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# City of Grosse Pointe Woods, Michigan

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

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## **Comprehensive Annual Financial Report with Supplemental Information June 30, 2019**

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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, 2019 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.

## **Format**

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. This narrative details the Financial Staff's letter of transmittal and introduces the reader to the City's financial background, the legal requirements expected, and details of financial/economic events that occurred during the year, and the impact that they had on the financial statements. It is important to note that this letter complements the Management's Discussion and Analysis (MD&A), which is found in the financial section. The introductory section also includes the municipality's organizational chart and a list of principal officials. The financial section includes the MD&A of the basic financial statements and the combining and individual fund statements, schedules, and accompanying footnotes to the financial statements, and most importantly the auditor's opinion on the financial statements and supporting documentation. The statistical section, which is unaudited, includes selected financial and demographic information,

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

November 25, 2019

where practical, presented on a multiyear basis. Also included in the statistical section is selected information required by the United States Securities and Exchange Commission depicting necessary disclosures in regard to the refunding of the 2013 Water and Sewer Revenue Bonds, the 2015 Road Construction Bonds, the 2017 Road Construction Bonds and the 2018 General Obligation Capital Improvement Bonds.

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.

### **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**

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

November 25, 2019

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 25, 2019 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 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**

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

November 25, 2019

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 36 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 2018 – 2019 to accomplish numerous projects that include:

- In fiscal year 2018-19 work was 100% complete on the Lake Front Park Marina shore power boxes which was approved by Council in February 2018. The project included the removal/replacement of 63 existing marina pedestals, installation of 56 new marina pedestals, installation of mounting plates on all pedestals and the addition of six floating docks for jet skis. The water main that supplies the marina was also replaced. Total expenditures on this project, inclusive of electrical, concrete and engineering, were \$514,835. The city's boat dock fund is an enterprise fund and is responsible for fully funding any upgrades and/or improvements in the marina. Funding for the marina project was 100% funded through the use of the fund balance.
- In 2014, the City of Grosse Pointe Woods in collaboration with the Village of Grosse Pointe Shores received a CGAP (Competitive Grant Assistance Program) grant through the Michigan Department of Treasury. The purpose of this grant program is to provide incentive-based grants to stimulate smaller, more efficient local government and encourage mergers, consolidations, and cooperation between two or more qualified jurisdictions. In March 2018, the City started renovations of our Public Safety Department



to accommodate the partnership and transition of Grosse Pointe Shores dispatch and prisoner housing to the Grosse Pointe Woods Public Safety facility. Work was completed during fiscal year 2018-19 and the transfer of the Village of Grosse Pointe Shores was scheduled. One-hundred percent of the \$500,000 in grant funding awarded was utilized with the city responsible for a 10% match and 100% of the engineering costs for a grand total of \$646,476. Structural updates included: the demolition, replacement and expansion of the prisoner cell block area with a state-of-the-art facility, the re-design of the Public Safety garage, which includes a secure area for the movement and transportation of individuals in police custody, and the re-design and upgrade of our existing dispatch center to accommodate the consolidation.

- City Administration, City Engineers and members of the Construction Committee, recommended to the City Council to begin replacement of city water mains. City Council authorized the 2018 Water main Construction Project in the amount of \$1,506,182 that includes construction and engineering costs. Funding for this project will come from the water and sewer reserves. The project includes replacing 5,195 feet of 65 year old eight inch water main on Fairholme Road from Mack to Fairford, including the cul-de-sacs to the south Marford Court, Baltree Court., Ghesquiere Court and Berns Court. During the course of construction, it was discovered that the 60 year old eight inch water main on Virginia Lane would need to be replaced due to deteriorating areas of concrete. An additional \$238,148 was allocated from the water and sewer reserves to cover the replacement of the Virginia Lane water main.
- On March 18, 2019, City Council authorized the contract between the City and the State of Michigan Department of Transportation for the Vernier Road project. Federal Surface Transportation Funds were awarded to the City in the amount of \$1,074,900 for resurfacing of Vernier Road from Morningside to Fairway. The City is obligated to fund 20% of the projected cost which is estimated to be approximately \$1,329,200. Total cost incurred by the City for this project will be \$515,807; this includes the City's portion of construction and engineering costs. The resurfacing of Vernier began in the spring of 2019 and will be a great improvement to one of our major roadways. .
- A \$2.5 million, 15-year capital improvement bond was approved at the end of fiscal year 2017-18 to fund infrastructure updates. During fiscal year 2018-19 the following capital improvements were completed: Roof replacement and repairs, heating and cooling system improvements at City Hall, the Department of Public Safety, the Department of

Public Works and Lake Front Park. The completion of these projects will provide a clean and enjoyable environment to visit.

- The City is committed to continuing the local street repair and maintenance program that has been in place since 2015. In May 2018, City Council approved a local road project totaling \$2.46 million to be allocated from the city's general fund balance and the water and sewer fund. Through the end of fiscal year 2018-19, repair and/or re-surfacing work has been completed on the following: 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.
- The City's general fund balance continues to maintain a sound financial state at fiscal year 2018-19. The City has used prior year reserves to fund the 2018 local road project, reducing the fund balance by \$771,000.
- 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.
- Through the generosity of local businesses, city vendors and our residents, the City continues to support community events including Music on the Lawn, Fall Fest and Winterfest. The ability to organize and support these wonderful events support the sense of community that Grosse Pointe Woods residents enjoy.

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.

Work has also continued throughout the fiscal year to the City's water and sewer lines through grant funds received from the State of Michigan through the Storm Water Management and

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

November 25, 2019

Wastewater (SAW) program. This grant of \$1.1 million has provided the financial resources to our water and sewer system which has enabled staff to investigate the condition of storm sewer and trunk lines. These images will assist city administration in the development of a long-term plan for repair and replacement of our storm sewer infrastructure.

### **Economic Conditions**

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 2019, the inflation rate factor was 1.24 percent.

Continued re-development and re-investment within the City will add value in fiscal year 2020. 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 13.6843 mills.

The City's General Fund year-end fund balance is approximately \$8.4 million; \$3.0 million is committed, assigned, or nonspendable, leaving \$5.4 million unassigned.

### **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.

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

November 25, 2019

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, 2018. This is the 46<sup>th</sup> 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 2018, GFOA awarded the City with a Popular Annual Financial Reporting Award (PAFR). This is the sixth 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



Cathrene A. Behrens  
Treasurer/Comptroller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

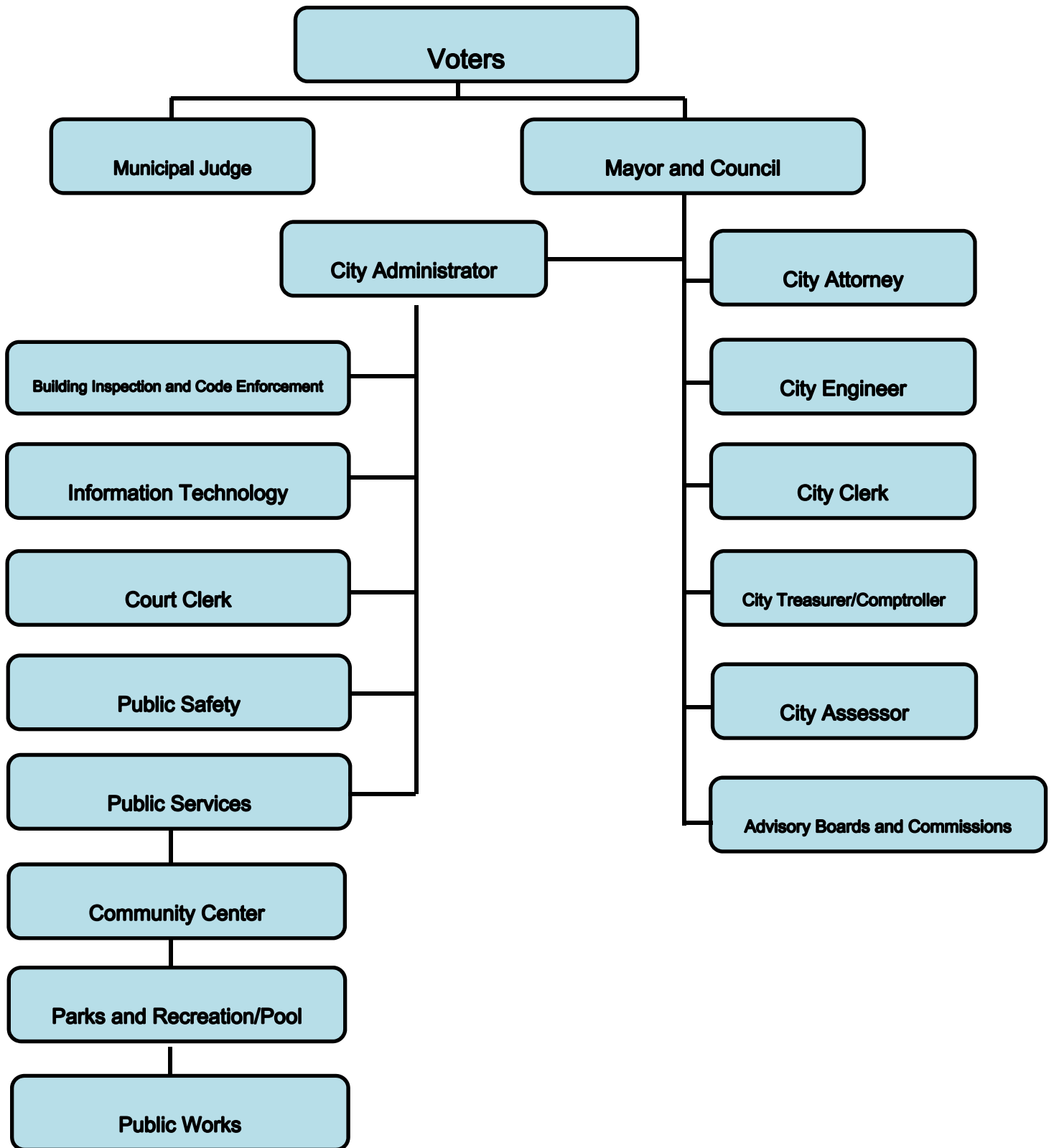
**City of Grosse Pointe Woods  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*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  
Richard Shetler Jr.  
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**

Treasurer

Cathrene Behrens

**City Attorney**

City Attorney  
City Attorney

Don R. Berschback  
Chip 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, 2019 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, 2019 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, as well as 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 27, 2019

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, 2019. 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, 2019:

- 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 1.24 percent for fiscal year 2018-2019. Although the millage rate is essentially at the Headlee cap, the general operating property tax revenue remained consistent with 2017-2018.
- 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 2018-2019.
- The City remains vigilant with property maintenance enforcement to ensure properties are maintained. Maintaining property values and minimizing the decline through an effective property maintenance and rental inspection program is an important component to 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 issuance of a road debt bond in 2015, the City has approved additional road projects in fiscal year 2018-2019. The road projects include resurfacing of Anita, Brys, Lochmoor, and Stanhope and the joint repair on Cook Road. Funding of \$2.460 million for this project will come from the General Fund fund balance and the Water and Sewer Fund fund balance.
- The public safety dispatch and police lockup services project has been funded through a 500,000 CGAP (Competitive Grant Assistance Program) grant and will be completed in the winter of 2019. The grant provided for equipment and retrofitting of the Grosse Pointe Woods Public Safety Department to accommodate the partnerships between the City of Grosse Pointe Woods, Michigan and the Village of Grosse Pointe Shores, Michigan. Construction updates included the demolition, replacement, and expansion of our cell block area and the redesign of the public safety garage, which includes a secure area for the movement and transportation of individuals in police custody. Grant funds also were used to replace our aged E-911 system with state-of-the-art equipment.
- The City has realized a decrease in our General Fund fund balance of \$1.74 million, exclusive of the Cable Franchise and Local Street funds. The decrease is the result of the transfer to local roads to fund road repair and construction projects.

