
City of Grosse Pointe Woods, Michigan

(Prepared by the Office of the City's Finance Department)

**Comprehensive Annual Financial Report
with Supplemental Information
June 30, 2020**

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CITY OF GROSSE POINTE WOODS

20025 Mack Plaza Drive

Grosse Pointe Woods, Michigan 48236-2397

To the Honorable Mayor
and City Council
City of Grosse Pointe Woods, Michigan

The Comprehensive Annual Financial Report (CAFR) of the City of Grosse Pointe Woods, Michigan for the fiscal year ended June 30, 2020 is submitted herewith, in accordance with provisions of Section 8.7 (Charter) of the City of Grosse Pointe Woods and the rules and regulations as put forward by the State of Michigan Department of Treasury. This report was prepared by and is the responsibility of the City's Finance Department. This document represents the official report of the City's financial operations to its residents, elected officials, employees, investment firms, banks and rating and regulatory agencies, and other interested parties. The data, as presented in the report, is accurate in all material respects, is shown in a manner designed to clearly and fairly set forth the financial activity of all the various funds established and utilized by the City and all disclosures have been included to enable the reader to gain the maximum understanding of the City's financial operations. The independent auditing firm of Plante & Moran, PLLC performed the annual audit of the City of Grosse Pointe Woods' financial statements as required by the Michigan Department of Treasury and has issued its unmodified opinion here within.

This document consists of management's representations concerning the finances of the City of Grosse Pointe Woods. Consequently, Administration assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these presentations, City Administration has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To ensure that the City's system of internal controls is providing the security needed, the City's auditors are routinely consulted before any changes are made to the system and are requested to advise management of any improvements that would benefit operations. As Administration, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

To the Honorable Mayor
and City Council
City of Grosse Pointe Woods, Michigan

November 19, 2020

Furthermore, it is important to note that this letter complements the Management's Discussion and Analysis (MD&A), which is found in the financial section.

Reporting Entity

This report includes all funds for which the City's elected officials have operational and financial authority. This authority implies that the elected and administrative officials are legally responsible for establishing and implementing the fiscal policies and overseeing the financial management of the City. Where required, actual results of individual government funds are shown with its original/amended budgetary appropriations. This required disclosure allows the reader to compare the effectiveness of the administration to stay within the spending guidelines (budget) established by the City Council during the budget process and to disclose other variations that may occur during the course of the fiscal year.

Legal Requirement

This report has been prepared pursuant to and in compliance with Michigan Department of Treasury regulations, which, in part, require that an annual independent audit of the City's financial records of accounts and transactions be performed. The opinion by the City's independent auditor, Plante & Moran, PLLC, dated November 19, 2020 on the basic financial statements and individual fund statements and schedules is included in the financial section of this report. There is not a separately issued Single Audit Report for the Federal Grant Fund under the 2 CFR 200 regulations because the total federal grant expenditures were less than the threshold of \$750,000, which is the minimum expenditure limit needed to be subject to the regulations of the Single Audit Act. Through the Wayne County Community Development Block Grant (CDBG) Program, the City is designated as a sub-grantee and coordinates its program.

Consistent with previous years, the intent and responsibility of Administration is to effectively adhere to the fiscal policies and initiatives established by the City Council while remaining cost-efficient and responsive to the needs of the residents. Many of the financial policies and procedures established by the City Council are detailed in the City's annual budget. In accordance with the City Charter, the City Administrator and the Treasurer/Comptroller will have presented their budgetary estimates of revenues and expenditures of all the City's funds (excluding Trust & Agency Funds and selected Special Revenue Funds) to the Mayor and City Council no later than the first meeting in April. These estimates are then forwarded to the City's

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Finance Committee, which performs a thorough review of the operational, financial, and capital components of the budget. Upon completing this budget review along with recommendations, the budget is presented back to the Mayor and City Council for additional review and comments. The proposed budget document is formally approved by the Mayor and City Council no later than the third Monday in May. Throughout the course of the fiscal year, the Finance Committee may review any significant changes to the original budget document as recommended by the City Administrator and/or the Treasurer/Comptroller. Per the City Charter, the Mayor and City Council must formally approve any proposed adjustments to the budget. This process allows the City to remain flexible to changes in the revenue and expenditure patterns that occur throughout the year as well as keeping the elected officials updated on the financial condition of the City. Following the passage of the budget, a summary of the completed document is made available to all residents, and a budget summary published in the local newspaper and in the annual City calendar.

Fiscal Policies/Major Initiatives

One of the most elemental functions of our City is to establish practices to guide us through good times and challenging times. Clearly, the last decade has been challenging but through costs cutting initiatives and better efficiencies we have been able to build a strong cash reserve. Currently, we have an unassigned fund balance of 42 percent of actual expenses. Our cash reserves are acceptable based upon the GFOA recommendation of a 10-15 percent fund balance. We are ever cognizant of the delicate balancing that is required to maintain adequate operational reserves while maintaining essential city services and funding infrastructure improvements. City administration continues to look for efficiencies, expanding community partnerships and alternative sources of revenue to keep our City financially strong and maintain our desirability as one of the premier communities in southeast Michigan to live, work and play.

The City's long-term financial stability is the result of a strong and continuous commitment to fundamental principles of fiscal integrity. The City's current administration has taken many steps over the last several years toward improved budgeting, cost containment, and improved efficiency, which has helped in dealing with the current economic conditions. The City has developed a cautious but proactive strategy to evaluating the needs of our community. Excess reserve funds have been budgeted throughout the course of fiscal year 2019 – 2020 to accomplish numerous projects that include:

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- On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease that has caused a coronavirus pandemic. Executive order 20-21 was signed by Governor Gretchen Whitmer on March 23, 2020 directing all Michigan businesses and operations to temporarily suspend in-person operations that are not necessary to sustain or protect life. The order also directed Michigan residents to stay in their homes unless they were a part of a critical infrastructure workforce, engaged in an outdoor activity or performing tasks necessary to the health and safety of themselves or their family. City Administration immediately suspended all City operations with the exception of our Public Safety Department and directed staff to “Stay Home, Stay Safe” as the unprecedented crisis of the COVID-19 pandemic unfolded. Pursuant to authority granted by the city council, city administration provided our information technology department with the equipment and resources needed to establish remote workstations for essential city employees and daily e-blasts were provided to the community to provide resources and information. Throughout the fourteen (14) weeks of the municipal offices being closed to the public (March 24, 2020 through July 10, 2020) all city services remained intact with staff performing in an exemplary manner while providing exceptional service to our community during this trying time.
- In fiscal year 2019 – 20, in partnership with the Michigan Department of Transportation, the Vernier Road project was 100% completed. Federal Surface Transportation Funds were awarded to the City in the amount of \$1,031,615 for resurfacing of Vernier Road from Morningside to Fairway. The City was obligated to fund 20% of the projected construction costs, estimated at \$1,329,200 and 100% of the cost of engineering and oversight. The final cost breakdown to the City for this cooperative effort with MDOT was \$224,433 in construction and \$242,155 for engineering and oversight, a grand total of \$466,588. This project is a great improvement to one of our major roadways. .
- City Administration, City Engineers and members of the Construction Committee, recommended to the City Council the replacement of city water mains. City Council authorized the 2019 Water Main Construction Project in the amount of \$1,148,158 that includes construction and engineering costs. Funding for this project will come from the water and sewer reserve fund. The project includes replacing 3,647 feet of 65 year old eight inch water main on Bournemouth, Raymond, Linville, Kingsville and the easement water mains that run between homes on South Renaud, North Saddle Lane and Lakeshore Lane.
- In November 2019, City Council approved the 2019 Sewer Open Cut Repair Program for critical sewer repairs that were deemed necessary as a direct result of sewer line

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infrastructure information gathered through use of funds provided under the Stormwater, Asset Management and Wastewater (SAW) Grant awarded to the City in 2017. Funds in the amount of \$645,779 were allocated which include construction and oversight by city engineers. The location of these repairs are throughout the city and we anticipate them being completed in the fall 2020.

- The City is committed to continuing the local street repair and maintenance program that has been in place since 2015. In November 2019 the repair and/or re-surfacing work was completed on the 2018 Road Construction Project which included: Anita from Mack to the west city limits; Brys from Mack to Helen; Lochmoor from Sunningdale Park to Fairway; Re-construction of Stanhope from Chester to west city limit; Joint repair of Cook Road from Mack to Wedgewood. In June 2019, City Council authorized the 2019 Road Construction Project which was the reconstruction of Beaufait (Mack to the west city limit), the resurfacing of Oxford Road (west city limit to Jackson), and the asphalt joint patching of Fairway and Holiday. This project completed 100% of the local road repair identified in 10-year Road Capital Improvement Plan. A total of \$1,490,228 was budgeted for this improvement and will be a great improvement to several of our local roads.
- The City's general fund balance continues to maintain a sound financial state at fiscal year 2019-20. The City had budgeted the use of prior year reserves to fund the 2019 and 2020 local road projects, but reserves were not needed to fund the expenses therefore the fund balance increased by approximately \$69,000.
- City administration continues to look for funding opportunities, cost containment initiatives, community partnerships and potential grant funds to fund and maintain the high level of public services provided to our community. Significant amenities the City provides include Lake Front Park, where you can spend the day with your family poolside, host a picnic or special event, or take a stroll on the boardwalk that overlooks Lake St. Clair. In addition, the Community Center offers programs for all ages, where members of the community can participate.

Additionally, maintaining a strong cash reserve is paramount in order to continue with our Water/Sewer bond rating of AA+ allowing for the City to make the costs of borrowing lower and allow us to better invest in our city. Just as importantly, we need to build our savings so that we can pay our bills in the event of a fiscal emergency or natural disaster. Lastly, increasing our reserves would demonstrate to businesses, governmental organizations, and ratings agencies that we have prudent, disciplined fiscal practices and that we are good stewards of our taxpayers' money. This stability is good for business and good for the people of Grosse Pointe Woods.

To the Honorable Mayor
and City Council
City of Grosse Pointe Woods, Michigan

November 19, 2020

Economic Conditions and Outlook

The City of Grosse Pointe Woods is one of the most desired areas to live in the State of Michigan, located 10 miles northeast of Detroit. Its population of 15,332 is distributed among approximately 6,819 households and has a median household income of \$99,019. The median home value of an owner-occupied residence in the City is \$282,794. The labor force is comprised largely of professional, healthcare, hospitality and education services, with over 55% having a bachelor's or graduate degree.

The City has struggled over the last decade as a result of a low inflation rate multiplier used to calculate taxable value on all properties. Low inflation rates significantly impact property tax revenue and the funding of essential City services. In tax year 2020, the inflation rate factor was 1.9 percent.

Continued re-development and re-investment within the City will add value in fiscal year 2021. Re-investment is key to maintaining the health and welfare of established communities where land is not readily available for new construction. The building department and its staff had a very busy year with plan reviews, inspections and public contacts as our businesses and residents performed upgrades, additions and/or renovations to maintain and enhance their home and property. The City is fortunate to have such commitment in our residents and businesses who work hard to maintain the status that the City of Grosse Pointe Woods enjoys.

In accordance with the City Charter, the City may levy up to 20 mills. The Headlee Act, which amended the State Constitution in regard to property tax relief, has forced the City to roll back its 20 mills to 13.4300 mills.

The City's General Fund year-end fund balance is approximately \$7.8 million; \$1.7 million is committed, assigned, or non-spendable, leaving \$6.1 million unassigned.

The City is committed to providing excellence in public safety, public works, and recreational opportunities and also promotes a true sense of community. We are proud of our Lake Front Park which provides the largest outdoor swimming complex in the Midwest and all of our recreational programs and community events.

To the Honorable Mayor
and City Council
City of Grosse Pointe Woods, Michigan

November 19, 2020

Administrative Summary

The City's strengths continue to be strong financial management, sound finances, and low debt levels. Because of this, the City's Water and Sewer Fund enjoys an outstanding bond rating of "AA" and the City's overall rating is "AA+" from Standard & Poor's. This outstanding bond rating allows the City to borrow at the lowest possible interest rate, saving taxpayers thousands of dollars in future costs.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This is the 47th consecutive year that the City of Grosse Pointe Woods received this prestigious award. In fact, our City is the longest-standing recipient in GFOA's history.

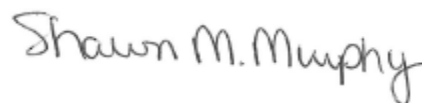
In 2019, GFOA awarded the City with a Popular Annual Financial Reporting Award (PAFR). This is the seventh consecutive year the City has received this award which is presented to local governments that successfully extract information from their Comprehensive Annual Financial Report (CAFR) and produce a high-quality report specifically designed to be readily accessible and easily understandable to the general public and others who do not have a background in public finance.

The City continues to maintain our well-respected status and is proud to be labeled as one of the most desired areas to live in southeast Michigan. The challenge to the City is to continue to provide a multitude of public services, while complying with increased state regulations for accountability and transparency. Administration also remains confident that City Council and the employees possess the capability, foresight, and resolve necessary to successfully meet these challenges.

Sincerely,



Bruce J. Smith
City Administrator



Shawn M. Murphy
Deputy Treasurer/Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

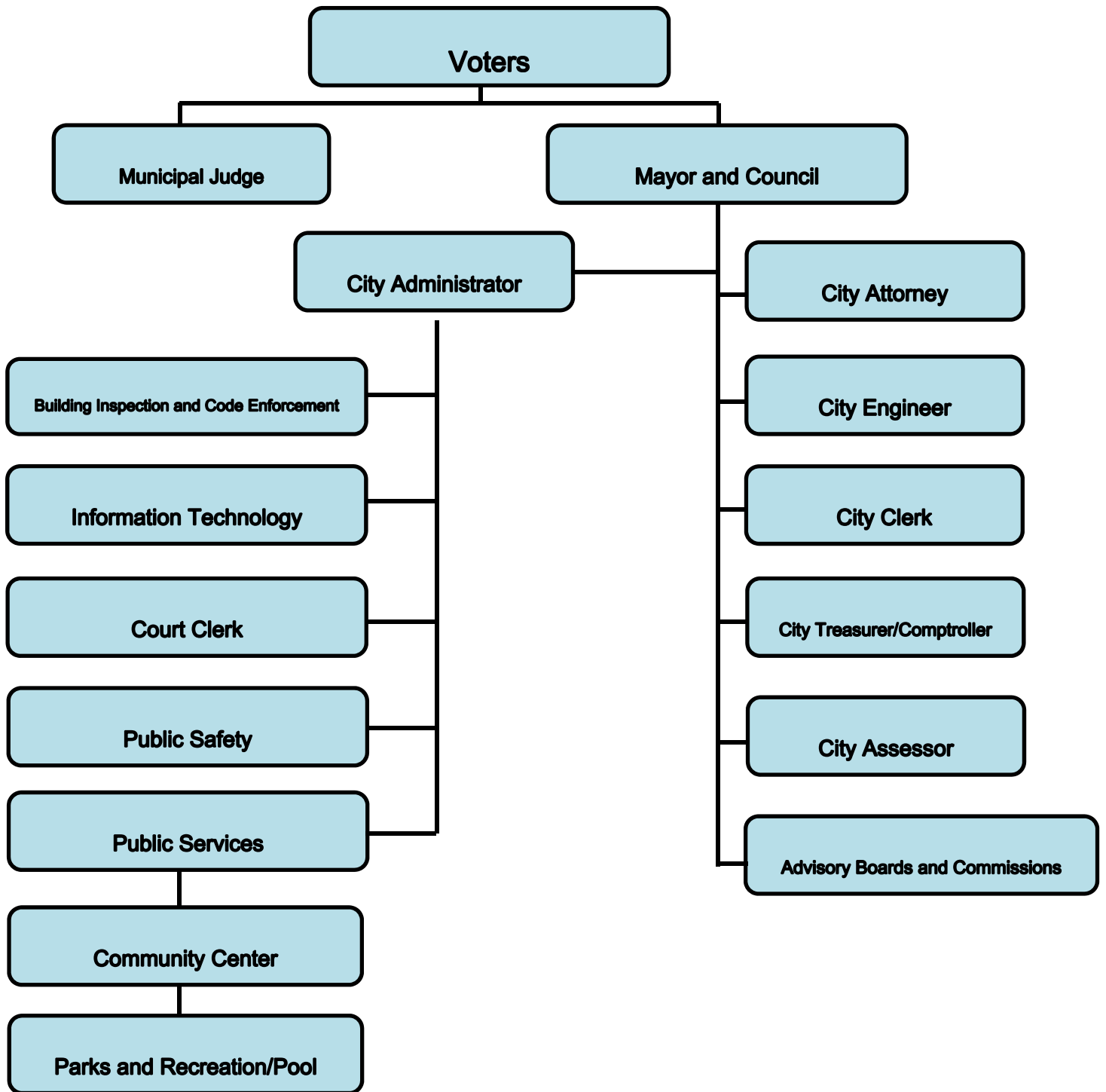
**City of Grosse Pointe Woods
Michigan**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



Elected Officials

Mayor
Council Member
Council Member
Council Member
Council Member
Council Member
Council Member

Robert E. Novitke
Michael Koester
Victoria A. Granger
Arthur W. Bryant
Kenneth Gafa
George R. McMullen, Jr.
Todd A. McConaghy

Municipal Judge

Municipal Judge

Theodore Metry

Administrator's Office

Administrator

Bruce J. Smith

Clerk's Office

Clerk

Lisa K. Hathaway

City Treasurer/Comptroller's Office

Deputy Treasurer/Comptroller

Shawn M. Murphy

City Attorney

City Attorney

Charles T. Berschback

Independent Auditor's Report

To the Honorable Mayor and City Council
City of Grosse Pointe Woods, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Woods, Michigan (the "City") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City of Grosse Pointe Woods, Michigan's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Woods, Michigan as of June 30, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and City Council
City of Grosse Pointe Woods, Michigan

Other Matter

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Grosse Pointe Woods, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, and the introductory section and the statistical section are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Plante & Moran, PLLC

November 19, 2020

Our discussion and analysis of the City of Grosse Pointe Woods, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the City's financial statements.

Financial Highlights

The following represents the most significant financial highlights for the year ended June 30, 2020:

- Property taxes continue to be the City's largest source of revenue; slow but steady increases have been realized for the last three fiscal years. After the 2007 housing market decline, the City has had incremental increases, with a CPI of 1.9 percent for fiscal year 2019-2020. Although the millage rate is essentially at the Headlee cap, the general operating property tax revenue remained consistent with 2018-2019.
- Revenue sharing from the State of Michigan remains our second largest revenue source. The City continues to meet all requirements of accountability and transparency with the State and received 100 percent of our state-shared revenue allocation in 2019-2020.
- The City remains vigilant with property maintenance enforcement to ensure properties are maintained. Maintaining property values and preventing decline through an effective property maintenance and rental inspection program is an important component of our overall financial plan and maintaining the quality of life within our community.
- Road repair and reconstruction continue to be a priority for the City. With the completion of the 2017 road program, funded through the subsequent issuance of a road debt bond in 2017, the City has approved additional road projects in fiscal year 2019-2020. The road projects include the reconstruction of Beaufait and the resurfacing of Oxford, with asphalt joint repair on Fairway and Holiday. Funding of \$1.49 million for this project will come from the General Fund fund balance and the Water and Sewer Fund reserves.
- In partnership with the Michigan Department of Transportation, the resurfacing of Vernier Road took place from Morningside to Fairway. This construction project, at an estimated cost of \$1.329 million was awarded to the City through Federal Surface Transportation Funding (STP). The STP provides flexible funding that may be used by states and local government for projects to preserve and improve the conditions and performance on any federal aid highway. The City was obligated to provide 100 percent of the engineering costs and a construction match of 20 percent. The overall cost to the City for this great improvement to one of our major roadways was \$466,588.
- The City has realized a slight increase in its General Fund fund balance of \$69,000, exclusive of the Cable Franchise and Local Street funds.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position 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 the reader 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.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

The City as a Whole

The following table shows, in a condensed format, the net position as of the current date compared to the prior year:

Summary Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 16,806,358	\$ 18,760,770	\$ 15,655,928	\$ 15,725,275	\$ 32,462,286	\$ 34,486,045
Capital assets	61,032,581	51,748,050	29,960,580	29,347,271	90,993,161	81,095,321
Total assets	77,838,939	70,508,820	45,616,508	45,072,546	123,455,447	115,581,366
Deferred Outflows of Resources						
	8,895,176	11,865,129	804,861	1,160,485	9,700,037	13,025,614
Liabilities						
Current liabilities	1,834,319	1,832,830	922,742	1,159,854	2,757,061	2,992,684
Noncurrent liabilities	105,372,716	97,680,305	13,792,363	14,727,639	119,165,079	112,407,944
Total liabilities	107,207,035	99,513,135	14,715,105	15,887,493	121,922,140	115,400,628
Deferred Inflows of Resources						
	3,570,077	11,457,613	392,635	1,172,614	3,962,712	12,630,227
Net Position (Deficit)						
Net investment in capital assets	34,307,867	29,554,228	23,036,705	21,640,125	57,344,572	51,194,353
Restricted	3,879,012	4,675,063	198,090	155,000	4,077,102	4,830,063
Unrestricted	(62,229,876)	(62,826,090)	8,078,834	7,377,799	(54,151,042)	(55,448,291)
Total net position (deficit)	<u>\$ (24,042,997)</u>	<u>\$ (28,596,799)</u>	<u>\$ 31,313,629</u>	<u>\$ 29,172,924</u>	<u>\$ 7,270,632</u>	<u>\$ 576,125</u>

Capital assets in governmental activities increased by approximately \$6.6 million due to the City's ongoing work related to the Milk River Drainage District. The remaining increase in capital assets of approximately \$2.7 million is related to the City's continued investment in road improvement projects and other infrastructure assets.

The increase in long-term liabilities was \$7.7 million, primarily due to unfunded pension and other postemployment benefits (OPEB) liabilities. The City continues to make the required contributions to the pension plans, but market conditions and changes in the governmental accounting standards have changed the manner in which these liabilities are reported on the City's statement of net position.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the City's major revenue and expenses as a whole for both the governmental and business-type activities. The bottom of the table shows the changes in net position during the current year in comparison to the prior year:

Summary Condensed Statement of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenue:						
Charges for services	\$ 735,843	\$ 853,280	\$ 8,869,111	\$ 8,878,802	\$ 9,604,954	\$ 9,732,082
Operating grants	1,566,077	1,743,250	-	-	1,566,077	1,743,250
Capital grants	930,108	13,232	-	-	930,108	13,232
General revenue:						
Property taxes	15,997,173	15,161,779	-	-	15,997,173	15,161,779
Intergovernmental	1,649,486	1,848,256	-	-	1,649,486	1,848,256
Investment earnings	338,402	438,677	241,682	294,366	580,084	733,043
Other revenue:						
Cable franchise fees	369,566	336,174	-	-	369,566	336,174
Other miscellaneous income	1,129,700	752,977	-	-	1,129,700	752,977
Total revenue	22,716,355	21,147,625	9,110,793	9,173,168	31,827,148	30,320,793
Expenses						
General government	518,836	739,340	-	-	518,836	739,340
Public safety	5,741,383	4,025,271	-	-	5,741,383	4,025,271
Public works	6,547,839	6,164,026	-	-	6,547,839	6,164,026
Solid waste	1,661,616	1,499,882	-	-	1,661,616	1,499,882
Municipal improvement	1,283,863	1,029,092	-	-	1,283,863	1,029,092
Parks and recreation	1,848,120	1,723,640	-	-	1,848,120	1,723,640
Debt service	560,896	539,273	-	-	560,896	539,273
Water and Sewer Fund	-	-	6,399,751	6,351,669	6,399,751	6,351,669
Parking Utility Fund	-	-	432,624	495,089	432,624	495,089
Boat Dock Rental Fund	-	-	132,434	279,565	132,434	279,565
Commodity Sales Fund	-	-	5,279	47,233	5,279	47,233
Total expenses	18,162,553	15,720,524	6,970,088	7,173,556	25,132,641	22,894,080
Change in Net Position	4,553,802	5,427,101	2,140,705	1,999,612	6,694,507	7,426,713
Net Position (Deficit) -						
Beginning of year	(28,596,799)	(34,023,900)	29,172,924	27,173,312	576,125	(6,850,588)
Net Position (Deficit) - End of year	<u>\$ (24,042,997)</u>	<u>\$ (28,596,799)</u>	<u>\$ 31,313,629</u>	<u>\$ 29,172,924</u>	<u>\$ 7,270,632</u>	<u>\$ 576,125</u>

Governmental Activities

The City's governmental revenue totaled approximately \$22.7 million, with the greatest revenue source being property taxes. Total revenue for governmental activities increased approximately \$1.57 million compared to fiscal year 2018-2019. The majority of the increase is related a capital grants contribution of approximately \$906,000 from the Surface Transportation Program (STP) of Vernier Road and approximately \$835,000 in property tax revenue.

Property taxes make up approximately 70 percent of total governmental revenue. That percentage decreased slightly from the 72 percent reported in fiscal year 2018-2019. Overall, the City experienced an increase of 3.8 percent in taxable value for 2019-2020, down slightly from 5.5 percent in fiscal year 2018-2019.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

Total governmental expenses for the City were approximately \$18.2 million. This is an increase of approximately \$2.4 million compared to fiscal year 2018-2019. Expenses increased this year as a result of city hall renovations and the City's continued investment in both its major and local road infrastructure.

Business-type Activities

The City's business-type activities consist of the funds for water and sewer, parking utility, commodity sales, and boat dock.

Water and sewer utility system revenue is primarily from fees paid by customers based on use. Water and sewer rates were increased in the current year to cover increased costs to purchase water and to fund required infrastructure improvements.

The remaining business-type funds continue to be funded exclusively by user fees, and there were no significant changes in revenue or expenses in the current year.

In the business-type activities, revenue decreased by approximately \$62,000, primarily due to a decrease investment earnings as a result of the market weathering a steep decline in March 2020 with the onset of the COVID-19 pandemic. Expenses decreased approximately \$203,000 due to the completion of SAW Grant CCTV investigation.

The City's Funds

An analysis of the City's major funds begins on page 12, following the government wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council created funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The City's major governmental funds for fiscal year 2019-2020 include the General Fund and the Grosse-Gratiot Drain Fund. Since the Local Street Fund and the Cable Franchise Fund receive the majority of their revenue from unrestricted sources, they can no longer be classified as special revenue funds. Therefore, they are included in the General Fund. The City's major business-type fund is the Water and Sewer Fund.

General Fund

The General Fund pays for most of the City's governmental services. The two largest services funded by the General Fund are public safety (combined police and fire services) and public works, which account for \$10.4 million in expenses. The parks and recreation department accounted for \$1.5 million in expenses, with this department of the City being primarily funded through tax revenue and user fees.

Other major activities in the General Fund include recreation and culture, solid waste, and all general government administrative and services operations. Some of these activities rely on fees for services to help offset costs, and some do not generate any significant service-related revenue. Many of these activities rely heavily on property taxes and revenue sharing to subsidize their operations.

In fiscal year 2019-2020, the General Fund's fund balance decreased by \$521,295. The decrease is the result of road construction and municipal improvement projects and updates funded through insurance reimbursements and the use of prior year reserves.

