.78%	28.71%	34.19%	31.40%	30.48%	32.97%	35.31%

Legal Debt Margin Calculation for Fiscal Year 2016

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Debt limit (10% of total AV)	493,728,270
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Total debt outstanding	522,401,919
Less: exempt debt	<u>348,085,518</u>
Total net debt applicable to limit	<u>174,316,401</u>
Legal debt margin	<u>\$ 319,411,869</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			Coverage
	Revenue ¹	Operating	Available for	Principal	Interest	Total	
<u>Water Supply System Fund:</u>							
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
2016	44,354,200	24,195,366	20,158,834	10,520,000	4,207,769	14,727,769	1.37
<u>Sewage Disposal System Fund:</u>							
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
2016	54,728,599	25,256,696	29,471,903	7,614,704	11,529,417	19,144,121	1.54

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
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
2016	195,099	4,007,723,658	20,542	32.1	15,222	4.2

Notes:

¹ 2007-2010: The Right Place, Inc.

2011-2016: U.S. Census Bureau - American Fact Finder-City of Grand Rapids

² 2007-2011: The Right Place, Inc.- Grand Rapids Combined Statistical Area (CSA)

2012-2016: U.S. Census Bureau - American Fact Finder-City of Grand Rapids

³ 2007-2009: 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

2015-2016: 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	2016			2007		
		West Michigan	Rank	Total City	West Michigan	Rank	Total City
		Employees		Employment	Employees		Employment
Spectrum Health	Hospital and medical services	22,000	1	18.1 %	13,000	1	10.7
Meijer Inc	Retailer	10,343	2	8.5	7,000	2	5.8
Mercy Health	Hospital and medical services	6,500	3	5.4			
Amway Corp.	Consumer products manufacturing	4,000	4	3.3			
Gentex Corp.	Glass products manufacturing for autos	3,900	5	3.2			
Perrigo Company	Pharmaceutical manufacturing	3,800	6	3.1			
Herman Miller Inc.	Furniture manufacturing	3,621	7	3.0			
Steelcase Inc.	Furniture manufacturing	3,500	8	2.9	5,000	3	4.1
Grand Valley State University	Education	3,306	9	2.7			
Magna International Inc.	Glass products manufacturing for autos	2,950	10	2.4			
Alticor Inc.	Consumer products manufacturing				3,900	4	3.2
Axios Incorporated	Human resources and employment service				3,886	5	3.2
Spartan Stores Inc	Food distributor and retailer				2,989	6	2.5
Grand Rapids Public Schools	Education				2,885	7	2.4
St Mary's Health Care	Hospital and medical services				2,700	8	2.2
General Motors Corporation	Automotive components				2,500	9	2.1
Metropolitan Hospital	Hospital and medical services				2,200	10	1.8
		<u>63,920</u>		<u>52.7 %</u>	<u>46,060</u>		<u>38.0 %</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 2016 from the Right Place Program, that above figures for 2016 reflect 2015 data.

