

City of Grandville, Michigan

**Financial Report
with Supplemental Information
June 30, 2007**

City of Grandville, Michigan

Contents

Report Letter	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	7
Statement of Activities	8-9
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	10
Statement of Revenue, Expenditures, and Changes in Fund Balances	11
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Proprietary Funds:	
Statement of Net Assets	13
Statement of Revenue, Expenses, and Changes in Net Assets	14
Statement of Cash Flows	15
Fiduciary Fund - Statement of Assets and Liabilities	16
Component Units:	
Statement of Net Assets (Deficit)	17
Statement of Activities	18
Notes to Financial Statements	19-40
Required Supplemental Information	41
Budgetary Comparison Schedule - General Fund	42-43
Budgetary Comparison Schedule - Major Special Revenue Funds:	
Major Streets Fund	44
Local Streets Fund	45

City of Grandville, Michigan

Contents (Continued)

Other Supplemental Information	46
Nonmajor Governmental Funds:	
Combining Balance Sheet	47
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	48
Fiduciary Funds - Combining Statement of Assets and Liabilities	49

Independent Auditor's Report

To the Mayor and City Council
City of Grandville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grandville, Michigan (the "City") as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Grandville, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grandville, Michigan as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Mayor and City Council
City of Grandville, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grandville, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 15, 2007

City of Grandville, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the City of Grandville, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the City's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

The City as a Whole

The following table shows, in a condensed format, the net assets as of the current date:

TABLE I

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current assets	\$ 8,133,295	\$ 7,308,987	\$ 7,636,729	\$ 7,613,281	\$ 15,770,024	\$ 14,922,268
Noncurrent assets	<u>25,131,939</u>	<u>27,575,112</u>	<u>19,841,430</u>	<u>20,099,388</u>	<u>44,973,369</u>	<u>47,674,500</u>
Total assets	33,265,234	34,884,099	27,478,159	27,712,669	60,743,393	62,596,768
Liabilities						
Current liabilities	1,989,030	1,563,513	805,431	820,285	2,794,461	2,383,798
Long-term liabilities	<u>5,494,839</u>	<u>5,771,737</u>	<u>2,947,182</u>	<u>3,467,383</u>	<u>8,442,021</u>	<u>9,239,120</u>
Total liabilities	<u>7,483,869</u>	<u>7,335,250</u>	<u>3,752,613</u>	<u>4,287,668</u>	<u>11,236,482</u>	<u>11,622,918</u>
Net Assets						
Invested in capital assets -						
Net of related debt	19,413,077	21,662,351	13,106,742	12,540,018	32,519,819	34,202,369
Restricted	1,354,947	1,875,937	354,500	542,000	1,709,447	2,417,937
Unrestricted	<u>5,013,341</u>	<u>4,010,561</u>	<u>10,264,304</u>	<u>10,342,983</u>	<u>15,277,645</u>	<u>14,353,544</u>
Total net assets	<u>\$ 25,781,365</u>	<u>\$ 27,548,849</u>	<u>\$ 23,725,546</u>	<u>\$ 23,425,001</u>	<u>\$ 49,506,911</u>	<u>\$ 50,973,850</u>

City of Grandville, Michigan

Management's Discussion and Analysis (Continued)

The City's combined net assets decreased 2.9 percent from a year ago - decreasing from \$50,973,850 to \$49,506,911. As we look at the governmental activities separately from the business-type activities, we can see that unrestricted net assets - the part of net assets that can be used to finance day-to-day operations - increased by \$1,002,780 for the governmental activities. This represents an increase of approximately 25 percent, primarily due to the addition of a special assessment. The current level of unrestricted net assets for our governmental activities stands at \$5,013,341.

- State-shared revenue, our second largest revenue source, was reduced by the State of Michigan by approximately \$39,300 this year. The City reacted by continuing to utilize its fund balance reserves to maintain an expenditure level that enhances the quality of life enjoyed by our citizens.
- City property tax revenue increased 7 percent from 2006.

The following table shows the changes of the net assets during the current year:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenue						
Program revenue:						
Charges for services	\$ 2,104,178	\$ 2,007,944	\$ 5,173,845	\$ 4,979,848	\$ 7,278,023	\$ 6,987,792
Operating grants and contributions	1,137,186	1,236,478	-	-	1,137,186	1,236,478
Capital grants and contributions	1,932,430	497,261	303,156	-	2,235,586	497,261
General revenue:						
Property taxes	5,996,605	5,591,828	-	-	5,996,605	5,591,828
State-shared revenue	1,274,017	1,313,273	-	-	1,274,017	1,313,273
Unrestricted investment earnings	518,370	359,671	404,646	305,792	923,016	665,463
Franchise fees	118,090	133,259	-	-	118,090	133,259
Other revenue	54,038	69,246	-	-	54,038	69,246
Total revenue	13,134,914	11,208,960	5,881,647	5,285,640	19,016,561	16,494,600

City of Grandville, Michigan

Management's Discussion and Analysis (Continued)

TABLE 2 (Continued)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Expenses						
General government	\$ 2,098,830	\$ 2,098,165	\$ -	\$ -	\$ 2,098,830	\$ 2,098,165
Judicial	578,587	639,144	-	-	578,587	639,144
Public safety	4,217,922	4,021,169	-	-	4,217,922	4,021,169
Public works	6,031,968	5,458,311	-	-	6,031,968	5,458,311
Recreation and culture	1,708,324	1,574,748	-	-	1,708,324	1,574,748
Interest on long-term debt	266,767	276,766	-	-	266,767	276,766
Water and sewer	-	-	5,581,102	4,975,843	5,581,102	4,975,843
Total program expenses	14,902,398	14,068,303	5,581,102	4,975,843	20,483,500	19,044,146
Change in Net Assets	\$ (1,767,484)	\$ (2,859,343)	\$ 300,545	\$ 309,797	\$ (1,466,939)	\$ (2,549,546)

Governmental Activities

The City's total governmental revenues increased by approximately \$1,926,000. The increase, which represents 17 percent, was primarily due to the 44th Street/Ivanrest Special Assessment of \$890,000. Additional revenues were due to increased taxable value, County contributions to road construction, and developers' landscaping reimbursements.

Expenses increased by approximately \$834,000 during the year primarily due to noncapitalized costs related to the 44th Street/Ivanrest road reconstruction project.

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund. We provide water to City residents by purchasing directly from the Wyoming City Water System. We provide sewage treatment through a City-owned and operated sewage treatment plant.

The City's Funds

Our analysis of the City's major funds begins on page 10, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City creates funds to help manage money for specific purposes as well as to show accountability for certain activities. The City's major funds for 2007 include the General Fund, the Major and Local Streets Funds, and the Revolving Fund, which accounts for special assessment receipts and disbursements to other funds.

The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenses of \$3,937,969, approximately 45 percent of the total General Fund budget. The City planned General Fund expenditures to exceed revenues as it continues to reduce its fund balance. The City's goal is to limit unreserved fund balance to 15 percent of normal expenditures.

City of Grandville, Michigan

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to take into account events during the year. Changes were made to increase expenditure authorizations for police, building inspections, sand and salt purchases, and street lighting. City department overall expenditure levels stayed under budget by \$246,184 due to deliberately conservative budget constraint programs led by all City department heads.