### ***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	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 18,760,770	\$ 17,214,062	\$ 15,725,275	\$ 16,267,115	\$ 34,486,045	\$ 33,481,177
Capital assets	51,748,050	44,813,588	29,347,271	27,300,827	81,095,321	72,114,415
Total assets	70,508,820	62,027,650	45,072,546	43,567,942	115,581,366	105,595,592
<b>Deferred Outflows of Resources</b>	11,865,129	18,471,827	1,160,485	1,553,477	13,025,614	20,025,304
<b>Liabilities</b>						
Current liabilities	1,832,830	1,252,360	1,159,854	888,924	2,992,684	2,141,284
Noncurrent liabilities	97,680,305	93,675,318	14,727,639	15,126,135	112,407,944	108,801,453
Total liabilities	99,513,135	94,927,678	15,887,493	16,015,059	115,400,628	110,942,737
<b>Deferred Inflows of Resources</b>	11,457,613	19,595,699	1,172,614	1,933,048	12,630,227	21,528,747
<b>Net Position</b>						
Net investment in capital assets	29,554,228	27,441,437	21,640,125	18,830,410	51,194,353	46,271,847
Restricted	4,675,063	3,853,062	155,000	198,090	4,830,063	4,051,152
Unrestricted	(62,826,090)	(65,318,399)	7,377,799	8,144,812	(55,448,291)	(57,173,587)
Total net position	<b><u>\$ (28,596,799)</u></b>	<b><u>\$ (34,023,900)</u></b>	<b><u>\$ 29,172,924</u></b>	<b><u>\$ 27,173,312</u></b>	<b><u>\$ 576,125</u></b>	<b><u>\$ (6,850,588)</u></b>

Capital assets and debt in governmental activities increased by approximately \$3.9 million, primarily due to the City's ongoing work in the Milk River Drainage District. The remaining increase in capital assets of approximately \$3.0 million related to the City's continued investment in the road improvement projects and other infrastructure assets.

The increase in long-term liabilities and decreases deferred outflows, and deferred inflows related to decreases in the City's net position. Primarily unfunded pension liabilities and other postemployment benefits (OPEB) liabilities are the largest contributors to this decrease. 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 balance sheet.

## 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	
	2019	2018	2019	2018	2019	2018
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 853,280	\$ 991,991	\$ 8,878,802	\$ 9,435,771	\$ 9,732,082	\$ 10,427,762
Operating grants	1,743,250	1,606,986	-	-	1,743,250	1,606,986
Capital grants	13,232	48,590	-	-	13,232	48,590
General revenue:						
Property taxes	15,161,779	14,116,610	-	-	15,161,779	14,116,610
Intergovernmental	1,848,256	1,715,312	-	-	1,848,256	1,715,312
Investment earnings	438,677	177,104	294,366	147,189	733,043	324,293
Other revenue:						
Cable franchise fees	336,174	362,235	-	-	336,174	362,235
Other miscellaneous income	752,977	816,735	-	-	752,977	816,735
Total revenue	21,147,625	19,835,563	9,173,168	9,582,960	30,320,793	29,418,523
<b>Expenses</b>						
General government	739,340	2,132,039	-	-	739,340	2,132,039
Public safety	4,025,271	5,667,873	-	-	4,025,271	5,667,873
Public works	6,164,026	5,607,761	-	-	6,164,026	5,607,761
Solid waste	1,499,882	1,666,746	-	-	1,499,882	1,666,746
Municipal improvement	1,029,092	576,556	-	-	1,029,092	576,556
Parks and recreation	1,723,640	1,775,522	-	-	1,723,640	1,775,522
Debt service	539,273	186,192	-	-	539,273	186,192
Water and Sewer Fund	-	-	6,351,669	6,147,744	6,351,669	6,147,744
Parking Utility Fund	-	-	495,089	235,753	495,089	235,753
Boat Dock Rental Fund	-	-	279,565	432,292	279,565	432,292
Commodity Sales Fund	-	-	47,233	10,922	47,233	10,922
Total expenses	15,720,524	17,612,689	7,173,556	6,826,711	22,894,080	24,439,400
<b>Change in Net Position</b>	5,427,101	2,222,874	1,999,612	2,756,249	7,426,713	4,979,123
<b>Net Position - Beginning of year</b>	<u>(34,023,900)</u>	<u>(36,246,774)</u>	<u>27,173,312</u>	<u>24,417,063</u>	<u>(6,850,588)</u>	<u>(11,829,711)</u>
<b>Net Position - End of year</b>	<u><b>\$ (28,596,799)</b></u>	<u><b>\$ (34,023,900)</b></u>	<u><b>\$ 29,172,924</b></u>	<u><b>\$ 27,173,312</b></u>	<u><b>\$ 576,125</b></u>	<u><b>\$ (6,850,588)</b></u>

#### **Governmental Activities**

The City's governmental revenue totaled approximately \$21.1 million, with the greatest revenue source being property taxes. Total revenue for governmental activities increased approximately \$1.3 million compared to fiscal year 2017-2018. Most of this increase related to an increase in operating grants of approximately \$1,045,000. The operating grant increase is from approximately \$225,000 of a \$500,000 grant award for public safety and an increase of \$224,000 in ACT 51 gas and weight tax revenue.

Property taxes make up approximately 72 percent of total governmental revenue. That percentage increased slightly from 71 percent in fiscal year 2017-2018. The City experienced an increase of 5.5 percent in taxable value for 2018-2019.

Total governmental expenses for the City were approximately \$15.7 million. This is down \$1.9 million compared to fiscal year 2017-2018. Overall expenses decreased this year due to a decrease in charges to other funds from the internal service fund.

# City of Grosse Pointe Woods, Michigan

## Management's Discussion and Analysis (Continued)

### **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 \$410,000, primarily due to a decrease in water and sewer revenue in the current year. Expenses increased approximately \$347,000 due to an increase in construction costs related to the 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 2018-2019 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 \$10.2 million in expenses. The parks and recreation department accounted for \$1.7 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 2018-2019, the General Fund's fund balance decreased by approximately \$771,000. The decrease is the result of road construction and municipal improvement projects funded through the use of prior year reserves.

The City's General Fund year-end fund balance is approximately \$8.4 million; \$3.0 million is committed, assigned, or nonspendable, leaving \$5.4 million unassigned. The unassigned amount represents approximately 36 percent of fiscal year 2018-2019 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.

### **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 due 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 2018-2019, the fund derived revenue from property taxes of approximately \$2.3 million and expenditures of approximately \$1.6 million related to drain operations and maintenance provided by Wayne County, Michigan and 3.6 million related to capital expenditures.

## City of Grosse Pointe Woods, Michigan

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### Management's Discussion and Analysis (Continued)

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This Grosse-Gratiot Drain Fund's fund balance increased \$564,919; its fund balance at year end is \$3,131,387 and will be used to cover the City's portion of future principal and interest payments on the debt issuance.

#### **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 relatively 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 2017-2018. These fees cover the expenses imposed by the Great Lakes Water Authority; Wayne County, Michigan; city billing staff; city operations and maintenance staff; and for infrastructure improvements 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's General Fund ended fiscal year 2018-2019 with continued concessions from all of the four labor unions and nonunion employees. The City experienced a 5.5 percent increase in taxable value in fiscal year 2018-2019, 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. Expenditures exceeded revenue for fiscal year 2018-2019 by \$1.74 million. The increase in expenditures is the result of continued support of local road maintenance and construction projects, utilizing prior year reserves to fund these projects.

The largest budget-to-actual fluctuations were in general government - attorney, public safety, public works, and parks and recreation due to increases professional services and personnel costs.

#### **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 this fund is provided by distribution of gas tax proceeds from the State under Public Act 51, with the City receiving just over \$420,000 in fiscal year 2018-2019. In addition, the City received \$170,000 from the State for PA 207 funding. The other primary income source is through a transfer from the General Fund. Revenue exceeded expenditures in local streets by \$965,967. The reason for the increase in revenue is the completion of the road projects budgeted in 2018-2019 will not take place until the fall of 2019. The department additionally receives a small amount of its revenue from fees, other state funding, special assessment, and interest on investments. Expenditures for fiscal year 2019-2019 increased by \$1.078 million as a result of an increase in construction, engineering, and operating costs.

The Local Street Fund's fund balance increased by \$965,967 with a year-end balance of \$1,392,180. For reporting purposes, this fund balance has been classified as "committed" and rolled into the General Fund. This increase is a result of revenue exceeding expenditures.

#### **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.

The Cable Franchise Fund's fund balance is \$545,888 and is reported in the General Fund as "assigned."

#### ***Capital Asset and Debt Administration***

The City issued \$2.5 million in general obligation Capital Improvement Bonds during fiscal year 2018-2019. Capital improvement needs throughout the City were placed on hold as a method of cost cutting. This cost containment measure allowed the City to build the fund balance necessary to repay the bond. The annual payments for this bond issuance will be made from the General Fund fund balance. Funding for the bond was received in July 2018; construction and completion of the improvements will be at the end of 2019. Improvements included roof and HVAC replacement at city hall, department of public safety, and department of public works and the replacement of our bathhouse boiler at Lake Front Park.

The City continues to make installment payments for the vehicles purchases made over the last three fiscal years, with \$62,096 remaining. Overall, the City's debt remains low. 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 5.5 percent in fiscal year 2018-2019, resulting in an increase in property tax revenue. 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. This grant will fund the investigation of the City's sewer lines, manholes, and catch basins; fund an asset management system to properly inventory and rate the condition of each sewer asset; and develop a long-term capital improvement plan. City staff are working closely with our engineers on this project, and great strides are being made to accomplish these important goals.