The City's General Fund year-end fund balance is approximately \$7.9 million; \$1.7 million is committed, assigned, or nonspendable, leaving \$6.2 million unassigned. The unassigned amount represents approximately 43 percent of fiscal year 2019-2020 actual expenditures. This level of fund balance is above the recommended level of between 10 percent and 15 percent of annual expenditures; however, the City strives to maintain a cash surplus sufficient to maintain superior city services and retain a favorable bond rating.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

Grosse-Gratiot Drain Fund

The Grosse-Gratiot Drain Fund is used to accumulate resources for payment of operations and maintenance costs, as well as the Grosse-Gratiot Drain improvements financed by issuance of debt. In 2017, the Milk River Inter County Drain Drainage Board issued debt in the amount of \$36 million for system updates and improvements, with the City's first principal payment made in 2020. The City continues to make estimated interest payments each year, which are being funded through use of the Grosse-Gratiot Drain Fund fund balance.

In fiscal year 2019-2020, the fund derived revenue from property taxes of approximately \$2.8 million and expenditures of approximately \$1.9 million related to drain operations and maintenance provided by Wayne County, Michigan and \$7.6 million related to capital expenditures.

This Grosse-Gratiot Drain Fund's fund balance decreased \$924,677; its fund balance at year end is \$2,206,710 and will be used to cover 50 percent of the City's portion of cost overruns that occurred on the Milk River Drainage project. As the project neared completion, unforeseen circumstances caused cost overruns of \$6.8 million. The City's allocation of 50.5 percent of these overruns totals an additional \$3.5 million.

Water and Sewer Fund

The Water and Sewer Fund continues to maintain a small amount of working capital and the required reserves to meet bond covenants. Because revenue is derived from user fees that are adjusted periodically to cover expenses, the fund is very secure. Unlike the governmental activities of the City, the Water and Sewer Fund does not rely on tax dollars and state aid for its financial well-being.

Water and sewer rates remained constant with fiscal year 2019-2020. These fees cover the expenses imposed by the Great Lakes Water Authority; Wayne County, Michigan; city billing staff; and city operations and maintenance staff, and infrastructure improvements are financed by issuance of debt and the use of reserves.

The City Council and administration review revenue and expenditures annually to ensure revenue remains at an adequate level to support the required expenditures of the water and sewer systems.

General Fund Budgetary Highlights

The City experienced a 3.8 percent increase in taxable value in fiscal year 2019-2020, resulting in a modest increase in property tax revenue. The City Council and administration review expenditures to determine if appropriate funding levels from property taxes and revenue sharing will adequately cover expenditures. Revenue exceeded expenditures for fiscal year 2019-2020 by approximately \$69,000. The decrease in expenditures is the direct result of the suspension of Lake Front Park activities and the deferment of the pool opening to July due to the COVID-19 pandemic.

Local Street Activity

The Local Street Fund accounts for the maintenance and replacement of all local streets within the City. The City has approximately 42 miles of local streets within our municipal boundaries. The primary source of financing for this fund is provided by distribution of gas tax proceeds from the State under Public Act 51, with the City receiving just under \$440,000 in fiscal year 2019-2020. The other primary income source is through a transfer from the General Fund. Expenditures exceeded revenue in local streets by \$594,320. The reason for the increase in expenditures is the completion of the Beaufait and Oxford road project budgeted in fiscal year 2019-2020. The Local Street Fund additionally receives a small amount of its revenue from fees, other state funding, special assessment, and interest on investments.

The Local Street Fund's fund balance decreased by \$594,320. This decrease is the direct result of fiscal year 2018-2019 projects being finalized and closing payments to contractors were made in fiscal year 2019-2020. The Local Street Fund's fund balance at fiscal year end 2019-2020 was \$797,860. For reporting purposes, this fund balance has been classified as committed and rolled into the General Fund.

Cable Franchise Activity

The Cable Franchise Fund was established to invest the proceeds from the sale of the City's interest in a cable company's earnings used for capital improvements.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

The Cable Franchise Fund's fund balance increased to \$549,619 primarily as a result of annual interest earnings and is reported in the General Fund as assigned.

Capital Asset and Debt Administration

General obligation debt for the City in fiscal year 2019-2020 includes the 2015 Road Construction Bonds, the 2017 Road Construction Bonds, and the 2018 Capital Improvement Bonds utilized to fund municipal infrastructure needs throughout various city-owned buildings and properties. These general obligation bonds are secured by an issuing government's pledge to use all available resources to repay holders of the bond and that they are backed by the full faith and credit of the City of Grosse Pointe Woods, Michigan as the issuing authority. Fiscal year 2019-2020 ended with general obligation debt of \$8.8 million dollars in outstanding principal.

The City finalized all vehicle lease-to-own payments in fiscal year 2019-2020 from the prior four years of funding vehicle purchases through installment payments versus the outright purchases. Overall, the City's debt remains low with combined governmental long-term debt at \$27 million, with \$17.8 million directly attributed to the Milk River Drainage Project. Detailed information on the City's debt can be found in the statistical section of this report in the debt capacity and direct and overlapping debt schedules. For more information regarding the activity of capital assets and debt, please refer to Notes 4 and 6, respectively

Economic Factors

Property tax values increased pursuant to the Consumer Price Index (CPI) approximately 1.9 percent and realized an overall increase of 3.8 percent in fiscal year 2019-2020. The overall increase is inclusive of all taxable value additions as losses calculated into this final percentage. This resulted in an increase in property tax revenue of approximately \$835,000 in fiscal year 2019-2020. The City remains hopeful that the rebound from the 2007 decline in taxable values continues. Prudent fiscal management continues to be a top priority, as the City continues to implement cost-saving measures: reducing discretionary spending, evaluating and prioritizing capital projects, and working to establish partnerships with other agencies.

The City was awarded a Storm Water Asset Management and Wastewater (SAW) Grant in 2017, which funded the investigation of the City's sewer lines, manholes, and catch basins; funded an asset management system to properly inventory and rate the condition of each sewer asset; and helped the City in developing a long-term capital improvement plan. City staff, working closely with city engineers, provided adequate funding during fiscal year 2019-2020 to begin to address some of the needs identified as a result of this grant funding. Significant strides were made during the year in many areas of the City as it worked to accomplish these important goals.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a coronavirus a pandemic. Executive Order 20-21 was signed by Governor Gretchen Whitmer on March 23, 2020 directing all Michigan businesses and operations to temporarily suspend in-person operations that were not necessary to sustain or protect life. The order also directed Michigan residents to stay in their homes unless they were a part of a critical infrastructure workforce, engaged in an outdoor activity, or performing tasks necessary to the health and safety of themselves or their family. City administration, in conjunction with the mayor and City Council, immediately suspended all city operations with the exception of our public safety and public works department and directed staff to "stay home, stay safe" as the unprecedented crisis of the COVID-19 pandemic unfolded. Pursuant to authority granted by the City Council, city administration provided our information technology department with the equipment and resources needed to establish remote workstations for essential city employees, and daily e-blasts were provided to the community to provide resources and information. Throughout the 14 weeks of the municipal offices being closed to the public (March 24, 2020 through July 10, 2020), all city services remained intact, with staff performing in an exemplary manner while providing exceptional service to our community during this trying time.

Contacting the City's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the city administrator's office at (313) 343-2450.

City of Grosse Pointe Woods, Michigan

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 3)	\$ 15,539,703	\$ 13,628,908	\$ 29,168,611
Receivables:			
Property taxes receivable	110	-	110
Customer receivables	-	1,781,574	1,781,574
Accrued interest receivable	25,744	26,025	51,769
Other receivables	7,633	-	7,633
Due from other governments	587,403	41,884	629,287
Internal balances	30,912	(30,912)	-
Prepaid items and other assets	269,370	10,359	279,729
Restricted assets	290,135	198,090	488,225
Investment in Grosse Pointes-Clinton Refuse Disposal Authority (Note 13)	55,348	-	55,348
Capital assets: (Note 4)			
Assets not subject to depreciation	21,008,821	82,460	21,091,281
Assets subject to depreciation - Net	40,023,760	29,878,120	69,901,880
Total assets	77,838,939	45,616,508	123,455,447
Deferred Outflows of Resources			
Deferred pension costs	8,730,427	788,807	9,519,234
Deferred OPEB costs	164,749	16,054	180,803
Total deferred outflows of resources	8,895,176	804,861	9,700,037
Liabilities			
Accounts payable	1,133,357	574,121	1,707,478
Due to other governmental units	36,158	-	36,158
Accrued liabilities and other:			
Accrued salaries and wages	209,014	18,172	227,186
Payroll taxes and withholdings	41,521	4,445	45,966
Accrued interest payable	62,664	28,945	91,609
Accrued other	326,787	297,059	623,846
Unearned revenue	24,818	-	24,818
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 6)	776,015	53,342	829,357
Provision for claims (Notes 6 and 14)	128,706	-	128,706
Current portion of long-term debt (Note 6)	1,738,265	808,271	2,546,536
Due in more than one year:			
Compensated absences (Note 6)	202,098	12,481	214,579
Net pension liability (Note 8)	45,007,641	3,660,967	48,668,608
Net OPEB liability (Note 10)	32,243,407	3,141,698	35,385,105
Long-term debt - Net of current portion (Note 6)	25,276,584	6,115,604	31,392,188
Total liabilities	107,207,035	14,715,105	121,922,140
Deferred Inflows of Resources			
Deferred pension cost reductions	2,844,668	321,964	3,166,632
Deferred OPEB cost reductions	725,409	70,671	796,080
Total deferred inflows of resources	3,570,077	392,635	3,962,712
Net Position (Deficit)			
Net investment in capital assets	34,307,867	23,036,705	57,344,572
Restricted:			
Roads	1,041,231	-	1,041,231
Debt service	2,403,380	198,090	2,601,470
Public safety	54,213	-	54,213
Solid waste	274,747	-	274,747
Community development	95,397	-	95,397
Grants	10,044	-	10,044
Unrestricted	(62,229,876)	8,078,834	(54,151,042)
Total net position (deficit)	\$ (24,042,997)	\$ 31,313,629	\$ 7,270,632

See notes to financial statements.

City of Grosse Pointe Woods, Michigan

Functions/Programs	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 518,836	\$ 403,678	\$ 55,228	\$ -
Public safety	5,741,383	253,797	-	-
Public works	6,547,839	-	1,510,849	930,108
Solid waste	1,661,616	-	-	-
Municipal improvement	1,283,863	110	-	-
Recreation and culture	1,848,120	78,258	-	-
Interest on long-term debt	560,896	-	-	-
Total governmental activities	18,162,553	735,843	1,566,077	930,108
Business-type activities:				
Water and Sewer Fund	6,399,751	8,021,351	-	-
Parking Utility Fund	432,624	321,868	-	-
Boat Dock Rental Fund	132,434	512,097	-	-
Commodity Sales Fund	5,279	13,795	-	-
Total business-type activities	6,970,088	8,869,111	-	-
Total primary government	\$ 25,132,641	\$ 9,604,954	\$ 1,566,077	\$ 930,108

General revenue:
 Property taxes
 Unrestricted state-shared revenue
 Unrestricted investment income
 Franchise fees
 Other miscellaneous income
 Total general revenue

Change in Net Position
Net Position - Beginning of year
Net Position - End of year

Statement of Activities

Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (59,930)	\$ -	\$ (59,930)
(5,487,586)	-	(5,487,586)
(4,106,882)	-	(4,106,882)
(1,661,616)	-	(1,661,616)
(1,283,753)	-	(1,283,753)
(1,769,862)	-	(1,769,862)
(560,896)	-	(560,896)
(14,930,525)	-	(14,930,525)
-	1,621,600	1,621,600
-	(110,756)	(110,756)
-	379,663	379,663
-	8,516	8,516
-	1,899,023	1,899,023
(14,930,525)	1,899,023	(13,031,502)
15,997,173	-	15,997,173
1,649,486	-	1,649,486
338,402	241,682	580,084
369,566	-	369,566
1,129,700	-	1,129,700
19,484,327	241,682	19,726,009
4,553,802	2,140,705	6,694,507
(28,596,799)	29,172,924	576,125
\$ (24,042,997)	\$ 31,313,629	\$ 7,270,632

City of Grosse Pointe Woods, Michigan

Governmental Funds Balance Sheet

June 30, 2020

	General Fund	Debt Service Fund - Grosse-Gratiot Drain Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 3)	\$ 7,941,443	\$ 2,658,761	\$ 2,437,442	\$ 13,037,646
Receivables:				
Property taxes receivable	-	-	110	110
Accrued interest receivable	13,378	997	-	14,375
Other receivables	-	-	7,633	7,633
Due from other governments	413,311	-	174,092	587,403
Due from other funds (Note 5)	52,872	-	7,443	60,315
Advances to other funds	201,828	-	-	201,828
Prepaid items and other assets	89,089	-	11,783	100,872
Restricted assets	-	-	290,135	290,135
	<u>\$ 8,711,921</u>	<u>\$ 2,659,758</u>	<u>\$ 2,928,638</u>	<u>\$ 14,300,317</u>
Total assets				
Liabilities				
Accounts payable	\$ 325,004	\$ 414,926	\$ 373,427	\$ 1,113,357
Due to other governmental units	36,158	-	-	36,158
Due to other funds (Note 5)	11,022	-	20,000	31,022
Advances from other funds	-	-	201,828	201,828
Accrued liabilities and other:				
Accrued salaries and wages	197,452	-	6,699	204,151
Payroll taxes and withholdings	38,480	-	1,692	40,172
Accrued other	239,821	38,122	45,931	323,874
Unearned revenue	-	-	24,818	24,818
	<u>847,937</u>	<u>453,048</u>	<u>674,395</u>	<u>1,975,380</u>
Total liabilities				
Deferred Inflows of Resources - Unavailable revenue	578	-	110	688
Fund Balances				
Nonspendable	290,917	-	11,783	302,700
Restricted:				
Roads	-	-	1,034,274	1,034,274
Public safety	-	-	53,040	53,040
Debt service	-	2,206,710	196,670	2,403,380
Grants	-	-	10,044	10,044
Community development	-	-	94,397	94,397
Solid waste	-	-	271,984	271,984
Capital improvement	-	-	290,135	290,135
Committed - Local streets	791,701	-	-	791,701
Assigned:				
Public safety	50,000	-	61,565	111,565
Capital projects	-	-	115,084	115,084
Parkway beautification	-	-	115,157	115,157
Cable	549,619	-	-	549,619
Unassigned	6,181,169	-	-	6,181,169
	<u>7,863,406</u>	<u>2,206,710</u>	<u>2,254,133</u>	<u>12,324,249</u>
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,711,921</u>	<u>\$ 2,659,758</u>	<u>\$ 2,928,638</u>	<u>\$ 14,300,317</u>

City of Grosse Pointe Woods, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2020

Fund Balances Reported in Governmental Funds	\$ 12,324,249
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	59,236,980
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	688
Investments in joint ventures are not financial resources and are not reported in the funds	55,348
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(27,014,849)
Accrued interest is not due and payable in the current period and is not reported in the funds	(62,664)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(946,605)
Pension benefits	(37,888,018)
Retiree health care benefits (OPEB)	(31,864,476)
Internal service funds are included as part of governmental activities	<u>2,116,350</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (24,042,997)</u>

City of Grosse Pointe Woods, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	General Fund	Debt Service Fund - Grosse-Gratiot Drain Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Property taxes:				
Property taxes	\$ 10,241,873	\$ 2,836,373	\$ 2,918,239	\$ 15,996,485
Franchise fees	369,566	-	-	369,566
Intergovernmental:				
Federal grants	-	-	26,750	26,750
State and local sources	2,093,809	11,099	1,110,655	3,215,563
Charges for services	600,775	-	-	600,775
Fines and forfeitures	253,797	-	-	253,797
Investment income	195,494	58,876	34,908	289,278
Other revenue	255,415	-	203,448	458,863
Total revenue	<u>14,010,729</u>	<u>2,906,348</u>	<u>4,294,000</u>	<u>21,211,077</u>
Expenditures				
Current services:				
General government	2,537,974	-	65,559	2,603,533
Public safety	5,502,349	-	150,125	5,652,474
Public works	4,864,890	8,477,879	2,739,594	16,082,363
Municipal improvement	-	-	1,181,810	1,181,810
Parks and recreation	1,498,109	-	249,383	1,747,492
Debt service:				
Principal	-	723,048	925,500	1,648,548
Interest on long-term debt	-	331,749	284,723	616,472
Total expenditures	<u>14,403,322</u>	<u>9,532,676</u>	<u>5,596,694</u>	<u>29,532,692</u>
Excess of Expenditures Over Revenue	(392,593)	(6,626,328)	(1,302,694)	(8,321,615)
Other Financing Sources (Uses)				
Transfers in	519,346	-	1,320,549	1,839,895
Transfers out	(1,320,549)	-	(519,346)	(1,839,895)
New debt issued	-	5,701,651	-	5,701,651
Insurance recoveries	672,501	-	-	672,501
Total other financing (uses) sources	<u>(128,702)</u>	<u>5,701,651</u>	<u>801,203</u>	<u>6,374,152</u>
Net Change in Fund Balances	(521,295)	(924,677)	(501,491)	(1,947,463)
Fund Balances - Beginning of year	<u>8,384,701</u>	<u>3,131,387</u>	<u>2,755,624</u>	<u>14,271,712</u>
Fund Balances - End of year	<u><u>\$ 7,863,406</u></u>	<u><u>\$ 2,206,710</u></u>	<u><u>\$ 2,254,133</u></u>	<u><u>\$ 12,324,249</u></u>

City of Grosse Pointe Woods, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ (1,947,463)
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:	
Depreciation expense	(1,726,179)
Donated assets	906,733
Capital outlay	9,790,049
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(4,351)
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(5,701,651)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	1,710,317
Interest expense is recognized in the government-wide statements as it accrues	(6,193)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	765,048
Change in investment in a joint Grosse Pointes-Clinton Refuse Disposal Authority is not recorded in the funds	14,228
Internal service funds are included as part of governmental activities	<u>753,264</u>
Change in Net Position of Governmental Activities	<u><u>\$ 4,553,802</u></u>

City of Grosse Pointe Woods, Michigan

Proprietary Funds Statement of Net Position

June 30, 2020

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Nonmajor Enterprise	Total	Internal Service Funds
Assets				
Current assets:				
Cash and investments	\$ 11,950,137	\$ 1,678,771	\$ 13,628,908	\$ 2,502,057
Receivables:				
Customer receivables	1,781,574	-	1,781,574	-
Accrued interest receivable	23,996	2,029	26,025	11,369
Due from other governments	41,884	-	41,884	-
Due from other funds	91	62	153	3,734
Prepaid items and other assets	8,599	1,760	10,359	168,498
Total current assets	13,806,281	1,682,622	15,488,903	2,685,658
Noncurrent assets:				
Restricted assets	198,090	-	198,090	-
Capital assets:				
Assets not subject to depreciation	82,460	-	82,460	-
Assets subject to depreciation - Net	28,795,230	1,082,890	29,878,120	1,795,601
Total noncurrent assets	29,075,780	1,082,890	30,158,670	1,795,601
Total assets	42,882,061	2,765,512	45,647,573	4,481,259
Deferred Outflows of Resources				
Deferred pension costs	642,548	146,259	788,807	313,656
Deferred OPEB costs	12,946	3,108	16,054	4,719
Total deferred outflows of resources	655,494	149,367	804,861	318,375
Liabilities				
Current liabilities:				
Accounts payable	570,944	3,177	574,121	20,000
Due to other funds	-	31,065	31,065	2,115
Accrued liabilities and other	340,749	7,872	348,621	9,125
Compensated absences	40,540	12,802	53,342	-
Provision for claims	-	-	-	128,706
Current portion of long-term debt	808,271	-	808,271	-
Total current liabilities	1,760,504	54,916	1,815,420	159,946
Noncurrent liabilities:				
Compensated absences	9,486	2,995	12,481	31,508
Net pension liability	2,945,112	715,855	3,660,967	1,414,347
Net OPEB liability	2,533,707	607,991	3,141,698	923,522
Long-term debt - Net of current portion	6,115,604	-	6,115,604	-
Total noncurrent liabilities	11,603,909	1,326,841	12,930,750	2,369,377
Total liabilities	13,364,413	1,381,757	14,746,170	2,529,323
Deferred Inflows of Resources				
Deferred pension cost reductions	267,957	54,007	321,964	133,173
Deferred OPEB cost reductions	56,993	13,678	70,671	20,788
Total deferred inflows of resources	324,950	67,685	392,635	153,961
Net Position				
Net investment in capital assets	21,953,815	1,082,890	23,036,705	1,795,601
Restricted - Debt service	198,090	-	198,090	-
Unrestricted	7,696,287	382,547	8,078,834	320,749
Total net position	\$ 29,848,192	\$ 1,465,437	\$ 31,313,629	\$ 2,116,350

See notes to financial statements.

City of Grosse Pointe Woods, Michigan

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2020

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Nonmajor Enterprise	Total	Internal Service Funds
Operating Revenue				
Water sales and charges for services	\$ 7,632,579	\$ -	\$ 7,632,579	\$ -
Interest and penalty charges	112,801	-	112,801	-
Fees and violations	-	316,748	316,748	-
Dockings and launching fees	-	195,382	195,382	-
Commodity sales	-	13,795	13,795	-
Other revenue	247,700	321,835	569,535	1,200
Charges to other funds	-	-	-	1,506,850
Total operating revenue	7,993,080	847,760	8,840,840	1,508,050
Operating Expenses				
Cost of water	3,700,730	-	3,700,730	-
Cost of insurance claims	-	-	-	39,153
General and administrative	92,440	244,264	336,704	199,590
Operation and maintenance	1,001,684	199,301	1,200,985	-
Charges from internal service funds	550,000	-	550,000	-
Vehicle operation and maintenance	-	-	-	271,678
Depreciation	879,442	126,066	1,005,508	312,194
Total operating expenses	6,224,296	569,631	6,793,927	822,615
Operating Income	1,768,784	278,129	2,046,913	685,435
Nonoperating Revenue (Expense)				
Investment income	220,052	21,630	241,682	57,518
Interest expense	(175,455)	(706)	(176,161)	(1,639)
Loss on sale of assets	-	-	-	8,250
Amortization of debt premium	28,271	-	28,271	-
Insurance proceeds	-	-	-	3,700
Total nonoperating revenue	72,868	20,924	93,792	67,829
Change in Net Position	1,841,652	299,053	2,140,705	753,264
Net Position - Beginning of year	28,006,540	1,166,384	29,172,924	1,363,086
Net Position - End of year	<u>\$ 29,848,192</u>	<u>\$ 1,465,437</u>	<u>\$ 31,313,629</u>	<u>\$ 2,116,350</u>

City of Grosse Pointe Woods, Michigan

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2020

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Nonmajor Enterprise	Total	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 7,834,669	\$ 847,760	\$ 8,682,429	\$ 1,200
Receipts from interfund services and reimbursements	(91)	-	(91)	1,505,231
Payments to suppliers	(4,004,072)	(240,580)	(4,244,652)	(390,214)
Payments to employees and fringes	(1,525,691)	(722,576)	(2,248,267)	(292,213)
Payments from other funds	-	(37,726)	(37,726)	-
Claims paid	-	-	-	(108,353)
Net cash and cash equivalents provided by (used in) operating activities	2,304,815	(153,122)	2,151,693	715,651
Cash Flows from Capital and Related Financing Activities				
Proceeds from insurance	-	-	-	3,700
Proceeds from sale of capital assets	-	-	-	8,250
Purchase of capital assets	(1,581,685)	(37,132)	(1,618,817)	(626,122)
Principal and interest paid on capital debt	(937,273)	(706)	(937,979)	(63,735)
Net cash and cash equivalents used in capital and related financing activities	(2,518,958)	(37,838)	(2,556,796)	(677,907)
Cash Flows from Investing Activities				
Interest received on investments	227,261	26,102	253,363	58,196
Proceeds from sale and maturities of investment securities	3,674,127	484,441	4,158,568	33,176
Net cash and cash equivalents provided by investing activities	3,901,388	510,543	4,411,931	91,372
Net Increase in Cash and Cash Equivalents	3,687,245	319,583	4,006,828	129,116
Cash and Cash Equivalents - Beginning of year	4,563,729	624,687	5,188,416	1,137,994
Cash and Cash Equivalents - End of year	\$ 8,250,974	\$ 944,270	\$ 9,195,244	\$ 1,267,110
Classification of Cash and Cash Equivalents				
Cash and investments	\$ 11,950,137	\$ 1,678,771	\$ 13,628,908	\$ 2,502,057
Restricted cash	198,090	-	198,090	-
Less amounts classified as investments	(3,897,253)	(734,501)	(4,631,754)	(1,234,947)
Total cash and cash equivalents	\$ 8,250,974	\$ 944,270	\$ 9,195,244	\$ 1,267,110
Reconciliation of Operating Income to Net Cash from Operating Activities				
Operating income	\$ 1,768,784	\$ 278,129	\$ 2,046,913	\$ 685,435
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	879,442	126,066	1,005,508	312,194
Changes in assets and liabilities:				
Receivables	(106,556)	-	(106,556)	-
Due to and from other funds	(91)	(3,997)	(4,088)	(1,619)
Prepaid and other assets	(1,977)	(529)	(2,506)	(112,222)
Net pension or OPEB asset	144,887	(416,255)	(271,368)	(90,746)
Accounts payable	(379,674)	(136,536)	(516,210)	(3,263)
Estimated claims liability	-	-	-	(74,128)
Total adjustments	536,031	(431,251)	104,780	30,216
Net cash and cash equivalents provided by (used in) operating activities	\$ 2,304,815	\$ (153,122)	\$ 2,151,693	\$ 715,651

See notes to financial statements.

City of Grosse Pointe Woods, Michigan

Fiduciary Funds Statement of Fiduciary Net Position

June 30, 2020

	Pension and Other Employee Benefits	Agency Funds
Assets		
Cash and cash equivalents	\$ 299,523	\$ 2,795
Investments:		
Stocks	15,422,323	-
Corporate bonds	6,733,885	-
Pooled investments	15,999,052	-
Receivables	25	-
Total assets	38,454,808	<u>\$ 2,795</u>
Liabilities - Payables	-	<u>\$ 2,795</u>
Net Position Restricted for Pension and Other Employee Benefits	<u>\$ 38,454,808</u>	

City of Grosse Pointe Woods, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	<u>Pension and Other Employee Benefits</u>
Additions	
Investment income (loss):	
Interest and dividends	\$ 571,354
Net increase in fair value of investments	(376,867)
Investment-related expenses	<u>(74,175)</u>
Net investment income	120,312
Contributions:	
Employer contributions	3,144,224
Employee contributions	<u>321,216</u>
Total contributions	<u>3,465,440</u>
Total additions	3,585,752
Deductions - Benefit payments	<u>5,033,991</u>
Net Decrease in Net Position Restricted for Pension and Other Employee Benefits	(1,448,239)
Net Position Restricted for Pension and Other Employee Benefits - Beginning of year	<u>39,903,047</u>
Net Position Restricted for Pension and Other Employee Benefits - End of year	<u><u>\$ 38,454,808</u></u>

Note 1 - Significant Accounting Policies

Reporting Entity

The City of Grosse Pointe Woods, Michigan (the "City") is governed by an elected mayor and a six-member City Council. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

The City was incorporated as a home rule village on January 4, 1927 and as a home rule city on December 11, 1950. The City has a population of 16,135 per the 2010 census and encompasses 3.2 square miles. The City is located approximately 10 miles north of downtown Detroit and is over 97 percent residential. There are no major industries or corporations located within the City's limits.