Capital Asset and Debt Administration

The City continued to invest in capital assets by adhering to its five-year capital plan. During the year, the City invested \$535,000 in major and local street construction and \$668,734 in other assets. Water infrastructure improvements were completed in the amount of \$722,480. Sewer fund purchased a vactor truck for \$252,920 and motor pool added \$121,463 in new equipment and vehicles.

Economic Factors and Next Year's Budgets and Rates

The City anticipates that there will be a continued decline in state revenue-sharing income coupled with increased unfunded mandates by both the state and federal government. This will undoubtedly shift tax burdens even more to the local level. Property tax revenue is anticipated to increase, but will not likely be enough to offset decreases in revenue sharing and inflationary increases such as employee health care. The City will address this issue by strictly adhering to the maintenance of department budgets and by developing budget alternatives that can be implemented upon notification of any mid-year revenue decreases. Finally, the City will continue to utilize its excess unrestricted General Fund balance.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of City finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the City manager or City finance director.

City of Grandville, Michigan

Statement of Net Assets June 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 1,586,350	\$ 3,037	\$ 1,589,387	\$ 771
Investments (Note 3)	4,590,917	5,830,507	10,421,424	1,571,489
Receivables - Net (Note 4)	1,956,028	1,803,185	3,759,213	38,991
Land held for sale	-	-	-	148,281
Restricted assets (Note 7)	-	354,500	354,500	-
Capital assets - Net (Note 5):				
Assets subject to depreciation	22,373,238	16,321,930	38,695,168	142,711
Assets not subject to depreciation	2,667,400	15,000	2,682,400	201,207
Bond issuance costs - Net of amortization	91,301	-	91,301	-
Intangible assets (Note 5)	-	3,150,000	3,150,000	-
Total assets	33,265,234	27,478,159	60,743,393	2,103,450
Liabilities				
Accounts payable	949,522	337,604	1,287,126	21,750
Accrued and other liabilities	181,625	69,139	250,764	210
Long-term liabilities:				
Due in one year:				
Compensated absences	659,015	115,682	774,697	-
Long-term debt (Note 7)	198,868	283,006	481,874	-
Due in more than one year:				
Compensated absences	66,146	-	66,146	-
Long-term debt (Note 7)	5,428,693	2,947,182	8,375,875	1,000,000
Total liabilities	7,483,869	3,752,613	11,236,482	1,021,960
Net Assets				
Invested in capital assets - Net of related debt	19,413,077	13,106,742	32,519,819	343,918
Restricted:				
Cemetery	442,633	-	442,633	-
Drug forfeitures	121,490	-	121,490	-
Roads	739,990	-	739,990	-
Other purposes	50,834	-	50,834	-
Revenue bond reserve	-	354,500	354,500	-
Unrestricted	5,013,341	10,264,304	15,277,645	737,572
Total net assets	\$ 25,781,365	\$ 23,725,546	\$ 49,506,911	\$ 1,081,490

City of Grandville, Michigan

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 2,098,830	\$ 1,053,754	\$ 8,411	\$ -
Judicial	578,587	344,088	52,496	-
Public safety	4,217,922	339,030	38,676	-
Public works	6,031,968	168,164	1,037,603	1,932,430
Recreation and culture	1,708,324	199,142	-	-
Interest on long-term debt	266,767	-	-	-
Total governmental activities	14,902,398	2,104,178	1,137,186	1,932,430
Business-type activities - Water and sewer	5,581,102	5,173,845	-	303,156
Total primary government	\$ 20,483,500	\$ 7,278,023	\$ 1,137,186	\$ 2,235,586
Component units:				
Downtown Development Authority	\$ 117,625	\$ 1,600	\$ -	\$ -
Brownfield Redevelopment Authority	354,048	-	-	-
Total component units	\$ 471,673	\$ 1,600	\$ -	\$ -
General revenues:				
Property taxes				
State-shared revenues				
Unrestricted investment earnings				
Franchise fees				
Other revenue				
Total general revenues				
Change in Net Assets				
Net Assets - July 1, 2006				
Net Assets - June 30, 2007				

Statement of Activities
Year Ended June 30, 2007

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (1,036,665)	\$ -	\$ (1,036,665)	\$ -
(182,003)	-	(182,003)	-
(3,840,216)	-	(3,840,216)	-
(2,893,771)	-	(2,893,771)	-
(1,509,182)	-	(1,509,182)	-
(266,767)	-	(266,767)	-
(9,728,604)	-	(9,728,604)	-
-	(104,101)	(104,101)	-
(9,728,604)	(104,101)	(9,832,705)	-
-	-	-	(116,025)
-	-	-	(354,048)
-	-	-	(470,073)
5,996,605	-	5,996,605	317,549
1,274,017	-	1,274,017	-
518,370	404,646	923,016	108,202
118,090	-	118,090	-
54,038	-	54,038	-
7,961,120	404,646	8,365,766	425,751
(1,767,484)	300,545	(1,466,939)	(44,322)
27,548,849	23,425,001	50,973,850	1,125,812
\$ 25,781,365	\$ 23,725,546	\$ 49,506,911	\$ 1,081,490

City of Grandville, Michigan

Governmental Funds Balance Sheet June 30, 2007

	General Fund	Major Streets Fund	Local Streets Fund	Revolving Fund	Other Governmental Funds - Nonmajor	Total Governmental Funds
Assets						
Cash and cash equivalents (Note 3)	\$ 1,585,243	\$ 392	\$ 94	\$ 1	\$ 155	\$ 1,585,885
Investments (Note 3)	2,335,687	798,467	192,140	2,386	315,116	3,643,796
Receivables - Net (Note 4)	364,357	390,344	46,224	1,132,743	5,442	1,939,110
Total assets	\$ 4,285,287	\$ 1,189,203	\$ 238,458	\$ 1,135,130	\$ 320,713	\$ 7,168,791
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 251,391	\$ 674,649	\$ 794	\$ -	\$ 9,528	\$ 936,362
Accrued and other liabilities	118,915	6,754	5,474	-	208	131,351
Deferred revenue (Note 4)	-	-	-	1,132,722	-	1,132,722
Total liabilities	370,306	681,403	6,268	1,132,722	9,736	2,200,435
Fund Balances						
Reserved:						
Cemetery	442,633	-	-	-	-	442,633
Drug forfeitures	121,490	-	-	-	-	121,490
Other purposes	50,834	-	-	-	-	50,834
Designated - Postemployment benefits	353,717	-	-	-	-	353,717
Unreserved - Reported in:						
General Fund	2,946,307	-	-	-	-	2,946,307
Special Revenue Funds	-	507,800	232,190	-	310,977	1,050,967
Capital Projects Funds	-	-	-	2,408	-	2,408
Total fund balances	3,914,981	507,800	232,190	2,408	310,977	4,968,356
Total liabilities and fund balances	\$ 4,285,287	\$ 1,189,203	\$ 238,458	\$ 1,135,130	\$ 320,713	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds	23,911,323
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	1,132,722
Bond issuance costs - Net of amortization recorded in governmental activities	91,301
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(5,627,561)
Accrued interest on long-term liabilities is not due and payable in the current period and is not reported in the funds	(42,089)
Internal Service Funds are included as part of governmental activities	2,072,474
Compensated absences included as a liability in governmental activities	(725,161)
Net assets of governmental activities	\$ 25,781,365