#### ***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, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments (Note 3)	\$ 17,175,216	\$ 13,823,738	\$ 30,998,954
Receivables:			
Property taxes receivable	325,883	-	325,883
Customer receivables	-	1,623,163	1,623,163
Accrued interest receivable	29,426	37,706	67,132
Other receivables	6,297	-	6,297
Due from other governments	717,849	112,815	830,664
Internal balances	35,000	(35,000)	-
Prepaid items and other assets	429,979	7,853	437,832
Restricted assets	-	155,000	155,000
Investment in Grosse Pointes-Clinton Refuse Disposal Authority (Note 13)	41,120	-	41,120
Capital assets: (Note 4)			
Assets not subject to depreciation	14,492,026	53,200	14,545,226
Assets subject to depreciation - Net	37,256,024	29,294,071	66,550,095
<b>Total assets</b>	<b>70,508,820</b>	<b>45,072,546</b>	<b>115,581,366</b>
<b>Deferred Outflows of Resources</b> - Deferred pension costs	<b>11,865,129</b>	<b>1,160,485</b>	<b>13,025,614</b>
<b>Liabilities</b>			
Accounts payable	1,227,297	1,090,331	2,317,628
Accrued liabilities and other:			
Accrued salaries and wages	212,183	20,234	232,417
Payroll taxes and withholdings	42,625	6,168	48,793
Accrued interest payable	56,471	35,763	92,234
Accrued other	275,751	7,358	283,109
Unearned revenue	18,503	-	18,503
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 6)	740,309	38,885	779,194
Provision for claims (Note 6)	423,972	19,076	443,048
Current portion of long-term debt (Note 6)	1,761,415	783,271	2,544,686
Due in more than one year:			
Compensated absences (Note 6)	160,138	24,653	184,791
Net pension liability (Note 8)	42,042,495	3,873,779	45,916,274
Net OPEB liability (Note 10)	31,227,780	3,064,100	34,291,880
Long-term debt - Net of current portion (Note 6)	21,324,196	6,923,875	28,248,071
<b>Total liabilities</b>	<b>99,513,135</b>	<b>15,887,493</b>	<b>115,400,628</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension cost reductions	3,288,904	371,098	3,660,002
Deferred OPEB cost reductions	8,168,709	801,516	8,970,225
<b>Total deferred inflows of resources</b>	<b>11,457,613</b>	<b>1,172,614</b>	<b>12,630,227</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	29,554,228	21,640,125	51,194,353
Restricted:			
Roads	1,129,026	-	1,129,026
Debt service	3,225,335	155,000	3,380,335
Public safety	73,439	-	73,439
Solid waste	147,572	-	147,572
Community development	93,022	-	93,022
Grants	6,669	-	6,669
Unrestricted	(62,826,090)	7,377,799	(55,448,291)
<b>Total net position (deficit)</b>	<b>\$ (28,596,799)</b>	<b>\$ 29,172,924</b>	<b>\$ 576,125</b>



# 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	\$ 739,340	\$ 410,923	\$ 21,529	\$ -
Public safety	4,025,271	305,384	-	-
Public works	6,164,026	-	1,721,721	13,232
Solid waste	1,499,882	-	-	-
Municipal improvement	1,029,092	-	-	-
Recreation and culture	1,723,640	136,973	-	-
Interest on long-term debt	539,273	-	-	-
Total governmental activities	15,720,524	853,280	1,743,250	13,232
Business-type activities:				
Water and Sewer Fund	6,351,669	8,214,871	-	-
Parking Utility Fund	495,089	448,071	-	-
Boat Dock Rental Fund	279,565	194,478	-	-
Commodity Sales Fund	47,233	21,382	-	-
Total business-type activities	7,173,556	8,878,802	-	-
Total primary government	<b>\$ 22,894,080</b>	<b>\$ 9,732,082</b>	<b>\$ 1,743,250</b>	<b>\$ 13,232</b>

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, 2019

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (306,888)	\$ -	\$ (306,888)
(3,719,887)	-	(3,719,887)
(4,429,073)	-	(4,429,073)
(1,499,882)	-	(1,499,882)
(1,029,092)	-	(1,029,092)
(1,586,667)	-	(1,586,667)
(539,273)	-	(539,273)
(13,110,762)	-	(13,110,762)
-	1,863,202	1,863,202
-	(47,018)	(47,018)
-	(85,087)	(85,087)
-	(25,851)	(25,851)
-	1,705,246	1,705,246
(13,110,762)	1,705,246	(11,405,516)
15,161,779	-	15,161,779
1,848,256	-	1,848,256
438,677	294,366	733,043
336,174	-	336,174
752,977	-	752,977
18,537,863	294,366	18,832,229
5,427,101	1,999,612	7,426,713
(34,023,900)	27,173,312	(6,850,588)
<b>\$ (28,596,799)</b>	<b>\$ 29,172,924</b>	<b>\$ 576,125</b>

# City of Grosse Pointe Woods, Michigan

## Governmental Funds Balance Sheet

June 30, 2019

	General Fund	Debt Service Fund - Grosse-Gratiot Drain Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments (Note 3)	\$ 8,976,193	\$ 2,793,809	\$ 2,999,097	\$ 14,769,099
Receivables:				
Property taxes receivable	213,356	57,096	55,431	325,883
Accrued interest receivable	13,337	2,990	1,052	17,379
Other receivables	-	-	6,297	6,297
Due from other governments	473,705	-	244,144	717,849
Due from other funds (Note 5)	35,000	-	-	35,000
Advances to other funds	339,644	-	-	339,644
Prepaid items and other assets	65,852	298,771	9,080	373,703
	<u>\$ 10,117,087</u>	<u>\$ 3,152,666</u>	<u>\$ 3,315,101</u>	<u>\$ 16,584,854</u>
Total assets				
<b>Liabilities</b>				
Accounts payable	\$ 1,075,137	\$ 8	\$ 128,889	\$ 1,204,034
Advances from other funds	-	-	339,644	339,644
Accrued liabilities and other:				
Accrued salaries and wages	202,406	-	6,697	209,103
Payroll taxes and withholdings	40,150	-	1,602	41,752
Accrued other	223,244	21,271	29,414	273,929
Unearned revenue	-	-	18,503	18,503
Provision for claims	191,449	-	29,689	221,138
	<u>1,732,386</u>	<u>21,279</u>	<u>554,438</u>	<u>2,308,103</u>
Total liabilities				
<b>Deferred Inflows of Resources - Unavailable revenue</b>	-	-	5,039	5,039
<b>Fund Balances</b>				
Nonspendable	405,496	-	9,080	414,576
Restricted:				
Roads	-	-	1,391,171	1,391,171
Public safety	-	-	72,468	72,468
Debt service	-	3,131,387	93,948	3,225,335
Grants	-	-	3,294	3,294
Community development	-	-	92,022	92,022
Solid waste	-	-	145,654	145,654
Capital improvement	-	-	622,789	622,789
Committed - Local streets	1,387,970	-	-	1,387,970
Assigned:				
Subsequent year's budget	628,881	-	-	628,881
Public safety	50,000	-	145,685	195,685
Capital projects	-	-	84,329	84,329
Parkway beautification	-	-	95,184	95,184
Cable	545,888	-	-	545,888
Unassigned	5,366,466	-	-	5,366,466
	<u>8,384,701</u>	<u>3,131,387</u>	<u>2,755,624</u>	<u>14,271,712</u>
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,117,087</u>	<u>\$ 3,152,666</u>	<u>\$ 3,315,101</u>	<u>\$ 16,584,854</u>

# City of Grosse Pointe Woods, Michigan

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

June 30, 2019

<b>Fund Balances Reported in Governmental Funds</b>	\$ 14,271,712
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	50,266,377
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	5,039
Investments in joint ventures are not financial resources and are not reported in the funds	41,120
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(23,023,515)
Accrued interest is not due and payable in the current period and is not reported in the funds	(56,471)
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	(873,082)
Pension benefits	(32,328,427)
Retiree healthcare benefits (OPEB)	(38,262,638)
Internal service funds are included as part of governmental activities	<u>1,363,086</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ (28,596,799)</u></b>

# City of Grosse Pointe Woods, Michigan

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

**Year Ended June 30, 2019**

	Combining General Fund	Debt Service Fund - Grosse-Gratiot Drain Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes:				
Property taxes	\$ 10,008,480	\$ 2,310,860	\$ 2,842,439	\$ 15,161,779
Franchise fees	336,174	-	-	336,174
Intergovernmental:				
Federal grants	-	-	44,670	44,670
State and local sources	2,261,179	5,783	1,479,336	3,746,298
Charges for services	662,376	-	187,747	850,123
Fines and forfeitures	305,384	-	-	305,384
Investment income	285,176	69,942	42,305	397,423
Other revenue	511,294	-	244,677	755,971
Total revenue	14,370,063	2,386,585	4,841,174	21,597,822
<b>Expenditures</b>				
Current services:				
General government	2,877,606	-	1,624,043	4,501,649
Public safety	5,620,888	-	94,280	5,715,168
Public works	4,542,048	5,423,313	2,552,379	12,517,740
Municipal improvement	-	-	909,337	909,337
Parks and recreation	1,739,511	-	269,420	2,008,931
Debt service:				
Principal	-	-	824,103	824,103
Interest on long-term debt	-	247,440	284,301	531,741
Total expenditures	14,780,053	5,670,753	6,557,863	27,008,669
<b>Excess of Expenditures Over Revenue</b>	(409,990)	(3,284,168)	(1,716,689)	(5,410,847)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	361,347	361,347
Transfers out	(361,347)	-	-	(361,347)
New debt issued	-	3,849,087	2,500,000	6,349,087
Debt premium	-	-	147,330	147,330
Total other financing (uses) sources	(361,347)	3,849,087	3,008,677	6,496,417
<b>Net Change in Fund Balances</b>	(771,337)	564,919	1,291,988	1,085,570
<b>Fund Balances - Beginning of year</b>	9,156,038	2,566,468	1,463,636	13,186,142
<b>Fund Balances - End of year</b>	<b>\$ 8,384,701</b>	<b>\$ 3,131,387</b>	<b>\$ 2,755,624</b>	<b>\$ 14,271,712</b>

## 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, 2019

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	\$ 1,085,570
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	(1,611,154)
Loss on sale of assets	(78,432)
Capital outlay	8,180,819
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	(189,224)
Issuing debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(6,496,417)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	812,269
Interest expense is recognized in the government-wide statements as it accrues	4,302
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	2,842,946
Change in investment in a joint Grosse Pointes-Clinton Refuse Disposal Authority is not recorded in the funds	(5,958)
Internal service funds are included as part of governmental activities	<u>882,380</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 5,427,101</u></b>