Accounting and Reporting Principles

The City 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 (GASB). The following is a summary of the significant accounting policies used by the City:

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (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. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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, if any, are reported as separate columns in the fund financial statements.

Note 1 - Significant Accounting Policies (Continued)

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the City has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, court fines, and interest associated with the current fiscal period. Conversely, amounts collected after the period of availability are recorded as a deferred inflow, along with a corresponding receivable.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Grosse-Gratiot Drain Fund is used to account for revenue received that is used to pay for capital projects related to the drain, as well as principal and interest on the Grosse-Gratiot Drain long-term debt. Funding is provided by a specific property tax millage.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following fund as a major enterprise funds:

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

Note 1 - Significant Accounting Policies (Continued)

The City's internal service funds are used to allocate insurance costs and machinery and equipment purchases and maintenance to the various funds on a full accrual basis so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred. The City has two internal service funds:

- The Motor Vehicle Fund has been established to account for costs associated with vehicles purchased by the City and used by all department within the City.
- The Workers' Compensation Fund is used to fund workers' compensation claims and purchase insurance that provides coverage for employees. The fund is financed primarily by charges to various departments within the City.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs. Activities that are reported as fiduciary include the following:

- The Pension and Other Employee Benefit Trust Funds account for the activities of the employee benefit plans, which accumulate resources for pension benefit payments to retirees and other postemployment benefit payments to qualified retirees.
- The agency funds primarily record tax collections received and remitted to other units of government (the County of Wayne, Michigan; community colleges; school districts; etc.), as well as building bonds and deposits held for temporary periods. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement or results of operations.

Interfund Activity

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Specific Balances and Transactions

Cash 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 based on quoted market prices.

Note 1 - Significant Accounting Policies (Continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable. Prepaid items are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

The capital improvement fund has unspent bond proceeds of \$290,135 at June 30, 2020, and these have been restricted.

The revenue bonds of the Water and Sewer Fund require amounts to be set aside for debt service. These amounts have been classified as restricted assets. The balance of the restricted asset account for revenue bond restriction for debt payments is \$198,090 at June 30, 2020. These amounts have also been classified as restricted net position.

Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, 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 acquisition value at the date of donation.

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

Capital Asset Class	Depreciable Life - Years
Infrastructure	10-50
Buildings	25
Water and sewer lines	50
Equipment	5
Vehicles	3-7
Land improvements	10-40

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service funds generally are used to liquidate governmental long-term debt, and the Water and Sewer Fund is generally used to liquidate business-type long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

Note 1 - Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The City reports the following deferred outflows of resources and deferred inflows of resources:

	Inflows	Outflows
Unavailable revenue (those not collected within the period of availability) - Reported only at the modified accrual level	✓	
Deferred pension costs (or cost reductions)	✓	✓
Deferred OPEB costs (or cost reductions)	✓	✓

Net Position

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Note 1 - Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City has, by resolution, authorized the finance director to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Property Tax Revenue

Property taxes are levied on each December 31. The related property taxes are billed and become a lien on July 1 of the following year. Taxes are considered delinquent on February 28 of the following year, at which time they are added to the county tax rolls.

The City's 2019 property tax revenue was levied and collectible on July 1, 2019 and was recognized as revenue in the year ended June 30, 2020 when the proceeds of the levy were budgeted and available for the financing of operations.

The 2019 taxable valuation of the City totaled \$723 million. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	13.4300	\$ 9,703,000
Public relations	0.0690	49,000
Solid waste disposal	2.5674	1,853,000
Road bond debt	1.5000	1,082,000
Grosse-Gratiot Drain	3.9550	2,852,000
Total		<u>\$ 15,539,000</u>

Pension

The City offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan’s fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan’s fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

The City offers retiree health care benefits to retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan’s fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

It is the City's policy that employees earn vacation pay benefits on their anniversary date and sick benefits monthly. The government-wide and proprietary fund statements accrue all vacation and sick pay as it is used or vested (whichever is earlier). A liability for these amounts is reported in governmental funds as it comes due for payment (when the time is taken off or employees terminate). The General Fund, Water and Sewer Fund, and each nonmajor proprietary fund are generally used to liquidate compensated absences.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to customers for sales or services. In addition, the Water and Sewer Fund recognizes the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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 period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In January 2017, the GASB 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 City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2021.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2022.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests*. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The City is currently evaluating the impact this standard will have on the financial statements when adopted for the year ending June 30, 2021.

Note 1 - Significant Accounting Policies (Continued)

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The requirements of the standard will be applied retrospectively and are effective for the City's financial statements for the June 30, 2022 fiscal year.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets and, when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2023.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the City's financial statements for the year ending June 30, 2022.

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. 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 surplus or shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall at July 1, 2019	\$ (742,062)
Current year permit revenue	393,752
Related expenses - Direct costs	<u>(478,532)</u>
Current year net loss	<u>(84,780)</u>
Cumulative shortfall June 30, 2020	<u><u>\$ (826,842)</u></u>

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 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 that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 pension trust fund and retiree health care fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated five banks for the deposit of its funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 has authorized investment in all of the state statutory authorities listed above, except for obligations of the State of Michigan or its political subdivisions. Also, the City's investment policy allows the City to invest no more than 50 percent of any one fund in commercial paper rated at the time of purchase within the three highest classifications established by no fewer than two standard rating services. The City's deposits and investments are in accordance with statutory authority.

The City's 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 \$6,752,568 of bank deposits (certificates of deposit and 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.

June 30, 2020

Note 3 - Deposits and Investments (Continued)

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 minimizes interest rate risk by restricting investment maturities to securities maturing three years or less from the date of purchase, unless matched to a specific cash flow requirement. However, the repurchase agreements may be collateralized using longer-dated investments not to exceed 30 years to maturity. Additionally, no more than 40 percent of the City's total investment portfolio, as of June 30 of the preceding year, shall be placed in securities maturing in more than three years.

At year end, the City had the following investments and maturities:

Primary Government	Carrying Value	0-5 Years
Municipal bonds	\$ 753,075	\$ 753,075
Negotiable certificates of deposit	500,903	500,903
Federal Home Loan Mortgage Corporation	707,478	707,478
Federal National Mortgage Association	256,210	256,210
Federal Farm Credit Bank	2,256,730	2,256,730
Total	<u>\$ 4,474,396</u>	<u>\$ 4,474,396</u>

Fiduciary Funds	Carrying Value	0-5 Years	5-15 Years	More Than 15 Years
Loomis Sayles Bond Fund	\$ 6,733,884	\$ 6,733,884	-	-

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 June 30, 2020, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Primary Government			
Federal Home Loan Mortgage Corporation	\$ 707,478	AAA	Moody's
Federal National Mortgage Association - Fixed	756,255	AAA	Moody's
Federal Farm Credit Bank	1,756,685	AAA	Moody's
Municipal bonds	500,070	AAA	Moody's
Municipal bonds	253,005	AA	Moody's

Investment	Carrying Value	Rating	Rating Organization
Fiduciary Funds			
Loomis Sayles Bond Fund	\$ 6,733,884	Not rated	N/A

June 30, 2020

Note 3 - Deposits and Investments (Continued)

Concentration of Credit Risk

The City's investment policy minimizes concentration of credit risk by placing limits on the amount that the City may invest in any one issuer or security type to no more than 50 percent of the total investment portfolio invested in a single security type or 25 percent invested with a single financial institution. The City has more than 5 percent of its investments in the following:

Primary Government	Percent
Federal National Mortgage Association	5.73 %
Federal Home Loan Mortgage Corporation	15.81
Federal Farm Credit Bank	39.26
Fiduciary Funds	Percent
iShares	32.60 %
DFA Emerging Markets	7.01
American Fund Europacific	10.93
Vanguard S&P Small Cap	7.63
Templeton Inst foreign	5.40

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

June 30, 2020

Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2020:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Other Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Debt securities - Bond funds	\$ 6,733,884	\$ -	\$ -	\$ 6,733,884
Equity securities:				
Money market funds	121,840	-	-	121,840
Equity funds	31,421,375	-	-	31,421,375
Total equity securities	31,543,215	-	-	31,543,215
Governmental securities:				
U.S. governmental bonds	-	3,220,418	-	3,220,418
Municipal bonds	-	753,075	-	753,075
Total governmental securities	-	3,973,493	-	3,973,493
Certificates of deposit	-	5,676,792	-	5,676,792
Total investments by fair value	\$ 38,277,099	\$ 9,650,285	\$ -	\$ 47,927,384

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of governmental securities and certificates of deposit at June 30, 2020 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the table below.

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At June 30, 2020, the fair value of those investments is as follows:

	Carrying Value
Comerica J Fund	\$ 19,171,700

The Comerica J Fund is not registered with the SEC and does not issue a separate report. The fair value of the position in the pool is not the same as the value of the pool shares since the pool does not meet the requirements under GASB Statement No. 79 to report its value for financial reporting purposes at amortized cost.

There were no unfunded commitments or redemptions associated with these investments.

June 30, 2020

Note 4 - Capital Assets

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

Governmental Activities

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 1,547,967	\$ -	\$ -	\$ -	\$ 1,547,967
Construction in progress	12,944,059	(97,733)	6,614,528	-	19,460,854
Subtotal	14,492,026	(97,733)	6,614,528	-	21,008,821
Capital assets being depreciated:					
Infrastructure	41,205,506	97,733	3,106,533	-	44,409,772
Buildings	11,391,958	-	842,728	-	12,234,686
Equipment and vehicles	8,388,588	-	749,253	(342,682)	8,795,159
Land improvements	703,344	-	9,862	-	713,206
Subtotal	61,689,396	97,733	4,708,376	(342,682)	66,152,823
Accumulated depreciation:					
Infrastructure	11,472,846	-	1,078,096	-	12,550,942
Buildings	5,550,571	-	387,215	-	5,937,786
Equipment and vehicles	7,104,817	-	537,625	(342,682)	7,299,760
Land improvements	305,138	-	35,437	-	340,575
Subtotal	24,433,372	-	2,038,373	(342,682)	26,129,063
Net capital assets being depreciated	37,256,024	97,733	2,670,003	-	40,023,760
Net governmental activities capital assets	\$ 51,748,050	\$ -	\$ 9,284,531	\$ -	\$ 61,032,581

Business-type Activities

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated - Construction in progress	\$ 53,200	\$ (53,200)	\$ 82,460	\$ -	\$ 82,460
Capital assets being depreciated:					
Water and sewer lines	43,998,863	53,200	1,499,225	-	45,551,288
Land improvements	2,419,928	-	37,132	-	2,457,060
Subtotal	46,418,791	53,200	1,536,357	-	48,008,348
Accumulated depreciation:					
Water and sewer lines	15,876,616	-	879,442	-	16,756,058
Land improvements	1,248,104	-	126,066	-	1,374,170
Subtotal	17,124,720	-	1,005,508	-	18,130,228
Net capital assets being depreciated	29,294,071	53,200	530,849	-	29,878,120
Net business-type activities capital assets	\$ 29,347,271	\$ -	\$ 613,309	\$ -	\$ 29,960,580

June 30, 2020

Note 4 - Capital Assets (Continued)

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

Governmental activities:		
General government		\$ 187,597
Public safety		82,809
Public works		1,189,179
Recreation and culture		266,594
Internal service funds		<u>312,194</u>
Total governmental activities		<u>\$ 2,038,373</u>
Business-type activities:		
Water and sewer		\$ 879,442
Parking utility		48,377
Boat dock		<u>77,689</u>
Total business-type activities		<u>\$ 1,005,508</u>

Construction Commitments

The City has active construction projects at year end. At June 30, 2020, the City has spent \$16,144,807 in connection with active construction projects, and the City's commitment with contractors was \$1,177,278.

Note 5 - Interfund Receivables, Payables, and Transfers

The City has made the following long-term advances between funds:

Fund Borrowed From	Fund Loaned To	Amount
General Fund	Nonmajor governmental funds	\$ 201,828

The advance is being repaid over a period of five years at an interest rate of 2.00 percent.

The composition of interfund balances in the fund statements is as follows:

Receivable	Payable	Amount
General Fund	Nonmajor governmental funds	\$ 20,000
	Nonmajor enterprise funds	31,065
	Internal service funds	<u>1,807</u>
	Total General Fund	52,872
Nonmajor governmental funds	General Fund	7,322
	Internal service funds	<u>121</u>
	Total nonmajor governmental funds	7,443
Water and Sewer Fund	Internal service funds	91
Nonmajor enterprise funds	Internal service funds	62
Internal service funds	General Fund	3,700
	Internal service funds	<u>34</u>
	Total internal service funds	<u>3,734</u>
	Total	<u>\$ 64,202</u>

June 30, 2020

Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	\$ 1,320,549
Nonmajor governmental funds	General Fund	519,346

The transfers from General Fund represent transfers of unrestricted resources to finance operations of the various departments in accordance with budgetary authorizations. The transfers from nonmajor governmental funds represent transfers for capital projects.

Note 6 - Long-term Debt

Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
State Revolving Fund, Series 5446-01 - Maturing through 2039	2.50%	\$740,996 - \$1,164,056	\$ 12,846,326	\$ 5,701,651	\$ (723,048)	\$ 17,824,929	\$ 740,996
Installment loan - Comerica vehicle loans			62,096	-	(62,096)	-	-
Total direct borrowings and direct placements principal outstanding			12,908,422	5,701,651	(785,144)	17,824,929	740,996
Other debt:							
General obligation bonds - 2015 Road Construction bonds:							
Amount of issue - \$6,600,000 Maturing through 2025	2.00% - 4.00%	\$500,000 - \$1,000,000	4,350,000	-	(500,000)	3,850,000	500,000
General obligation bonds - 2017 Road Construction bonds:							
Amount of issue - \$2,875,000 Maturing through 2028	2.36%	\$300,000 - \$345,000	2,875,000	-	(295,000)	2,580,000	300,000
General obligation bonds - 2018 Capital Improvement bonds:							
Amount of issue - \$2,500,000 Maturing through 2033	3.50%	\$135,000 - \$210,000	2,500,000	-	(130,000)	2,370,000	135,000
Total other debt principal outstanding			9,725,000	-	(925,000)	8,800,000	935,000
Unamortized bond premiums			452,189	-	(62,269)	389,920	62,269
Total bonds and contracts payable			23,085,611	5,701,651	(1,772,413)	27,014,849	1,738,265
Employee compensated absences			900,447	792,062	(714,396)	978,113	776,015
Estimated liability for workers' compensation and health claims (Note 14)			423,972	1,212,072	(1,507,338)	128,706	128,706
Total governmental activities long-term debt			<u>\$ 24,410,030</u>	<u>\$ 7,705,785</u>	<u>\$ (3,994,147)</u>	<u>\$ 28,121,668</u>	<u>\$ 2,642,986</u>

June 30, 2020

Note 6 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings and direct placements:							
2010 Drinking Water Revolving Fund Bond-7301-01:							
Amount of issue - \$2,095,606		\$105,000 -					
Maturing through 2030	2.50%	\$130,606	\$ 1,265,606	\$ -	\$ (100,000)	\$ 1,165,606	\$ 105,000
2010 Drinking Water Revolving Fund - 7332-01:							
Amount of issue - \$3,531,192		\$170,000 -					
Maturing through 2029	2.50%	\$221,393	2,526,393	-	(165,000)	2,361,393	170,000
2012 State Revolving Fund Bond - 5365-01:							
Amount of issue - \$2,922,065		\$130,000 -					
Maturing through 2033	2.50%	\$177,065	2,252,065	-	(125,000)	2,127,065	130,000
Total direct borrowings and direct placements principal outstanding			6,044,064	-	(390,000)	5,654,064	405,000
Other debt - 2013 Revenue Refunding Bond:							
Amount of refunding - \$3,190,000		\$375,000 -					
Maturing through 2023	2.00% - 4.00%	\$415,000	1,550,000	-	(365,000)	1,185,000	375,000
Unamortized bond premiums			113,082	-	(28,271)	84,811	28,271
Total bonds and contracts payable			7,707,146	-	(783,271)	6,923,875	808,271
Employee compensated absences			63,538	53,775	(51,490)	65,823	53,342
Estimated liability for workers' compensation and health claims (Note 14)			19,076	93,201	(112,277)	-	-
Total business-type activities long-term debt			<u>\$ 7,789,760</u>	<u>\$ 146,976</u>	<u>\$ (947,038)</u>	<u>\$ 6,989,698</u>	<u>\$ 861,613</u>

General Obligation Bonds and Contracts

The City issues general obligation bonds to provide for the construction of roads and other capital improvements. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the City.

Other Long-term Liabilities

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund related to employee salaries and fringes. Additionally, for the business-type activities, claims and judgments and compensated absences are generally liquidated by the Water and Sewer Fund for employee salaries and fringes. Net pension obligations and net OPEB obligations typically are paid from the funds from which the individual employee's salaries and wages are paid, which are mainly the General Fund, the Major Streets Fund, the Water and Sewer Fund, and the Parking Utility Fund. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer 2013 Revenue Refunding Bonds. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$1,251,775. During the current year, net revenue of the system was \$1,768,784 compared to the annual debt requirements of \$410,950.

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 740,996	\$ 398,539	\$ 935,000	\$ 237,572	\$ 2,312,107
2022	761,508	385,792	1,045,000	204,319	2,396,619
2023	779,456	366,755	1,205,000	165,785	2,516,996
2024	799,968	347,268	1,470,000	128,916	2,746,152
2025	820,480	327,269	1,480,000	96,088	2,723,837
2026-2030	4,422,900	1,318,153	1,870,000	248,037	7,859,090
Thereafter	9,499,621	854,992	795,000	56,788	11,206,401
Total	\$ 17,824,929	\$ 3,998,768	\$ 8,800,000	\$ 1,137,505	\$ 31,761,202

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 405,000	\$ 139,729	\$ 375,000	\$ 35,950	\$ 955,679
2022	410,000	129,604	395,000	22,525	957,129
2023	425,000	119,292	415,000	8,300	967,592
2024	435,000	108,604	-	-	543,604
2025	445,000	97,729	-	-	542,729
2026-2030	2,405,606	314,583	-	-	2,720,189
Thereafter	1,128,458	51,438	-	-	1,179,896
Total	\$ 5,654,064	\$ 960,979	\$ 1,185,000	\$ 66,775	\$ 7,866,818

Note 7 - Milk River Drainage District

The City is member of the Milk River Drainage District, administered by Wayne County, Michigan. The drainage district serves Wayne County, Michigan; the State of Michigan; and the cities of Grosse Pointe Woods, Harper Woods, and St. Clair Shores, Michigan. At June 30, 2020, the drainage district had issued \$32,948,007 of debt to make improvements to the system. The total cost of the project as of June 30, 2020 is \$38,536,345, and it is expected to be completed by June 30, 2022. The City of Grosse Pointe Woods, Michigan is responsible for funding 50.5 percent of the project. As of June 30, 2020, the City has recorded \$19,460,854 for its share of the completed capital improvements and \$17,824,929 for its share of the debt. In addition to the debt, the City has recorded \$215,745 in payables due to cost overruns as of June 30, 2020. The City records the activity in the Grosse-Gratiot Drain Fund.

Note 8 - Pension Plans

Plan Description

The City of Grosse Pointe Woods, Michigan provides a monthly retirement benefit to employees who meet the eligibility requirements, including age and years of service. The benefits are provided through the City of Grosse Pointe Woods Pension Plan (the "Pension Plan") and the City of Grosse Pointe Woods Pension Plan Supplemental Annuity (the "Supplemental Annuity"), which are single-employer plans administered by the Pension Board.

The financial statements of each pension system are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the plans is vested in the pension board, which consists of five members, the mayor, one member of City Council, a resident appointed by the mayor, and two employees - one general and one public safety. The city treasurer serves as the treasurer of the retirement system and is the custodian of the cash and investments. The city attorney is the legal advisor to the pension board.

Benefits Provided

The City of Grosse Pointe Woods Pension Plan and the City of Grosse Pointe Woods Pension Plan Supplemental Annuity provide retirement, disability, and death benefits. Benefit terms for the Pension Plan are established by negotiation with the City's competitive bargaining units and the Retirement System Ordinance. Benefit terms for the Supplemental Annuity are established as a negotiable item within various union contracts. Retirement benefits for plan members range from \$3,000 annually for 10 years of services to a maximum of \$4,800 annually for 25 years of service.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	City of Grosse Pointe Woods Pension Plan	City of Grosse Pointe Woods Pension Plan Supplemental Annuity
Date of member count	June 30, 2020	June 30, 2020
Inactive plan members or beneficiaries currently receiving benefits	97	55
Inactive plan members entitled to but not yet receiving benefits	14	-
Active plan members	77	48
Total employees covered by the plan	<u>188</u>	<u>103</u>

Contributions

State law requires public employers to make pension contributions in accordance with an actuarial valuation. The City hires an independent actuary for this purpose and annually contributes the amount determined to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employees are required to make pension contributions based on the City's collective bargaining units. The City's required contribution is determined after consideration of the required contribution rate of employees. For the year ended June 30, 2020, the average active employee contribution rate was 5.5 percent and 0.0 percent of covered payroll, and the City's contribution rate was 29.4 percent and 13.6 percent of covered payroll for the various employee groups for the Pension Plan and the Supplemental Annuity, respectively.

June 30, 2020

Note 8 - Pension Plans (Continued)

Net Pension Liability

The City chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	City of Grosse Pointe Woods Pension Plan	City of Grosse Pointe Woods Pension Plan Supplemental Annuity
Measurement date used for the City's net pension liability	June 30, 2020	June 30, 2020

Changes in the net pension liability during the measurement year were as follows:

City of Grosse Pointe Woods Pension Plan

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2019	\$ 80,869,588	\$ 37,194,936	\$ 43,674,652
Changes for the year:			
Service cost	1,381,734	-	1,381,734
Interest	4,160,628	-	4,160,628
Differences between expected and actual experience	(2,041,992)	-	(2,041,992)
Changes in assumptions	1,372,928	-	1,372,928
Contributions - Employer	-	1,406,409	(1,406,409)
Contributions - Employee	-	262,296	(262,296)
Net investment income	-	157,140	(157,140)
Benefit payments, including refunds	(3,403,902)	(3,403,902)	-
Administrative expenses	-	(70,669)	70,669
Net changes	1,469,396	(1,648,726)	3,118,122
Balance at June 30, 2020	\$ 82,338,984	\$ 35,546,210	\$ 46,792,774

The plan's fiduciary net position represents 43.17 percent of the total pension liability.

Note 8 - Pension Plans (Continued)

City of Grosse Pointe Woods Pension Plan Supplemental Annuity

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2019	\$ 4,086,831	\$ 1,845,209	\$ 2,241,622
Changes for the year:			
Service cost	51,793	-	51,793
Interest	272,594	-	272,594
Differences between expected and actual experience	(151,559)	-	(151,559)
Changes in assumptions	(198,496)	-	(198,496)
Contributions - Employer	-	335,830	(335,830)
Net investment income	-	7,796	(7,796)
Benefit payments, including refunds	(278,103)	(278,103)	-
Administrative expenses	-	(3,506)	3,506
Net changes	(303,771)	62,017	(365,788)
Balance at June 30, 2020	<u>\$ 3,783,060</u>	<u>\$ 1,907,226</u>	<u>\$ 1,875,834</u>

The plan's fiduciary net position represents 50.41 percent of the total pension liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the City Council recognized pension expense of \$7,213,753 from the Pension Plan and \$293,830 from the Supplemental Annuity.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 504,446	\$ (1,531,494)
Changes in assumptions	5,499,112	(1,330,306)
Net difference between projected and actual earnings on pension plan investments	3,086,348	-
Total	<u>\$ 9,089,906</u>	<u>\$ (2,861,800)</u>

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the Supplemental Annuity from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 116,146	\$ (121,872)
Changes in assumptions	152,365	(182,960)
Net difference between projected and actual earnings on pension plan investments	160,817	-
Total	<u>\$ 429,328</u>	<u>\$ (304,832)</u>

Note 8 - Pension Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Pension Plan	Supplemental Annuity
2021	\$ 4,816,529	\$ 149,677
2022	203,529	4,773
2023	676,949	(32,990)
2024	531,099	3,036
Total	<u>\$ 6,228,106</u>	<u>\$ 124,496</u>

Actuarial Assumptions

The total pension liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	City of Grosse Pointe Woods Pension Plan	City of Grosse Pointe Woods Pension Plan Supplemental Annuity
Inflation	2.5%	2.5%
Salary increases (including inflation)	3.5% - 7.3%	0.00%
Investment rate of return (net of investment expenses)	7.50%	7.50%
Mortality rates	Pub 2010 Mortality Tables with MP 2018	Pub 2010 Mortality Tables with MP 2018

Discount Rate

The discount rate used to measure the total pension liability of the City of Grosse Pointe Woods Pension Plan and City of Grosse Pointe Woods Pension Plan Supplemental Annuity was 5.06 and 7.46 percent, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the pension plans' fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate, which was 2.45 percent. The source of that bond rate was the Fidelity Index 20 Year GO AA Index as of June 30, 2020. The long-term expected rate of return was applied to projected benefit payments for the periods in which the plan maintains a positive fiduciary net position: from June 30, 2020 through July 1, 2054 and from June 30, 2020 through July 1, 2090, for the City of Grosse Pointe Woods Pension Plan and City of Grosse Pointe Woods Pension Plan Supplemental Annuity, respectively.

The long-term expected rate of return on both plans' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

June 30, 2020

Note 8 - Pension Plans (Continued)

Investment Rate of Return

Best estimates of geometric real rates of return as of the June 30, 2020 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, for both the City of Grosse Pointe Woods Pension Plan and City of Grosse Pointe Woods Pension Plan Supplemental Annuity are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. large-cap equity	23.00 %	6.00 %
U.S. mid-cap equity	5.00	6.50
U.S. small-cap equity	7.00	7.50
International developed equity	10.00	7.50
International developed small cap	5.00	7.50
International emerging markets	10.00	9.50
U.S. core bonds	10.00	1.40
Public real estate (REITS)	3.00	6.00
High-yield bonds	10.00	6.00
Commodities	3.00	3.50
Energy/MLPs	3.00	8.00
Liquid diversifying strategies	10.00	4.00
Cash or cash equivalents	1.00	1.60

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the current discount rate, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.06 or 6.46 percent for the Pension Plan or Supplemental Annuity, respectively) or 1 percentage point higher (6.06 or 8.46 percent for the Pension Plan or Supplemental Annuity, respectively) than the current rate:

	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net pension liability of the City of Grosse Pointe Woods Pension Plan	\$ 59,949,392	\$ 46,792,774	\$ 36,274,917
Net pension liability of the City of Grosse Pointe Woods Pension Plan Supplemental Annuity	2,299,513	1,875,834	1,521,592

Assumption Changes

The investment rate of return was changed to 7.50 percent. The discount rate was updated to reflect the current and expected economic conditions. The mortality tables were updated to reflect current mortality expectations.