City of Grandville, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2007

	General Fund	Major Streets Fund	Local Streets Fund	Revolving Fund	Other Governmental Funds - Nonmajor	Total Governmental Funds
Revenue						
Property taxes	\$ 5,234,074	\$ 190,633	\$ 571,898	\$ -	\$ -	\$ 5,996,605
Licenses and permits	206,368	-	-	-	-	206,368
State sources	1,433,146	725,463	266,593	-	-	2,425,202
Local sources	-	299,515	-	-	-	299,515
Special assessment collections	-	-	-	119,602	-	119,602
Fines and forfeitures	529,747	-	-	-	-	529,747
Charges for services	864,318	-	-	-	8,800	873,118
Interest income	350,090	57,178	15,824	28,313	17,920	469,325
Rental income	6,205	-	-	-	452,145	458,350
Cable revenue	118,090	-	-	-	-	118,090
Other	57,873	317,145	-	-	-	375,018
Total revenue	8,799,911	1,589,934	854,315	147,915	478,865	11,870,940
Expenditures						
Current:						
General government	2,032,795	-	-	630	-	2,033,425
Judicial	504,381	-	-	-	-	504,381
Public safety	3,953,093	-	-	-	-	3,953,093
Public works	481,906	2,347,702	751,071	-	48,152	3,628,831
Recreation and culture	1,599,527	-	-	-	-	1,599,527
Debt service	-	-	-	-	452,145	452,145
Total expenditures	8,571,702	2,347,702	751,071	630	500,297	12,171,402
Excess of Revenue Over (Under) Expenditures	228,209	(757,768)	103,244	147,285	(21,432)	(300,462)
Other Financing Sources (Uses)						
Transfers in	-	145,957	-	-	-	145,957
Transfers out	-	-	-	(145,957)	-	(145,957)
Total other financing sources (uses)	-	145,957	-	(145,957)	-	-
Net Change in Fund Balances	228,209	(611,811)	103,244	1,328	(21,432)	(300,462)
Fund Balances - July 1, 2006	3,686,772	1,119,611	128,946	1,080	332,409	5,268,818
Fund Balances - June 30, 2007	\$ 3,914,981	\$ 507,800	\$ 232,190	\$ 2,408	\$ 310,977	\$ 4,968,356

City of Grandville, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$ (300,462)
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, these costs are allocated over their estimated useful lives as depreciation. This is the amount by which depreciation exceeds capital outlays in the current period	(2,365,664)
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end	772,438
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	200,000
Decrease in interest expense incurred on outstanding bond principal payments that are recorded when earned in the statement of activities	1,623
Increase in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(166,379)
Amortization recorded on bond premium and loss on refunding in the statement of activities	(16,245)
Internal Service Funds are also included as governmental activities	<u>107,205</u>
Change in Net Assets of Governmental Activities	<u>\$ (1,767,484)</u>

City of Grandville, Michigan

Proprietary Funds Statement of Net Assets June 30, 2007

	Enterprise Funds			Internal Service Funds
	Water Fund	Sewer Fund	Total	
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 772	\$ 2,265	\$ 3,037	\$ 465
Investments (Note 3)	1,571,820	4,258,687	5,830,507	947,121
Receivables - Net (Note 4)	556,194	1,246,991	1,803,185	16,918
Total current assets	2,128,786	5,507,943	7,636,729	964,504
Noncurrent assets:				
Restricted assets (Note 7)	-	354,500	354,500	-
Capital assets (Note 5)	8,169,819	8,167,111	16,336,930	1,129,315
Intangible assets (Note 5)	-	3,150,000	3,150,000	-
Total noncurrent assets	8,169,819	11,671,611	19,841,430	1,129,315
Total assets	10,298,605	17,179,554	27,478,159	2,093,819
Liabilities				
Current liabilities:				
Accounts payable	126,485	211,119	337,604	13,160
Accrued and other liabilities	7,159	61,980	69,139	8,185
Provision for compensated absences	23,588	92,094	115,682	-
Current portion of long-term debt (Note 7)	-	283,006	283,006	-
Total current liabilities	157,232	648,199	805,431	21,345
Noncurrent liabilities - Long-term debt - Net of current portion (Note 7)				
	-	2,947,182	2,947,182	-
Total liabilities	157,232	3,595,381	3,752,613	21,345
Net Assets				
Investment in capital assets - Net of related debt	8,169,819	4,936,923	13,106,742	1,129,315
Restricted - Revenue bond reserve	-	354,500	354,500	-
Unrestricted	1,971,554	8,292,750	10,264,304	943,159
Total net assets	<u>\$ 10,141,373</u>	<u>\$ 13,584,173</u>	<u>\$ 23,725,546</u>	<u>\$ 2,072,474</u>

City of Grandville, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2007

	Enterprise Funds			Internal Service Funds
	Water Fund	Sewer Fund	Totals	
Operating Revenue				
Sale of water	\$ 1,761,391	\$ -	\$ 1,761,391	\$ -
Sewage disposal charges	-	3,241,949	3,241,949	-
Interest and penalty charges	19,515	8,976	28,491	-
Installation fees	14,305	66,521	80,826	-
Other charges for services	61,089	99	61,188	678,375
Total operating revenue	1,856,300	3,317,545	5,173,845	678,375
Operating Expenses				
Cost of water produced/purchased	669,201	-	669,201	-
Cost of sewage treatment	-	1,266,442	1,266,442	-
Cost of labor	328,223	1,113,265	1,441,488	119,613
Administrative costs, supplies, and other	190,209	1,047,356	1,237,565	280,541
Depreciation and amortization	286,008	532,321	818,329	238,822
Total operating expenses	1,473,641	3,959,384	5,433,025	638,976
Operating Income (Loss)	382,659	(641,839)	(259,180)	39,399
Nonoperating Revenue (Expense)				
Investment income	73,981	330,665	404,646	49,045
Interest expense	-	(148,077)	(148,077)	-
Gain on sale of equipment	-	-	-	18,761
Total income (loss) before contributions	456,640	(459,251)	(2,611)	107,205
Capital Contributions	-	303,156	303,156	-
Change in Net Assets	456,640	(156,095)	300,545	107,205
Net Assets - Beginning of year	9,684,733	13,740,268	23,425,001	1,965,269
Net Assets - End of year	\$ 10,141,373	\$ 13,584,173	\$ 23,725,546	\$ 2,072,474