# City of Grosse Pointe Woods, Michigan

## Proprietary Funds Statement of Net Position

June 30, 2019

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Nonmajor Enterprise	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 11,980,109	\$ 1,843,629	\$ 13,823,738	\$ 2,406,117
Receivables:				
Customer receivables	1,623,163	-	1,623,163	-
Accrued interest receivable	31,205	6,501	37,706	12,047
Due from other governments	112,815	-	112,815	-
Prepaid items and other assets	6,622	1,231	7,853	56,276
Total current assets	13,753,914	1,851,361	15,605,275	2,474,440
Noncurrent assets:				
Restricted assets	155,000	-	155,000	-
Capital assets:				
Assets not subject to depreciation	53,200	-	53,200	-
Assets subject to depreciation - Net	28,122,247	1,171,824	29,294,071	1,481,673
Total noncurrent assets	28,330,447	1,171,824	29,502,271	1,481,673
Total assets	42,084,361	3,023,185	45,107,546	3,956,113
<b>Deferred Outflows of Resources</b> - Deferred pension costs	845,917	314,568	1,160,485	437,776
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	950,618	139,713	1,090,331	23,263
Due to other funds	-	35,000	35,000	-
Accrued liabilities and other	50,195	19,328	69,523	5,775
Compensated absences	29,237	9,648	38,885	27,365
Provision for claims	19,076	-	19,076	202,834
Current portion of long-term debt	783,271	-	783,271	62,096
Total current liabilities	1,832,397	203,689	2,036,086	321,333
Noncurrent liabilities:				
Compensated absences	18,536	6,117	24,653	-
Net pension liability	2,785,108	1,088,671	3,873,779	1,428,853
Net OPEB liability	2,445,519	618,581	3,064,100	898,747
Long-term debt - Net of current portion	6,923,875	-	6,923,875	-
Total noncurrent liabilities	12,173,038	1,713,369	13,886,407	2,327,600
Total liabilities	14,005,435	1,917,058	15,922,493	2,648,933
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions	278,598	92,500	371,098	146,766
Deferred OPEB cost reductions	639,705	161,811	801,516	235,104
Total deferred inflows of resources	918,303	254,311	1,172,614	381,870
<b>Net Position</b>				
Net investment in capital assets	20,468,301	1,171,824	21,640,125	1,419,577
Restricted - Debt service	155,000	-	155,000	-
Unrestricted	7,383,239	(5,440)	7,377,799	(56,491)
Total net position	\$ 28,006,540	\$ 1,166,384	\$ 29,172,924	\$ 1,363,086

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Nonmajor Enterprise	Total	Internal Service Funds
<b>Operating Revenue</b>				
Water sales and charges for services	\$ 7,748,607	\$ -	\$ 7,748,607	\$ -
Interest and penalty charges	135,190	-	135,190	-
Fees and violations	-	442,731	442,731	-
Dockings and launching fees	-	194,478	194,478	-
Commodity sales	-	21,382	21,382	-
Other revenue	302,803	5,340	308,143	3,400
Charges to other funds	-	-	-	1,715,426
Total operating revenue	8,186,600	663,931	8,850,531	1,718,826
<b>Operating Expenses</b>				
Cost of water	3,720,388	-	3,720,388	-
Cost of insurance claims	-	-	-	25,999
General and administrative	229,412	550,542	779,954	229,678
Operation and maintenance	1,160,421	144,505	1,304,926	-
Charges from internal service funds	245,319	-	245,319	-
Vehicle operation and maintenance	-	-	-	329,397
Depreciation	842,316	91,042	933,358	307,497
Total operating expenses	6,197,856	786,089	6,983,945	892,571
<b>Operating Income (Loss)</b>	1,988,744	(122,158)	1,866,586	826,255
<b>Nonoperating Revenue (Expense)</b>				
Investment income	232,283	62,083	294,366	56,352
Interest expense	(153,813)	-	(153,813)	(7,972)
Loss on sale of assets	-	(35,798)	(35,798)	7,745
Amortization of debt premium	28,271	-	28,271	-
Total nonoperating revenue	106,741	26,285	133,026	56,125
<b>Change in Net Position</b>	2,095,485	(95,873)	1,999,612	882,380
<b>Net Position - Beginning of year, as restated</b>	25,911,055	1,262,257	27,173,312	480,706
<b>Net Position - End of year</b>	<b>\$ 28,006,540</b>	<b>\$ 1,166,384</b>	<b>\$ 29,172,924</b>	<b>\$ 1,363,086</b>



# City of Grosse Pointe Woods, Michigan

## Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2019

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Nonmajor Enterprise	Total	Internal Service Funds
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 8,387,061	\$ 663,931	\$ 9,050,992	\$ 3,400
Receipts from interfund services and reimbursements	-	(32,990)	(32,990)	1,715,426
Payments to suppliers	(3,395,353)	(72,911)	(3,468,264)	(324,425)
Payments to employees and fringes	(2,010,791)	(385,981)	(2,396,772)	(310,580)
Claims paid	-	-	-	(101,422)
Net cash and cash equivalents provided by operating activities	2,980,917	172,049	3,152,966	982,399
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from sale of capital assets	-	-	-	7,745
Purchase of capital assets	(2,061,126)	(837,974)	(2,899,100)	(750,726)
Principal and interest paid on capital debt	(922,624)	-	(922,624)	(249,803)
Debt service charge	28,271	-	28,271	-
Net cash and cash equivalents used in capital and related financing activities	(2,955,479)	(837,974)	(3,793,453)	(992,784)
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>	235,101	62,579	297,680	51,333
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	260,539	(603,346)	(342,807)	40,948
<b>Cash and Cash Equivalents - Beginning of year</b>	11,874,570	2,446,975	14,321,545	2,365,169
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 12,135,109</b>	<b>\$ 1,843,629</b>	<b>\$ 13,978,738</b>	<b>\$ 2,406,117</b>
<b>Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 11,980,109	\$ 1,843,629	\$ 13,823,738	\$ 2,406,117
Restricted cash	155,000	-	155,000	-
Total cash and cash equivalents	<b>\$ 12,135,109</b>	<b>\$ 1,843,629</b>	<b>\$ 13,978,738</b>	<b>\$ 2,406,117</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 1,988,744	\$ (122,158)	\$ 1,866,586	\$ 826,255
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	842,316	91,042	933,358	307,497
Changes in assets and liabilities:				
Receivables	212,436	-	212,436	1,004
Due to and from other funds	-	(7,990)	(7,990)	-
Prepaid and other assets	(4,586)	(742)	(5,328)	(2,150)
Net pension or OPEB asset	(356,134)	192,108	(164,026)	(80,123)
Accounts payable	298,141	21,364	319,505	9,351
Estimated claims liability	-	(1,575)	(1,575)	(79,435)
Total adjustments	992,173	294,207	1,286,380	156,144
Net cash and cash equivalents provided by operating activities	<b>\$ 2,980,917</b>	<b>\$ 172,049</b>	<b>\$ 3,152,966</b>	<b>\$ 982,399</b>
<b>Significant Noncash Transactions - Purchase of capital assets in payables at year end</b>	\$ -	\$ 116,500	\$ 116,500	\$ -

**City of Grosse Pointe Woods, Michigan**

**Fiduciary Funds  
Statement of Fiduciary Net Position**

**June 30, 2019**

	<u>Pension and Other Employee Benefits</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 544,322	\$ 4,200
Investments:		
Stocks	16,920,453	-
Corporate bonds	8,080,349	-
Pooled investments	14,357,496	-
Receivables	427	-
	<hr/>	<hr/>
Total assets	39,903,047	<u><u>\$ 4,200</u></u>
<b>Liabilities - Payables</b>	<hr/>	<hr/>
	-	<u><u>\$ 4,200</u></u>
<b>Net Position Restricted for Pension and Other Employee Benefits</b>	<u><u>\$ 39,903,047</u></u>	

**City of Grosse Pointe Woods, Michigan**

**Fiduciary Funds  
Statement of Changes in Fiduciary Net Position**

**Year Ended June 30, 2019**

	<u>Pension and Other Employee Benefits</u>
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 870,554
Net increase in fair value of investments	544,871
Investment-related expenses	<u>(68,047)</u>
Net investment income	1,347,378
Contributions:	
Employer contributions	1,577,242
Employee contributions	<u>318,710</u>
Total contributions	<u>1,895,952</u>
Total additions	3,243,330
<b>Deductions - Benefit payments</b>	<u>3,621,701</u>
<b>Net Decrease in Net Position Restricted for Pension and Other Employee Benefits</b>	(378,371)
<b>Net Position Restricted for Pension and Other Employee Benefits - Beginning of year</b>	<u>40,281,418</u>
<b>Net Position Restricted for Pension and Other Employee Benefits - End of year</b>	<u><u>\$ 39,903,047</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) 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 healthcare-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 employees.
- The Other Postemployment Benefit Trust Fund accounts for mandatory employee and voluntary employer contributions to a retiree healthcare trust account.
- 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.

**Restricted Assets**

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 \$155,000 at June 30, 2019. 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:

<u>Capital Asset Class</u>	<u>Depreciable Life - Years</u>
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 are generally 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 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.

In addition to liabilities, the statement of net position 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.

**Note 1 - Significant Accounting Policies (Continued)**

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

	Outflows	Inflows
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 2018 property tax revenue was levied and collectible on July 1, 2018 and was recognized as revenue in the year ended June 30, 2019 when the proceeds of the levy were budgeted and available for the financing of operations.

The 2018 taxable valuation of the City totaled \$696 million. Taxes were levied as follows:

Purpose	Millage Rate	Revenue
General operating	13.6125 \$	9,137,000
Public relations	0.0718	49,000
Solid waste disposal	2.6023	1,773,000
Road bond debt	1.5000	1,022,000
Grosse-Gratiot Drain	3.3250	2,252,000
Total		<u>\$ 14,233,000</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 healthcare 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, 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, 2020.

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 were previously 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, 2021.

In August 2018, the Governmental Accounting Standards Board 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, 2020.

**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 December 31, 2021 fiscal year.

**Adoption of New Accounting Pronouncements**

As of June 30, 2019, the City adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Note 6 - Long-term Liabilities has been updated to reflect the requirements outlined in the new accounting standard. The changes related to the City's implementation of this standard were limited to this footnote disclosure.

As of June 30, 2019, the City adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which simplifies accounting for interest cost incurred before the end of construction and requires those costs to be expensed in the period incurred. As a result, interest cost incurred before the end of a construction period will not be capitalized and included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This statement also reiterates that, in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The City had no capitalized interest recorded as of June 30, 2019, and, therefore, this statement had no significant effect on these financial statements.

**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, 2018	\$ (649,042)
Current year permit revenue	391,571
Related expenses - Direct costs	<u>(484,591)</u>
Current year net loss	<u>(93,020)</u>
Cumulative shortfall June 30, 2019	<u><u>\$ (742,062)</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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The pension trust fund and retiree healthcare 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 less 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 \$19,877,792 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.