Note 8 - Pension Plans (Continued)

Investment Policy

The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Pension Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the pension board's adopted asset allocation policy as of June 30, 2020:

Asset Class	Target Allocation
U.S. large-cap equity	23.00 %
U.S. mid-cap equity	5.00
U.S. small-cap equity	7.00
International developed equity	10.00
International developed small cap	5.00
International emerging markets	10.00
U.S. core bonds	10.00
Public real estate (REITS)	3.00
High-yield bonds	10.00
Commodities	3.00
Energy/MLPs	3.00
Liquid diversifying strategies	10.00
Cash or cash equivalents	1.00
Total	<u>100.00 %</u>

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments and the supplemental annuity investments, net of pension plan investment expense, was 1.52 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 9 - Aggregate Pension Related Balances

The following table presents the aggregate balances for the net pension liability, deferred inflows related to pensions, deferred outflows related to pensions, and pension expense for the year ended June 30, 2019. Detailed information for each pension plan can be found in Note 8.

	Total Pension Liability	Plan Net Position	Net Pension Liability	Deferred Outflows	Deferred Inflows	Pension Expense
City of Grosse Pointe Woods Pension Plan	\$82,338,984	\$35,546,210	\$46,792,774	\$ 9,089,906	\$ 2,861,800	\$ 7,213,753
City of Grosse Pointe Woods Pension Plan Supplemental Annuity	<u>3,783,060</u>	<u>1,907,226</u>	<u>1,875,834</u>	<u>429,328</u>	<u>304,832</u>	<u>293,830</u>
Total	<u>\$86,122,044</u>	<u>\$37,453,436</u>	<u>\$48,668,608</u>	<u>\$ 9,519,234</u>	<u>\$ 3,166,632</u>	<u>\$ 7,507,583</u>

June 30, 2020

Note 10 - Other Postemployment Benefit Plan

Plan Description

The City provides the Grosse Pointe Woods Retiree Healthcare Plan (the "Plan"), a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for all eligible general, public safety, and fire plan members and their beneficiaries. The Plan is administered by the Grosse Pointe Woods Retiree Health Plan Board.

The financial statements of the OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Management of the Plan is vested in the Retiree Health Plan Board, which consists of five members - the mayor, one member of the City Council, a resident appointed by the mayor, and two employees - one general and one public safety. The city treasurer shall be the treasurer of the Retiree Healthcare Plan and shall be the custodian of the cash and investments. The city attorney shall be legal advisor to the Retiree Health Plan Board.

Benefits Provided

The Grosse Pointe Woods Retiree Healthcare Plan provides health care, dental, prescription, and vision benefits for retirees hired prior to 2012 and their dependents. Members are vested at 10 years of service. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan.

City Ordinance 543 grants the authority to establish and amend the benefit terms to the board.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

	<u>Grosse Pointe Woods Retiree Healthcare Plan</u>
Date of member count	June 30, 2020
Inactive plan members currently receiving benefits and members entitled to but not yet receiving benefits	111
Active plan members	<u>44</u>
Total plan members	<u><u>155</u></u>

Contributions

City Ordinance 543 grants the authority to establish and amend the contribution requirements of the City and employees to the board. The board establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended June 30, 2020, the City's contribution was \$1,401,986. Certain plan members are required to contribute based on the terms of their union contract. Total employee contributions were \$58,919.

Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2020 measurement date. The June 30, 2020 measurement date total OPEB liability was determined by an actuarial valuation performed as of June 30, 2020.

Note 10 - Other Postemployment Benefit Plan (Continued)

Changes in the net OPEB liability during the measurement year were as follows:

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2019	\$ 35,154,782	\$ 862,902	\$ 34,291,880
Changes for the year:			
Service cost	416,661	-	416,661
Interest	2,428,098	-	2,428,098
Differences between expected and actual experience	(551,667)	-	(551,667)
Changes in assumptions	290,589	-	290,589
Contributions - Employer	-	1,401,986	(1,401,986)
Contributions - Employee	-	58,919	(58,919)
Net investment income	-	29,551	(29,551)
Benefit payments, including refunds	(1,351,986)	(1,351,986)	-
Net changes	1,231,695	138,470	1,093,225
Balance at June 30, 2020	<u>\$ 36,386,477</u>	<u>\$ 1,001,372</u>	<u>\$ 35,385,105</u>

The plan's fiduciary net position represents 2.75 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized OPEB recovery of \$5,859,735.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (586,834)
Changes in assumptions	164,246	(209,246)
Net difference between projected and actual earnings on OPEB plan investments	16,557	-
Total	<u>\$ 180,803</u>	<u>\$ (796,080)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending June 30	Amount
2021	\$ (593,386)
2022	(29,660)
2023	835
2024	6,934
Total	<u>\$ (615,277)</u>

Note 10 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using an investment rate of return (net of investment expenses) of 7.0 percent; a health care cost trend rate of 6.0 percent for the first year, decreasing 0.1 percent per year to an ultimate rate of 5.0 percent; and the Publication 2010 Mortality Table with MP 2018 improvement scale. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2020 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. large-cap equity	25.00 %	6.00 %
U.S. mid-cap equity	15.00	6.50
U.S. small-cap equity	10.00	6.50
International developed equity	15.00	7.50
Emerging markets equity	5.00	9.50
U.S. core bonds	25.00	1.40
TIPs	5.00	1.50

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percentage Point Increase (8.0%)
Net OPEB liability of the Grosse Pointe Woods Retiree Healthcare Plan	\$ 41,272,542	\$ 35,385,105	\$ 30,701,596

Note 10 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 6.0 percent the first year, decreasing in 0.1 percent increments over the following 10 years to an ultimate assumed rate of 5.0 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.0 - 4.0%)	Current Health Care Cost Trend Rate (6.0 - 5.0%)	1 Percentage Point Increase (7.0 - 6.0%)
Net OPEB liability of the Grosse Pointe Woods Retiree Healthcare Plan	\$ 31,100,430	\$ 35,385,105	\$ 42,160,888

Assumption Changes

The mortality table was updated to the Publication 2010 Mortality Table with MP 2018 improvement scale.

Investment Policy

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board's adopted asset allocation policy as of June 30, 2020:

Grosse Pointe Woods Retiree Healthcare Plan

Asset Class	Target Allocation
U.S. large-cap equity	25.00 %
U.S. mid-cap equity	15.00
U.S. small-cap equity	10.00
International developed equity	15.00
Emerging markets equity	5.00
U.S. core bonds	25.00
TIPS	5.00
Total	<u>100.00 %</u>

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 3.1 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 - Deferred Compensation

The City offers its employees a deferred compensation plan (the "DC Plan") created in accordance with Internal Revenue Code Section 457. The DC Plan is available to all full-time city employees, which permits them to defer a portion of their salary until future years, and is administered by ICMA. Payment of the deferred compensation is not available to employees until retirement, death, or unforeseeable emergency. As of June 30, 2020, employees who had elected to participate in the DC Plan had total assets of \$5,109,631.

June 30, 2020

Note 11 - Deferred Compensation (Continued)

All amounts of compensation deferred under the DC Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the individual participants.

Note 12 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment health care plan:

	Pension Trust Fund	Supplementary Annuity Fund	OPEB Trust Fund
Statement of Net Position			
Cash and cash equivalents	\$ 215,144	\$ 11,543	\$ 72,836
Stocks	14,636,978	785,345	-
Corporate bonds	6,390,978	342,907	-
Bonds	14,303,086	767,430	928,536
Other assets	24	1	-
Net position	<u>\$ 35,546,210</u>	<u>\$ 1,907,226</u>	<u>\$ 1,001,372</u>
Statement of Changes in Net Position			
Investment income	\$ 157,140	\$ 7,796	\$ 29,551
Contributions	1,668,705	335,830	1,460,905
Benefit payments	3,403,902	278,103	1,351,986
Other deductions	70,669	3,506	-
Net change in net position	<u>\$ (1,648,726)</u>	<u>\$ 62,017</u>	<u>\$ 138,470</u>

Note 13 - Joint Venture

The City is a member of the Grosse Pointes-Clinton Refuse Disposal Authority joint venture (the "Authority"), which provides refuse disposal services to participating municipalities in the counties of Wayne and Macomb, Michigan. Other members include the cities of Grosse Pointe Farms, Grosse Pointe Park, Grosse Pointe, Harper Woods, Mount Clemens, and Grosse Pointe Woods, Michigan and the Township of Clinton. The City Council appoints one member to the Authority's governing board, which then approves its budget. The Authority currently contracts with a commercial refuse disposal company and bills members for their proportionate share of the costs.

The City's interest in the net position of the Authority totaled \$55,348 at June 30, 2020 and is reported as part of the governmental activities in the statement of net position. The City is unaware of any circumstances, including potential environmental remediation, that would cause an additional burden to the participating municipalities in the near future. Complete financial statements for the Authority can be obtained from its administrative offices at 27941 Harper Avenue, Suite 106, St. Clair Shores, MI 48081.

Note 14 - 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 claims relating to property loss claims, torts, and errors and omissions. The City is self-insured for workers' compensation claims and participates in a self-funding program 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.

Note 14 - Risk Management (Continued)

The City is self-funding medical benefits up to a retention amount, at which time the City's reinsurance coverage begins. The self-funding program is done in conjunction with the cities of Grosse Pointe Park, Grosse Pointe Farms, and Grosse Pointe, Michigan and the Village of Grosse Pointe Shores, Michigan. The City of Grosse Pointe Woods, Michigan serves as the administrative agent for the program; however, each municipality is responsible for its individual claims.

The City estimates the liability for medical benefits 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 yet been reported. The City's liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims.

The City estimates the liability for workers' compensation and medical benefits that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported, which includes estimates of both future payments of losses and related claim adjustment expense, both allocated and unallocated. The liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. These estimates are recorded in the Workers' Compensation Fund and within the governmental activities and business-type activities columns of the statement of net position for workers' compensation and in the modified accrual funds for medical claims.

Changes in the estimated liability for the past two fiscal years were as follows:

	Workers' Compensation		Medical Claims	
	2020	2019	2020	2019
Estimated liability - Beginning of year	\$ 196,475	\$ 275,915	\$ 246,573	\$ 210,999
Estimated claims incurred, including changes in estimates	100,574	179,888	1,204,699	1,184,810
Claim payments	(168,343)	(259,328)	(1,451,272)	(1,149,236)
Estimated liability - End of year	<u>\$ 128,706</u>	<u>\$ 196,475</u>	<u>\$ -</u>	<u>\$ 246,573</u>

Required Supplemental Information

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes:				
Property taxes	\$ 10,312,780	\$ 10,302,051	\$ 10,241,873	\$ (60,178)
Franchise fees	310,000	335,000	369,566	34,566
Intergovernmental -				
State and local sources:				
State-shared revenue	1,727,473	1,901,962	1,624,696	(277,266)
Other state grants	20,000	20,000	30,068	10,068
Charges for services	604,377	578,368	600,775	22,407
Fines and forfeitures	400,000	248,500	253,797	5,297
Investment income	60,000	162,000	175,747	13,747
Other revenue	254,368	240,384	242,058	1,674
Total revenue	13,688,998	13,788,265	13,538,580	(249,685)
Expenditures				
Current services:				
General government:				
City Council	63,710	40,526	43,384	(2,858)
City comptroller	420,735	374,683	367,255	7,428
Commission	21,417	9,962	11,494	(1,532)
Municipal court	433,652	345,113	344,186	927
Assessing	139,539	95,468	91,968	3,500
Clerk	390,570	386,206	390,522	(4,316)
Building inspection	535,354	479,450	471,006	8,444
Attorney	242,000	165,884	195,863	(29,979)
Administration	262,322	258,204	257,537	667
Fringe benefits	303,000	225,369	211,386	13,983
Other services and charges	178,666	155,682	153,373	2,309
Public safety:				
Police service	3,488,782	3,331,036	3,335,827	(4,791)
Fire prevention and inspection	93,635	74,710	73,279	1,431
Fringe benefits	1,696,530	1,419,725	1,232,640	187,085
Support services	145,744	124,958	127,500	(2,542)
Administration	375,992	314,249	332,482	(18,233)
Other services and charges	423,642	407,123	400,621	6,502
Public works:				
Streets	422,071	330,567	351,557	(20,990)
Street maintenance	221,933	400,514	391,408	9,106
Other services and charges	909,732	757,662	839,151	(81,489)
Supervision and engineering	150,009	110,171	125,566	(15,395)
Forestry services	226,219	258,596	313,840	(55,244)
Fringe benefits	245,881	222,516	182,561	39,955
City building and grounds	207,242	195,237	194,569	668
Parks and recreation:				
Other services and charges	48,879	48,343	48,343	-
Supervision and engineering	14,355	13,241	14,059	(818)
Lake Front Park	1,554,138	1,087,445	1,084,543	2,902
Fringe benefits	118,744	91,472	86,416	5,056
Community center	332,768	236,127	221,315	14,812
City parks	49,328	55,698	43,433	12,265
Total expenditures	13,716,589	12,015,937	11,937,084	78,853
Excess of Revenue (Under) Over Expenditures	(27,591)	1,772,328	1,601,496	(170,832)
Other Financing (Uses) Sources				
Transfers out	(1,238,334)	(2,224,703)	(2,204,703)	20,000
Insurance recoveries	-	625,528	672,501	46,973
Total other financing uses	(1,238,334)	(1,599,175)	(1,532,202)	66,973
Net Change in Fund Balance	(1,265,925)	173,153	69,294	(103,859)
Fund Balance - Beginning of year	6,446,633	6,446,633	6,446,633	-
Fund Balance - End of year	\$ 5,180,708	\$ 6,619,786	\$ 6,515,927	\$ (103,859)

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios Pension Plan

Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 1,381,734	\$ 1,419,981	\$ 872,705	\$ 812,794	\$ 893,380	\$ 692,961	\$ 675,799
Interest	4,160,628	4,115,769	3,739,452	3,713,413	3,802,189	3,521,128	3,499,326
Differences between expected and actual experience	(2,041,992)	61,396	1,898,141	(1,943,674)	(509,341)	501,262	(579,977)
Changes in assumptions	1,372,928	(2,730,629)	17,877,664	(3,946,934)	7,000,034	5,686,156	-
Benefit payments, including refunds	(3,403,902)	(3,346,109)	(3,354,997)	(3,215,776)	(3,187,512)	(3,315,548)	(3,092,014)
Net Change in Total Pension Liability	1,469,396	(479,592)	21,032,965	(4,580,177)	7,998,750	7,085,959	503,134
Total Pension Liability - Beginning of year	80,869,588	81,349,180	60,316,215	64,896,392	56,897,642	49,811,683	49,308,549
Total Pension Liability - End of year	\$ 82,338,984	\$ 80,869,588	\$ 81,349,180	\$ 60,316,215	\$ 64,896,392	\$ 56,897,642	\$ 49,811,683
Plan Fiduciary Net Position							
Contributions - Employer	\$ 1,406,409	\$ 1,215,450	\$ 1,230,649	\$ 1,076,052	\$ 925,683	\$ 889,829	\$ 888,696
Contributions - Member	262,296	263,799	249,835	243,096	252,579	258,967	275,808
Net investment income (loss)	157,140	1,291,520	2,128,175	3,992,724	(1,359,930)	15,073	6,669,874
Administrative expenses	(70,669)	(3,346,109)	(62,843)	(37,168)	(51,765)	(69,537)	(44,753)
Benefit payments, including refunds	(3,403,902)	(58,125)	(3,354,997)	(3,215,776)	(3,187,512)	(3,315,548)	(3,092,015)
Other	-	-	22,728	12,254	-	-	-
Net Change in Plan Fiduciary Net Position	(1,648,726)	(633,465)	213,547	2,071,182	(3,420,945)	(2,221,216)	4,697,610
Plan Fiduciary Net Position - Beginning of year	37,194,936	37,828,401	37,614,854	35,543,672	38,964,617	41,185,833	36,488,223
Plan Fiduciary Net Position - End of year	\$ 35,546,210	\$ 37,194,936	\$ 37,828,401	\$ 37,614,854	\$ 35,543,672	\$ 38,964,617	\$ 41,185,833
City's Net Pension Liability - Ending	\$ 46,792,774	\$ 43,674,652	\$ 43,520,779	\$ 22,701,361	\$ 29,352,720	\$ 17,933,025	\$ 8,625,850
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	43.17 %	45.99 %	46.50 %	62.36 %	55.02 %	68.48 %	82.69 %
Covered Payroll	\$ 4,791,109	\$ 4,716,600	\$ 4,544,155	\$ 4,493,845	\$ 4,592,611	\$ 4,651,563	\$ 4,411,702
City's Net Pension Liability as a Percentage of Covered Payroll	976.66 %	925.98 %	957.73 %	505.17 %	632.60 %	385.53 %	195.50 %

GASB Statement No. 67 was implemented for the FYE June 30, 2014 and does not required retroactive implementation. The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Assumption Changes

Assumption changes were made for each year as follows:

2015: Changed from the 1994 uninsured pension mortality table to the RP-2014 Healthy Annuitant Mortality Table, and the discount rate from 8.0 to 6.82 percent

2016: Changed the investment rate of return from 8.0 to 7.8 percent, inflation from 4.0 to 3.5 percent, and the discount rate to 5.83 percent

2017: Changed the discount rate to 6.33 percent

2018: Changed the investment rate of return to 7.75 percent, inflation to 2.5 percent, the mortality table to the RP-2014 Mortality Table with MP 2017, and the discount rate to 5.12 percent

2019: Changed the discount rate to 5.21 percent

2020: Changed the investment rate of return to 7.50 percent, mortality table to the Publication 2010 Mortality Table with MP 2018 improvement scale, and the discount rate to 5.06 percent

City of Grosse Pointe Woods, Michigan

**Required Supplemental Information
Schedule of Pension Investment Returns
Pension Plan and Pension Plan Supplemental Annuity**

**Last Seven Fiscal Years
Years Ended June 30**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return - Net of investment expense	1.52 %	4.89 %	4.84 %	11.60 %	(3.50)%	0.10 %	8.00 %

GASB Statement No. 67 was implemented for the FYE June 30, 2014 and does not required retroactive implementation. The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Required Supplemental Information
Schedule of Pension Contributions
Pension Plan

Last Ten Fiscal Years
Years Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 1,406,000	\$ 1,215,000	\$ 1,231,000	\$ 1,076,000	\$ 926,000	\$ 890,000	\$ 889,000	\$ 768,000	\$ 743,000	\$ 786,000
Contributions in relation to the actuarially determined contribution	1,406,000	1,215,000	1,231,000	1,076,000	926,000	890,000	889,000	768,000	743,000	786,000
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 4,791,109	\$ 4,716,600	\$ 4,544,155	\$ 4,494,000	\$ 4,592,000	\$ 4,652,000	\$ 5,210,000	\$ 5,249,000	\$ 5,546,000	\$ 6,214,000
Contributions as a Percentage of Covered Payroll	29.35 %	25.76 %	27.09 %	23.94 %	20.17 %	19.13 %	17.06 %	14.63 %	13.40 %	12.65 %

Notes to Schedule of Pension Contributions - Pension Plan

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported. Covered payroll is as of June 30 of the current fiscal year

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll - Open
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market
Inflation	2.5 percent
Salary increase	7.3 - 3.5 percent, including inflation
Investment rate of return	7.75 percent - Net of expense
Mortality	RP-2014 Mortality Table with MP 2017

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios Supplemental Annuity

Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 51,793	\$ 47,748	\$ 59,640	\$ 39,299	\$ 37,233	\$ 28,387	\$ 33,212
Interest	272,594	259,909	239,740	254,061	269,224	234,285	236,533
Differences between expected and actual experience	(151,559)	136,155	161,463	(227,980)	(232,788)	(399,452)	(42,908)
Changes in assumptions	(198,496)	(57,257)	567,907	-	86,953	831,276	-
Benefit payments, including refunds	(278,103)	(275,592)	(242,921)	(257,534)	(263,715)	(247,158)	(257,888)
Net Change in Total Pension Liability	(303,771)	110,963	785,829	(192,154)	(103,093)	447,338	(31,051)
Total Pension Liability - Beginning of year	4,086,831	3,975,868	3,190,039	3,382,193	3,485,286	3,037,948	3,068,999
Total Pension Liability - End of year	\$ 3,783,060	\$ 4,086,831	\$ 3,975,868	\$ 3,190,039	\$ 3,382,193	\$ 3,485,286	\$ 3,037,948
Plan Fiduciary Net Position							
Contributions - Employer	\$ 335,830	\$ 311,792	\$ 298,389	\$ 290,000	\$ 297,360	\$ 286,439	\$ 277,776
Net investment income (loss)	7,796	59,811	91,098	159,415	3,963	(9,093)	230,642
Administrative expenses	(3,506)	(2,693)	(5,768)	(995)	-	(22,140)	-
Benefit payments, including refunds	(278,103)	(275,592)	(242,921)	(257,534)	(263,715)	(247,158)	(257,888)
Other	-	-	960	-	-	-	-
Net Change in Plan Fiduciary Net Position	62,017	93,318	141,758	190,886	37,608	8,048	250,530
Plan Fiduciary Net Position - Beginning of year	1,845,209	1,751,891	1,610,133	1,419,247	1,381,639	1,373,591	1,123,061
Plan Fiduciary Net Position - End of year	\$ 1,907,226	\$ 1,845,209	\$ 1,751,891	\$ 1,610,133	\$ 1,419,247	\$ 1,381,639	\$ 1,373,591
City's Net Pension Liability - Ending	\$ 1,875,834	\$ 2,241,622	\$ 2,223,977	\$ 1,579,906	\$ 1,962,946	\$ 2,103,647	\$ 1,664,357
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	50.41 %	45.15 %	44.06 %	50.47 %	41.96 %	39.64 %	45.21 %
Covered Payroll	\$ 2,475,978	\$ 2,525,337	\$ 2,231,884	\$ 2,258,831	\$ 2,347,151	\$ 2,358,679	\$ 2,196,932
City's Net Pension Liability as a Percentage of Covered Payroll	75.76 %	88.77 %	99.65 %	69.94 %	83.63 %	89.19 %	75.76 %

GASB Statement No. 67 was implemented for the FYE June 30, 2014 and does not required retroactive implementation. The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Assumption Changes

Assumption changes were made for each year as follows:

2015: Changed from the 1994 uninsured pension mortality table to the RP-2014 Healthy Annuitant Mortality Table, inflation from 0.0 to 4.0 percent, and the discount rate from 8.0 to 7.98 percent

2016: Changed the investment rate of return from 8.0 to 7.8 percent, inflation to 3.5 percent, and the discount rate to 7.71 percent

2018: Changed the investment rate of return to 7.75 percent, inflation to 2.5 percent, the mortality table to the RP-2014 Mortality Table with MP 2017, and the discount rate to 6.73 percent

2019: Changed the discount rate to 6.86 percent

2020: Changed the investment rate of return to 7.50 percent, mortality table to the Publication 2010 Mortality Table with MP 2018 improvement scale, and the discount rate to 7.46 percent

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Schedule of Pension Contributions Supplemental Annuity

**Last Ten Fiscal Years
Years Ended June 30**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 335,830	\$ 311,792	\$ 298,000	\$ 290,000	\$ 297,360	\$ 286,439	\$ 277,776	\$ 245,862	\$ 238,579	\$ 227,345
Contributions in relation to the actuarially determined contribution	335,830	311,792	298,000	290,000	297,360	286,439	277,776	245,862	238,579	227,345
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,475,978	\$ 2,525,337	\$ 2,231,884	\$ 2,258,831	\$ 2,347,151	\$ 2,358,679	\$ 2,196,932	\$ 2,376,609	\$ 2,636,547	\$ 2,769,200
Contributions as a Percentage of Covered Payroll	13.56 %	12.35 %	13.35 %	12.84 %	12.67 %	12.14 %	12.64 %	10.35 %	9.05 %	8.21 %

Notes to Schedule of Pension Contributions - Supplemental Annuity

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Covered payroll is as of June 30 of the current fiscal year. Public safety members retiring after December 31, 1994 are not covered.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	10 years open
Asset valuation method	Market
Inflation	2.5 percent
Salary increase	0.0 percent
Investment rate of return	7.75 percent - Net of expense
Mortality	RP-2014 Mortality Table with MP 2017

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Schedule of Changes in the Net OPEB Liability and Related Ratios

	Last Three Fiscal Years		
	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 416,661	\$ 448,946	\$ 1,861,554
Interest	2,428,098	2,426,171	1,973,036
Differences between expected and actual experience	(551,667)	(1,375,107)	(3,809,187)
Changes in assumptions	290,589	(1,046,230)	(25,133,680)
Benefit payments, including refunds	(1,351,986)	(1,507,028)	(1,578,411)
Net Change in Total OPEB Liability	1,231,695	(1,053,248)	(26,686,688)
Total OPEB Liability - Beginning of year	35,154,782	36,208,030	62,894,718
Total OPEB Liability - End of year	\$ 36,386,477	\$ 35,154,782	\$ 36,208,030
Plan Fiduciary Net Position			
Contributions - Employer	\$ 1,401,986	\$ 1,557,027	\$ 1,628,411
Contributions - Active and inactive plan members not yet receiving benefits	58,919	54,911	63,942
Net investment income	29,551	56,866	4,590
Benefit payments, including refunds	(1,351,986)	(1,507,028)	(1,578,411)
Net Change in Plan Fiduciary Net Position	138,470	161,776	118,532
Plan Fiduciary Net Position - Beginning of year	862,902	701,126	582,594
Plan Fiduciary Net Position - End of year	\$ 1,001,372	\$ 862,902	\$ 701,126
Net OPEB Liability - Ending	\$ 35,385,105	\$ 34,291,880	\$ 35,506,904
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	2.75 %	2.45 %	1.94 %
Covered Payroll	\$ 3,247,655	\$ 3,618,888	\$ 3,333,571
Net OPEB Liability as a Percentage of Covered Payroll	1,089.56 %	947.58 %	1,065.13 %

The required supplemental information is intended to show information for 10 years, and additional years' information will be displayed as it becomes available.

Assumption Changes

2018: Changed the mortality assumptions to the RP-2014 fully generational mortality using projection scale MP 2017; the health care trend rate to 6.0 percent, graded down to 5.0 percent in 0.1 percent increments; and the long-term rate of return and the discount rate from 3.50 percent to 6.80 percent due to a change in investment portfolio

2019: Changed the long-term rate of return and the discount rate to 7.00 percent

2020: Changed the mortality table to the Publication 2010 Mortality Table with MP 2018 improvement scale

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Schedule of OPEB Contributions

**Last Ten Fiscal Years
Years Ended June 30**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 3,125,991	\$ 3,125,991	\$ 3,083,916	\$ 3,230,383	\$ 3,767,017	\$ 3,622,132	\$ 3,482,819	\$ 4,192,613	\$ 4,031,359	\$ 5,093,267
Contributions in relation to the actuarially determined contribution	1,401,986	1,557,027	1,628,411	1,472,713	1,675,660	1,618,057	1,332,162	1,457,623	1,148,356	1,781,070
Contribution Deficiency	<u>\$ (1,724,005)</u>	<u>\$ (1,568,964)</u>	<u>\$ (1,455,505)</u>	<u>\$ (1,757,670)</u>	<u>\$ (2,091,357)</u>	<u>\$ (2,004,075)</u>	<u>\$ (2,150,657)</u>	<u>\$ (2,734,990)</u>	<u>\$ (2,883,003)</u>	<u>\$ (3,312,197)</u>
Covered Payroll	\$ 3,247,655	\$ 3,618,888	\$ 3,333,571	\$ 4,493,845	\$ 4,592,000	\$ 4,652,000	\$ 5,210,000	\$ 5,249,000	\$ 5,546,000	\$ 6,214,000
Contributions as a Percentage of Covered Payroll	43.17 %	43.03 %	48.85 %	32.77 %	36.49 %	34.78 %	25.57 %	27.77 %	20.71 %	28.66 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported. Covered payroll is as of June 30 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll - Open
Remaining amortization period	30 years
Asset valuation method	Market
Health care cost trend rates	6.0 percent, graded down to 5.0 percent in 0.1 percent increments
Investment rate of return	6.80 percent
Mortality	RP-2014 Mortality Table with MP 2017

City of Grosse Pointe Woods, Michigan

**Required Supplemental Information
Schedule of OPEB Investment Returns**

	Last Three Fiscal Years		
	Years Ended June 30		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return - Net of investment expense	3.10 %	6.68 %	0.68 %

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, all special revenue funds, and debt service funds, except for operating transfers, which are budgeted as revenue and expenditures and not other financing sources and uses. All annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. During the year, the budget was amended in a legally permissible manner.

