
City of Grosse Pointe Woods, Municipal Court

**Financial Report
June 30, 2018**

City of Grosse Pointe Woods, Municipal Court

Contents

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3
Basic Financial Statement	
Balance Sheet	4
Notes to Financial Statement	5-6

Independent Auditor's Report

To the Honorable Judge Theodore A. Metry
City of Grosse Pointe Woods, Municipal Court

Report on the Financial Statement

We have audited the accompanying basic financial statement of the City of Grosse Pointe Woods, Municipal Court, a component unit of the City of Grosse Pointe Woods, Michigan, as of and for the year ended June 30, 2018 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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 a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Opinions

In our opinion, the basic financial statement referred to above presents fairly, in all material respects, the financial position of the City of Grosse Pointe Woods, Municipal Court as of June 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

To the the Honorable Judge Theodore A. Metry
City of Grosse Pointe Woods, Municipal Court

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified in the table of contents, be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 statement, and other knowledge we obtained during our audit of the basic financial statement. 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.

Plante & Moran, PLLC

December 14, 2018

City of Grosse Pointe Woods, Municipal Court

Management's Discussion and Analysis

Our discussion and analysis of the City of Grosse Pointe Woods, Municipal Court's (the "Court") financial performance provides an overview of the Court's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Court's financial statement.

Using this Financial Report

This financial report represents the activities of the funds of the Court during the year. The funds of the Court are agency funds. Therefore, the activities are limited to collection of amounts that are subsequently returned or paid to third parties. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

The Court as a Whole

The following table shows, in a condensed format, the assets and liabilities as of June 30, 2018:

Assets - Cash	\$ <u>5,325</u>
Liabilities - Returnable bonds	\$ <u>5,325</u>

The Court had \$5,325 of cash to refund outstanding bonds and deposits.

Contacting the Court's Management

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

City of Grosse Pointe Woods, Municipal Court

Balance Sheet

June 30, 2018

	<u>Bond Account</u>
Assets - Cash	\$ 5,325
Liabilities - Returnable bonds	\$ 5,325

Note 1 - Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Grosse Pointe Woods, Municipal Court (the "Court"):

Reporting Entity

The City of Grosse Pointe Woods, Municipal Court is governed by an elected judge.

The Court is a component unit of the City of Grosse Pointe Woods, Michigan and is included in the basic financial statements of the City of Grosse Pointe Woods, Michigan at June 30, 2018.

The operations of the Court are included as a separate activity in the General Fund of the City of Grosse Pointe Woods, Michigan.

The funds of the Court are agency funds. The financial activities of the funds are limited to collections of amounts that are subsequently returned or paid to third parties. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The Court is responsible for traffic and moving violations, certain civil matters, and misdemeanors

Accounting and Reporting Principles

The Court follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Basis of Accounting

Transactions of the Court are recorded using an agency fund. The agency fund is used to account for assets that the Court holds for others in an agency capacity. The agency fund is custodial in nature and does not involve the measurement of results of operations.

Report Presentation

The accounts of the Court are organized into one fiduciary fund as described below:

Fiduciary Fund

The bond account of the Court is an agency fund. The financial activities of the fund is limited to collections of amounts that are subsequently returned or paid to third parties. The fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Specific Balances and Transactions

Cash and Bank Deposits

Cash includes cash on hand and demand deposits.

Upcoming Accounting Pronouncement

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Court is currently evaluating the impact this standard will have on the financial statement when adopted. The provisions of this statement are effective for the Court's financial statement for the year ending June 30, 2020.

Note 2 - 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 law also allows investments outside the State of Michigan when fully insured. 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 Court has designated one bank for the deposit of its funds. The investment policy adopted by the City of Grosse Pointe Woods, Michigan in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority, as listed above. The Court's deposits and investments are in accordance with statutory authority.

The Court's cash and investments are subject to one type of risk, which is 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 Court's deposits may not be returned to it. The Court does not have a deposit policy for custodial credit risk. At year end, the Court had no uninsured or uncollateralized deposits.

Note 3 - Court Operations

All of the costs related to the operations of the Court are budgeted items of the City of Grosse Pointe Woods, Michigan's General Fund and, accordingly, such costs are paid by the City's General Fund. The Court's personnel are considered to be employees of the City, and, as such, they participate in the City's pension and healthcare plans. The wage and fringe benefit costs for the Court's personnel are budgeted line items of the City.

Note 4 - Risk Management

The Court 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 Court, through the City of Grosse Pointe Woods, Michigan, has purchased commercial general liability insurance for claims relating to property loss claims, torts, and errors and omissions. The City of Grosse Pointe Woods, Michigan is self-insured for medical claims with other communities. Under the workers' compensation program and medical program, the City is held liable for the first \$400,000 and \$25,000, respectively, of any occurrence. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.