***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.

June 30, 2019

**Note 3 - Deposits and Investments (Continued)**

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

Primary Government	Carrying Value	0-5 Years
Municipal bonds	\$ 783,461	\$ 783,461
Negotiable certificates of deposit	4,083,612	4,083,612
Federal Home Loan Mortgage Corporation	4,652,258	4,652,258
Federal National Mortgage Association	2,243,874	2,243,874
Federal Home Loan Bank	750,120	750,120
Federal Farm Credit Bank	1,643,702	1,643,702
Total	<u>\$ 14,157,027</u>	<u>\$ 14,157,027</u>

Fiduciary Funds	Carrying Value	0-5 Years	5-15 Years	More than 15 Years
Loomis Sayles Bond Fund	\$ 8,080,349	\$ 8,080,349	\$ -	\$ -

**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, 2019, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
<b>Primary Government</b>			
Negotiable CDs	\$ 4,083,612	Unrated	N/A
Federal Home Loan Mortgage Corporation	4,652,258	AAA	Moody's
Federal National Mortgage Association	1,496,813	AAA	Moody's
Federal National Mortgage Association - Fixed	747,062	AAA	Moody's
Federal Home Loan Bank - Fixed	750,120	AAA	Moody's
Federal Farm Credit Bank	1,643,702	AAA	Moody's
Municipal bonds	783,461	AAA	Moody's
Other	387,472	AF1/P1/F1	S&P

Investment	Carrying Value	Rating	Rating Organization
<b>Fiduciary Funds</b>			
Loomis Sayles Bond Fund	\$ 8,080,349	Not Rated	N/A

**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	43.99 %
Federal Home Loan Bank	7.09
Federal Home Loan Mortgage Corporation	21.22
Federal Farm Credit Bank	15.54
Municipal bonds	7.41

June 30, 2019

**Note 3 - Deposits and Investments (Continued)**

Fiduciary Funds	Percent
iShares	33.83 %
DFA Emerging Markets	6.38
American Fund Europacific	9.86
Vanguard Total Bond Fund	6.69
Dodge & Cox Income Fund	6.81
Doubleline Total Return	6.75

**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; 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 whereby 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 or liability.

The City has the following recurring fair value measurements as of June 30, 2019:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2019			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Debt securities - Bond funds	\$ 8,080,349	\$ -	\$ -	\$ 8,080,349
Equity securities:				
Money market funds	358,747	-	-	358,747
Equity funds	31,277,949	-	-	31,277,949
Total equity securities	31,636,696	-	-	31,636,696
Governmental securities:				
U.S. governmental bonds	-	9,289,954	-	9,289,954
Municipal bonds	-	783,461	-	783,461
Total governmental securities	-	10,073,415	-	10,073,415
Certificates of deposit	-	4,091,492	-	4,091,492
Total investments by fair value	<u>\$ 39,717,045</u>	<u>\$ 14,164,907</u>	<u>\$ -</u>	<u>\$ 53,881,952</u>

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, 2019 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.

June 30, 2019

**Note 3 - Deposits and Investments (Continued)**

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 whereby 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, 2019, the fair value of those investments is as follows:

	<u>Carrying Value</u>
Comerica J Fund	\$ 387,472

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.

**Note 4 - Capital Assets**

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

**Governmental Activities**

	<u>Balance July 1, 2018</u>	<u>Reclassifications</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2019</u>
Capital assets not being depreciated:					
Land	\$ 1,547,967	\$ -	\$ -	\$ -	\$ 1,547,967
Construction in progress	9,410,460	(413,221)	3,946,820	-	12,944,059
Subtotal	10,958,427	(413,221)	3,946,820	-	14,492,026
Capital assets being depreciated:					
Infrastructure	39,641,109	413,221	1,151,176	-	41,205,506
Buildings	9,275,331	-	2,607,251	(490,624)	11,391,958
Equipment and vehicles	8,279,833	-	1,040,553	(931,798)	8,388,588
Land improvements	517,597	-	185,747	-	703,344
Subtotal	57,713,870	413,221	4,984,727	(1,422,422)	61,689,396
Accumulated depreciation:					
Infrastructure	10,474,860	-	997,986	-	11,472,846
Buildings	5,618,947	-	358,432	(426,808)	5,550,571
Equipment and vehicles	7,491,228	-	530,771	(917,182)	7,104,817
Land improvements	273,676	-	31,462	-	305,138
Subtotal	23,858,711	-	1,918,651	(1,343,990)	24,433,372
Net capital assets being depreciated	33,855,159	413,221	3,066,076	(78,432)	37,256,024
Net governmental activities capital assets	<u>\$ 44,813,586</u>	<u>\$ -</u>	<u>\$ 7,012,896</u>	<u>\$ (78,432)</u>	<u>\$ 51,748,050</u>



June 30, 2019

**Note 4 - Capital Assets (Continued)**

**Business-type Activities**

	Balance July 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets not being depreciated - Construction in progress	\$ 111,623	\$ (111,623)	\$ 53,200	\$ -	\$ 53,200
Capital assets being depreciated:					
Water and sewer lines	41,968,242	74,971	2,007,925	(52,275)	43,998,863
Land improvements	1,937,636	36,652	954,475	(508,835)	2,419,928
Subtotal	43,905,878	111,623	2,962,400	(561,110)	46,418,791
Accumulated depreciation:					
Water and sewer lines	15,086,575	-	842,316	(52,275)	15,876,616
Land improvements	1,630,099	-	91,042	(473,037)	1,248,104
Subtotal	16,716,674	-	933,358	(525,312)	17,124,720
Net capital assets being depreciated	27,189,204	111,623	2,029,042	(35,798)	29,294,071
Net business-type activities capital assets	<u>\$ 27,300,827</u>	<u>\$ -</u>	<u>\$ 2,082,242</u>	<u>\$ (35,798)</u>	<u>\$ 29,347,271</u>

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

Governmental activities:	
General government	\$ 133,866
Public safety	68,194
Public works	1,117,150
Recreation and culture	291,944
Internal service funds	307,497
Total governmental activities	<u>\$ 1,918,651</u>
Business-type activities:	
Water and sewer	\$ 842,316
Parking utility	38,560
Boat dock	52,482
Total business-type activities	<u>\$ 933,358</u>

**Construction Commitments**

The City has active construction projects at year end. At June 30, 2019, the City has spent \$8,242,156 in connection with active construction projects, and the City's commitment with contractors was \$1,764,811.

**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	\$ 339,644



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

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:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 35,000

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:

<u>Paying Fund (Transfer Out)</u>	<u>Receiving Fund (Transfer In)</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 361,347

The transfers between funds represent transfers of unrestricted resources to finance operations of the various departments in accordance with budgetary authorizations.

June 30, 2019

**Note 6 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2019 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%	\$712,050 - \$1,012,525	\$ 8,997,239	\$ 3,849,087	\$ -	\$ 12,846,326	\$ 712,050
Installment loan - Comerica vehicle loans	2.60%	\$62,096	303,927	-	(241,831)	62,096	62,096
Total direct borrowings and direct placements principal outstanding			9,301,166	3,849,087	(241,831)	12,908,422	774,146
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	5,100,000	-	(750,000)	4,350,000	500,000
General obligation bonds - 2017 Road Construction bonds: Amount of issue - \$2,875,000 Maturing through 2028	2.36%	\$295,000- \$345,000	2,875,000	-	-	2,875,000	295,000
General obligation bonds - 2018 Capital Improvement bonds: Amount of issue - \$2,500,000 Maturing through 2033	3.50%	\$130,000- \$210,000	-	2,500,000	-	2,500,000	130,000
Total other debt principal outstanding			7,975,000	2,500,000	(750,000)	9,725,000	925,000
Unamortized bond premiums			367,128	147,330	(62,269)	452,189	62,269
Total bonds and contracts payable			17,643,294	6,496,417	(1,054,100)	23,085,611	1,761,415
Employee compensated absences			896,824	740,953	(737,330)	900,447	740,309
Estimated liability for workers' compensation and health claims (Note 14)			469,662	1,345,622	(1,391,312)	423,972	423,972
Total governmental activities long-term debt			<u>\$ 19,009,780</u>	<u>\$ 8,582,992</u>	<u>\$ (3,182,742)</u>	<u>\$ 24,410,030</u>	<u>\$ 2,925,696</u>

June 30, 2019

**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		\$100,000 - \$130,606	\$ 1,365,606	\$ -	\$ (100,000)	\$ 1,265,606	\$ 100,000
Maturing through 2030	2.50%						
2010 Drinking Water Revolving Fund - 7332-01:							
Amount of issue - \$3,531,192		\$165,000 - \$221,393	2,686,393	-	(160,000)	2,526,393	165,000
Maturing through 2029	2.50%						
2012 State Revolving Fund Bond - 5365-01:							
Amount of issue - \$2,922,065		\$125,000 - \$177,065	2,377,065	-	(125,000)	2,252,065	125,000
Maturing through 2033	2.50%						
Total direct borrowings and direct placements principal outstanding							
			6,429,064	-	(385,000)	6,044,064	390,000
Other debt:							
2013 Revenue Refunding Bond:							
Amount of refunding - \$3,190,000	2.00% - 4.00%	\$365,000 - \$415,000	1,900,000	-	(350,000)	1,550,000	365,000
Maturing through 2023							
Total other debt principal outstanding							
			1,900,000	-	(350,000)	1,550,000	365,000
Unamortized bond premiums							
			141,353	-	(28,271)	113,082	28,271
Total bonds and contracts payable							
			8,470,417	-	(763,271)	7,707,146	783,271
Employee compensated absences							
			52,344	43,229	(32,035)	63,538	38,885
Estimated liability for workers' compensation and health claims (Note 14)							
			17,252	19,076	(17,252)	19,076	19,076
Total business-type activities long-term debt							
			\$ 8,540,013	\$ 62,305	\$ (812,558)	\$ 7,789,760	\$ 841,232

**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.

**Note 6 - Long-term Debt (Continued)**

***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 are typically paid from the funds from which the individual employee's salaries and wages are paid. 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 \$1,665,700. During the current year, net revenue of the system was \$1,988,744 compared to the annual debt requirements of \$409,650.

***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	
2020	\$ 774,146	\$ 301,758	\$ 925,000	\$ 268,543	\$ 2,269,447
2021	729,725	282,106	935,000	237,572	2,184,403
2022	749,925	263,610	1,045,000	204,319	2,262,854
2023	767,600	244,641	1,205,000	165,785	2,383,026
2024	787,800	225,199	1,470,000	128,916	2,611,915
2025-2029	4,249,575	816,523	3,170,000	313,150	8,549,248
Thereafter	4,849,651	250,734	975,000	87,763	6,163,148
Total	<u>\$ 12,908,422</u>	<u>\$ 2,384,571</u>	<u>\$ 9,725,000</u>	<u>\$ 1,406,048</u>	<u>\$ 26,424,041</u>

Years Ending June 30	Business-type Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2020	\$ 390,000	\$ 149,542	\$ 365,000	\$ 77,196	\$ 981,738
2021	405,000	139,729	375,000	64,221	983,950
2022	410,000	129,604	395,000	50,796	985,400
2023	425,000	119,292	415,000	36,569	995,861
2024	435,000	108,604	-	-	543,604
2025-2029	2,345,000	373,458	-	-	2,718,458
Thereafter	1,634,167	90,292	-	-	1,724,459
Total	<u>\$ 6,044,167</u>	<u>\$ 1,110,521</u>	<u>\$ 1,550,000</u>	<u>\$ 228,782</u>	<u>\$ 8,933,470</u>

***Assets Pledged as Collateral***

***Direct Borrowings and Direct Placements***

The City's outstanding installment loans are secured with collateral of vehicles.