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

1. On or before the first council meeting in April, the city treasurer/comptroller and the city administrator prepare a proposed operating budget for the fiscal year commencing July 1 and submit it to the City Council. The budget must be adopted through a passage of a budget resolution no later than the third Monday in May.
2. Public hearings are conducted to obtain citizen comments.
3. The legislative budget is adopted by fund on a departmental basis. Line item detail is provided as a general guideline. Throughout the year, the City Council receives requests to amend the activity budget. All amendments must be approved by a vote of the City Council. Changes in line items within an activity may be made with the approval of the city comptroller.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

As a result of GASB Statement No. 54, the Local Street Fund and the Cable Franchise Fund are now merged with the General Fund for reporting purposes. The General Fund is budgeted for as a separate fund. The following table reconciles the balances presented in the operating statement with the balances presented in the General Fund's budgetary comparison schedule:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Other Financing Uses</u>
Amounts per operating statement	\$ 14,010,729	\$ 14,403,322	\$ (128,702)
Local Street Fund budgeted separately from the General Fund	(467,593)	(2,465,413)	(1,403,500)
Cable Franchise Fund budgeted separately from the General Fund	(4,556)	(825)	-
Amounts per budget statement	<u>\$ 13,538,580</u>	<u>\$ 11,937,084</u>	<u>\$ (1,532,202)</u>

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the City of Grosse Pointe Woods, Michigan incurred significant expenditures that were in excess of the amounts budgeted, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Public works	\$ 2,275,263	\$ 2,398,652	\$ (123,389)

Other Supplemental Information

Special Revenue Funds

These funds are used to account for specific revenue sources that are legally restricted to expenditures for specific functions or activities. Restrictions may be imposed by state statute, the state constitution, the city board resolution of action, or the electorate through the approval of special dedicated millages.

Major Street Fund

This fund accounts for the maintenance and replacement of all major streets within the City. Funding is provided by distribution of gas tax proceeds.

Solid Waste Fund

This fund is used to account for the collection, disposal, and recycling of all residential and commercial waste within the City. Financing is provided by a separate tax millage.

Act 302 Training Fund

This fund accounts for the costs of training courses for the police department. Financing is provided by state grants.

Grants Fund

This fund is used to account for the activity of the Community Development Block Grant Program and other federal grants. Financing is provided by the Wayne County Economic Development Grant Program.

911 Emergency Service Fund

This fund accounts for moneys expended to maintain and operate an emergency response system. Moneys are received from the AT&T phone company, which levies a surcharge on all phone users within the community.

Drug Enforcement Fund

This fund is used to account for moneys seized in arrests for illegal drug activities and from various grants issued to the police department. Functions and activities include drug enforcement and education, departmental training, and expenses associated with the grants received.

Parkway Beautification Fund

This fund was created to account for moneys provided by donors to finance parkway beautification activities

2015 Road Bond Construction Fund

This fund accounts for the construction of roads related to the 2015 Road Bonds.

MIDC Grant Fund

The Michigan Indigent Defense Commission Grant Fund (MIDC Grant Fund) was created to account for grants received related to the court.

Debt Service Funds

Debt service funds are used to account for the payment of principal and interest on long-term debt.

2015 Road Bond Debt Service Fund

This fund accounts for the debt service of the 2015 Road Bonds.

2018 Capital Improvement Bond Fund

This fund accounts for the debt service related to 2018 capital improvements.

Capital Project Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Revenue sources include General Fund transfers, grants from other units of government, private contributions, and bond proceeds.

Municipal Improvement Fund

This fund accounts for the acquisition and construction of various construction projects in the City.

Capital Improvement Fund

This fund accounts for the capital outlay funded by debt proceeds.

Budgetary Funds

These funds are funds that were merged into the General Fund as a result of GASB Statement No. 54 but are budgeted as separate funds by the City Council.

Local Street Fund

This fund accounts for the maintenance and replacement of all local streets within the City. Funding is provided by distribution of gas tax proceeds.

Cable Franchise Fund

This fund accounts for the investment of proceeds from the sale of the City's interest in a cable company's earnings used for capital improvements.

City of Grosse Pointe Woods, Michigan

	Special Revenue Funds					
	Major Street Fund	Solid Waste Fund	Act 302 Training Fund	Grants Fund	911 Emergency Service Fund	Drug Enforcement Fund
Assets						
Cash and investments	\$ 905,442	\$ 533,711	\$ 218	\$ 10,044	\$ 121,516	\$ 22,943
Receivables:						
Property taxes receivable	-	110	-	-	-	-
Other receivables	7,633	-	-	-	-	-
Due from other governments	149,589	-	-	20,000	4,503	-
Due from other funds	90	19	-	-	7,334	-
Prepaid items and other assets	6,957	2,653	-	-	1,173	-
Restricted assets - Restricted cash and cash equivalents	-	-	-	-	-	-
Total assets	\$ 1,069,711	\$ 536,493	\$ 218	\$ 30,044	\$ 134,526	\$ 22,943
Liabilities						
Accounts payable	\$ 23,639	\$ 29,092	\$ -	\$ -	\$ 38,933	\$ -
Due to other funds	-	-	-	20,000	-	-
Advances from other funds	-	201,828	-	-	-	-
Accrued liabilities and other	4,841	30,826	-	-	2,976	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	28,480	261,746	-	20,000	41,909	-
Deferred Inflows of Resources -						
Unavailable revenue	-	110	-	-	-	-
Total liabilities and deferred inflows of resources	28,480	261,856	-	20,000	41,909	-
Fund Balances						
Nonspendable	6,957	2,653	-	-	1,173	-
Restricted:						
Roads	1,034,274	-	-	-	-	-
Public safety	-	-	218	-	29,879	22,943
Debt service	-	-	-	-	-	-
Grants	-	-	-	10,044	-	-
Community development	-	-	-	-	-	-
Solid waste	-	271,984	-	-	-	-
Capital improvement	-	-	-	-	-	-
Assigned:						
Public safety	-	-	-	-	61,565	-
Capital projects	-	-	-	-	-	-
Parkway beautification	-	-	-	-	-	-
Total fund balances	1,041,231	274,637	218	10,044	92,617	22,943
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,069,711	\$ 536,493	\$ 218	\$ 30,044	\$ 134,526	\$ 22,943

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

Special Revenue Funds			Debt Service Funds		Capital Project Funds		Total
Parkway Beautification Fund	2015 Road Bond Construction Fund	MIDC Grant Fund	2015 Road Bond Debt Service Fund	2018 Capital Improvement Bond Fund	Municipal Improvement Fund	Capital Improvement Fund	
\$ 209,554	\$ -	\$ 24,943	\$ 205,782	\$ 6,567	\$ 375,959	\$ 20,763	\$ 2,437,442
-	-	-	-	-	-	-	110
-	-	-	-	-	-	-	7,633
-	-	-	-	-	-	-	174,092
-	-	-	-	-	-	-	7,443
1,000	-	-	-	-	-	-	11,783
-	-	-	-	-	-	290,135	290,135
\$ 210,554	\$ -	\$ 24,943	\$ 205,782	\$ 6,567	\$ 375,959	\$ 310,898	\$ 2,928,638
\$ -	\$ -	\$ 125	\$ -	\$ -	\$ 260,875	\$ 20,763	\$ 373,427
-	-	-	-	-	-	-	20,000
-	-	-	-	-	-	-	201,828
-	-	-	15,679	-	-	-	54,322
-	-	24,818	-	-	-	-	24,818
-	-	24,943	15,679	-	260,875	20,763	674,395
-	-	-	-	-	-	-	110
-	-	24,943	15,679	-	260,875	20,763	674,505
1,000	-	-	-	-	-	-	11,783
-	-	-	-	-	-	-	1,034,274
-	-	-	-	-	-	-	53,040
-	-	-	190,103	6,567	-	-	196,670
-	-	-	-	-	-	-	10,044
94,397	-	-	-	-	-	-	94,397
-	-	-	-	-	-	-	271,984
-	-	-	-	-	-	290,135	290,135
-	-	-	-	-	-	-	61,565
-	-	-	-	-	115,084	-	115,084
115,157	-	-	-	-	-	-	115,157
210,554	-	-	190,103	6,567	115,084	290,135	2,254,133
\$ 210,554	\$ -	\$ 24,943	\$ 205,782	\$ 6,567	\$ 375,959	\$ 310,898	\$ 2,928,638

City of Grosse Pointe Woods, Michigan

	Special Revenue Funds					
	Major Street Fund	Solid Waste Fund	Act 302 Training Fund	Grants Fund	911 Emergency Service Fund	Drug Enforcement Fund
Revenue						
Property taxes	\$ -	\$ 1,841,704	\$ -	\$ -	\$ -	\$ -
Intergovernmental:						
Federal grants	-	-	-	26,750	-	-
State and local sources:						
State-shared revenue	-	8,686	-	-	-	-
Act 51 gas and weight tax	1,071,804	-	-	-	-	-
Other state grants	-	-	4,784	-	-	-
Investment income	13,384	21,178	-	-	-	-
Other revenue	69,504	2,155	100	-	50,212	5,005
Total revenue	1,154,692	1,873,723	4,884	26,750	50,212	5,005
Expenditures						
Current services:						
General government	-	-	-	20,000	19,499	-
Public safety	-	-	52,072	-	84,405	7,124
Public works	990,823	1,741,616	-	-	347	-
Municipal improvement	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest on long-term debt	-	5,042	-	-	-	-
Total expenditures	990,823	1,746,658	52,072	20,000	104,251	7,124
Excess of Revenue Over (Under) Expenditures	163,869	127,065	(47,188)	6,750	(54,039)	(2,119)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	(250,000)	-	-	-	-	-
Total other financing (uses) sources	(250,000)	-	-	-	-	-
Net Change in Fund Balances	(86,131)	127,065	(47,188)	6,750	(54,039)	(2,119)
Fund Balances - Beginning of year	1,127,362	147,572	47,406	3,294	146,656	25,062
Fund Balances - End of year	\$ 1,041,231	\$ 274,637	\$ 218	\$ 10,044	\$ 92,617	\$ 22,943

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2020

Special Revenue Funds			Debt Service Funds		Capital Project Funds		Total
Parkway Beautification Fund	2015 Road Bond Construction Fund	MIDC Grant Fund	2015 Road Bond Debt Service Fund	2018 Capital Improvement Bond Fund	Municipal Improvement Fund	Capital Improvement Fund	
\$ -	\$ -	\$ -	\$ 1,076,535	\$ -	\$ -	\$ -	\$ 2,918,239
-	-	-	-	-	-	-	26,750
-	-	-	5,005	-	-	-	13,691
-	-	-	-	-	-	-	1,071,804
-	-	20,376	-	-	-	-	25,160
-	346	-	-	-	-	-	34,908
38,985	-	-	-	-	37,487	-	203,448
38,985	346	20,376	1,081,540	-	37,487	-	4,294,000
-	-	26,060	-	-	-	-	65,559
-	-	-	-	-	-	6,524	150,125
-	-	-	-	-	-	6,808	2,739,594
-	-	-	-	-	1,095,734	86,076	1,181,810
16,637	-	-	-	-	-	232,746	249,383
-	-	-	795,000	130,000	-	500	925,500
-	-	-	183,818	95,863	-	-	284,723
16,637	-	26,060	978,818	225,863	1,095,734	332,654	5,596,694
22,348	346	(5,684)	102,722	(225,863)	(1,058,247)	(332,654)	(1,302,694)
-	-	5,684	-	225,863	1,089,002	-	1,320,549
-	(269,346)	-	-	-	-	-	(519,346)
-	(269,346)	5,684	-	225,863	1,089,002	-	801,203
22,348	(269,000)	-	102,722	-	30,755	(332,654)	(501,491)
188,206	269,000	-	87,381	6,567	84,329	622,789	2,755,624
\$ 210,554	\$ -	\$ -	\$ 190,103	\$ 6,567	\$ 115,084	\$ 290,135	\$ 2,254,133

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
Budgetary Comparison Schedule - Major Governmental Fund
Grosse-Gratiot Drain Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 2,862,861	\$ 2,862,861	\$ 2,836,373	\$ (26,488)
Intergovernmental	5,783	5,783	11,099	5,316
Investment income	35,485	35,485	58,876	23,391
Total revenue	2,904,129	2,904,129	2,906,348	2,219
Expenditures				
Current services - Public works	2,188,154	2,367,128	8,477,879	(6,110,751)
Debt service	1,117,174	1,217,438	1,054,797	162,641
Total expenditures	3,305,328	3,584,566	9,532,676	(5,948,110)
Excess of Expenditures Over Revenue	(401,199)	(680,437)	(6,626,328)	(5,945,891)
Other Financing Sources - New debt issued	-	-	5,701,651	5,701,651
Net Change in Fund Balance	(401,199)	(680,437)	(924,677)	(244,240)
Fund Balance - Beginning of year	3,131,387	3,131,387	3,131,387	-
Fund Balance - End of year	<u>\$ 2,730,188</u>	<u>\$ 2,450,950</u>	<u>\$ 2,206,710</u>	<u>\$ (244,240)</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 Major Street Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental	\$ 1,074,585	\$ 1,074,585	\$ 1,071,804	\$ (2,781)
Investment income	5,000	5,000	13,384	8,384
Other revenue	30,000	30,000	69,504	39,504
Total revenue	1,109,585	1,109,585	1,154,692	45,107
Expenditures				
Current services -				
Public works:				
Street construction	522,000	522,000	428,702	93,298
Routine maintenance	367,878	367,878	174,049	193,829
Winter maintenance	22,100	22,100	15,736	6,364
Traffic services	3,100	3,100	1,450	1,650
Administration	144,377	144,377	144,640	(263)
Fringe benefits	299,847	299,847	226,246	73,601
Total expenditures	1,359,302	1,359,302	990,823	368,479
Excess of Revenue (Under) Over Expenditures	(249,717)	(249,717)	163,869	413,586
Other Financing Uses - Transfers out	(250,000)	(250,000)	(250,000)	-
Net Change in Fund Balance	(499,717)	(499,717)	(86,131)	413,586
Fund Balance - Beginning of year	1,127,362	1,127,362	1,127,362	-
Fund Balance - End of year	<u>\$ 627,645</u>	<u>\$ 627,645</u>	<u>\$ 1,041,231</u>	<u>\$ 413,586</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Solid Waste Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,857,455	\$ 1,857,455	\$ 1,841,704	\$ (15,751)
Intergovernmental	7,000	7,000	8,686	1,686
Investment income	10,000	10,000	21,178	11,178
Other revenue	1,000	1,000	2,155	1,155
Total revenue	<u>1,875,455</u>	<u>1,875,455</u>	<u>1,873,723</u>	<u>(1,732)</u>
Expenditures				
Current services -				
Public works:				
Other services and charges	1,607,237	1,720,452	1,623,531	96,921
Fringe benefits	138,941	138,941	118,085	20,856
Debt service	5,042	5,042	5,042	-
Total expenditures	<u>1,751,220</u>	<u>1,864,435</u>	<u>1,746,658</u>	<u>117,777</u>
Net Change in Fund Balance	124,235	11,020	127,065	116,045
Fund Balance - Beginning of year	<u>147,572</u>	<u>147,572</u>	<u>147,572</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 271,807</u></u>	<u><u>\$ 158,592</u></u>	<u><u>\$ 274,637</u></u>	<u><u>\$ 116,045</u></u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Act 302 Training Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental	\$ 7,500	\$ 7,500	\$ 4,784	\$ (2,716)
Other revenue	200	200	100	(100)
Total revenue	7,700	7,700	4,884	(2,816)
Expenditures - Current - Public safety	32,700	32,700	52,072	(19,372)
Net Change in Fund Balance	(25,000)	(25,000)	(47,188)	(22,188)
Fund Balance - Beginning of year	47,406	47,406	47,406	-
Fund Balance - End of year	<u>\$ 22,406</u>	<u>\$ 22,406</u>	<u>\$ 218</u>	<u>\$ (22,188)</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Grants Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Federal grants	\$ 20,000	\$ 20,000	\$ 26,750	\$ 6,750
Expenditures - Current - General government	-	20,000	20,000	-
Excess of Revenue Over Expenditures	20,000	-	6,750	6,750
Other Financing Sources - Transfers in	-	20,000	-	(20,000)
Net Change in Fund Balance	20,000	20,000	6,750	(13,250)
Fund Balance - Beginning of year	3,294	3,294	3,294	-
Fund Balance - End of year	<u>\$ 23,294</u>	<u>\$ 23,294</u>	<u>\$ 10,044</u>	<u>\$ (13,250)</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 911 Emergency Service

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Other revenue	\$ 50,000	\$ 50,000	\$ 50,212	\$ 212
Expenditures				
Current services:				
General government	30,010	30,010	19,499	10,511
Public safety	84,183	84,183	84,405	(222)
Public works	-	-	347	(347)
Total expenditures	<u>114,193</u>	<u>114,193</u>	<u>104,251</u>	<u>9,942</u>
Net Change in Fund Balance	(64,193)	(64,193)	(54,039)	10,154
Fund Balance - Beginning of year	<u>146,656</u>	<u>146,656</u>	<u>146,656</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 82,463</u></u>	<u><u>\$ 82,463</u></u>	<u><u>\$ 92,617</u></u>	<u><u>\$ 10,154</u></u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Drug Enforcement

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Other revenue	\$ 1,000	\$ 1,000	\$ 5,005	\$ 4,005
Expenditures - Current services - Public safety	7,300	7,300	7,124	176
Net Change in Fund Balance	(6,300)	(6,300)	(2,119)	4,181
Fund Balance - Beginning of year	25,062	25,062	25,062	-
Fund Balance - End of year	<u>\$ 18,762</u>	<u>\$ 18,762</u>	<u>\$ 22,943</u>	<u>\$ 4,181</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Governmental Funds
(Continued)
Parkway Beautification Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Other revenue	\$ 57,250	\$ 57,250	\$ 38,985	\$ (18,265)
Expenditures - Current - Recreation and culture	52,500	57,500	16,637	40,863
Net Change in Fund Balance	4,750	(250)	22,348	22,598
Fund Balance - Beginning of year	188,206	188,206	188,206	-
Fund Balance - End of year	<u>\$ 192,956</u>	<u>\$ 187,956</u>	<u>\$ 210,554</u>	<u>\$ 22,598</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 2015 Road Bond Construction

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Investment income	\$ -	\$ -	\$ 346	\$ 346
Expenditures - Current - Street construction	-	-	-	-
Excess of Revenue Over Expenditures	-	-	346	346
Other Financing Uses - Transfers out	(268,823)	(268,823)	(269,346)	(523)
Net Change in Fund Balance	(268,823)	(268,823)	(269,000)	(177)
Fund Balance - Beginning of year	269,000	269,000	269,000	-
Fund Balance - End of year	<u>\$ 177</u>	<u>\$ 177</u>	<u>\$ -</u>	<u>\$ (177)</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 MIDC Grant Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - State grants	\$ 18,000	\$ 18,000	\$ 20,376	\$ 2,376
Expenditures - Current - General government	23,151	25,684	26,060	(376)
Excess of Expenditures Over Revenue	(5,151)	(7,684)	(5,684)	2,000
Other Financing Sources - Transfer in	3,151	5,684	5,684	-
Net Change in Fund Balance	(2,000)	(2,000)	-	2,000
Fund Balance (Deficit) - Beginning of year	-	-	-	-
Fund Balance (Deficit) - End of year	<u><u>\$ (2,000)</u></u>	<u><u>\$ (2,000)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,000</u></u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 2015 Road Bond Debt Service Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,085,215	\$ 1,085,215	\$ 1,076,535	\$ (8,680)
Intergovernmental	-	-	5,005	5,005
Total revenue	1,085,215	1,085,215	1,081,540	(3,675)
Expenditures -				
Debt service:				
Principal	795,000	795,000	795,000	-
Interest on long-term debt	183,318	183,318	183,818	(500)
Total expenditures	978,318	978,318	978,818	(500)
Net Change in Fund Balance	106,897	106,897	102,722	(4,175)
Fund Balance - Beginning of year	87,381	87,381	87,381	-
Fund Balance - End of year	\$ 194,278	\$ 194,278	\$ 190,103	\$ (4,175)

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 2018 Capital Improvement Bond Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Interest income	\$ -	\$ -	\$ -	\$ -
Expenditures -				
Debt service:				
Principal	130,000	130,000	130,000	-
Interest on long-term debt	95,863	95,863	95,863	-
Total expenditures	<u>225,863</u>	<u>225,863</u>	<u>225,863</u>	<u>-</u>
Excess of Expenditures Over Revenue	(225,863)	(225,863)	(225,863)	-
Other Financing Sources - Transfers in	<u>225,863</u>	<u>225,863</u>	<u>225,863</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	<u>6,567</u>	<u>6,567</u>	<u>6,567</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 6,567</u></u>	<u><u>\$ 6,567</u></u>	<u><u>\$ 6,567</u></u>	<u><u>\$ -</u></u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Municipal Improvement Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue	\$ -	\$ -	\$ 37,487	\$ 37,487
Expenditures - Current - Community and economic development	218,454	1,089,002	1,095,734	(6,732)
Excess of Expenditures Over Revenue	(218,454)	(1,089,002)	(1,058,247)	30,755
Other Financing Sources - Transfers in	218,454	1,089,002	1,089,002	-
Net Change in Fund Balance	-	-	30,755	30,755
Fund Balance - Beginning of year	84,329	84,329	84,329	-
Fund Balance - End of year	<u>\$ 84,329</u>	<u>\$ 84,329</u>	<u>\$ 115,084</u>	<u>\$ 30,755</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Capital Improvement Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Charges for services	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current services:				
General government	-	230,000	-	230,000
Public safety	-	11,269	6,524	4,745
Public works	-	-	6,808	(6,808)
Municipal improvement	-	20,000	86,076	(66,076)
Parks and recreation	-	-	232,746	(232,746)
Debt service	-	-	500	(500)
Total expenditures	-	261,269	332,654	(71,385)
Net Change in Fund Balance	-	(261,269)	(332,654)	(71,385)
Fund Balance - Beginning of year	622,789	622,789	622,789	-
Fund Balance - End of year	\$ 622,789	\$ 361,520	\$ 290,135	\$ (71,385)

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Cable Franchise Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Investment income	\$ 3,500	\$ 3,500	\$ 4,556	\$ 1,056
Expenditures - Current - Public works	-	-	825	(825)
Net Change in Fund Balance	3,500	3,500	3,731	231
Fund Balance - Beginning of year	545,888	545,888	545,888	-
Fund Balance - End of year	<u><u>\$ 549,388</u></u>	<u><u>\$ 549,388</u></u>	<u><u>\$ 549,619</u></u>	<u><u>\$ 231</u></u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
 Budgetary Comparison Schedule - Nonmajor Governmental Funds
 (Continued)
 Local Street Fund

Year Ended June 30, 2020

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental	\$ 440,543	\$ 440,543	\$ 439,045	\$ (1,498)
Investment income	4,000	4,000	15,191	11,191
Other revenue	-	-	13,357	13,357
	444,543	444,543	467,593	23,050
Expenditures				
Current services -				
Public works:				
Streets	294,338	294,338	177,009	117,329
Administration	168,237	168,237	170,898	(2,661)
Traffic services	10,400	10,400	4,272	6,128
Winter maintenance	66,200	66,200	32,524	33,676
Fringe benefits	1,465,057	1,558,345	2,080,710	(522,365)
	2,004,232	2,097,520	2,465,413	(367,893)
Excess of Expenditures Over Revenue	(1,559,689)	(1,652,977)	(1,997,820)	(344,843)
Other Financing Sources - Transfers in	1,309,689	1,402,977	1,403,500	523
Net Change in Fund Balance	(250,000)	(250,000)	(594,320)	(344,320)
Fund Balance - Beginning of year	1,392,180	1,392,180	1,392,180	-
Fund Balance - End of year	\$ 1,142,180	\$ 1,142,180	\$ 797,860	\$ (344,320)

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
Local Street Fund
Fund-based Balance Sheet

	June 30, 2020
	<u>Local Street Fund</u>
Assets	
Cash and investments	\$ 841,287
Receivables	61,277
Due from other funds	91
Prepaid items and other assets	<u>6,159</u>
Total assets	<u>\$ 908,814</u>
Liabilities	
Accounts payable	\$ 103,907
Accrued liabilities and other	<u>7,047</u>
Total liabilities	110,954
Fund Balances - Committed - Roads	<u>797,860</u>
Total liabilities and fund balances	<u>\$ 908,814</u>

Note - As a result of GASB Statement No. 54, the Local Street Fund is now merged with the General Fund for reporting purposes. The Local Street Fund balance sheet is shown for supplemental purposes.

Parking Utility Fund

This fund accounts for the City's parking meters and costs associated with maintaining the meters. Funding is provided by parking meter fees and violation fees.

Boat Dock Rental Fund

This fund accounts for boat dock rental units that are available to the citizens of the City of Grosse Pointe Woods, Michigan on an annual basis. Boat launch ramps and other watercraft maintenance services are available.

Commodity Sales Fund

This fund records the purchases and sale of rubbish bags and other miscellaneous items that the municipality holds for resale.