City of Grandville, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2007

	Enterprise Funds			Internal Service Funds
	Water Fund	Sewer Fund	Totals	
Cash Flows from Operating Activities				
Receipts from customers	\$ 1,788,719	\$ 2,760,442	\$ 4,549,161	\$ -
Payments to suppliers	(985,655)	(2,294,577)	(3,280,232)	(389,676)
Payments to employees	(317,862)	(1,026,975)	(1,344,837)	(115,878)
Internal activity - Receipts from other funds	-	-	-	673,121
	485,202	(561,110)	(75,908)	167,567
Net cash provided by (used in) operating activities				
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(259,320)	(462,734)	(722,054)	(166,385)
Capital contributions	-	303,156	303,156	-
Proceeds from the disposal of fixed assets	-	-	-	18,761
Principal and interest paid on capital debt	-	(698,576)	(698,576)	-
	(259,320)	(858,154)	(1,117,474)	(147,624)
Net cash used in capital and related financing activities				
Cash Flows from Investing Activities				
Interest received on investments	73,981	330,665	404,646	49,045
Purchase of investment securities	(375,149)	-	(375,149)	(121,028)
Proceeds from sale and maturities of investment securities	-	782,383	782,383	-
	(301,168)	1,113,048	811,880	(71,983)
Net cash provided by (used in) investing activities				
Net Decrease in Cash and Cash Equivalents				
	(75,286)	(306,216)	(381,502)	(52,040)
Cash and Cash Equivalents - Beginning of year				
	76,058	308,481	384,539	52,505
Cash and Cash Equivalents - End of year				
	\$ 772	\$ 2,265	\$ 3,037	\$ 465
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 382,659	\$ (641,839)	\$ (259,180)	\$ 39,399
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	286,008	532,321	818,329	238,822
Changes in assets and liabilities:				
Receivables	(67,581)	(557,103)	(624,684)	(5,254)
Accounts payable	(126,245)	19,221	(107,024)	(109,135)
Accrued and other liabilities	10,361	86,290	96,651	3,735
	485,202	(561,110)	(75,908)	167,567
Net cash provided by (used in) operating activities				

There were no noncash transactions during the year.

City of Grandville, Michigan

Fiduciary Funds Statement of Assets and Liabilities June 30, 2007

	<u>Agency Funds</u>
Assets - Cash and cash equivalents (Note 3)	<u>\$ 145,439</u>
Liabilities	
Accrued and other liabilities	\$ 91,240
Due to other governmental units	<u>54,199</u>
 Total liabilities	 <u>\$ 145,439</u>

City of Grandville, Michigan

Component Units Statement of Net Assets (Deficit) June 30, 2007

	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Assets			
Cash (Note 3)	\$ 771	\$ -	\$ 771
Investments	1,571,489	-	1,571,489
Accrued interest receivable	38,991	-	38,991
Land held for sale	148,281	-	148,281
Capital assets (Note 5):			
Assets subject to depreciation	142,711	-	142,711
Assets not subject to depreciation	<u>201,207</u>	<u>-</u>	<u>201,207</u>
Total assets	2,103,450	-	2,103,450
Liabilities			
Accounts payable	21,750	-	21,750
Accrued and other liabilities	210	-	210
Long-term liabilities - Due in more than one year - Long-term debt (Note 7)	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total liabilities	<u>21,960</u>	<u>1,000,000</u>	<u>1,021,960</u>
Net Assets (Deficit)			
Investment in capital assets - Net of related debt	343,918	-	343,918
Unrestricted	<u>1,737,572</u>	<u>(1,000,000)</u>	<u>737,572</u>
Total net assets (deficit)	<u>\$ 2,081,490</u>	<u>\$ (1,000,000)</u>	<u>\$ 1,081,490</u>

City of Grandville, Michigan

Component Units Statement of Activities Year Ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Downtown Development Authority	Brownfield Redevelopment Authority	Total
Downtown Development Authority	\$ 117,625	\$ 1,600	\$ -	\$ -	\$ (116,025)	\$ -	\$ (116,025)
Brownfield Redevelopment Authority	<u>354,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(354,048)</u>	<u>(354,048)</u>
Total component units	<u>\$ 471,673</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ -</u>	(116,025)	(354,048)	(470,073)
General revenues:							
Property taxes					317,549	-	317,549
Unrestricted investment earnings					<u>108,202</u>	<u>-</u>	<u>108,202</u>
Total general revenues					<u>425,751</u>	<u>-</u>	<u>425,751</u>
Change in Net Assets					309,726	(354,048)	(44,322)
Net Assets (Deficit) - July 1, 2006					<u>1,771,764</u>	<u>(645,952)</u>	<u>1,125,812</u>
Net Assets (Deficit) - June 30, 2007					<u>\$ 2,081,490</u>	<u>\$ (1,000,000)</u>	<u>\$ 1,081,490</u>

Note I - Summary of Significant Accounting Policies

The accounting policies of the City of Grandville, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City of Grandville:

Reporting Entity

The City of Grandville is governed by an elected seven-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description).

Blended Component Units

- a. The 59th District Court has been blended into the General Fund of the City's financial statements. Although the Court operates under the direction of the district judge, it is reported as if it were part of the primary government because of the fiduciary responsibility the City retains relative to the operations of the Court.
- b. The City of Grandville's Building Authority is governed by a four-member board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to monitor and finance the construction of the City's public buildings.

Discretely Presented Component Units

The following component units are reported within the component units column in the government-wide financial statements. They are reported in a separate column to emphasize that they are legally separate from the City. No separate reports are issued for these funds.

- a. The Downtown Development Authority was created to correct and prevent deterioration, encourage historical preservation, and to promote economic growth within the downtown district. The Authority's governing body, which consists of nine individuals, is selected by the City Council. In addition, the Authority's budget is subject to approval by the City Council.

Note I - Summary of Significant Accounting Policies (Continued)

- b. The Brownfield Redevelopment Authority was created to account for the redevelopment of environmentally contaminated and other underutilized sites within the City. The Authority's governing body, which consists of seven individuals, is selected by the City Council.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Note I - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund - 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 another fund. General Fund activities are financed by revenue from income taxes, property taxes, state-shared revenue, and other sources.

Major Streets Fund - The Major Streets Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on major streets.

Local Streets Fund - The Local Streets Fund accounts for the resources of state gas and weight tax revenues that are restricted for use on local streets.

Note I - Summary of Significant Accounting Policies (Continued)

Revolving Fund - The Revolving Fund accounts for the resources of special assessment proceeds that are used for use on special assessment districts.

The City reports the following major proprietary funds:

Water and Sewer Funds - The Water and Sewer Funds account for the activities of the water distribution system and sewage collection system. These funds are financed primarily by user charges.

Additionally, the City reports the following fund types:

Internal Service Fund - The Internal Service Fund accounts for major machinery and equipment purchases and maintenance provided to other departments of the City on a cost-reimbursement basis.

Fiduciary Funds - Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments, or other funds. These include the Recreation Fund, the 59th District Court, and the County and School Tax Fund. The Recreation Fund, the 59th District Court, and the County and School Tax Fund are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Nonmajor Governmental Funds - Nonmajor governmental funds consist of a Special Revenue Storm Sewer Trunkage and a General Debt Service Fund. Special Revenue Funds are used to account for the proceeds of earmarked revenue or financing activities requiring separate accounting because of legal or regulatory provisions. Debt Service Funds are used to account for the annual payment of principal, interest, and expenses in connection with certain long-term debt.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after December 1, 1989.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note I - Summary of Significant Accounting Policies (Continued)

Amounts reported as program revenue 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 revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to first apply restricted resources.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services and charges to other funds. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. Operating expenses for proprietary funds include the cost of equipment and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on February 28 of the following year, at which time they are added to the county tax rolls. The 2006 valuation of the City totaled \$681 million, on which taxes were levied at 8.454 mills for the City's operating purposes. Property tax revenue amounted to \$5,996,605 (including delinquent taxes) in the current year and was recorded in the General Fund, Major Streets Fund, and Local Streets Fund.