**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, 2019, the drainage district had issued \$24,477,519 of debt to make improvements to the system. The total estimated cost of the project to be funded with this debt is \$36,170,000, and it is expected to be completed in 2021. The City of Grosse Pointe Woods, Michigan is responsible for funding 50.5 percent of the project. As of June 30, 2019, the City has recorded \$12,846,326 for its share of the debt and completed capital improvements. In addition to the debt, the drainage district has begun collecting a prefunding of anticipated cost overruns. As of June 30, 2019, the City has recorded \$298,771 in prepaid items related to these collections. 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, 2019	June 30, 2019
Inactive plan members or beneficiaries currently receiving benefits	100	58
Inactive plan members entitled to but not yet receiving benefits	14	-
Active plan members	74	48
Total employees covered by the plan	<u>188</u>	<u>106</u>

**Note 8 - Pension Plans (Continued)**

**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, 2019, the average active employee contribution rate was 5.6 percent and 0.0 percent of covered payroll, and the City's contribution rate was 25.8 percent and 12.4 percent of covered payroll for the various employee groups for the Pension Plan and Supplemental Annuity, respectively.

**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 NPL	June 30, 2019	June 30, 2019

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
<b>Balance at July 1, 2018</b>	\$ 81,349,180	\$ 37,828,401	\$ 43,520,779
Changes for the year:			
Service cost	1,419,981	-	1,419,981
Interest	4,115,769	-	4,115,769
Differences between expected and actual experience	61,396	-	61,396
Changes in assumptions	(2,730,629)	-	(2,730,629)
Contributions - Employer	-	1,215,450	(1,215,450)
Contributions - Employee	-	263,799	(263,799)
Net investment income	-	1,291,520	(1,291,520)
Benefit payments, including refunds	(3,346,109)	(3,346,109)	-
Administrative expenses	-	(58,125)	58,125
Net changes	(479,592)	(633,465)	153,873
<b>Balance at June 30, 2019</b>	<b>\$ 80,869,588</b>	<b>\$ 37,194,936</b>	<b>\$ 43,674,652</b>

The plan's fiduciary net position represents 45.99 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
<b>Balance at July 1, 2018</b>	\$ 3,975,868	\$ 1,751,891	\$ 2,223,977
Changes for the year:			
Service cost	47,748	-	47,748
Interest	259,909	-	259,909
Differences between expected and actual experience	136,155	-	136,155
Changes in assumptions	(57,257)	-	(57,257)
Contributions - Employer	-	311,792	(311,792)
Net investment income	-	59,811	(59,811)
Benefit payments, including refunds	(275,592)	(275,592)	-
Administrative expenses	-	(2,693)	2,693
Net changes	110,963	93,318	17,645
<b>Balance at June 30, 2019</b>	<u>\$ 4,086,831</u>	<u>\$ 1,845,209</u>	<u>\$ 2,241,622</u>

The plan's fiduciary net position represents 45.15 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, 2019, the City Council recognized pension expense of \$8,679,557 from the pension plan and \$359,202 from the supplemental annuity.

At June 30, 2019, 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	\$ 994,724	\$ (521,454)
Changes in assumptions	9,427,206	(3,017,201)
Net difference between projected and actual earnings on pension plan investments	2,034,050	-
Total	<u>\$ 12,455,980</u>	<u>\$ (3,538,655)</u>

At June 30, 2019, 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	\$ 187,192	\$ (77,406)
Changes in assumptions	296,946	(43,941)
Net difference between projected and actual earnings on pension plan investments	85,496	-
Total	<u>\$ 569,634</u>	<u>\$ (121,347)</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
2020	\$ 4,311,816	\$ 164,988
2021	4,452,697	203,624
2022	(160,303)	58,720
2023	313,115	20,955
Total	<u>\$ 8,917,325</u>	<u>\$ 448,287</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%
Investment rate of return (net of investment expenses)	7.75%	7.75%
Mortality rates	RP-2014 Mortality Table with MP 2017	RP-2014 Mortality Table with MP 2017

**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 5.21 and 6.86 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 3.13 percent. The source of that bond rate was the Fidelity Index 20 Year GO AA Index as of June 30, 2019. 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, 2019 through July 1, 2050 and from June 30, 2019 through July 1, 2065, 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, 2019

**Note 8 - Pension Plans (Continued)**

**Investment Rate of Return**

Best estimates of geometric real rates of return as of the June 30, 2019 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 %	5.00 %
U.S. mid-cap equity	5.00	6.00
U.S. small-cap equity	7.00	6.50
International developed equity	10.00	6.50
International developed small cap	5.00	6.50
International emerging markets	10.00	9.00
U.S. core bonds	10.00	3.50
Public real estate (REITS)	3.00	5.00
High-yield bonds	10.00	5.00
Commodities	3.00	4.00
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 (4.21 or 5.86 percent for the Pension Plan or Supplemental Annuity, respectively) or 1 percentage point higher (6.21 or 7.86 percent for the Pension Plan or Supplemental Annuity, respectively) than the current rate:

	1 Percent Decrease	Current Discount Rate	1 Percent Increase
Net pension liability of the City of Grosse Pointe Woods Pension Plan	\$ 56,665,881	\$ 43,674,652	\$ 33,284,853
Net pension liability of the City of Grosse Pointe Woods Pension Plan Supplemental Annuity	2,720,572	2,241,622	1,843,550

**Assumption Changes**

The discount rate was updated to reflect the current and expected economic conditions. The mortality tables were updated to reflect current mortality expectations.

June 30, 2019

**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, 2019:

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, 2019, the annual money-weighted rate of return on pension plan investments and the supplemental annuity investments, net of pension plan investment expense, was (0.62) 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, 2018. 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	\$80,869,588	\$37,194,936	\$43,674,652	\$12,455,980	\$ 3,538,655	\$ 8,679,557
City of Grosse Pointe Woods Pension Plan Supplemental Annuity	4,086,831	1,845,209	2,241,622	569,634	121,347	359,202
Total	<u>\$84,956,419</u>	<u>\$39,040,145</u>	<u>\$45,916,274</u>	<u>\$13,025,614</u>	<u>\$ 3,660,002</u>	<u>\$ 9,038,759</u>

**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 Care 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 Health Plan and shall be the custodian of the cash and investments. The city attorney shall be legal advisor to the Retiree Health Care Board.

**Benefits Provided**

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, 2019
Inactive plan members or beneficiaries currently receiving benefits	98
Inactive plan members entitled to but not yet receiving benefits	14
Active plan members	<u>47</u>
Total plan members	<u><u>159</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, 2019, the City's contribution was \$1,557,027. Certain plan members are required to contribute based on the terms of their union contract. Total employee contributions were \$54,911.

**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, 2019 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, 2019 measurement date. The June 30, 2019 measurement date total OPEB liability was determined by an actuarial valuation performed as of June 30, 2018.

**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
<b>Balance at July 1, 2018</b>	\$ 36,208,030	\$ 701,126	\$ 35,506,904
Changes for the year:			
Service cost	448,946	-	448,946
Interest	2,426,171	-	2,426,171
Differences between expected and actual experience	(1,375,107)	-	(1,375,107)
Changes in assumptions	(1,046,230)	-	(1,046,230)
Contributions - Employer	-	1,557,027	(1,557,027)
Contributions - Employee	-	54,911	(54,911)
Net investment income	-	56,866	(56,866)
Benefit payments, including refunds	(1,507,028)	(1,507,028)	-
Net changes	(1,053,248)	161,776	(1,215,024)
<b>Balance at June 30, 2019</b>	<u>\$ 35,154,782</u>	<u>\$ 862,902</u>	<u>\$ 34,291,880</u>

The plan's fiduciary net position represents 2.45 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, 2019, the City recognized OPEB expense of \$(8,966,824).

At June 30, 2019, 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	\$ -	\$ (1,812,631)
Changes in assumptions	-	(7,143,877)
Net difference between projected and actual earnings on OPEB plan investments	-	(13,717)
Total	<u>\$ -</u>	<u>\$ (8,970,225)</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
2020	\$ (8,474,780)
2021	(486,807)
2022	(2,539)
2023	(6,099)
Total	<u>\$ (8,970,225)</u>

**Note 10 - Other Postemployment Benefit Plan (Continued)**

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using an investment rate of return (net of investment expenses) of 7.0 percent; a healthcare 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 RP-2014 mortality tables with the MP-2017 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, 2019 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 %	5.00 %
U.S. mid-cap equity	15.00	6.00
U.S. small-cap equity	10.00	6.00
International developed equity	15.00	6.50
Emerging markets equity	5.00	9.00
U.S. core bonds	25.00	3.50
TIPs	5.00	3.20

**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 Percent Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percent Increase (8.0%)
Net OPEB liability of the Grosse Pointe Woods Retiree Healthcare Plan	\$ 40,053,985	\$ 34,291,880	\$ 29,717,252

**Note 10 - Other Postemployment Benefit Plan (Continued)**

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following presents the net OPEB liability of the City, calculated using the healthcare 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 healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (5.0 - 4.0%)	Current Healthcare Cost Trend Rate (6.0 - 5.0%)	1 Percent Increase (7.0 - 6.0%)
Net OPEB liability of the Grosse Pointe Woods Retiree Healthcare Plan	\$ 29,663,450	\$ 34,291,880	\$ 40,449,799

***Assumption Changes***

The long-term rate of return and the discount rate for the plan changed from 6.80 percent to 7.00 percent.

***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, 2019:

**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	100.00 %

***Rate of Return***

For the year ended June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 6.68 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 "Plan") created in accordance with Internal Revenue Code Section 457. The 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, 2019, employees who had elected to participate in the Plan had total assets of \$5,082,582.