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds

June 30, 2020

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Total Nonmajor Enterprise Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 656,741	\$ 144,728	\$ 142,801	\$ 944,270
Investments	734,501	-	-	734,501
Receivables - Accrued interest	2,029	-	-	2,029
Due from other funds	38	24	-	62
Prepaid items and other assets	1,760	-	-	1,760
Total current assets	1,395,069	144,752	142,801	1,682,622
Noncurrent assets - Capital assets - Net	563,005	519,885	-	1,082,890
Total assets	1,958,074	664,637	142,801	2,765,512
Deferred Outflows of Resources - Deferred pension costs	149,367	-	-	149,367
Liabilities				
Current liabilities:				
Accounts payable	2,932	245	-	3,177
Due to other funds	-	31,065	-	31,065
Accrued liabilities and other	4,965	2,907	-	7,872
Compensated absences	12,802	-	-	12,802
Total current liabilities	20,699	34,217	-	54,916
Noncurrent liabilities:				
Compensated absences	2,995	-	-	2,995
Net pension liability	715,855	-	-	715,855
Net OPEB liability	607,991	-	-	607,991
Total noncurrent liabilities	1,326,841	-	-	1,326,841
Total liabilities	1,347,540	34,217	-	1,381,757
Deferred Inflows of Resources				
Deferred pension cost reductions	54,007	-	-	54,007
Deferred OPEB cost reductions	13,678	-	-	13,678
Total deferred inflows of resources	67,685	-	-	67,685
Net Position				
Net investment in capital assets	563,005	519,885	-	1,082,890
Unrestricted	129,211	110,535	142,801	382,547
Total net position	\$ 692,216	\$ 630,420	\$ 142,801	\$ 1,465,437

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds

Year Ended June 30, 2020

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Total Nonmajor Enterprise Funds
Operating Revenue				
Fees and violations	\$ 316,748	\$ -	\$ -	\$ 316,748
Dockings and launching fees	-	195,382	-	195,382
Commodity sales	-	-	13,795	13,795
Other revenue	5,120	316,715	-	321,835
Total operating revenue	321,868	512,097	13,795	847,760
Operating Expenses				
General and administrative	189,946	49,039	5,279	244,264
Operation and maintenance	194,301	5,000	-	199,301
Depreciation	48,377	77,689	-	126,066
Total operating expenses	432,624	131,728	5,279	569,631
Operating (Loss) Income	(110,756)	380,369	8,516	278,129
Nonoperating Revenue (Expense)				
Investment income	16,852	2,524	2,254	21,630
Interest expense	-	(706)	-	(706)
Total nonoperating revenue	16,852	1,818	2,254	20,924
Change in Net Position	(93,904)	382,187	10,770	299,053
Net Position - Beginning of year	786,120	248,233	132,031	1,166,384
Net Position - End of year	\$ 692,216	\$ 630,420	\$ 142,801	\$ 1,465,437

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds

Year Ended June 30, 2020

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 321,868	\$ 512,097	\$ 13,795	\$ 847,760
Payments to suppliers	(79,751)	(160,829)	-	(240,580)
Payments to employees and fringes	(347,444)	(369,853)	(5,279)	(722,576)
Payments to other funds	(33,767)	(3,959)	-	(37,726)
Net cash and cash equivalents (used in) provided by operating activities	(139,094)	(22,544)	8,516	(153,122)
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(37,132)	-	-	(37,132)
Principal and interest paid on capital debt	-	(706)	-	(706)
Net cash and cash equivalents used in capital and related financing activities	(37,132)	(706)	-	(37,838)
Cash Flows from Investing Activities				
Interest received on investments	20,896	2,952	2,254	26,102
Proceeds from sale and maturities of investment securities	380,665	103,776	-	484,441
Net cash and cash equivalents provided by investing activities	401,561	106,728	2,254	510,543
Net Increase in Cash and Cash Equivalents	225,335	83,478	10,770	319,583
Cash and Cash Equivalents - Beginning of year	431,406	61,250	132,031	624,687
Cash and Cash Equivalents - End of year	\$ 656,741	\$ 144,728	\$ 142,801	\$ 944,270
Classification of Cash and Cash Equivalents - Cash and cash equivalents	\$ 656,741	\$ 144,728	\$ 142,801	\$ 944,270

City of Grosse Pointe Woods, Michigan

**Other Supplemental Information
Combining Statement of Cash Flows (Continued)
Nonmajor Enterprise Funds**

Year Ended June 30, 2020

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Total Nonmajor Enterprise Funds
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	\$ (110,756)	\$ 380,369	\$ 8,516	\$ 278,129
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation	48,377	77,689	-	126,066
Changes in assets and liabilities:				
Due to and from other funds	(38)	(3,959)	-	(3,997)
Prepaid and other assets	(529)	-	-	(529)
Net pension or OPEB asset	(61,529)	(354,726)	-	(416,255)
Accounts payable	(14,619)	(121,917)	-	(136,536)
Total adjustments	(28,338)	(402,913)	-	(431,251)
Net cash and cash equivalents (used in) provided by operating activities	\$ (139,094)	\$ (22,544)	\$ 8,516	\$ (153,122)

Motor Vehicle Fund

This fund accounts for the costs of acquiring and maintaining city-operated vehicles used by various city departments. The actual cost of labor and materials is reimbursed to this fund by the user department through fees.

Workers' Compensation Fund

This fund was created to identify all costs associated with operating a self-insured workers' compensation fund. Funds are accumulated via transfers from other governmental and proprietary fund types and interest made on surplus earnings.

City of Grosse Pointe Woods, Michigan

**Other Supplemental Information
Combining Statement of Net Position
Internal Service Funds**

June 30, 2020

	Motor Vehicle Fund	Workers' Compensation Fund	Total Internal Service Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,132,533	\$ 134,577	\$ 1,267,110
Investments	1,122,083	112,864	1,234,947
Receivables - Accrued interest receivable	8,070	3,299	11,369
Due from other funds	3,734	-	3,734
Prepaid items and other assets	107,497	61,001	168,498
Total current assets	2,373,917	311,741	2,685,658
Noncurrent assets - Capital assets - Net	1,795,601	-	1,795,601
Total assets	4,169,518	311,741	4,481,259
Deferred Outflows of Resources - Deferred pension costs	318,375	-	318,375
Liabilities			
Current liabilities:			
Accounts payable	20,000	-	20,000
Due to other funds	-	2,115	2,115
Accrued liabilities and other	9,125	-	9,125
Provision for claims	-	128,706	128,706
Total current liabilities	29,125	130,821	159,946
Noncurrent liabilities:			
Compensated absences	31,508	-	31,508
Net pension liability	1,414,347	-	1,414,347
Net OPEB liability	923,522	-	923,522
Total liabilities	2,398,502	130,821	2,529,323
Deferred Inflows of Resources			
Deferred pension cost reductions	133,173	-	133,173
Deferred OPEB cost reductions	20,788	-	20,788
Total deferred inflows of resources	153,961	-	153,961
Net Position			
Net investment in capital assets	1,795,601	-	1,795,601
Unrestricted	139,829	180,920	320,749
Total net position	<u>\$ 1,935,430</u>	<u>\$ 180,920</u>	<u>\$ 2,116,350</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds

Year Ended June 30, 2020

	Motor Vehicle Fund	Workers' Compensation Fund	Total Internal Service Funds
Operating Revenue			
Other revenue	\$ 1,200	\$ -	\$ 1,200
Charges to other funds	1,399,159	107,691	1,506,850
Total operating revenue	1,400,359	107,691	1,508,050
Operating Expenses			
Cost of insurance claims	6,093	33,060	39,153
General and administrative	196,887	2,703	199,590
Vehicle operation and maintenance	271,678	-	271,678
Depreciation	312,194	-	312,194
Total operating expenses	786,852	35,763	822,615
Operating Income	613,507	71,928	685,435
Nonoperating Revenue (Expense)			
Investment income	51,663	5,855	57,518
Interest expense	(1,639)	-	(1,639)
Loss on sale of assets	8,250	-	8,250
Insurance proceeds	3,700	-	3,700
Total nonoperating revenue	61,974	5,855	67,829
Change in Net Position	675,481	77,783	753,264
Net Position - Beginning of year	1,259,949	103,137	1,363,086
Net Position - End of year	\$ 1,935,430	\$ 180,920	\$ 2,116,350

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds

Year Ended June 30, 2020

	Motor Vehicle Fund	Workers' Compensation Fund	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 1,200	\$ -	\$ 1,200
Receipts from interfund services and reimbursements	1,395,425	109,806	1,505,231
Payments to suppliers	(379,725)	(10,489)	(390,214)
Payments to employees and fringes	(284,582)	(7,631)	(292,213)
Claims paid	(12,452)	(95,901)	(108,353)
Net cash and cash equivalents provided by (used in) operating activities	719,866	(4,215)	715,651
Cash Flows from Capital and Related Financing Activities			
Benefit fees	3,700	-	3,700
Proceeds from sale of capital assets	8,250	-	8,250
Purchase of capital assets	(626,122)	-	(626,122)
Principal and interest paid on capital debt	(63,735)	-	(63,735)
Net cash and cash equivalents used in capital and related financing activities	(677,907)	-	(677,907)
Cash Flows from Investing Activities			
Interest received on investments	53,851	4,345	58,196
Purchases of investment securities	(63,339)	-	(63,339)
Proceeds from sale and maturities of investment securities	-	96,515	96,515
Net cash and cash equivalents (used in) provided by investing activities	(9,488)	100,860	91,372
Net Increase in Cash and Cash Equivalents	32,471	96,645	129,116
Cash and Cash Equivalents - Beginning of year	1,100,062	37,932	1,137,994
Cash and Cash Equivalents - End of year	<u>\$ 1,132,533</u>	<u>\$ 134,577</u>	<u>\$ 1,267,110</u>
Classification of Cash and Cash Equivalents - Cash and cash equivalents	<u>\$ 1,132,533</u>	<u>\$ 134,577</u>	<u>\$ 1,267,110</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Cash Flows (Continued) Internal Service Funds

Year Ended June 30, 2020

	Motor Vehicle Fund	Workers' Compensation Fund	Total Internal Service Funds
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 613,507	\$ 71,928	\$ 685,435
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation	312,194	-	312,194
Changes in assets and liabilities:			
Due to and from other funds	(3,734)	2,115	(1,619)
Prepaid and other assets	(104,599)	(7,623)	(112,222)
Net pension or OPEB asset	(90,746)	-	(90,746)
Accounts payable	(397)	(2,866)	(3,263)
Estimated claims liability	(6,359)	(67,769)	(74,128)
Total adjustments	<u>106,359</u>	<u>(76,143)</u>	<u>30,216</u>
Net cash and cash equivalents provided by (used in) operating activities	<u><u>\$ 719,866</u></u>	<u><u>\$ (4,215)</u></u>	<u><u>\$ 715,651</u></u>

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for the assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Funds

These funds account for the deposit of moneys by the city government in a trustee capacity or as an agent for individuals, private organization, other governments, and/or other funds.

Pension and Other Employee Benefit Trust Funds

The City operates one retirement system, one supplemental annuity fund, and one retiree health care account, which are accounted for in three separate funds. These funds cover all full-time employees of the City.

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Statement of Fiduciary Net Position Fiduciary Funds

June 30, 2020

	Pension Fund	Supplementary Annuity Fund	Other Postemployment Benefit Trust Fund	Total Pension and OPEB Funds
Assets				
Cash and cash equivalents	\$ 215,144	\$ 11,543	\$ 72,836	\$ 299,523
Investments:				
Stocks	14,636,978	785,345	-	15,422,323
Corporate bonds	6,390,978	342,907	-	6,733,885
Pooled investments	14,303,086	767,430	928,536	15,999,052
Receivables - Accrued interest receivable	24	1	-	25
Total assets	35,546,210	1,907,226	1,001,372	38,454,808
Liabilities	-	-	-	-
Net Position Restricted for Pension and Other Employee Benefits	\$ 35,546,210	\$ 1,907,226	\$ 1,001,372	\$ 38,454,808

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Statement of Changes in Fiduciary Net Position Fiduciary Funds

Year Ended June 30, 2020

	Pension Fund	Supplementary Annuity Fund	Other Postemployment Benefit Trust Fund	Total Pension and OPEB Funds
Additions				
Investment income (loss):				
Interest and dividends	\$ 522,180	\$ 25,905	\$ 23,269	\$ 571,354
Net increase in fair value of investments	(365,040)	(18,109)	6,282	(376,867)
Investment-related expenses	(70,669)	(3,506)	-	(74,175)
Net investment income	86,471	4,290	29,551	120,312
Contributions:				
Employer contributions	1,406,408	335,830	1,401,986	3,144,224
Employee contributions	262,297	-	58,919	321,216
Total contributions	1,668,705	335,830	1,460,905	3,465,440
Total additions	1,755,176	340,120	1,490,456	3,585,752
Deductions - Benefit payments	3,403,902	278,103	1,351,986	5,033,991
Net (Decrease) Increase in Net Position Held in Trust	(1,648,726)	62,017	138,470	(1,448,239)
Net Position Restricted for Pension and Other Employee Benefits - Beginning of year	37,194,936	1,845,209	862,902	39,903,047
Net Position Restricted for Pension and Other Employee Benefits - End of year	\$ 35,546,210	\$ 1,907,226	\$ 1,001,372	\$ 38,454,808

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Statement of Assets and Liabilities Agency Funds

June 30, 2020

	Wayne County Tax Fund	Cash Bond Escrow Fund	Total
Assets - Cash and cash equivalents	\$ -	\$ 2,795	\$ 2,795
Liabilities - Court bonds payable	\$ -	\$ 2,795	\$ 2,795

City of Grosse Pointe Woods, Michigan

Other Supplemental Information
Statement of Changes in Assets and Liabilities
Agency Funds

Year Ended June 30, 2020

	Wayne County Tax Fund			
	July 1, 2019	Additions	Deductions	June 30, 2020
Assets - Cash and investments	\$ -	\$ 34,602,248	\$ (34,602,248)	\$ -
Liabilities - Due to other governmental units	\$ -	\$ 34,602,248	\$ (34,602,248)	\$ -
	Cash Bond Escrow Fund			
	July 1, 2019	Additions	Deductions	June 30, 2020
Assets - Cash and investments	\$ 4,200	\$ 39,676	\$ (41,081)	\$ 2,795
Liabilities - Court bonds payable	\$ 4,200	\$ 39,676	\$ (41,081)	\$ 2,795
	Total Agency			
	July 1, 2019	Additions	Deductions	June 30, 2020
Assets - Cash and investments	\$ 4,200	\$ 34,641,924	\$ (34,643,329)	\$ 2,795
Liabilities				
Due to other governmental units	\$ -	\$ 34,602,248	\$ (34,602,248)	\$ -
Court bonds payable	4,200	39,676	(41,081)	2,795
Total liabilities	\$ 4,200	\$ 34,641,924	\$ (34,643,329)	\$ 2,795

June 30, 2020

Budgetary Information

As a result of GASB Statement No. 54, the Local Street Fund and Cable Franchise Fund are now merged with the General Fund for reporting purposes but are budgeted as separate funds.

Statistical Section

Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health

The statistical section is organized into the following main categories:

Financial trends

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

Revenue capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and economic information

These schedules help the reader understand the environment within which the government's financial activities take place.

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government

Continuing Disclosure

Continuing disclosure information contained herein complies with Rule 15c2-12, a federal regulation promulgated by the Securities and Exchange Commission, designed to improve disclosure practices in the municipal bond market. Municipal bonds issued after July 3, 1995 are subject to this mandatory requirement.

Continuing disclosure requires certain annual financial information and operating data, including audited financial statements for the preceding fiscal year. This information is generally consistent with the information contained or cross-referenced in the official statement relating to the bonds.

City of Grosse Pointe Woods

	2011	2012	2013	2014
Governmental Activities				
Net investment in capital assets	\$ 26,918,168	\$ 26,908,007	\$ 27,096,926	\$ 26,303,935
Restricted	772,268	923,644	924,572	835,294
Unrestricted	<u>(2,595,090)</u>	<u>(4,608,002)</u>	<u>(6,341,023)</u>	<u>(7,745,764)</u>
Total net position	<u>\$ 25,095,346</u>	<u>\$ 23,223,649</u>	<u>\$ 21,680,475</u>	<u>\$ 19,393,465</u>
Business-type Activities				
Net investment in capital assets	\$ 18,345,231	\$ 18,585,076	\$ 18,451,087	\$ 18,458,605
Restricted	425,500	397,500	349,500	319,000
Unrestricted	<u>2,461,914</u>	<u>3,213,270</u>	<u>4,232,956</u>	<u>5,465,819</u>
Total net position	<u>\$ 21,232,645</u>	<u>\$ 22,195,846</u>	<u>\$ 23,033,543</u>	<u>\$ 24,243,424</u>
Primary Government in Total				
Net investment in capital assets	\$ 45,263,399	\$ 45,493,083	\$ 45,548,013	\$ 44,762,540
Restricted	1,197,768	1,321,144	1,274,072	1,154,294
Unrestricted	<u>(133,176)</u>	<u>(1,394,732)</u>	<u>(2,108,067)</u>	<u>(2,279,945)</u>
Total net position	<u>\$ 46,327,991</u>	<u>\$ 45,419,495</u>	<u>\$ 44,714,018</u>	<u>\$ 43,636,889</u>

Source: City annual financial statements

Net Position by Component

Last Ten Fiscal Years

June 30, 2020

(Unaudited)

2015	2016	2017	2018	2019	2020
\$ 27,569,120	\$ 25,064,363	\$ 22,206,276	\$ 27,441,437	\$ 29,554,228	\$ 34,307,867
7,500,582	2,946,510	3,380,839	3,853,062	4,675,063	3,879,012
<u>(28,560,231)</u>	<u>(26,399,199)</u>	<u>(26,770,331)</u>	<u>(65,318,399)</u>	<u>(62,826,090)</u>	<u>(62,229,876)</u>
\$ 6,509,471	\$ 1,611,674	\$ (1,183,216)	\$ (34,023,900)	\$ (28,596,799)	\$ (24,042,997)
\$ 18,185,073	\$ 18,154,537	\$ 18,507,826	\$ 18,830,410	\$ 21,640,125	\$ 23,036,705
306,500	256,000	223,500	198,090	155,000	198,090
<u>5,537,757</u>	<u>7,005,669</u>	<u>9,036,011</u>	<u>8,144,812</u>	<u>7,377,799</u>	<u>8,078,834</u>
\$ 24,029,330	\$ 25,416,206	\$ 27,767,337	\$ 27,173,312	\$ 29,172,924	\$ 31,313,629
\$ 45,754,193	\$ 43,218,900	\$ 40,714,102	\$ 46,271,847	\$ 51,194,353	\$ 57,344,572
7,807,082	3,202,510	3,604,339	\$ 4,051,152	\$ 4,830,063	\$ 4,077,102
<u>(23,022,474)</u>	<u>(19,393,530)</u>	<u>(17,734,320)</u>	<u>(57,173,587)</u>	<u>(55,448,291)</u>	<u>(54,151,042)</u>
\$ 30,538,801	\$ 27,027,880	\$ 26,584,121	\$ (6,850,588)	\$ 576,125	\$ 7,270,632

City of Grosse Pointe Woods, Michigan

	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 3,422,593	\$ 3,092,280	\$ 3,207,643	\$ 3,130,925
Public safety	7,912,560	7,153,532	6,869,020	6,553,852
Public works	5,655,876	6,016,942	5,841,495	6,091,819
Solid waste	1,087,987	1,121,417	10,076,663	1,150,743
Municipal improvement	130,849	191,180	63,982	307,290
Recreation and culture	1,967,708	1,717,327	1,827,426	1,554,898
Interest on long-term debt	72,814	40,214	17,369	830,255
Total governmental activities	20,250,387	19,332,892	27,903,598	19,619,782
Business-type activities:				
Water/Sewer	5,044,337	5,059,715	5,432,429	5,420,387
Parking	198,866	237,150	207,597	195,791
Boat dock	73,870	74,172	69,894	97,519
Commodity sales	30,689	26,018	40,085	-
Total business-type activities expenses	5,347,762	5,397,055	5,750,005	5,713,697
Total primary government expenses	25,598,149	24,729,947	33,653,603	25,333,479
Program Revenue				
Governmental activities:				
Charges for services				
Municipal court	774,390	909,241	667,782	593,962
Building inspections and related	-	-	-	-
Recreation and culture	102,037	120,304	119,399	107,161
Other activities	435,796	541,545	639,214	614,984
Total charges for services	1,312,223	1,571,090	1,426,395	1,316,107
Operating and capital grants and contributions	886,569	907,211	912,762	943,540
Total governmental activities program revenue	2,198,792	2,478,301	2,339,157	2,259,647
Business-type Activities				
Charges for services:				
Water/Sewer	5,405,036	5,976,950	6,144,410	6,339,551
Parking	201,166	193,812	301,696	292,825
Boat dock	132,715	130,778	129,805	126,052
Commodity sales	40,225	40,918	37,922	34,214
Capital grants and contributions	-	-	-	-
Total business-type program revenue	5,779,142	6,342,458	6,613,833	6,792,642
Total primary government program revenue	\$ 7,977,934	\$ 8,820,759	\$ 8,952,990	\$ 9,052,289
Net (Expense) Revenue				
Governmental activities	\$ (18,051,595)	\$ (16,854,591)	\$ (16,640,014)	\$ (17,360,135)
Business-type activities	431,380	945,403	863,828	1,078,945
Total primary government net expense	\$ (17,620,215)	\$ (15,909,188)	\$ (15,776,186)	\$ (16,281,190)

Source: City annual financial statements

Changes in Governmental Activities, Business-type Activities, and Primary Government Net Position

Last Ten Fiscal Years
June 30, 2020
(Unaudited)

2015	2016	2017	2018	2019	2020
\$ 2,494,362	\$ 3,586,605	\$ 3,508,241	\$ 2,132,039	\$ 739,340	\$ 518,716
7,777,514	9,321,147	8,318,311	5,667,873	4,025,271	5,741,383
6,126,373	6,431,753	6,720,230	5,388,938	6,164,026	6,547,959
1,193,308	1,126,483	1,108,370	1,666,746	1,499,882	1,661,616
554,163	575,094	260,432	811,929	1,029,092	1,283,863
1,773,961	1,855,328	1,905,019	1,758,972	1,723,645	1,848,120
-	207,605	158,803	186,192	539,273	560,896
19,919,681	23,104,015	21,979,406	17,612,689	15,720,529	18,162,553
5,919,315	6,053,295	5,897,189	6,147,744	6,351,669	6,399,751
246,050	304,826	136,057	235,753	495,089	432,624
96,733	104,778	89,176	432,292	279,565	132,434
36,955	23,940	35,713	10,922	47,233	5,279
6,299,053	6,486,839	6,158,135	6,826,711	7,173,556	6,970,088
26,218,734	29,590,854	28,137,541	24,439,400	22,894,085	25,132,641
455,417	401,218	489,299	452,764	410,923	403,678
-	-	-	-	-	-
111,904	116,383	146,619	141,725	136,973	78,258
321,151	379,099	364,232	397,502	305,384	253,907
888,472	896,700	1,000,150	991,991	853,280	735,843
1,091,214	1,009,509	1,306,687	1,655,576	1,756,482	2,496,185
1,979,686	1,906,209	2,306,837	2,647,567	2,609,762	3,232,028
6,241,351	7,202,849	7,818,095	8,763,915	8,214,871	8,021,351
454,533	439,720	446,643	473,826	448,071	321,868
140,986	150,625	142,843	172,091	194,478	512,097
33,075	30,392	27,679	25,939	21,382	13,795
-	-	-	-	-	-
6,869,945	7,823,586	8,435,260	9,435,771	8,878,802	8,869,111
\$ 8,849,631	\$ 9,729,795	\$ 10,742,097	\$ 12,083,338	\$ 11,488,564	\$ 12,101,139
\$ (17,939,995)	\$ (21,197,806)	\$ (19,672,569)	\$ (14,965,122)	\$ (13,110,767)	\$ (14,930,525)
570,892	1,336,747	2,277,125	2,609,060	1,705,246	1,899,023
\$ (17,369,103)	\$ (19,861,059)	\$ (17,395,444)	\$ (12,356,062)	\$ (11,405,521)	\$ (13,031,502)

City of Grosse Pointe Woods, Michigan

	2011	2012	2013	2014
General Revenue				
Governmental activities:				
Property taxes	\$ 13,536,960	\$ 12,817,647	\$ 12,869,618	\$ 12,971,861
Income taxes				
State-shared revenue	1,420,431	1,482,102	1,500,662	1,521,267
Investment earnings	63,272	63,694	27,817	46,301
Donations	-	-	-	-
Franchise fees	320,426	262,837	380,964	340,268
Other	234,820	368,060	287,779	301,260
Gain on sale of fixed assets	-	-	-	-
Transfers	35,500	(11,446)	30,000	(107,832)
Total governmental activities	15,611,409	14,982,894	15,096,840	15,073,125
Business-type activities:				
Unrestricted investment earnings	7,151	6,352	3,869	21,104
Other	-	-	-	2,000
Transfers	(35,500)	11,446	(30,000)	107,832
Total business-type activities	(28,349)	17,798	(26,131)	130,936
Total primary government	15,583,060	15,000,692	15,070,709	15,204,061
Change in Net Position				
Governmental activities	(2,440,186)	(1,871,697)	(1,543,174)	(2,287,010)
Business-type activities	403,031	963,201	837,697	1,209,881
Total primary government	\$ (2,037,155)	\$ (908,496)	\$ (705,477)	\$ (1,077,129)

Source: City annual financial statements

Changes in Governmental Activities, Business-type Activities, and Primary Government Net Position (Continued)

**Last Ten Fiscal Years
June 30, 2020
(Unaudited)**

	2015	2016	2017	2018	2019	2020
\$	12,089,662	\$ 13,450,544	\$ 14,229,532	\$ 14,116,610	\$ 15,161,779	\$ 15,997,173
	1,568,207	1,640,461	1,564,983	1,715,312	1,848,256	1,649,486
	43,238	82,738	38,764	171,696	438,677	338,402
	-	-	-	-	-	-
	315,723	427,964	379,362	362,235	336,174	369,566
	507,807	627,485	665,038	822,143	752,982	1,129,700
	7,850	23,684	-	-	-	-
	-	-	-	-	-	-
	<u>14,532,487</u>	<u>16,252,876</u>	<u>16,877,679</u>	<u>17,187,996</u>	<u>18,537,868</u>	<u>19,484,327</u>
	28,735	50,129	74,006	147,189	294,366	241,682
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>28,735</u>	<u>50,129</u>	<u>74,006</u>	<u>147,189</u>	<u>294,366</u>	<u>241,682</u>
	<u>14,561,222</u>	<u>16,303,005</u>	<u>16,951,685</u>	<u>17,335,185</u>	<u>18,832,234</u>	<u>19,726,009</u>
	(3,407,508)	(4,944,930)	(2,794,890)	2,222,874	5,427,101	4,553,802
	599,627	1,386,876	2,351,131	2,756,249	1,999,612	2,140,705
\$	<u>(2,807,881)</u>	<u>(3,558,054)</u>	<u>(443,759)</u>	<u>4,979,123</u>	<u>7,426,713</u>	<u>6,694,507</u>

City of Grosse Pointe Woods

	As of June 30,			
	2011	2012	2013	2014
General Fund				
Nonspendable	6,111	4,325	121,380	138,757
Restricted	-	-	-	-
Committed	125,329	143,811	207,961	317,432
Assigned	949,395	1,198,046	1,751,490	953,821
Unassigned	<u>3,896,333</u>	<u>3,853,739</u>	<u>3,435,761</u>	<u>3,754,923</u>
Total general fund	<u>4,977,168</u>	<u>5,199,921</u>	<u>5,516,592</u>	<u>5,164,933</u>
All Other Governmental Funds				
Nonspendable	-	19,390	-	17,002
Restricted	765,921	905,950	924,572	829,037
Committed	-	14,850	17,750	33,500
Assigned	447,234	313,424	375,123	1,152,784
Unassigned	-	-	-	-
Total all other governmental funds	<u>1,213,155</u>	<u>1,253,614</u>	<u>1,317,445</u>	<u>2,032,323</u>
Total of all governmental funds	<u>\$6,190,323</u>	<u>\$6,453,535</u>	<u>\$6,834,037</u>	<u>\$7,197,256</u>

Source: City annual financial statements

Fund Balances - Governmental Funds

Last Ten Fiscal Years

June 30, 2020

(Unaudited)