Note I - Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Items - Inventories in the proprietary funds would be valued at cost, on a first-in, first-out basis, which would approximate market value. Normally, expenditures are not divided between years by the recording of prepaid expenses.

Restricted Assets - The restricted assets in the Sewer Fund consist of assets restricted pursuant to the resolutions for the 2006 Sewage System Revenue Bonds.

The reserved fund balance in the General Fund consists of monies (a) accumulated from drug forfeitures and are restricted by the State of Michigan to be used for future drug prevention programs, (b) to be spent on Metro H.S. Police Academy, and (c) to be used for cemetery care. Net assets have also been restricted in the Enterprise Funds pursuant to the revenue bond resolutions for future revenue bond debt service.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, there was no interest expense capitalized as part of the cost of assets under construction.

Capital assets are depreciated using the straight-line method over the following useful lives:

Roads and sidewalks	10 to 50 years
Water and sewer distribution systems	10 to 100 years
Land improvements	15 to 20 years
Buildings and building improvements	7 to 45 years
Vehicles	3 to 15 years
Office furnishings	5 to 20 years
Other tools and equipment	5 to 40 years

Note I - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave) - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications - Comparative data is not included in the City's financial statements.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at June 30, 2006	\$	(88)
Building permit revenue		148,957
Related expenses:		
Direct costs		141,211
Estimated indirect costs		<u>7,722</u>
Total construction code expenses		<u>148,933</u>
Cumulative shortfall at June 30, 2007	\$	<u><u>(64)</u></u>

Budgetary Information - The annual budget is prepared by City management and is adopted by the City Council approximately 30 days before the start of the beginning of the fiscal year. A public hearing on the budget shall be held before its final adoption, at such time and place as the Council shall direct, and notice of the public hearing shall be published at least one week in advance by the clerk. Subsequent amendments are approved by the City Council in a similar process. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchased orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or services rendered. The amount of encumbrances is not calculated as of June 30, 2007.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the total fund level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund, Major Streets Fund, and Local Streets Fund budgets, as adopted by the City Council, is included in the fund financial statements. A comparison of actual results of operations to other funds' budgets can be obtained at City Hall.

City of Grandville, Michigan

Notes to Financial Statements June 30, 2007

Note 2 - Stewardship, Compliance, and Accountability (Continued)

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the City incurred expenditures that were in excess of the amounts budgeted as follows:

	Budget	Actual
Major streets - Public works expenditures	\$ 1,742,896	\$ 2,347,702

Fund Deficits - At June 30, 2007, the City's Brownfield Redevelopment Authority Fund had a deficit of \$1,000,000. The deficit resulted from incurring expenditures for the project to be funded through a future property tax levy against the developer once the property has been redeveloped.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated 13 banks for the deposits of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in Treasury bills, bonds, and securities of the United States government; bank accounts and CDs; commercial paper rated superior; United States government or federal agency obligation repurchase agreements; bankers' acceptances of United States banks; and government investment pools. In addition, the City limits the percentage of funds which may be invested in each type. The City's deposits and investment policies are in accordance with statutory authority.

Note 3 - Deposits and Investments (Continued)

The City holds cash and investments on behalf of its component units. These cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$7,864,907 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. At year end, the following investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name:

Type of Investment	Carrying Value	How Held
U.S. government or agency bond or note	\$ 2,035,344	Counterparty's trust

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with not more than a 270-day maturity. In addition, Treasury bills, bonds, and securities of the United States or an agency or instrumentality of the United States must have a remaining maturity of two years or less, unless purchased for a debt retirement or other long-term investment account. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. government or agency bond or note	\$ 2,035,344	7.5 months

City of Grandville, Michigan

**Notes to Financial Statements
June 30, 2007**

Note 3 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pool	\$ 1,712,602	AAA	Moody's
Bank investment pool	1,110,570	Not rated	
U.S. agency bonds	2,035,344	AAA	Moody's
Mutual fund	634,397	AAA	Moody's

Concentration of Credit Risk

Per the City's investment policy, not more than 25 percent of total City funds classified as investments may be invested in commercial paper or investment pools and not more than 10 percent may be invested in repurchase agreements or bankers' acceptances. Of the City's investments, more than 5 percent of the City's total investments are in the following: FHLB U.S. agency bonds at 8.25 percent, FNMA U.S. agency bonds at 8.23 percent, and Dreyfus Treasury mutual fund at 5.14 percent.

City of Grandville, Michigan

Notes to Financial Statements June 30, 2007

Note 4 - Receivables

Receivables as of year end for the City's individual major funds and the nonmajor, Internal Service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Major Streets Fund	Local Streets Fund	Revolving Fund	Water Fund	Sewer Fund	Nonmajor and Other Funds	Total
Receivables:								
Special assessments	\$ -	\$ -	\$ -	\$ 1,132,722	\$ -	\$ -	\$ -	\$ 1,132,722
Accounts	76,724	-	-	-	532,118	943,835	-	1,552,677
Intergovernmental	232,936	372,179	43,775	-	-	-	-	648,890
Interest and other	54,697	18,165	2,449	21	24,076	303,156	5,442	408,006
Less allowance for uncollectibles	-	-	-	-	-	-	-	-
Net receivables	<u>\$ 364,357</u>	<u>\$ 390,344</u>	<u>\$ 46,224</u>	<u>\$ 1,132,743</u>	<u>\$ 556,194</u>	<u>\$ 1,246,991</u>	<u>\$ 5,442</u>	3,742,295
								Internal service - Interest and other
								<u>16,918</u>
								Total government-wide receivables
								<u>\$ 3,759,213</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable
Special assessments	<u>\$ 1,132,722</u>

City of Grandville, Michigan

Notes to Financial Statements June 30, 2007

Note 5 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance July 1, 2006	Additions	Disposals and Adjustments	Balance June 30, 2007
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,497,603	\$ 240,794	\$ -	\$ 1,738,397
Construction in progress	-	929,003	-	929,003
Subtotal	1,497,603	1,169,797	-	2,667,400
Capital assets being depreciated:				
Roads and sidewalks	74,266,631	535,938	-	74,802,569
Land improvements	1,046,761	-	-	1,046,761
Buildings and improvements	8,850,344	26,422	-	8,876,766
Office furnishings and equipment	4,316,055	168,584	(91,955)	4,392,684
Subtotal	88,479,791	730,944	(91,955)	89,118,780
Accumulated depreciation:				
Roads and sidewalks	56,341,320	3,747,647	-	60,088,967
Land improvements	835,647	25,752	-	861,399
Buildings and improvements	2,368,879	255,124	-	2,624,003
Office furnishings and equipment	2,952,809	310,319	(91,955)	3,171,173
Subtotal	62,498,655	4,338,842	(91,955)	66,745,542
Net capital assets being depreciated	25,981,136	(3,607,898)	-	22,373,238
Net capital assets	<u>\$ 27,478,739</u>	<u>\$ (2,438,101)</u>	<u>\$ -</u>	<u>\$ 25,040,638</u>