**Note 11 - Deferred Compensation (Continued)**

All amounts of compensation deferred under the 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 healthcare plan:

	Pension Trust Fund	Supplementary Annuity Fund	OPEB Trust Fund
<b>Statement of Net Position</b>			
Cash and cash equivalents	\$ 515,891	\$ 25,593	\$ 2,838
Stocks	16,120,718	799,735	-
Corporate bonds	7,698,436	381,913	-
Bonds	12,859,484	637,948	860,064
Other assets	407	20	-
Net position	<u>\$ 37,194,936</u>	<u>\$ 1,845,209</u>	<u>\$ 862,902</u>
<b>Statement of Changes in Net Position</b>			
Investment income	\$ 1,295,892	\$ 62,668	\$ 56,865
Contributions	1,479,249	311,792	104,911
Benefit payments	3,346,109	275,592	-
Other deductions	62,497	5,550	-
Net change in net position	<u>\$ (633,465)</u>	<u>\$ 93,318</u>	<u>\$ 161,776</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 \$41,120 at June 30, 2019 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	
	2019	2018	2019	2018
Estimated liability - Beginning of year	\$ 275,915	\$ 247,457	\$ 210,999	\$ 70,887
Estimated claims incurred, including changes in estimates	179,888	255,849	1,184,810	1,366,833
Claim payments	(259,328)	(227,391)	(1,149,236)	(1,226,721)
Estimated liability - End of year	<u>\$ 196,475</u>	<u>\$ 275,915</u>	<u>\$ 246,573</u>	<u>\$ 210,999</u>



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## Required Supplemental Information

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# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2019

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes:				
Property taxes	\$ 10,068,174	\$ 10,004,175	\$ 10,008,480	\$ 4,305
Franchise fees	310,000	356,888	336,174	(20,714)
Intergovernmental -				
State and local sources:				
State-shared revenue	1,632,252	1,618,517	1,662,537	44,020
Other state grants	20,000	17,127	8,355	(8,772)
Charges for services	588,738	626,807	662,376	35,569
Fines and forfeitures	400,000	305,182	305,384	202
Investment income	60,000	205,955	244,542	38,587
Other revenue	164,860	456,546	475,031	18,485
<b>Total revenue</b>	<b>13,244,024</b>	<b>13,591,197</b>	<b>13,702,879</b>	<b>111,682</b>
<b>Expenditures</b>				
Current services:				
General government:				
City Council	62,930	58,106	55,356	2,750
City comptroller	407,650	378,896	381,425	(2,529)
Commission	18,417	12,083	12,083	-
Municipal court	428,443	364,229	367,290	(3,061)
Assessing	136,054	95,183	79,056	16,127
Clerk	384,916	401,767	402,416	(649)
Building inspection	495,383	480,886	484,591	(3,705)
Attorney	243,500	192,046	254,204	(62,158)
Administration	252,885	248,949	249,647	(698)
Fringe benefits	316,354	244,650	239,580	5,070
Other services and charges	210,889	316,879	351,958	(35,079)
Public safety:				
Police service	3,454,575	3,232,998	3,258,691	(25,693)
Fire prevention and inspection	50,405	38,144	36,816	1,328
Fringe benefits	1,524,270	1,460,904	1,465,436	(4,532)
Support services	147,095	114,226	118,651	(4,425)
Administration	335,203	307,486	303,257	4,229
Other services and charges	518,015	435,611	438,037	(2,426)
Public works:				
Management information system	458,913	318,470	317,944	526
Street maintenance	206,998	379,050	383,422	(4,372)
Other services and charges	1,025,094	1,137,739	1,184,336	(46,597)
Supervision and engineering	92,605	89,788	88,962	826
Forestry services	121,399	155,860	157,994	(2,134)
Fringe benefits	188,227	216,194	223,177	(6,983)
City building and grounds	171,629	209,589	211,059	(1,470)
Parks and recreation:				
Other services and charges	30,895	30,655	30,655	-
Supervision and engineering	12,811	13,493	13,487	6
Lake Front Park	1,380,484	1,220,400	1,264,746	(44,346)
Fringe benefits	118,100	105,321	105,843	(522)
Community center	321,209	254,642	228,967	25,675
City parks	61,606	100,517	95,813	4,704
<b>Total expenditures</b>	<b>13,176,954</b>	<b>12,614,761</b>	<b>12,804,899</b>	<b>(190,138)</b>
<b>Excess of Revenue Over Expenditures</b>	<b>67,070</b>	<b>976,436</b>	<b>897,980</b>	<b>(78,456)</b>
<b>Other Financing Uses - Transfers out</b>	<b>(698,814)</b>	<b>(2,732,257)</b>	<b>(2,642,427)</b>	<b>89,830</b>
<b>Net Change in Fund Balance</b>	<b>(631,744)</b>	<b>(1,755,821)</b>	<b>(1,744,447)</b>	<b>11,374</b>
<b>Fund Balance - Beginning of year</b>	<b>8,191,080</b>	<b>8,191,080</b>	<b>8,191,080</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 7,559,336</b>	<b>\$ 6,435,259</b>	<b>\$ 6,446,633</b>	<b>\$ 11,374</b>

# City of Grosse Pointe Woods, Michigan

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

	<b>Last Six Fiscal Years</b>					
	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service cost	\$ 1,419,981	\$ 872,705	\$ 812,794	\$ 893,380	\$ 692,961	\$ 675,799
Interest	4,115,769	3,739,452	3,713,413	3,802,189	3,521,128	3,499,326
Differences between expected and actual experience	61,396	1,898,141	(1,943,674)	(509,341)	501,262	(579,977)
Changes in assumptions	(2,730,629)	17,877,664	(3,946,934)	7,000,034	5,686,156	-
Benefit payments, including refunds	(3,346,109)	(3,354,997)	(3,215,776)	(3,187,512)	(3,315,548)	(3,092,014)
<b>Net Change in Total Pension Liability</b>	(479,592)	21,032,965	(4,580,177)	7,998,750	7,085,959	503,134
<b>Total Pension Liability - Beginning of year</b>	81,349,180	60,316,215	64,896,392	56,897,642	49,811,683	49,308,549
<b>Total Pension Liability - End of year</b>	<b>\$ 80,869,588</b>	<b>\$ 81,349,180</b>	<b>\$ 60,316,215</b>	<b>\$ 64,896,392</b>	<b>\$ 56,897,642</b>	<b>\$ 49,811,683</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 1,215,450	\$ 1,230,649	\$ 1,076,052	\$ 925,683	\$ 889,829	\$ 888,696
Contributions - Member	263,799	249,835	243,096	252,579	258,967	275,808
Net investment income (loss)	1,291,520	2,128,175	3,992,724	(1,359,930)	15,073	6,669,874
Administrative expenses	(3,346,109)	(62,843)	(37,168)	(51,765)	(69,537)	(44,753)
Benefit payments, including refunds	(58,125)	(3,354,997)	(3,215,776)	(3,187,512)	(3,315,548)	(3,092,015)
Other	-	22,728	12,254	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	(633,465)	213,547	2,071,182	(3,420,945)	(2,221,216)	4,697,610
<b>Plan Fiduciary Net Position - Beginning of year</b>	37,828,401	37,614,854	35,543,672	38,964,617	41,185,833	36,488,223
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 37,194,936</b>	<b>\$ 37,828,401</b>	<b>\$ 37,614,854</b>	<b>\$ 35,543,672</b>	<b>\$ 38,964,617</b>	<b>\$ 41,185,833</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 43,674,652</b>	<b>\$ 43,520,779</b>	<b>\$ 22,701,361</b>	<b>\$ 29,352,720</b>	<b>\$ 17,933,025</b>	<b>\$ 8,625,850</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	45.99 %	46.50 %	62.36 %	55.02 %	68.48 %	82.69 %
<b>Covered Payroll</b>	\$ 4,716,600	\$ 4,544,155	\$ 4,493,845	\$ 4,592,611	\$ 4,651,563	\$ 4,411,702
<b>City's Net Pension Liability as a Percentage of Covered Payroll</b>	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 1994 uninsured pension mortality table to RP 2014 Healthy Annuitant Mortality Table, and the discount rate changed from 8.0 to 6.82 percent

2016: Changed 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 discount rate to 6.33 percent

2018: Changed 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

**City of Grosse Pointe Woods, Michigan**

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

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	<b>Last Six Fiscal Years Years Ended June 30</b>					
	<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	(0.62)%	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.

## City of Grosse Pointe Woods, Michigan

### Required Supplemental Information Schedule of Pension Contributions Pension Plan

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 1,215,000	\$ 1,231,000	\$ 1,076,000	\$ 926,000	\$ 890,000	\$ 889,000	\$ 768,000	\$ 743,000	\$ 786,000	\$ 452,000
Contributions in relation to the actuarially determined contribution	1,215,000	1,231,000	1,076,000	926,000	890,000	889,000	768,000	743,000	786,000	452,000
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	<b>\$ 4,716,600</b>	<b>\$ 4,544,155</b>	<b>\$ 4,494,000</b>	<b>\$ 4,592,000</b>	<b>\$ 4,652,000</b>	<b>\$ 5,210,000</b>	<b>\$ 5,249,000</b>	<b>\$ 5,546,000</b>	<b>\$ 6,214,000</b>	<b>\$ 5,739,000</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>25.76 %</b>	<b>27.09 %</b>	<b>23.94 %</b>	<b>20.17 %</b>	<b>19.13 %</b>	<b>17.06 %</b>	<b>14.63 %</b>	<b>13.40 %</b>	<b>12.65 %</b>	<b>7.88 %</b>

#### 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 percent of payroll - Open
Remaining amortization period	25 years
Asset valuation method	Five-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

# City of Grosse Pointe Woods, Michigan

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

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

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 1994 uninsured pension mortality table to 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 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 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

# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Schedule of Pension Contributions Supplemental Annuity

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 311,792	\$ 298,000	\$ 290,000	\$ 297,360	\$ 286,439	\$ 277,776	\$ 245,862	\$ 238,579	\$ 227,345	\$ 213,202
Contributions in relation to the actuarially determined contribution	<u>311,792</u>	<u>298,000</u>	<u>290,000</u>	<u>297,360</u>	<u>286,439</u>	<u>277,776</u>	<u>245,862</u>	<u>238,579</u>	<u>227,345</u>	<u>213,202</u>
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Covered Payroll</b>	\$ 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	\$ 3,085,293
<b>Contributions as a Percentage of Covered Payroll</b>	12.35 %	13.35 %	12.84 %	12.67 %	12.14 %	12.64 %	10.35 %	9.05 %	8.21 %	6.91 %

### 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 the contributions are reported. Covered payroll is as of June 30 of the fiscal year two years prior. 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

## City of Grosse Pointe Woods, Michigan

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

	<b>Last Two Fiscal Years</b>	
	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 448,946	\$ 1,861,554
Interest	2,426,171	1,973,036
Differences between expected and actual experience	(1,375,107)	(3,809,187)
Changes in assumptions	(1,046,230)	(25,133,680)
Benefit payments, including refunds	(1,507,028)	(1,578,411)
<b>Net Change in Total OPEB Liability</b>	(1,053,248)	(26,686,688)
<b>Total OPEB Liability - Beginning of year</b>	36,208,030	62,894,718
<b>Total OPEB Liability - End of year</b>	<b>\$ 35,154,782</b>	<b>\$ 36,208,030</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 1,557,027	\$ 1,628,411
Contributions - Active and inactive plan members not yet receiving benefits	54,911	63,942
Net investment income	56,866	4,590
Benefit payments, including refunds	(1,507,028)	(1,578,411)
<b>Net Change in Plan Fiduciary Net Position</b>	161,776	118,532
<b>Plan Fiduciary Net Position - Beginning of year</b>	701,126	582,594
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 862,902</b>	<b>\$ 701,126</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 34,291,880</b>	<b>\$ 35,506,904</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	2.45 %	1.94 %
<b>Covered Payroll</b>	\$ 3,618,888	\$ 3,333,571
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	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**

For plan year 2018, the mortality assumptions were updated to the RP 2014 fully generational mortality using projection scale MP 2017, and the long-term rate of return and the discount rate for the plan changed from 3.50 percent to 6.80 percent due to a change in investment portfolio.