As of June 30,					
2015	2016	2017	2018	2019	2020
104,203	79,148	94,419	24,890	405,496	290,917
-	-	-	-	-	-
558,479	751,952	541,642	424,329	1,387,970	791,701
1,027,515	707,910	748,464	3,391,228	1,224,769	599,619
<u>3,716,961</u>	<u>4,992,622</u>	<u>6,255,011</u>	<u>5,315,591</u>	<u>5,366,466</u>	<u>6,181,169</u>
<u>5,407,158</u>	<u>6,531,632</u>	<u>7,639,536</u>	<u>9,156,038</u>	<u>8,384,701</u>	<u>7,863,406</u>
13,365	10,438	11,153	3,636	9,080	11,783
7,488,572	2,937,106	5,816,063	3,850,363	5,552,733	4,157,254
66,700	16,770	23,158	20,006	-	-
935,005	1,876,521	231,432	363,125	325,198	291,806
-	-	(33,213)	(207,026)	-	-
<u>8,503,642</u>	<u>4,840,835</u>	<u>6,048,593</u>	<u>4,030,104</u>	<u>5,887,011</u>	<u>4,460,843</u>
<u>\$ 13,910,800</u>	<u>\$ 11,372,467</u>	<u>\$ 13,688,129</u>	<u>\$ 13,186,142</u>	<u>\$ 14,271,712</u>	<u>\$ 12,324,249</u>

City of Grosse Pointe Woods

	As of June 30,			
	2011	2012	2013	2014
Revenue				
Property taxes	\$ 13,525,921	\$ 12,816,628	\$ 12,868,677	\$ 12,971,026
State and local sources	2,209,151	2,220,847	2,263,244	2,328,022
Intergovernmental taxes	-	-	-	-
Delinquent interest and collection fee income	-	-	-	-
Federal financial assistance	8,083	7,621	6,800	6,483
Other revenue	1,968,095	2,363,851	2,166,176	2,088,772
Investment income	54,524	54,762	21,988	34,791
Total revenue	<u>17,765,774</u>	<u>17,463,709</u>	<u>17,326,885</u>	<u>17,429,094</u>
Expenditures				
Current:				
General government	2,728,228	2,726,596	2,884,058	2,773,796
Public safety	6,067,173	5,723,312	5,453,295	5,480,645
Public works	5,618,581	5,824,444	5,905,623	6,202,883
Recreation and culture	1,581,537	1,353,885	1,421,895	1,337,255
Miscellaneous	-	-	-	-
Capital outlay	247,983	209,044	124,082	334,617
Debt service principal	1,152,522	1,185,797	1,173,754	828,847
Debt service interest	72,597	43,949	14,676	-
Total expenditures	<u>17,468,621</u>	<u>17,067,027</u>	<u>16,977,383</u>	<u>16,958,043</u>
Excess of Revenue (Under) Over Expenditures	297,153	396,682	349,502	471,051
Other Financing Sources (Uses)				
Debt issuance/proceeds from sale of cap assets	-	500	1,000	-
Transfers in	1,525,287	1,012,880	385,501	660,919
Transfers out	(1,384,779)	(1,024,326)	(355,501)	(768,751)
Total other financing (uses) sources	<u>140,508</u>	<u>(10,946)</u>	<u>31,000</u>	<u>(107,832)</u>
Net Change in Fund Balances	437,661	385,736	380,502	363,219
Fund Balances - Beginning of year	<u>5,630,138</u>	<u>6,067,799</u>	<u>6,453,535</u>	<u>6,834,037</u>
Fund Balances - End of year	<u>\$6,067,799</u>	<u>\$6,453,535</u>	<u>\$6,834,037</u>	<u>\$7,197,256</u>
Debt service as a percentage of noncapital expenditures	7.16%	7.30%	7.09%	5.01%

Source: City annual financial statements

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

June 30, 2020

(Unaudited)

As of June 30,						
2015	2016	2017	2018	2019	2020	
\$ 12,089,662	\$ 13,450,544	\$ 13,942,867	\$ 14,403,290	\$ 15,161,779	\$ 15,996,485	
2,389,342	2,649,970	2,723,847	3,167,506	3,746,298	3,215,563	
-	-	-	-	-	-	
-	-	-	-	-	-	
7,693	-	25,227	13,777	44,670	26,750	
1,903,267	2,057,149	2,272,146	2,276,711	2,247,657	1,683,001	
26,214	70,506	27,286	146,493	397,423	289,278	
<u>16,416,178</u>	<u>18,228,169</u>	<u>18,991,373</u>	<u>20,007,777</u>	<u>21,597,827</u>	<u>21,211,077</u>	
2,864,850	2,603,109	2,645,589	2,700,380	4,501,649	2,603,533	
5,397,800	5,322,568	5,467,346	5,578,638	5,715,168	5,652,474	
6,465,890	10,813,928	8,840,961	17,925,257	12,517,740	16,082,363	
1,373,591	1,367,357	1,463,628	1,700,044	2,008,936	1,747,492	
-	-	-	-	-	-	
498,095	451,935	171,937	615,005	909,337	1,181,810	
226,874	-	750,000	750,000	824,103	1,648,548	
-	207,605	211,250	237,679	531,741	616,472	
<u>16,827,100</u>	<u>20,766,502</u>	<u>19,550,711</u>	<u>29,507,003</u>	<u>27,008,674</u>	<u>29,532,692</u>	
(410,922)	(2,538,333)	(559,338)	(9,499,226)	(5,410,847)	(8,321,615)	
7,124,466	-	2,875,000	8,997,239	6,496,417	6,374,152	
231,416	364,163	16,900	333,586	361,347	1,839,895	
<u>(231,416)</u>	<u>(364,163)</u>	<u>(16,900)</u>	<u>(333,586)</u>	<u>(361,347)</u>	<u>(1,839,895)</u>	
<u>7,124,466</u>	<u>-</u>	<u>2,875,000</u>	<u>8,997,239</u>	<u>6,496,417</u>	<u>6,374,152</u>	
6,713,544	(2,538,333)	2,315,662	(501,987)	1,085,570	(1,947,463)	
7,197,256	13,910,800	11,372,467	13,688,129	13,186,142	14,271,712	
<u>\$13,910,800</u>	<u>\$ 11,372,467</u>	<u>\$ 13,688,129</u>	<u>\$ 13,186,142</u>	<u>\$ 14,271,712</u>	<u>\$ 12,324,249</u>	
1.44%	1.34%	5.90%	3.75%	7.20%	11.47%	

City of Grosse Pointe Woods

General Governmental Revenue History

Last Ten Fiscal Years

June 30, 2020

(Unaudited)

Fiscal Year	General Property Taxes	Inter-governmental Revenue	Licenses and Permits	Federal Financial Assistance	Charges for Services	Interest and Miscellaneous	Total Revenue
2011	13,525,921	2,217,234	609,115	-	108,795	1,304,709	17,765,774
2012	12,816,628	2,220,847	647,537	7,621	124,203	1,646,873	17,463,709
2013	12,868,677	2,263,244	875,743	6,800	121,379	1,191,042	17,326,885
2014	12,971,026	2,328,022	847,839	6,483	114,559	1,161,165	17,429,094
2015	12,089,662	2,389,342	762,903	7,693	200,141	966,437	16,416,178
2016	13,450,544	2,649,970	825,131	-	225,434	1,077,090	18,228,169
2017	13,942,867	2,723,847	860,940	25,227	259,340	1,179,152	18,991,373
2018	14,403,290	3,167,506	362,235	13,777	699,489	1,361,480	20,007,777
2019	15,161,779	3,746,298	336,174	44,670	850,123	1,458,778	21,597,822
2020	15,996,485	3,215,563	369,566	26,750	600,775	1,001,938	21,211,077

Source: City annual financial statements

City of Grosse Pointe Woods

Property Tax Levies and Collections

**Last Ten Fiscal Years
June 30, 2020
(Unaudited)**

Tax Year	Year Ended June 30,	Total Levy	Current Collections (1)	Percent Collected	Delinquent Collections (2)	Total Tax Collections	Percent or Total Collections to Levy
2010	2011	12,964,347	12,565,830	96.93%	398,518	12,964,348	100.00%
2011	2012	12,178,436	11,860,159	97.39%	318,277	12,178,436	100.00%
2012	2013	11,994,577	11,722,371	97.73%	272,206	11,994,577	100.00%
2013	2014	12,364,679	12,083,808	97.73%	280,870	12,364,678	100.00%
2014	2015	11,986,716	11,460,229	95.61%	526,487	11,986,716	100.00%
2015	2016	13,131,261	12,483,896	95.07%	647,365	13,131,261	100.00%
2016	2017	14,037,134	13,307,362	94.80%	726,581	14,033,943	99.98%
2017	2018	13,278,048	13,135,291	98.92%	238,023	13,373,314	100.72%
2018	2019	14,671,703	14,371,506	97.95%	300,251	14,671,756	100.00%
2019	2020	15,535,494	15,200,200	97.84%	335,294	15,535,494	100.00%

(1) Figure includes delinquent taxes turned over to Wayne County for collections on March 1 of each year.

(2) Prior to 2004, the amount reported is adjusted for delinquent taxes collected for that year in subsequent years.

Source: Comptroller's office

City of Grosse Pointe Woods

Taxable Value by Property Type					
Tax Year	Fiscal Year	Residential	Commercial	Industrial	Personal Property
2010	2011	539,673,504	63,125,634	100,695	14,263,900
2011	2012	523,811,319	64,481,399	103,413	15,534,000
2012	2013	523,323,200	62,355,800	105,800	15,577,600
2013	2014	534,100,330	71,785,000	107,400	12,500,000
2014	2015	552,991,973	72,042,025	109,177	12,808,700
2015	2016	563,473,469	72,936,601	109,445	14,693,500
2016	2017	578,864,599	66,717,419	110,430	13,757,547
2017	2018	602,093,150	67,911,530	112,749	25,907,200
2018	2019	628,785,679	68,566,360	115,454	25,084,400
2019	2020	650,171,495	71,772,973	117,647	24,344,600

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation. Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.

Source: Comptroller's office

Taxable Value and Estimated Actual Value of Taxable Property

**June 30, 2020
(Unaudited)**

	Total Value	Tax Rate (mills)	State Equalized Value	Estimated Actual Value	Taxable Value as a Percentage of Actual
\$	617,163,733	19.7082	636,476,684	1,272,953,368	48.48%
	603,930,131	20.4542	623,040,680	1,246,081,360	48.47%
	601,362,400	20.6834	638,890,901	1,277,781,802	47.06%
	618,492,730	18.8883	681,439,327	1,362,878,654	45.38%
	637,951,875	20.6091	742,311,865	1,484,623,730	42.97%
	651,213,015	21.5685	793,579,200	1,587,158,400	41.03%
	659,449,995	20.0671	842,847,660	1,685,695,320	39.12%
	696,024,629	20.3936	870,068,002	1,740,136,004	40.00%
	722,551,893	21.5214	950,311,765	1,900,623,530	38.02%
	746,406,715	21.3551	1,004,650,469	1,492,813,430	50.00%

City of Grosse Pointe Woods

Millage Rates - Direct City Taxes (1)								Overlapping
								Taxes
Tax	General		Voted Park	Voted Road	Statutory	Ch 20/21	Total Direct	
Year	Operating	Voted EMS	Bond	Bond	Solid Waste	Milk River	Taxes	County
						Drain		
2011	13.0012	0.3578	-	-	1.8807	4.4685	19.7082	8.5120
2012	13.5432	0.3578	-	-	2.0251	4.5281	20.4542	8.7120
2013	13.5212	0.5280	-	-	2.0251	4.5281	20.6024	8.7120
2014	14.1063	-	-	-	2.0251	2.7340	18.8654	9.1220
2015	14.1051	-	-	0.3280	2.0251	4.1509	20.6091	9.1220
2016	13.8925	-	-	1.5000	2.0251	4.1509	21.5685	9.1220
2017	13.9732	-	-	1.5300	2.0251	2.6070	20.1353	9.1220
2018	13.6843	-	-	1.5000	2.6023	3.3250	21.1116	9.1220
2019	13.4990	-	-	1.5000	2.5674	3.9550	21.5214	9.1211
2020	13.3568	-	-	1.5000	2.5406	3.9550	21.3524	9.1211

(1) Includes general operating, public safety, recreation, and culture

(2) Previously termed homestead and nonhomestead

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of our residents as follows:

Source: Comptroller's office

Direct and Overlapping Property Tax Rates

**June 30, 2020
(Unaudited)**

H.C.M.A.	Overlapping Taxes					Total Tax Rate (2)	
	Community College	Grosse Pointe Library	Intermediate School District	School District Principal	School District Nonprincipal	Principal	Nonprincipal
0.2146	2.2408	1.5412	3.4643	15.5790	26.6750	51.2601	62.3561
0.2146	2.2408	2.0012	3.4643	16.0882	26.7587	53.1753	63.8458
0.2146	3.2408	2.0412	3.4643	16.0890	26.7852	54.3643	65.0605
0.2146	3.2408	2.0512	3.4643	15.9166	26.7550	52.8749	63.7133
0.2146	3.2408	2.0712	3.4643	15.9166	26.7550	54.6386	65.4770
0.2146	3.2408	2.0613	5.4643	15.3770	27.3955	55.0485	67.0670
0.2141	3.2408	2.2186	5.4643	15.3770	27.3955	31.1500	31.1500
0.2129	3.2408	2.1925	5.4643	14.7127	26.7127	55.0616	66.7441
0.2117	3.2408	2.1707	5.4643	15.5975	27.5975	57.2594	69.7706
0.2104	3.2408	2.1504	5.4643	15.9353	28.1307	57.4747	69.6701

City of Grosse Pointe Woods

Principal Property Tax Payers

**Current and Ten Years Ago
June 30, 2020
(Unaudited)**

Taxpayer	2020 Taxable Value	Percentage of Total	2011 Taxable Value	Percentage of Total
1 DRSN Real Estate GP LLC	\$ 13,886,938	1.861%	N/A	0.000%
2 Michigan Cons. Gas Co.	13,410,800	1.797%	1,769,891	0.253%
3 Health Care Reit Inc	6,820,090	0.914%	4,646,647	0.665%
4 Pointe Plaza	5,128,423	0.687%	4,352,503	0.622%
5 Detroit Edison	4,382,347	0.587%	2,733,300	0.391%
6 VDG Mack Ave LLC	2,187,530	0.293%	627,892	0.090%
7 Briarcliff 2014 LLC	1,745,130	0.234%	N/A	0.000%
8 Lochmoor Club	1,624,740	0.218%	4,222,442	0.604%
9 A H Peters Funeral Home	1,522,521	0.204%	1,312,380	0.188%
10 Comerica	1,384,476	0.185%	4,038,495	0.578%
11 Kroger Co. of Mich.	1,278,441	0.171%	2,861,225	0.409%
12 St John Health System	1,254,141	0.168%	1,500,256	0.215%
Total	<u>\$ 54,625,577</u>	<u>7.318%</u>	<u>\$ 28,065,031</u>	<u>4.013%</u>
Total	<u>746,406,715</u>		<u>699,266,846</u>	

Source: City of Grosse Pointe Woods Assessing Department records

City of Grosse Pointe Woods

	As of June 30,			
	2011	2012	2013	2014
Governmental Activities				
General obligation bonds (GOB)	-	-	-	-
GOB installment note	-	-	-	-
GOB contract - Wayne County Drain	2,407,892	1,222,095	-	-
2015 Road Bonds Issue #1	-	-	-	-
2015 Road Bonds Issue #2	-	-	-	-
2018 Capital Improvement Bond Issue	-	-	-	-
Installment loans - Vehicles	-	-	-	-
Total	2,407,892	1,222,095	-	-
Business-type Activities				
Installment purchase agreements	-	-	-	-
2010 DWRF Bonds	2,723,141	4,195,364	5,170,410	4,951,798
2012 SRF Bonds	-	-	667,763	2,485,726
Revenue bonds	4,255,000	3,975,000	3,975,000	3,190,000
Bond premium	-	-	282,707	254,436
Total	6,978,141	8,170,364	10,095,880	10,881,960
Total debt of the government	\$ 9,386,033	\$ 9,392,459	\$ 10,095,880	\$ 10,881,960
Total Taxable Value (1)	\$ 617,163,733	\$ 603,930,131	\$ 601,362,400	\$ 618,492,730
Ratio of Total Debt to Personal Income	1.52%	1.56%	1.68%	1.76%
Total Population	16,135	16,135	16,135	16,135
Total Debt Per Capita	582	582	626	674

(1) Personal income is not available

Source: City annual financial statements; population data reported from demographics schedule

Ratios of Outstanding Debt

Last Ten Fiscal Years

June 30, 2020

(Unaudited)

As of June 30,					
2015	2016	2017	2018	2019	2020
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,997,239	12,846,326	17,824,929
7,124,469	7,072,022	6,269,575	5,467,128	4,664,681	4,112,234
-	-	2,875,000	2,875,000	2,875,000	2,580,000
-	-	-	-	2,637,508	2,497,686
<u>272,558</u>	<u>648,813</u>	<u>539,586</u>	<u>303,927</u>	<u>62,096</u>	<u>-</u>
7,397,027	7,720,835	9,684,161	17,643,294	23,085,611	27,014,849
-	-	-	-	-	-
4,696,798	4,436,798	4,166,798	4,051,999	3,791,999	3,526,999
2,733,788	2,620,513	2,497,065	2,377,065	2,252,065	2,127,065
2,880,000	2,560,000	2,235,000	1,900,000	1,550,000	1,185,000
<u>226,166</u>	<u>197,896</u>	<u>169,626</u>	<u>141,353</u>	<u>113,082</u>	<u>84,811</u>
<u>10,536,752</u>	<u>9,815,207</u>	<u>9,068,489</u>	<u>8,470,417</u>	<u>7,707,146</u>	<u>6,923,875</u>
<u>\$17,933,779</u>	<u>\$ 17,536,042</u>	<u>\$ 18,752,650</u>	<u>\$ 26,113,711</u>	<u>\$ 30,792,757</u>	<u>\$ 33,938,724</u>
\$ 637,951,875	\$ 651,213,015	\$ 659,449,995	\$ 696,024,629	\$ 723,476,987	\$ 746,406,715
2.81%	2.69%	2.84%	3.75%	4.26%	4.55%
16,135	16,135	16,135	16,135	16,135	16,135
1,111	1,087	1,162	1,618	1,105	3,466

Pledged-revenue Coverage

June 30, 2020

(Unaudited)

Debt Service Requirements (3)

Fiscal Year	Gross Revenue (1)	Applicable Expenses (2)	Net Revenue	Principal	Interest	Total	Coverage
2011	5,405,036	4,164,564	1,240,472	275,000	151,741	426,741	290.68%
2012	5,976,950	4,116,499	1,860,451	370,000	223,209	593,209	313.63%
2013	6,144,410	4,447,042	1,697,368	290,000	135,279	425,279	399.12%
2014	6,311,280	4,248,572	2,062,708	305,000	92,188	397,188	519.33%
2015	6,213,080	4,898,622	1,314,458	310,000	87,850	397,850	330.39%
2016	7,174,578	5,003,502	2,171,076	320,000	76,851	396,851	547.08%
2017	7,789,824	4,826,771	2,963,053	325,000	74,850	399,850	741.04%
2018	8,735,644	5,072,817	3,662,827	335,000	68,250	403,250	908.33%
2019	8,186,600	5,355,540	2,831,060	350,000	59,650	409,650	691.09%
2020	7,993,080	5,344,854	2,648,226	365,000	74,850	439,850	602.07%

(1) Exclusive of nonoperating revenue

(2) Exclusive of depreciation charges and nonoperating expenditures

(3) Includes principal and interest of revenue bonds only

Source: CAFR, Statement of Revenue, Expenses, and Changes in Net Position - Proprietary Funds

City of Grosse Pointe Woods

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

June 30, 2020

(Unaudited)

Fiscal Year	Population Per Federal Census		Adjusted Taxable Equalized Valuation	General Obligation Bond Outstanding	Percent Debt to Assessed Value	Debt Per Capita
2011	16,135	(1)	617,163,733	2,407,892	0.39%	149
2012	16,135		603,930,131	1,222,095	0.20%	76
2013	16,135		601,362,400	-	0.00%	-
2014	16,135		618,492,730	-	0.00%	-
2015	16,135	(2)	637,951,875	7,124,469	1.12%	442
2016	16,135		651,213,015	7,071,532	1.09%	438
2017	16,135	(3)	659,449,995	6,674,748	1.01%	567
2018	16,135		696,024,629	14,772,899	2.12%	358
2019	16,135	(4)	722,551,893	19,798,180	1.54%	630
2020	16,135	(4)	746,406,715	24,971,469	3.35%	570

Debt is reported net of accumulated reserves, which total \$2,403,380 in fiscal year 2020.

- (1) Based upon 2010 federal census
- (2) Road Bonds approved by voters Nov 2014
- (3) Road Bond Debt Issue #2 Added
- (4) 2018 Capital Improvement Bonds

Source: Comptroller's office

City of Grosse Pointe Woods

Direct and Overlapping Governmental Activities Debt

June 30, 2020
(Unaudited)

Governmental unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Grosse Pointe Public Library	\$ 8,860,000	25.09%	\$ 2,222,974
Grosse Pointe Public Schools	79,860,000	25.09%	20,036,874
County of Wayne Building Authority and Debt Fund	281,946,697	1.70%	4,793,094
Wayne County Community College	-	2.90%	-
Total overlapping debt	370,666,697		27,052,942
Direct city debt	27,014,849		27,014,849
Total direct and overlapping debt	<u>\$ 397,681,546</u>		<u>\$ 54,067,791</u>

The estimated percentage applicable is calculated by the taxable value of the City of Grosse Pointe Woods divided by the taxable value of the taxing authority's district.

Source: Municipal Advisory Council of Michigan

City of Grosse Pointe Woods

	As of June 30,			
	2011	2012	2013	2014
Calculation of debt limit (1):				
Taxable valuation	\$ 617,163,733	\$ 603,930,131	\$ 601,362,400	\$ 618,492,730
10 percent of equalized value	61,716,373	61,716,373	62,331,330	62,331,330
Calculation of debt subject to limit:				
Total debt	9,386,033	9,392,459	10,095,880	10,881,960
Less debt not subject to limit:				
Grosse-Gratiot Drain/Milk River Debt	2,407,892	1,222,095	-	-
2010 DWRP Bonds	2,723,141	4,195,364	5,170,410	4,951,798
2012 SRF Bonds	-	-	667,763	2,485,726
Water/Sewer Revenue Bonds 2003	4,255,000	3,975,000	3,495,000	3,190,000
Net debt subject to limit	9,386,033	9,392,459	9,333,173	10,627,524
Total net debt (2)	-	-	762,707	254,436
Legal debt margin	61,716,373	61,716,373	61,568,623	62,076,894
Net debt subject to limit as percentage of debt limit	0.00%	0.00%	1.24%	0.41%

(1) The legal debt limit continues to be derived from state equalized value (SEV), not Taxable Value (TV).

(2) Amount does not include water and sewer and County contractual obligations.

Source: Comptroller's office

Legal Debt Margin

June 30, 2020

(Unaudited)

		As of June 30,									
		2015	2016	2017	2018	2019	2020				
\$	637,951,875	\$	651,213,015	\$	659,449,995	\$	696,024,629	\$	723,476,987	\$	746,406,715
	74,231,187		79,357,920		84,284,766		87,006,800		94,964,167		100,465,047
	17,661,221		16,887,229		18,213,064		25,809,784		30,730,661		33,938,724
	-		-		-		8,997,239		12,846,326		17,824,929
	4,696,798		4,436,798		4,166,798		3,911,798		3,905,081		3,611,810
	2,733,788		2,620,513		2,497,065		2,377,065		2,252,065		2,127,065
	2,880,000		2,560,000		2,235,000		1,900,000		1,550,000		1,185,000
	10,310,586		9,617,311		8,898,863		17,186,102		20,553,472		24,748,804
	7,350,635		7,269,918		9,314,201		8,623,682		10,177,189		9,189,920
	66,880,552		72,088,002		74,970,565		78,383,118		84,786,978		91,275,127
	10.99%		10.08%		12.42%		11.00%		12.00%		10.07%

City of Grosse Pointe Woods

Demographic and Economic Statistics

June 30, 2020

(Unaudited)

Fiscal Year	Population	Personal		Per Capita Personal Income	Median Age	Unemployment Rate	School Enrollment
		Income (in)				
2011	16,135	(1)	(4)	\$ 89,068	44.2	6.80%	4,259
2012	16,135	(2)	(4)	87,518	44.4	6.10%	4,254
2013	16,135	(2)	(4)	87,123	44.5	8.30%	4,187
2014	16,135	(2)	(4)	89,513	44.9	7.80%	4,025
2015	16,135	(2)	(4)	92,014	44.9	5.70%	3,992
2016	16,135	(2)	(4)	93,404	45.0	5.80%	3,900
2017	16,135	(2)	(4)	95,697	45.4	5.80%	3,662
2018	15,785	(2)	(4)	95,697	45.4	5.80%	3,662
2019	15,412	(2)	(4)	95,697	45.4	5.80%	3,662
2020	15,332	(3)	(4)	97,711	45.8	3.70%	3,613

(1) US Census Bureau, 2011-2015 American Community Survey 5-Year Estimates

(2) US Census Bureau, 2012-2016 American Community Survey 5-Year Estimates

(3) US Census Bureau, 2018 American Community Survey Estimates

(4) Data not available

Source: Comptroller's office

	Employer	Enterprise	2020 Employees	Employer's Percentage of Total Employment
1	GP Public School	School	384	11.11%
2	Van Elslander Center	Medical	250	7.23%
3	Kroger	Grocery	159	4.60%
4	Sunrise Assisted Living	Medical	130	3.76%
5	University of Liggett	School	128	3.70%
6	Great Lakes Cancer Mgt Specialist	Medical	103	2.98%
7	Lochmoor Club	Country Club	100	2.89%
8	St. John I.T. & Desktop Support	Medical Business	100	2.89%
9	City of Grosse Pointe Woods	Municipal	80	2.31%
10	Gateway Pediatric Therapy	Medical	50	1.45%
	Total People Employed in City		<u>3,456</u>	

Source: City Business License Registry

City of Grosse Pointe Woods

Full-time Government Employees (1)

Last Ten Fiscal Years

June 30, 2020

(Unaudited)

As of June 30,

Department	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Percent of Total for 2020
Supervisor/Administrator	2	2	2	2	2	2	2	2	2	2	3%
Assessing	1	1	1	1	-	-	-	-	-	-	0%
Clerk's Office	3	3	3	3	3	3	3	3	3	3	4%
Treasurer's Office	4	4	4	4	4	4	4	4	4	4	5%
Municipal Court	3	3	3	3	3	3	3	3	3	3	4%
Information Systems	2	2	2	2	2	2	2	1	1	1	1%
Building	3	3	3	3	4	4	4	4	4	4	5%
Parks and Recreation	2	2	2	2	2	2	2	2	2	2	3%
Public Safety	44	43	42	39	35	34	34	35	32	36	45%
Public Works	26	23	22	22	23	23	24	22	25	25	31%
Total	90	86	84	81	78	77	78	76	76	80	100%
				(2)	(3)			(4)	(5)	(5)	

(1) Full-time employees reported only; data is not available for equivalent part-time positions.

(2) PS includes EMTs since they were on payroll through 6-30-14

(3) 2015 shows the loss of EMTs.

(4) Public Works vacancy in the process of being filled June 30, 2018.