City of Grandville, Michigan

Notes to Financial Statements June 30, 2007

Note 5 - Capital Assets (Continued)

	Balance July 1, 2006	Additions	Disposals and Adjustments	Balance June 30, 2007
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 15,000	\$ -	\$ -	\$ 15,000
Construction in progress	<u>261,802</u>	<u>-</u>	<u>(261,802)</u>	<u>-</u>
Subtotal	276,802	-	(261,802)	15,000
Capital assets being depreciated:				
Water and sewer distribution systems	16,731,169	722,480	-	17,453,649
Buildings and building improvements	6,872,401	-	-	6,872,401
Other tools and equipment	<u>2,205,537</u>	<u>261,375</u>	<u>-</u>	<u>2,466,912</u>
Subtotal	25,809,107	983,855	-	26,792,962
Accumulated depreciation:				
Water and sewer distribution systems	5,668,864	440,256	-	6,109,120
Buildings and building improvements	2,149,138	146,513	-	2,295,651
Other tools and equipment	<u>1,973,019</u>	<u>93,242</u>	<u>-</u>	<u>2,066,261</u>
Subtotal	<u>9,791,021</u>	<u>680,011</u>	<u>-</u>	<u>10,471,032</u>
Net capital assets being depreciated	<u>16,018,086</u>	<u>303,844</u>	<u>-</u>	<u>16,321,930</u>
Net capital assets	<u>\$ 16,294,888</u>	<u>\$ 303,844</u>	<u>\$ (261,802)</u>	<u>\$ 16,336,930</u>

City of Grandville, Michigan

Notes to Financial Statements June 30, 2007

Note 5 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 29,041
Judicial	46,683
Public safety	202,709
Public works	3,684,169
Recreation and culture	137,418
Internal Service Fund depreciation is charged to the various functions based on their usage of the asset	<u>238,822</u>
Total governmental activities	<u>\$ 4,338,842</u>

Business-type activities:

Water Fund	\$ 286,008
Sewer Fund	<u>394,003</u>
Total business-type activities	<u>\$ 680,011</u>

As of June 30, 2007, the City had \$3,150,000 in unamortized intangible assets. The entire balance relates to sewage disposal rights. Amortization expense of \$112,500 was recognized in business-type activities.

Construction Commitments - The City has active construction projects at year end. At year end, the City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
44th and Ivanrest improvements	\$ 505,960	\$ 614,120
Other	<u>-</u>	<u>69,000</u>
Total	<u>\$ 505,960</u>	<u>\$ 683,120</u>

City of Grandville, Michigan

Notes to Financial Statements June 30, 2007

Note 5 - Capital Assets (Continued)

Capital asset activity of the City's component unit was as follows:

	Balance July 1, 2006	Additions	Disposals and Adjustments	Balance June 30, 2007
Component Unit				
Capital assets not being depreciated -				
Land	\$ 201,207	\$ -	\$ -	\$ 201,207
Capital assets being depreciated -				
Land improvements	440,518	-	-	440,518
Accumulated depreciation -				
Land improvements	<u>274,976</u>	<u>22,831</u>	<u>-</u>	<u>297,807</u>
Net capital assets being depreciated	<u>165,542</u>	<u>(22,831)</u>	<u>-</u>	<u>142,711</u>
Net capital assets	<u>\$ 366,749</u>	<u>\$ (22,831)</u>	<u>\$ -</u>	<u>\$ 343,918</u>

Depreciation expense of \$22,831 of the component unit related solely to public works.

Note 6 - Interfund Receivables, Payables, and Transfers

Interfund Transfers

	Transfers Out - Revolving Fund
Transfers in - Major Streets Fund	\$ 145,957

The above interfund transfer was made from the Revolving Fund to the Major Streets Fund. The Revolving Fund accounts for special assessment receipts and disbursements to other funds for debt retirement.

City of Grandville, Michigan

Notes to Financial Statements June 30, 2007

Note 7 - Long-term Debt

Covenants of the revenue bond resolutions provide for, among other things, guidance on rate setting (required anticipation of debt coverage ratio) and various restrictions on the transfer of funds, issuance of additional debt, creation of liens, and the sale and lease of property. In accordance with the revenue bond resolutions, cash of \$354,500 has been required to be restricted for a bond reserve.

Excluded from the governmental activities are special assessment bonds that were issued during fiscal year 2001. The bonds, totaling \$4,395,000, were issued to offset infrastructure expenditures incurred during fiscal years 1999 and 2000 related to a significant capital project. The bonds are payable solely from the collection of the special assessment and are not a general obligation of the City. While the City remains the paying agent and maintains information related to the bonds, the obligation is not reflected in the City's financial statements. The outstanding balance of these bonds at June 30, 2007 was \$1,440,000.

General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Payments and Refunding	Ending Balance	Due Within One Year
Governmental Activities - General obligation bonds					
2005 Refinanced Building Authority Bonds, maturing from 2006 through 2025, with interest ranging from 3.25% to 5.0% (shown net of bond premium and loss on refunding costs of \$112,439)	\$ 5,056,388	\$ -	\$ (13,827)	\$ 5,042,561	\$ 13,868
1999 Building Authority Bonds, maturing from 2004 through 2009, with interest ranging from 5% to 5.15%. This bond was partially refunded in 2006	760,000	-	(175,000)	585,000	185,000
Total governmental activities	5,816,388	-	(188,827)	5,627,561	198,868
Business-type Activities - Revenue bonds					
2006 Sewage System Bonds, maturing through 2016, with interest of 4.0% (shown net of bond premium and loss on refunding costs of \$314,812)	-	3,230,188	-	3,230,188	283,006
1996 Sewage System Bonds, with interest ranging from 5.35% to 5.7% (shown net of unamortized discount). This bond was refinanced in the current year	3,754,870	-	(3,754,870)	-	-
Total business-type activities	3,754,870	3,230,188	(3,754,870)	3,230,188	283,006
Total long-term-debt	\$ 9,571,258	\$ 3,230,188	\$ (3,943,697)	\$ 8,857,749	\$ 481,874

City of Grandville, Michigan

Notes to Financial Statements June 30, 2007

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above governmental bonds are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$ 198,868	\$ 247,409	\$ 446,277	\$ 283,006	\$ 141,800	\$ 424,806
2009	208,910	236,875	445,785	301,878	128,400	430,278
2010	218,954	225,749	444,703	315,923	114,400	430,323
2011	234,206	215,439	449,645	335,083	100,000	435,083
2012	244,756	204,470	449,226	359,417	85,000	444,417
2013-2017	1,434,157	815,225	2,249,382	1,634,881	176,600	1,811,481
2018-2022	1,801,889	461,278	2,263,167	-	-	-
2023-2026	1,285,821	83,410	1,369,231	-	-	-
Total	<u>\$ 5,627,561</u>	<u>\$ 2,489,855</u>	<u>\$ 8,117,416</u>	<u>\$ 3,230,188</u>	<u>\$ 746,200</u>	<u>\$ 3,976,388</u>

Component Units - In 2006, the Brownfield Redevelopment Authority was granted a loan from the State of Michigan for \$1,000,000. The bonds will begin repayment in 2011 at an interest rate of 2.0 percent and will be due in 2021. The debt will be repaid through a property tax levy against the developer once the property has been redeveloped. The developer has also signed a letter of credit dated April 27, 2006 that will pay the principal and interest on the bond if the developer defaults under the development agreement.