According to the US Census data for 2014, while 23% of employed city residents work in the city, 64% 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, 121,271, for 2014. 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>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>	<u>2016</u>
Assessor	18	19	19	16	16	16	16	15	14.2	14.2
Attorney	18	18	17	16	16	16	15	15	15.0	17.0
City Clerk	10	10	10	9	9	9	9	10	9.0	9.0
Community Development	19	18	20	24	23	25	20	17	14.6	14.6
Comptroller	17	17	17	15	15	15	16	16	16.3	17.0
311 Customer Service	-	-	-	-	-	-	-	10	12.0	13.0
Dispatch	-	-	-	-	51	51	51	51	53.5	53.5
61st District Court*	91	89	91	91.3	90.3	90.3	88.1	87.5	85.8	87.3
Economic Development	5	5	5	4	4	4	4	1.5	1.2	1.2
Engineering	51	51	48.0	51	50	42	24	26	29.4	35.4
Environmental Protection	126	129	128.5	122	116	113	98	97.7	114.9	117.4
Equal Opportunity (Admin Services)	7	7	6	6	5	5	5	4.3	3.3	4.3
Executive	12	13	12	11	11	11	11	11	11.0	12.8
Facilities Management	15	15	15	13	13	12	12	11.8	12.1	12.1
Fire	239	238	238	221	235	235	235	189.5	189.5	198.5
Fiscal Services	12	14	13.0	10	9	10	10	10	9.5	9.5
General Administration	-	-	-	-	-	-	-	-	-	-
Human Resources	17	17	17	16	15	15	15	14.3	15.0	19.4
Income Tax	16	17	18	16	16	17	14	14	14.2	15.2
Information Technology	8	5	6	6	5	4	4	4	3.4	4.4
Management Services	6	6	4	-	-	-	-	-	-	-
Motor Equipment	34	34	32	32	32	33	33	32.7	33.7	34.7
Neighborhood Improvement (Building Inspections)	52	53	51.5	37	37	37	42	43	44.3	49.2
Parking Services	37	36	35	31	29	31	31	32.9	25.1	36.5
Parks and Recreation	41	42	40	28	23	34	31	26	27.2	31.2
Planning	12	12	11	9	9	9	10	11	12.3	14.3
Police	411	411	404	378	346	338	328	304	369.5	321.0
Public Library*	63	63	118	117.5	116.5	116.5	113.3	106.6	104.0	96.0
Public Museum	-	-	-	-	-	-	-	-	-	-
Streets & Sanitation	107	106	107	101	96	82	79	74.3	63.8	73.5
Traffic Safety	41	42	42	34	33	33	35	34.5	36.4	38.4
Treasurer	20	20	20	20	19	19	19	18	18.0	18.0
Water	186	186	186	176	161	157	156	140	128.0	110.3
Seasonal and Other FTE's*	263	246	190	233	151	181	138	168	125.0	151.0
	<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>1,597</u>	<u>1,610.9</u>	<u>1,629.4</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cemeteries										
Burials	552	537	491	467	494	492	469	408	436	394
Clerk										
Voters in November election	66,264	10,840	86,499	12,821	50,939	18,042	81,616	16,114	49,153	20,085
Environmental Protection/Sewage										
Number of retail customers	73,465	73,712	73,843	74,012	74,117	73,960	73,956	74,146	74,415	74,628
New connections	516	358	215	277	181	165	275	288	330	303
Billions of gallons treated **	18.729	16.641	17.970	15.642	15.322	14.921	15.100	15.062	14.753	18.819
Peak daily flow (millions of gal.)	86.10	87.30	90.50	88.40	85.10	84.60	82.10	71.80	87.65	76.30
Average daily flow (millions of gal.)	51.30	45.60	49.20	42.90	42.00	40.90	41.40	41.40	40.53	40.60
Fire										
Total calls *	19,079	19,642	20,057	18,709	19,634	21,453	22,372	21,422	21,885	22,256
Civilian fire deaths *	2	2	2	3	-	5	2	1	2	1
Neighborhood Improvement										
Building permits issued	1,813	1,905	1,719	1,747	1,841	2,074	2,314	2,281	2,552	2,662
Parks and Recreation										
Open swim participants	70,650	77,130	45,235	47,924	24,320	31,986	23,315	28,609	51,515	52,432
Swimming lesson participants	670	882	835	-	840	623	292	442	537	357
Softball league participants	131 teams	135 teams	159 teams	175 teams	192 teams	183 teams	156 teams	129 teams	120 teams	104 teams
Police										
Major crimes *	12,544	12,792	11,241	10,502	7,872	7,846	8,483	8,482	6,948	6,288
Physical Arrests *	16,902	14,487	16,211	12,959	15,227	16,550	16,823	13,235	14,477	14,756
Public Library										
Library card holders	106,558	115,352	124,519	133,311	66,453	66,631	65,873	75,490	70,079	69,481
Total user count	985,011	1,037,686	1,017,075	1,030,585	1,061,188	1,024,530	983,299	945,977	912,354	782,899
Local history collection users	32,363	33,410	46,723	42,105	39,323	42,560	38,744	35,349	36,356	35,663
Total circulation of materials	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	1,598,076
Public Works										
Tons of refuse picked up	31,098	30,520	29,032	29,013	27,469	26,458	23,071	23,590	24,613	26,305
Tons of recycling removed	5,955	5,840	5,739	5,867	8,279	9,579	9,905	10,669	10,647	10,118
Water										
Number of retail customers***	79,556	79,880	80,129	80,358	80,477	78,616	79,794	80,813	82,163	83,340
New connections	488	355	209	263	174	317	277	287	326	315
Billions of gallons produced	14.697	14.419	13.172	12.480	12.488	13.176	13.438	12.997	12.364	12.623
Peak daily flow (millions of gal.)	83.66	87.85	74.30	61.86	62.78	70.24	80.24	63.70	63.02	64.02
Average daily flow (millions of gal.)	40.30	39.40	36.00	34.20	34.20	36.00	36.70	35.60	33.84	34.68

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Fire stations	11	11	11	11	11	11	11	11	11	11
Parking Services										
Parking Ramps	5	6	6	7	8	8	8	8	8	8
Parks and Recreation										
Number of major parks	63	67	67	71	71	71	71	71	71	71
Number of swimming pools	6	9	9	9	9	9	9	9	9	3
Number of ball diamonds	40	70	70	74	74	74	74	74	74	74
Supervised playgrounds	19	32	32	25	22	10	0	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	890	893	897	898	904	904	905	907	910	913
Streets										
Miles of paved streets-major	205	205	205	205	206	206	206	206	206	206
Miles of paved streets-local	390	390	390	389	388	388	388	287	387	387
Streetlights	19,026	20,191	20,202	20,178	20,178	20,178	20,178	20,178	20,178	19,307
Water										
Miles of water mains	1,143	1,147	1,152	1,157	1,160	1,161	1,163	1,165	1,167	1,169