(5) Public Safety vacancies (2) filled post June 30, 2019

Source: City personnel records

City of Grosse Pointe Woods

Function/ Program	As of June 30,			
	2011	2012	2013	2014
Public safety (calendar year Jan 1 - Dec 31):				
Annual Calls for Service	11,910	11,225	10,577	10,980
Police physical arrests	507	357	374	337
Police traffic violations	3,182	1,986	1,883	1,306
Fire runs	62	139	242	213
Fire actual fires	12	15	14	10
Fire basic ambulance runs	753	715	523	458
Fire Advance Life Support ambulance runs	403	362	361	560
Fire inspections	144	78	104	8
Parking Meter Violations	5,551	5,837	5,333	6,793
Parks and recreation (estimated):				
Recreation programs - Lake Front Park	362	359	267	261
Community center programs	53	42	67	57
Water:				
New connections (calendar year Jan 1 - Dec 31)	-	-	1	16
Water main breaks	22	31	34	23
Total consumption (billed to customers - HCF) - FY	791,987	746,113	813,574	724,717

(1) Information not applicable, as function reports operating indicators on a calendar year

Source: City Departmental Operational Reports

Operating Indicators

Last Ten Fiscal Years

June 30, 2020

(Unaudited)

As of June 30,					
2015	2016	2017	2018	2019	2020
10,886	10,964	11,902	11,411	9,828	(1)
359	309	326	177	130	(1)
1,652	1,541	2,724	2,569	1,461	(1)
214	199	282	219	243	(1)
20	25	29	14	11	(1)
433	541	544	430	582	(1)
601	536	566	828	888	(1)
19	14	11	8	17	(1)
6,938	6,821	7,164	7,263	7,674	(1)
217	217	217	195	217	(1)
59	59	59	75	59	(1)
5	2	9	-	3	(1)
48	34	23	18	31	(1)
653,545	653,901	731,328	721,131	666,821	611,777

Capital Asset Statistics

**Last Ten Fiscal Years
June 30, 2020
(Unaudited)**

Function/Program	As of June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	8	8	8	8	8	8	8	8	8
Fire trucks	3	3	3	3	3	3	3	3	3	3
Ambulances	1	1	1	1	1	1	1	1	-	-
Parks and recreation:										
Acreage	92	92	92	92	92	92	92	92	92	92
Playgrounds	5	5	5	5	5	5	5	5	5	5
Soccer fields	2	2	2	2	2	2	2	2	2	2
Baseball/Softball diamonds	5	5	5	5	5	5	5	5	5	5
Water:										
Mains (miles)	63	63	63	63	63	63	63	63	63	63
Fire hydrants	603	603	603	608	608	608	608	608	608	608
Sewer - Miles of sanitary sewers	78	78	78	78	78	78	78	78	78	78

Source: Departmental annual reports

<u>Fiscal Year</u>	<u>Modified Accrual and Accrual Basis of Accounting</u>
2011	1,452,878
2012	1,352,529
2013	1,363,026
2014	1,413,776
2015	1,431,780
2016	1,394,687
2017	1,389,170
2018	1,599,713
2019	1,670,593
2020	1,640,435

Source: Comptroller's office

Gas and Weight Taxes

Last Ten Fiscal Years

June 30, 2020

(Unaudited)

Fiscal year	Type of Street		Total
	Major	Local	Gas and Weight Tax (Act 51) Receipts
2011	610,993	251,206	862,199
2012	624,586	255,891	880,477
2013	629,291	257,655	886,946
2014	648,809	265,806	914,615
2015	662,419	271,424	933,843
2016	697,972	433,599	1,131,571
2017	802,672	364,938	1,167,610
2018	961,831	394,264	1,356,095
2019	1,038,109	456,650	1,494,759
2020	1,111,874	452,402	1,564,276

Source: Comptroller's office

Bargaining Unit	Expiration Date	Number of Employees at June 30, 2020
Police Officers Association of Michigan Represents Public Safety Officers	6/30/2022	20
Command Officers Association of Michigan Represents Public Safety Sergeants and Lieutenants	6/30/2022	9
Police Officers Labor Council Represents all Communications Dispatchers	6/30/2022	3
Technical, Professional, and Office Workers Assn of MI Represents clerical, public works employees, building, and ordinance officers	6/30/2022	29
Nonunion Employees (Full-time)		
City Administrator	N/A	1
Confidential Secretary to City Administrator	N/A	1
City Assessor	N/A	0
Treasurer/Comptroller	N/A	1
Deputy Treasurer/Comptroller	N/A	1
Water Billing Specialist	N/A	1
City Clerk	N/A	1
Deputy City Clerk	N/A	1
Public Safety Director	N/A	1
Court Clerk	N/A	1
Deputy Court Clerk	N/A	1
Information Technology Manager	N/A	1
Building Official	N/A	1
Director of Public Works	N/A	1
Assistant Director of PW	N/A	1
Foreman	N/A	1
Recreation Supervisor	N/A	1
Confidential Administrative Assistant	N/A	<u>3</u>

Source: Comptroller's office

City of Grosse Pointe Woods

Water and Sewer Customers and Consumption

June 30, 2020

(Unaudited)

User Type	Number of Meters	Water Consumption Volume (100 cubic feet)	Percentage of Consumption
Residential	6,562	5,410	88.43%
Commercial	299	518	8.47%
Churches, schools, and government	36	190	3.11%
Total	6,897	6,118	100%

Source: Comptroller's office

City of Grosse Pointe Woods

Historical Net Earnings, Cash Flow, and Debt Service Coverage

June 30, 2020
(Unaudited)

Fiscal Year	Operating Expense	Operating Expenses Exclusive of Depreciation	Net Operating Income	Other Nonoperating Income (1)	Annual Income Available for Debt Service	Annual Revenue Debt Service Requirement	Annual Coverage
2011	4,837,093	4,164,564	567,943	6,192	574,135	426,741	1.35%
2012	4,827,454	4,116,499	1,149,405	5,335	1,154,740	593,209	1.95%
2013	5,168,865	4,447,042	975,545	3,718	979,263	425,279	2.30%
2014	5,029,027	4,248,572	1,282,253	16,430	1,298,683	397,188	3.27%
2015	5,640,641	4,898,622	572,439	25,876	598,315	397,850	1.50%
2016	5,805,365	5,003,502	1,369,213	86,421	1,455,634	396,851	3.67%
2017	5,631,186	4,826,771	2,158,639	74,058	2,232,697	399,850	5.58%
2018	5,885,978	5,072,817	2,849,666	156,326	3,005,992	388,250	7.74%
2019	6,197,856	5,355,540	1,988,744	260,554	2,249,298	409,650	5.49%
2020	6,224,296	5,344,854	1,768,784	248,323	2,017,107	410,950	4.91%

(1) Nonoperating income except connection fees net of nonoperating expenses other than interest expense

Source: CAFR - Statement of Revenue, Expenses, and Changes in Net Position - Proprietary Funds

City of Grosse Pointe Woods

Water Usage and Revenue of the Largest Customers

June 30, 2020

(Unaudited)

	Customer	Usage in Dollars	Volume of Water Used (in 100 cubic feet)
1	Grosse Pointe Board of Education	\$ 31,105	8,713
2	The Rivers Resident Club	27,318	7,652
3	GP University Liggett School	24,919	6,980
4	Berkshire Condo Association	22,659	6,347
5	Lochmoor Club	18,718	5,243
6	Shorepointe Condos	17,868	5,005
7	Pointe Plaza Limited	17,204	4,819
8	Sunrise Development	14,387	4,030
9	Original Pancake House	7,229	2,025
10	Kroger	5,544	1,553
11	Trattoria Corp	4,498	1,260
12	St. John Hospital	4,291	1,202
13	City of Grosse Pointe Woods	3,963	1,110
14	A H Peters Funeral Home	3,734	1,046
15	Grosse Pointe Public Library	3,549	994

Source: City of Grosse Pointe Woods Finance

City of Grosse Pointe Woods

Metered Water Rates

**June 30, 2020
(Unaudited)**

Meter Size	Residential	Commercial(1)
5/8"	\$ 45.67	\$ 45.67
3/4"	45.67	45.67
1"	100.47	100.47
1 1/2"	182.68	182.68
2"	287.72	287.72
3"	657.65	657.65
4"	977.34	977.34
6"	1,845.07	1,845.07
8"	2,877.21	2,877.21
10"	4,388.89	4,388.89
Billing Charge	2.08	2.08
Water Rate per 100 cubic	3.57	3.57
Sewer Rate per 100 cubic	2.60	2.60

(1) Commercial rate includes churches, schools, and government
Source: Comptroller's office

City of Grosse Pointe Woods

State Equalized Value and Taxable Value by Class and Use

June 30, 2020
(Unaudited)

State Equalized Value

	By Class				
	2020	2019	2018	2017	2016
Real property	\$ 980,305,869	\$ 925,220,765	\$ 844,160,802	\$ 823,997,600	\$ 778,885,700
Personal property	24,344,600	25,091,000	25,907,200	18,850,060	14,693,500
Total	\$ 1,004,650,469	\$ 950,311,765	\$ 870,068,002	\$ 842,847,660	\$ 793,579,200

	By Use				
	2020	2019	2018	2017	2016
Residential	\$ 896,921,869	\$ 851,079,365	\$ 771,792,302	\$ 753,496,300	\$ 703,530,700
Commercial	83,265,500	74,024,200	72,250,200	70,383,300	75,239,500
Industrial	118,500	117,200	118,300	118,000	115,500
Personal property	24,344,600	25,091,000	25,907,200	18,850,060	14,693,500
Total	\$ 1,004,650,469	\$ 950,311,765	\$ 870,068,002	\$ 842,847,660	\$ 793,579,200

Taxable Value

	By Class				
	2020	2019	2018	2017	2016
Real property	\$ 722,062,115	\$ 698,385,987	\$ 670,117,429	\$ 645,692,448	\$ 636,519,515
Personal property	24,344,600	25,091,000	25,907,200	13,757,547	14,693,500
Total	\$ 746,406,715	\$ 723,476,987	\$ 696,024,629	\$ 659,449,995	\$ 651,213,015

	By Use				
	2020	2019	2018	2017	2016
Residential	\$ 650,171,495	\$ 629,310,713	\$ 602,093,150	\$ 578,864,599	\$ 563,473,469
Commercial	71,772,973	68,959,820	67,911,530	66,717,419	72,936,601
Industrial	117,647	115,454	112,749	110,430	109,445
Personal property	24,344,600	25,091,000	25,907,200	13,757,547	14,693,500
Total	\$ 746,406,715	\$ 723,476,987	\$ 696,024,629	\$ 659,449,995	\$ 651,213,015

Source: Comptroller's office

November 19, 2020

To the City Council and Management
City of Grosse Pointe Woods, Michigan

We have audited the financial statements of the City of Grosse Pointe Woods, Michigan (the "City") as of and for the year ended June 30, 2020 and have issued our report thereon dated November 19, 2020. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Internal Control Related Matters Identified in an Audit

Section II - Required Communications with Those Charged with Governance

Section III - Legislative and Informational Items

Section I includes any deficiencies we observed in the City's accounting principles or internal control that we believe are significant. Current auditing standards require us to formally communicate annually matters we note about the City's accounting policies and internal control.

Section II includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the City Council and management of the City.

Section III presents informational legislative items offered in the interest of helping the City toward continuous improvements and to remain informed of the changing legislative landscape.

We would like to take this opportunity to thank the City's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the City Council and management and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



William Brickey



Joshua Yde

Section I - Internal Control Related Matters Identified in an Audit

In planning and performing our audit of the financial statements of the City as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

We consider the following deficiencies in the City's internal control to be material weaknesses:

- During the audit, the City required assistance identifying various journal entries that were needed to adjust the year-end balances to be in conformity with generally accepted accounting principles. These journal entries were related to net pension liability; net other postemployment benefit (OPEB) liability; deferred inflows/outflows; unavailable revenue; capital assets, debt, and accruals related to the Milk River Drainage District; net position; accrued payroll; revenue; and expenses. Failure to properly identify and record year-end journal entries could lead to materially inaccurate financial reporting.
- For a portion of the year, the comptroller performed cash receipting, banking, and journalizing duties. The City's internal controls are designed to segregate these duties among various individuals, but during the State of Michigan stay-at-home order, the controls were not followed due to staffing issues. Although we did not identify any errors, the lack of segregation of duties creates the opportunity for unauthorized transactions and/or errors in processing and recording transactions.

Section II - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 22, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 22, 2020.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the city are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2020.

We noted no transactions entered into by the city during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements include the liability and expense associated with pension and OPEB, the liability associated with estimated property tax refunds, unbilled water and sewer charges, and incurred but not reported liabilities related to self-insurance.

Management's estimates of the pension and OPEB liability and expense are based on discount rates, rate of return, and other assumptions, which are used by an actuary to calculate the total net pension liability and net OPEB liability. While the actuary uses assumptions to calculate the total pension and OPEB liabilities, it is management's responsibility to assess whether the assumptions made are reasonable. We evaluated the key assumptions used to calculate the total pension liability and the total OPEB liability in determining that they are reasonable in relation to the financial statements taken as a whole.

In the current year, pension valuations were prepared in accordance with GASB 67/68. The total pension liability of the main plan increased by \$1,469,396, a 1.8 percent decrease, and the supplemental annuity plan total liability decreased by \$303,771, a 7.4 percent decrease. The City continues to use an open amortization period, which means that the City's actuarially determined contributions may not be sufficient to close the gap between the plan net position and the total pension liabilities.

Section II - Required Communications with Those Charged with Governance (Continued)

Management's estimate of property tax refunds is calculated by known contested taxable values and the City's assessor's and lawyer's estimates, which are based on historical data.

At year end, due to the timing of the billing cycles for water and sewer, it is necessary to record an estimate for the amount unbilled to customers. The amount is recorded as a receivable in the Water and Sewer Fund.

The estimates of the incurred but not reported amounts related to the City's self-insured workers' compensation and health insurance obligations are disclosed in Note 14 to the financial statements. Management's estimate of the various incurred but not reported amounts is based on historical information regarding claims.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following material adjustments detected as a result of audit procedures were corrected by management: journal entries related to the Milk River Drain.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the City, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 19, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Section II - Required Communications with Those Charged with Governance
(Continued)**

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the City's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the introductory section and statistical section, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Section III - Legislative and Informational Items

COVID-19 Resource Center

Plante & Moran, PLLC (Plante Moran) has assembled a COVID-19 task force of leaders across the firm to monitor, address, and mitigate risks presented by the virus. We understand the unique challenges our local governments are facing in providing essential services to protect communities during the COVID-19 crisis, while going forward, they face seemingly impossible choices around staffing, capital projects, pension obligations, and dozens of other items in the face of an uncertain revenue outlook. We are sharing our insights within our government COVID-19 resource center at <https://www.plantemoran.com/explore-our-thinking/areas-of-focus/covid-19-government-resource-center>. We will keep you updated with relevant economic analyses, crisis management guidelines, notices of changing regulations, and more to keep the City running as smoothly as possible amidst uncertainty and unprecedented disruption.

Have questions about the CARES Act? Submit them at <https://www.plantemoran.com/campaigns/firm/cares-act> by simply providing your contact information and agreeing to our terms and conditions, and an expert from our task force will contact you within 24 hours.

Automated CAFR Application and Award Process

In November 2019, the GFOA announced that the Certificate of Achievement for Excellence in Financial Reporting application and award process will be completely automated by spring 2020. This electronic process will allow applicants the ability to apply, pay fees, check application status, and receive CAFR award documents electronically. In preparation for this transition, beginning on January 1, 2020, CAFRs will no longer be accepted in hard copy form, on CDs, or on flash drives. The new application process will only accept PDF or other electronic files. Any questions are to be directed to cafrprogram@gfoa.org.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We understand that the technology department continues to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Updated Uniform Chart of Accounts

In April 2017, the State released an updated Uniform Chart of Accounts. Originally, local units of government were expected to comply with the changes beginning with June 30, 2018 year ends. However, the State has extended the deadline for compliance. On April 20, 2020, the State issued a memo that sets an implementation date for fiscal years ending on October 31, 2022 and thereafter. The State has committed to releasing various tools to help local units with implementation, including FAQs and clarification on which accounts should be used when implementing GASB 84. A significant revision to the current version of the chart of accounts will be issued in the future that will incorporate feedback that the Treasury has received. This revision will include significant changes to the expenditure accounts 700-999, which will now mirror the old approach that allowed for various numbers within certain ranges. Going forward, the Treasury will issue the following three documents for any future revisions: a revised chart of accounts, a marked-up version of the chart showing the changes, and a summary of the revisions report. Local units can sign up for alerts at this link: https://public.govdelivery.com/accounts/MITREAS/subscriber/new?qsp=MITREAS_1.

Section III - Legislative and Informational Items (Continued)

Revenue Sharing

Given the recent COVID-19 pandemic, there are anticipated declines in the state revenue-sharing constitutional portion and an unknown impact on the statutory portion as a result of COVID-19. Please refer to the Plante Moran COVID-19 resource center discussed above to keep updated on the economic analysis and other up-to-date information related to the pandemic.

Administrative Charges

The services provided by employees that are traditionally charged to the General Fund, like treasury, finance, HR, etc., oftentimes significantly benefit other funds. As a result, it is a fairly common practice to allocate a portion of these costs via an administrative charge to other funds of the government. Administrative charges can take many forms, such as interfund allocations, chargebacks, and payment in lieu of taxes to other funds (such as a golf courses). While the practice of charging for administrative services provided to other funds may certainly be justified, there seems to be a heightened focus lately on the methodology and amount of charges. Given the fact that many cost allocation methodologies were implemented several years ago, it would be prudent to revisit your current methodology and the related inputs to ensure that any administrative charges are fully substantiated.

Legacy Costs

Legacy costs and the challenge of funding them continue to be topics of discussion. GASB pronouncements of late have placed even more focus on the net long-term liability arising from these benefit promises by requiring governmental financial statements to now reflect the net pension and OPEB liability. For many governments, these net liabilities are significant. In addition, Public Act 202 of 2017 has brought further focus on the funding level of these plans.

The following are the funding levels per the funding valuations reported in the financial statements for the last three years for both pension and OPEB:

	Pension	OPEB
2020	43.17% - 50.41%	2.75%
2019	45.99% - 45.15%	2.45%
2018	46.50% - 44.06%	1.94%

Maintaining or even improving the funded status of the plans is dependent upon a number of factors, including the government's contribution policies, its amortization policy for funding the unfunded actuarial accrued liability, its benefit levels, and the ability to make future changes to the plan.

That said, the challenge here is significant. We are happy to assist you in thinking through alternative ways to manage this liability.

Legacy Cost Reporting

Public Act 530 of 2016

On December 31, 2016, the governor signed Public Act 530 of 2016, which amends Public Act 314 of 1965, also known as Public Employee Retirement System Investment Act (PERSIA). This act was effective on March 29, 2017.

Under the prior act, communities were required to publish a summary annual report setting forth key information related to pension and retiree health care plans. The amendment requires that this summary annual report also be submitted to the Michigan Department of Treasury within 30 days of publication.

In addition, for any system (either pension or retiree health care) that is not funded at a level of at least 60 percent, the community must now post a report to its website indicating steps that are being undertaken to address the liability. In addition, this report must be submitted to the Department of Treasury within a reasonable time frame.

The legislation calls for the Department of Treasury to accumulate all of the reports and publish a summary of funding levels throughout the state.

Section III - Legislative and Informational Items (Continued)

Public Act 202 of 2017

On January 5, 2018, the Michigan Department of Treasury released initial reporting requirements under Public Act 202 of 2017 (the "Act"), which were primary components of the Act. These reporting requirements apply to all local units of government that offer or provide defined benefit pension and/or defined benefit OPEB retirement benefits.

Local units began reporting funded ratios and contributions in accordance with these uniform assumptions starting with their fiscal year 2019 if their audited financial statements were based on an actuarial valuation issued after December 31, 2018. If their fiscal year 2019 audited financial statements were based on an actuarial valuation issued prior to December 31, 2018, the local units will begin reporting on these uniform assumptions starting with their fiscal year 2020.

On October 21, 2019, the Michigan Department of Treasury released the updated uniform assumptions to be used for fiscal year 2020. Beginning with fiscal year 2020 reporting, all local governments must utilize the updated fiscal year 2020 uniform assumptions. Each year moving forward, the annual uniform assumptions will be updated and are expected to be utilized within Form 5572, where indicated, for that fiscal year. Local governments may utilize roll-forward procedures in nonvaluation years utilizing any updates to the uniform assumptions to calculate the data.

This means that the local unit potentially may need three calculations: a funding valuation (if the local unit chooses to have different assumptions for funding purposes), a valuation that complies with GAAP to be used for financial statement reporting, and a calculation that complies with the State's new uniform assumptions.

The releases by the Department of Treasury include the letters titled "Public Act 202: Selection of the Uniform Assumptions" and "Public Act 202: Selection of the Uniform Assumptions for Fiscal Year 2020," Numbered Letter 2018-1, Form 5572, detailed instructions for completion of Form 5572, and a listing of frequently asked questions. All documents can be located at http://www.michigan.gov/treasury/0,4679,7-121-1751_51556_84499---,00.html.

Form 5572 is due annually for both pension and OPEB plans provided by an employer no later than six months after the end of the fiscal year.

In addition to submitting this new form to the Department of Treasury, a local unit must also post this information either on its website or in a public place if it does not have a website. The governing body of a local unit will also need to receive a copy of this form, in accordance with the Act, but the Act does not require approval by the governing body before submission to the Treasury.

Public Act 202 defines that a local unit of government is in underfunded status if any of the following apply:

1. OPEB - Total plan assets are less than 40 percent of total plan liabilities according to the most recent annual report, and, for primary units of government*, the annual required contribution for all of the retirement health systems of the local unit is greater than 12 percent of the local unit of government's governmental funds operations revenue.
2. Retirement pension plans - Total plan assets are less than 60 percent of plan total liabilities according to the most recent annual report, and, for primary units of government, the annual required contribution for all of the retirement pension systems of the local unit is greater than 10 percent of the local unit of government's governmental funds operations revenue.

*Primary units of government are cities, villages, townships, and counties.

If, after submission of Form 5572, the Treasury determines your community to have underfunded status, you will have the opportunity to file a waiver under Section 6 of the Act. The waiver needs to provide a plan for how the underfunding is being addressed. This waiver will then be submitted to the Treasury.

Section III - Legislative and Informational Items (Continued)

In the event that a local unit has underfunded plans and does not submit a waiver or the waiver is not approved, the Treasury will perform an internal review. The local unit will also need to submit a corrective action plan to the newly created Municipal Stability Board (under Section 7 of the Act). The local unit will be responsible for creating the corrective action plan.

For governments with OPEB plans, Section 4(l)(a)(i)(ii) of Public Act 202 of 2017 requires the local unit to pay retiree insurance premiums for the year, as well as the normal costs for the new employees hired after June 30, 2018. The actuary will likely need to calculate this number in order for governments to comply. In addition, if communities must essentially prefund this additional cost, those communities without a qualifying OPEB trust will need to consider where these contributions will go.

Questions should be directed via email to the Treasury offices at LocalRetirementReporting@michigan.gov or by visiting its website at www.Michigan.gov/LocalRetirementReporting.

Numbered Letter 2018-3

On March 13, 2020, the Treasury issued Numbered Letter 2018-3 (Revised) as a revision to Numbered Letter 2018-3 that was first issued in September 2018. This revised numbered letter provides additional clarity and guidance for compliance with Public Act 202 related to the calculation and reporting of the actuarial determined contribution (ADC) for other postemployment benefit (OPEB) systems. The revision emphasized the following two key points:

1. The ADC, regardless of funding policy, must be calculated as the normal cost plus the amortization of the unfunded liability.
2. The ADC, calculated in accordance with the Act, must be reported in the audited financial statements. Note that OPEB plans that are not administrated through a trust are not required by GAAP to disclose the ADC in the required supplemental information section of the audited financial statements, but those plans should disclose this information in the footnotes to the financial statements, as required by this revised numbered letter.

Failure to calculate the ADC in compliance with this Numbered Letter 2018-3 (Revised) will be considered statutory noncompliance and shall be reported in the notes to the financial statements and result in an auditor finding for statutory noncompliance. Failure to report a compliance ADC in audited financial statements may result in the rejection of Form 5572 submissions and noncompliance with the Act and/or rejection of the local government's audited financial statements.

Upcoming Accounting Standards Requiring Preparation

GASB Statement No. 95 - Postponement of the Effective Dates of Certain Authoritative Guidance

This new pronouncement was adopted in May 2020 and is effective immediately. This statement postpones the effective dates of the following pronouncements and implementation guides by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update - 2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update - 2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

Section III - Legislative and Informational Items (Continued)

The effective dates of the following pronouncement and implementation guide are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

GASB Statement No. 84 - Fiduciary Activities

This new pronouncement is effective for reporting periods beginning after December 15, 2018 (December 15, 2019 after extension within GASB Statement No. 95). This statement provides criteria for state and local governments to use in identifying whether an activity is fiduciary and should be reported as a fiduciary fund type in its financial statements. In addition, once fiduciary activities are identified, GASB 84 also provides specific reporting requirements.

This statement has the potential to significantly impact what governments currently report as a fiduciary activity. Upon adoption, we anticipate that some governments' fiduciary activities will need to move to governmental funds, while other activities that previously were not considered fiduciary may now be reported as such under certain circumstances. It is also possible that certain pension and OPEB fiduciary funds will no longer be reported in a local unit's financial statements.

Given the potential to have a major impact on many governments, not only to their external financial statements, but also to their accounting system requirements and budget documents, we encourage you to start analyzing the impact of this standard now. The first step to implementation is identifying the types of activities that should be analyzed and then running those activities through the lens of this standard.

GASB Statement No. 87 - Leases

This new accounting pronouncement will be effective for reporting periods beginning after December 15, 2019 (June 15, 2021 after extension within GASB Statement No. 95). This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

We recommend beginning to accumulate information now related to all significant lease agreements in order to more efficiently implement this new standard once it becomes effective.

Plante Moran will be providing trainings and other resources to our clients in the coming months to help prepare for the implementation of all these new standards. In the interim, please reach out to your engagement team for assistance in getting started.

GASB Statement No. 90 - Majority Equity Interest

This new accounting pronouncement will be effective for reporting periods beginning after December 15, 2018 (December 15, 2019 after extension within GASB Statement No. 95). This statement requires that governments analyze the holdings of legally separate organizations to see if the ownership of a majority interest in a separate legal organization qualifies as an investment or a component unit.

GASB Statement No. 91 - Conduit Debt

This new accounting pronouncement will be effective for reporting periods beginning after December 15, 2020 (December 15, 2021 after extension within GASB Statement No. 95). This statement clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.

**Section III - Legislative and Informational Items
(Continued)**

GASB Statement No. 92 - Omnibus 2020

This new accounting pronouncement has various effective dates that were postponed by one year after extension within GASB Statement No. 95. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

GASB Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements.

This new accounting pronouncement will be effective for reporting periods beginning after June 15, 2022. This statement improves accounting and financial reporting for arrangements where a governmental entity contracts with an operator to provide public services by conveying control of the right to operate or use nonfinancial assets, such as infrastructure or other capital assets, for a period of time in an exchange or exchange-like transaction. It establishes the definitions of public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. The first step of implementation is identifying the types of arrangements that are PPPs and analyzing each of those arrangements through the requirements of this standard. In the interim period prior to the required implementation date, please reach out to your engagement team with any questions or for assistance in getting started.