Advance and Current Refundings - During the year, the City issued \$3,545,000 in revenue bonds with interest of 4.0 percent. The proceeds of these bonds were used to advance refund \$3,930,000 of outstanding 1996 Sewage System bonds with interest rates ranging from 5.35 percent to 5.7 percent. The net proceeds of \$3,495,974, including issuance of net premium of \$61,208 (after payment of \$110,234 in underwriting fees, insurance, and other issuance costs) plus a reserve fund release of \$187,500 and a contribution from the debt fund of \$363,000, were used to purchase state and local government series investments and were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. The advance refunding reduced total debt service payments by approximately \$248,000, which represents an economic gain of approximately \$167,000. The deferred amount on refunding of \$116,474 is the difference between the reacquisition price plus transfers from prior issues of \$4,046,474 and the net carrying amount of the old debt of \$3,930,000.

Note 7 - Long-term Debt (Continued)

The net deferred accounting loss on refunding of \$291,604 will be amortized using the straight-line method over the life of the bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the City's long-term obligations.

At June 30, 2007, \$8,880,000 of bonds outstanding are considered defeased.

Subsequent to June 30, 2007, the City issued \$910,000 in Series 2007 Capital Improvement bonds, maturing from 2007 through 2016, with interest of 4.399 percent.

Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for coverage of certain employees' health claims and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation and general liability insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The City has purchased commercial insurance for coverage of health claims for all employees. The City is self-insured for dental claims. The City estimates the liability for dental claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not been reported. The estimated liability is insignificant and has not been recorded on the accompanying financial statements.

Note 9 - Pension Plans

Defined Benefit Pension Plan

Plan Description - The City participates in the Michigan Municipal Employees' Retirement System (MMERS), an agent multiple-employer defined benefit pension plan; however, participation in the plan is closed to new employees of the City. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The MMERS issues a publicly available financial report that includes financial statements and required supplemental information for the MMERS. That report may be obtained by writing to the MMERS at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the MMERS for these employees was established by negotiation with the City's competitive bargaining units and requires a contribution from the employees of varying percents of gross wages as follows:

	<u>Percentage</u>
Administration	1.71
Police sergeants	4.40
Police rank and file	3.40
Wastewater	3.55

Annual Pension Costs - For the year ended June 30, 2007, the City's annual pension cost of \$489,168 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2004 using the entry age normal cost method. Significant actuarial assumptions used include: (a) an 8 percent investment rate of return, (b) projected salary increases of 4.5 percent to 8.40 percent per year, and (c) 2.5 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility from an 8 percent return over a five-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 18 years.

City of Grandville, Michigan

Notes to Financial Statements June 30, 2007

Note 9 - Pension Plans (Continued)

Three-year trend information as of June 30 follows:

	Fiscal Year Ended June 30		
	2005	2006	2007
Annual pension costs (APC)	\$ 323,789	\$ 312,037	\$ 489,168
Percentage of APC contributed	100%	100%	100%
Net pension obligation	None	None	None

	Actuarial Valuation as of December 31		
	2004	2005	2006
Actuarial value of assets	\$ 9,388,327	\$ 9,684,550	\$ 10,039,232
Actuarial accrued liability (AAL) (entry age)	13,513,285	14,671,555	15,426,109
Unfunded AAL (UAAL)	4,124,958	4,987,005	5,386,877
Funded ratio	69%	66%	65%
Covered payroll	1,905,565	1,574,234	1,557,268
UAAL as a percentage of covered payroll	216%	317%	346%

Defined Contribution Pension Plan

The City provides pension benefits to all of its full-time employees not participating in the defined benefit plan through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The City contributes 9 percent of employees' eligible earnings, as defined in the plan document, and employee contributions for each employee plus interest allocated to the employee's account are fully vested after five years of service.

The City's total payroll during the current year was \$5,101,591. The current year contribution was calculated based on covered payroll of \$3,086,847, resulting in an employer contribution of \$273,198 and employee contributions of \$91,443.

Note 10 - Contingent Liabilities

The City has been named in a few claims and lawsuits regarding property tax appeals requesting damages of various amounts, the majority of which do not state a specific maximum. The proceedings have not yet progressed to the point where a legal opinion can be reached as to the ultimate liability, if any. No liability has been provided for any of these matters in the June 30, 2007 financial statements.

The City has been notified relating to an adjustment of a special assessment relating to a local business. The local business has filed an appeal. However, due to the preliminary nature of the claim, no amounts have been reflected within the financial statements.

Note 11 - Other Postemployment Benefits

The City has elected to provide postemployment health benefits to all full-time employees upon retirement. Currently, 16 retirees are eligible for postemployment health benefits. The City includes pre-Medicare retirees in its insured healthcare plan, with no contribution required by the participant. For the fiscal year ended June 30, 2007, the City made payments for postemployment health benefits of approximately \$97,000.

The City's funding policy is on a pay-as-you-go basis, accounted for within the General Fund. During 2000, the City received an actuarial study to help quantify the potential long-term liability for retiree healthcare benefits.

As of December 31, 2001 (date of actuarial valuation), the unfunded actuarial accrued liability (UAAL) totaled \$459,608. Significant actuarial assumptions used in determining the UAAL are the same as those used for the defined benefit pension plan (see Note 9) with the additional assumption of projected health insurance premium increases of 4.5 percent compounded annually, attributable to inflation.

Upcoming Reporting Change - The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. The new pronouncement is effective for the year ending June 30, 2009. It should be noted that the City has already completed an actuarial evaluation (as discussed above) and internal contributions have been set aside by the City that exceed the actuarial recommended payments.

Required Supplemental Information

City of Grandville, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,200,215	\$ 5,200,215	\$ 5,234,074	\$ 33,859
Licenses and permits	118,950	118,950	206,368	87,418
State sources	1,461,151	1,461,151	1,433,146	(28,005)
Fines and forfeitures	618,125	618,125	529,747	(88,378)
Other charges for services	823,909	823,909	864,318	40,409
Interest income	149,300	149,300	350,090	200,790
Rental income	2,500	2,500	6,205	3,705
Cable revenue	125,000	125,000	118,090	(6,910)
Other	40,395	40,395	57,873	17,478
Total revenue	8,539,545	8,539,545	8,799,911	260,366
Expenditures				
General government:				
Legislative	34,167	34,167	32,962	1,205
Assessor	215,961	145,196	138,833	6,363
Attorney	265,000	265,000	325,139	(60,139)
Clerk	108,791	121,496	123,714	(2,218)
Treasurer	213,085	210,141	204,973	5,168
Executive	216,274	216,274	178,032	38,242
Probation	434,532	410,827	398,455	12,372
Court	43,223	45,102	46,895	(1,793)
Building inspection	68,000	138,000	137,702	298
General administration	446,864	478,554	446,090	32,464
Judicial	593,910	598,145	504,381	93,764
Public safety:				
Narcotics enforcement	6,100	6,100	7,079	(979)
911 dispatch center	370,924	369,152	292,544	76,608
Police	2,622,014	2,783,665	2,817,351	(33,686)
Fire	904,302	854,934	836,119	18,815
Public works:				
Sidewalk maintenance	65,854	64,354	57,758	6,596
Parking lot maintenance	27,881	27,881	27,895	(14)
Highways, streets, and bridges	299,700	383,700	355,844	27,856
Sanitation and other	47,242	47,242	40,409	6,833

City of Grandville, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures (Continued)				
Recreation and culture:				
Cemetery	\$ 285,946	\$ 285,946	\$ 271,795	\$ 14,151
Special projects	560,751	560,751	562,027	(1,276)
Planning and zoning	84,183	84,183	49,791	34,392
Parks and recreation	449,322	466,416	450,658	15,758
Library	128,460	128,460	160,339	(31,879)
Other	92,200	92,200	104,917	(12,717)
Total expenditures	<u>8,584,686</u>	<u>8,817,886</u>	<u>8,571,702</u>	<u>246,184</u>
Net Change in Fund Balance	(45,141)	(278,341)	228,209	506,550
Fund Balance - July 1, 2006	<u>2,418,189</u>	<u>3,064,367</u>	<u>3,686,772</u>	<u>622,405</u>
Fund Balance - June 30, 2007	<u>\$ 2,373,048</u>	<u>\$ 2,786,026</u>	<u>\$ 3,914,981</u>	<u>\$ 1,128,955</u>

Note: The General Fund budget was adopted on the basis of total revenue and expenditures. The amounts shown above are in greater detail than the budget adopted by the City Council and are shown for management analysis only.

City of Grandville, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Major Streets Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 191,542	\$ 191,542	\$ 190,633	\$ (909)
State sources	765,000	765,000	725,463	(39,537)
Local sources	48,000	48,000	299,515	251,515
Interest and rental income	28,000	28,000	57,178	29,178
Other	-	-	317,145	317,145
Total revenue	<u>1,032,542</u>	<u>1,032,542</u>	<u>1,589,934</u>	<u>557,392</u>
Expenditures - Public works				
Administration	78,047	75,388	67,634	7,754
Snow removal	324,026	386,434	380,343	6,091
Bridge	5,300	30,300	20,675	9,625
Street construction	573,500	873,500	1,489,089	(615,589)
Nonmotorized	10,500	10,500	165	10,335
Street maintenance	<u>314,523</u>	<u>366,774</u>	<u>389,796</u>	<u>(23,022)</u>
Total expenditures	<u>1,305,896</u>	<u>1,742,896</u>	<u>2,347,702</u>	<u>(604,806)</u>
Excess of Expenditures Over Revenue				
	(273,354)	(710,354)	(757,768)	(47,414)
Other Financing Sources -				
Transfers in	<u>112,500</u>	<u>112,500</u>	<u>145,957</u>	<u>33,457</u>
Net Change in Fund Balance	(160,854)	(597,854)	(611,811)	(13,957)
Fund Balance - July 1, 2006	<u>664,769</u>	<u>1,119,611</u>	<u>1,119,611</u>	<u>-</u>
Fund Balance - June 30, 2007	<u>\$ 503,915</u>	<u>\$ 521,757</u>	<u>\$ 507,800</u>	<u>\$ (13,957)</u>

Note: The Major Streets Special Revenue Fund budget was adopted on the basis of total revenue and expenditures. The amounts shown above are in greater detail than the budget adopted by the City Council and are shown for management analysis only.

City of Grandville, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Local Streets Fund Year Ended June 30, 2007

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 574,625	\$ 574,625	\$ 571,898	\$ (2,727)
State sources	278,000	278,000	266,593	(11,407)
Interest income	8,000	8,000	15,824	7,824
Total revenue	860,625	860,625	854,315	(6,310)
Expenditures - Public works				
Administration	44,965	43,471	39,003	4,468
Snow removal	154,620	180,403	173,879	6,524
Street maintenance	294,773	295,484	283,002	12,482
Street construction	181,000	256,000	255,187	813
Total expenditures	675,358	775,358	751,071	24,287
Net Change in Fund Balance	185,267	85,267	103,244	17,977
Fund Balance - July 1, 2006	109,629	128,946	128,946	-
Fund Balance - June 30, 2007	<u>\$ 294,896</u>	<u>\$ 214,213</u>	<u>\$ 232,190</u>	<u>\$ 17,977</u>

Note: The Local Streets Special Revenue Fund budget was adopted on the basis of total revenue and expenditures. The amounts shown above are in greater detail than the budget adopted by the City Council and are shown for management analysis only.

Other Supplemental Information

City of Grandville, Michigan

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2007

	Special Revenue Fund	Debt Service Fund	
	Storm Sewer Trunkage	General	Total Nonmajor Governmental
Assets			
Cash and cash equivalents	\$ 155	\$ -	\$ 155
Investments	315,116	-	315,116
Receivables - Net	5,442	-	5,442
Total assets	\$ 320,713	\$ -	\$ 320,713
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 9,528	\$ -	\$ 9,528
Accrued and other liabilities	208	-	208
Total liabilities	9,736	-	9,736
Fund Balances - Unreserved - Reported in			
Special Revenue Funds	310,977	-	310,977
Total liabilities and fund balances	\$ 320,713	\$ -	\$ 320,713

City of Grandville, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds Year Ended June 30, 2007

	Special Revenue Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Storm Sewer Trunkage	General	
Revenue			
Charges for services	\$ 8,800	\$ -	\$ 8,800
Interest and rentals	17,920	-	17,920
Rental income	-	452,145	452,145
Total revenue	26,720	452,145	478,865
Expenditures			
Current - Public works	48,152	-	48,152
Debt service - Principal and interest	-	452,145	452,145
Total expenditures	48,152	452,145	500,297
Net Change in Fund Balances	(21,432)	-	(21,432)
Fund Balances - Beginning of year	332,409	-	332,409
Fund Balances - End of year	<u>\$ 310,977</u>	<u>\$ -</u>	<u>\$ 310,977</u>

City of Grandville, Michigan

Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds June 30, 2007

	Agency			Total Agency
	Recreation	County and School Tax	59th District Court	
Assets - Cash and cash equivalents	<u>\$ 70,754</u>	<u>\$ 16,074</u>	<u>\$ 58,611</u>	<u>\$ 145,439</u>
Liabilities				
Accrued and other liabilities	\$ 70,754	\$ -	\$ 20,486	\$ 91,240
Due to other governmental units	<u>-</u>	<u>16,074</u>	<u>38,125</u>	<u>54,199</u>
Total liabilities	<u>\$ 70,754</u>	<u>\$ 16,074</u>	<u>\$ 58,611</u>	<u>\$ 145,439</u>