For plan year 2019, the long-term rate of return and the discount rate for the plan changed from 6.80 percent to 7.00 percent.



# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Schedule of OPEB Contributions

### Last Ten Fiscal Years Years Ended June 30

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 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	\$ 4,873,940
Contributions in relation to the actuarially determined contribution	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	1,958,858
<b>Contribution Deficiency</b>	<b><u>\$ (1,568,964)</u></b>	<b><u>\$ (1,455,505)</u></b>	<b><u>\$ (1,757,670)</u></b>	<b><u>\$ (2,091,357)</u></b>	<b><u>\$ (2,004,075)</u></b>	<b><u>\$ (2,150,657)</u></b>	<b><u>\$ (2,734,990)</u></b>	<b><u>\$ (2,883,003)</u></b>	<b><u>\$ (3,312,197)</u></b>	<b><u>\$ (2,915,082)</u></b>
<b>Covered Payroll</b>	\$ 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	\$ 5,739,000
<b>Contributions as a Percentage of Covered Payroll</b>	43.03 %	48.85 %	32.77 %	36.49 %	34.78 %	25.57 %	27.77 %	20.71 %	28.66 %	34.13 %

#### 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.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	30 years
Asset valuation method	Market
Healthcare cost trend rates	8.5 percent, graded down to 4.5 percent in 0.5 percent increments over eight years
Salary increase	N/A
Investment rate of return	3.5 percent
Mortality	RP 2014

**City of Grosse Pointe Woods, Michigan**

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

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**Last Two Fiscal Years  
Years Ended June 30**

	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return - Net of investment expense	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>
Amounts per operating statement	\$ 14,370,063	\$ 14,780,053
Local Street Fund budgeted separately from the General Fund	(660,042)	(1,975,154)
Cable franchise funds budgeted separately from the General Fund	(7,142)	-
	<u>\$ 13,702,879</u>	<u>\$ 12,804,899</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>
General government	\$ 2,793,674	\$ 2,877,606	\$ (83,932)
Public safety	5,589,369	5,620,888	(31,519)
Public works	2,506,690	2,566,894	(60,204)
Parks and recreation	1,725,028	1,739,511	(14,483)

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## Other Supplemental Information

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### ***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 monies expended to maintain and operate an emergency response system. Monies 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 monies 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 monies 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
<b>Assets</b>						
Cash and investments	\$ 993,820	\$ 529,080	\$ 47,406	\$ 3,294	\$ 89,662	\$ 25,062
Receivables:						
Property taxes receivable	-	20,268	-	-	-	-
Accrued interest receivable	-	1,052	-	-	-	-
Other receivables	6,297	-	-	-	-	-
Due from other governments	178,556	-	-	3,375	62,213	-
Prepaid items and other assets	5,191	1,918	-	-	971	-
<b>Total assets</b>	<b>\$ 1,183,864</b>	<b>\$ 552,318</b>	<b>\$ 47,406</b>	<b>\$ 6,669</b>	<b>\$ 152,846</b>	<b>\$ 25,062</b>
<b>Liabilities</b>						
Accounts payable	\$ 28,805	\$ 39,983	\$ -	\$ -	\$ 282	\$ -
Advances from other funds	-	339,644	-	-	-	-
Accrued liabilities and other	5,882	18,760	-	-	2,729	-
Unearned revenue	-	-	-	-	-	-
Provision for claims	20,151	6,359	-	-	3,179	-
<b>Total liabilities</b>	<b>54,838</b>	<b>404,746</b>	<b>-</b>	<b>-</b>	<b>6,190</b>	<b>-</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>1,664</b>	<b>-</b>	<b>-</b>	<b>3,375</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>56,502</b>	<b>404,746</b>	<b>-</b>	<b>3,375</b>	<b>6,190</b>	<b>-</b>
<b>Fund Balances</b>						
Nonspendable	5,191	1,918	-	-	971	-
Restricted:						
Roads	1,122,171	-	-	-	-	-
Public safety	-	-	47,406	-	-	25,062
Debt service	-	-	-	-	-	-
Grants	-	-	-	3,294	-	-
Community development	-	-	-	-	-	-
Solid waste	-	145,654	-	-	-	-
Capital improvement	-	-	-	-	-	-
Assigned	-	-	-	-	145,685	-
<b>Total fund balances</b>	<b>1,127,362</b>	<b>147,572</b>	<b>47,406</b>	<b>3,294</b>	<b>146,656</b>	<b>25,062</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,183,864</b>	<b>\$ 552,318</b>	<b>\$ 47,406</b>	<b>\$ 6,669</b>	<b>\$ 152,846</b>	<b>\$ 25,062</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2019

Special Revenue Funds			Debt Service Funds		Capital Project Funds		Total
Parkway Beautification Fund	2015 Road Bond Construction Fund	MIDC Grant	2015 Road Bond Debt Service Fund	2018 Capital Improvement Bond Fund	Municipal Improvement Fund	Capital Improvement Fund	
\$ 187,614	\$ 269,000	\$ 19,123	\$ 62,564	\$ 6,567	\$ 142,516	\$ 623,389	\$ 2,999,097
-	-	-	35,163	-	-	-	55,431
-	-	-	-	-	-	-	1,052
-	-	-	-	-	-	-	6,297
-	-	-	-	-	-	-	244,144
1,000	-	-	-	-	-	-	9,080
<b>\$ 188,614</b>	<b>\$ 269,000</b>	<b>\$ 19,123</b>	<b>\$ 97,727</b>	<b>\$ 6,567</b>	<b>\$ 142,516</b>	<b>\$ 623,389</b>	<b>\$ 3,315,101</b>
\$ 408	\$ -	\$ 620	\$ 4	\$ -	\$ 58,187	\$ 600	\$ 128,889
-	-	-	-	-	-	-	339,644
-	-	-	10,342	-	-	-	37,713
-	-	18,503	-	-	-	-	18,503
-	-	-	-	-	-	-	29,689
408	-	19,123	10,346	-	58,187	600	554,438
-	-	-	-	-	-	-	5,039
408	-	19,123	10,346	-	58,187	600	559,477
1,000	-	-	-	-	-	-	9,080
-	269,000	-	-	-	-	-	1,391,171
-	-	-	-	-	-	-	72,468
-	-	-	87,381	6,567	-	-	93,948
-	-	-	-	-	-	-	3,294
92,022	-	-	-	-	-	-	92,022
-	-	-	-	-	-	-	145,654
-	-	-	-	-	-	622,789	622,789
95,184	-	-	-	-	84,329	-	325,198
188,206	269,000	-	87,381	6,567	84,329	622,789	2,755,624
<b>\$ 188,614</b>	<b>\$ 269,000</b>	<b>\$ 19,123</b>	<b>\$ 97,727</b>	<b>\$ 6,567</b>	<b>\$ 142,516</b>	<b>\$ 623,389</b>	<b>\$ 3,315,101</b>



# 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
<b>Revenue</b>						
Property taxes	\$ -	\$ 1,787,588	\$ -	\$ -	\$ -	\$ -
Intergovernmental:						
Federal grants	-	-	-	44,670	-	-
State and local sources:						
State-shared revenue	-	10,036	-	-	-	-
Act 51 gas and weight tax	1,026,021	-	-	-	-	-
Other state grants	-	-	5,149	-	-	-
Charges for services	-	-	-	-	-	-
Investment income	17,815	23,861	-	-	-	-
Other revenue	48,357	1,070	45	-	106,161	1,546
<b>Total revenue</b>	<b>1,092,193</b>	<b>1,822,555</b>	<b>5,194</b>	<b>44,670</b>	<b>106,161</b>	<b>1,546</b>
<b>Expenditures</b>						
Current services:						
General government	-	-	-	15,236	25,801	-
Public safety	-	-	3,555	-	74,930	2,323
Public works	748,433	1,579,882	-	-	-	-
Municipal improvement	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest on long-term debt	-	5,992	-	-	-	-
<b>Total expenditures</b>	<b>748,433</b>	<b>1,585,874</b>	<b>3,555</b>	<b>15,236</b>	<b>100,731</b>	<b>2,323</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>343,760</b>	<b>236,681</b>	<b>1,639</b>	<b>29,434</b>	<b>5,430</b>	<b>(777)</b>
<b>Other Financing Sources - Transfers in</b>						
Transfers in	-	-	-	-	-	-
New debt issued	-	-	-	-	-	-
Debt premium	-	-	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>343,760</b>	<b>236,681</b>	<b>1,639</b>	<b>29,434</b>	<b>5,430</b>	<b>(777)</b>
<b>Fund Balances - Beginning of year</b>	<b>783,602</b>	<b>(89,109)</b>	<b>45,767</b>	<b>(26,140)</b>	<b>141,226</b>	<b>25,839</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,127,362</b>	<b>\$ 147,572</b>	<b>\$ 47,406</b>	<b>\$ 3,294</b>	<b>\$ 146,656</b>	<b>\$ 25,062</b>

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

Year Ended June 30, 2019

Special Revenue Funds			Debt Service Funds		Capital Project Funds		Total
Parkway Beautification Fund	2015 Road Bond Construction	MIDC Grant	2015 Road Bond Debt Service Fund	2018 Capital Improvement Bond Fund	Municipal Improvement Fund	Capital Improvement Fund	
\$ -	\$ -	\$ -	\$ 1,054,851	\$ -	\$ -	\$ -	\$ 2,842,439
-	-	-	-	-	-	-	44,670
-	-	-	-	-	-	-	10,036
-	-	-	-	-	-	-	1,026,021
-	-	8,025	-	-	430,105	-	443,279
-	-	-	-	-	-	187,747	187,747
-	629	-	-	-	-	-	42,305
56,910	-	-	-	-	30,588	-	244,677
56,910	629	8,025	1,054,851	-	460,693	187,747	4,841,174
-	-	8,575	-	-	-	1,574,431	1,624,043
-	-	-	-	-	-	13,472	94,280
-	2,772	-	-	-	-	221,292	2,552,379
-	-	-	-	-	883,656	25,681	909,337
41,156	-	-	-	-	-	228,264	269,420
-	-	-	750,000	-	-	74,103	824,103
-	-	-	211,959	66,350	-	-	284,301
41,156	2,772	8,575	961,959	66,350	883,656	2,137,243	6,557,863
15,754	(2,143)	(550)	92,892	(66,350)	(422,963)	(1,949,496)	(1,716,689)
-	-	550	-	72,917	277,380	10,500	361,347
-	-	-	-	-	-	2,500,000	2,500,000
-	-	-	-	-	-	147,330	147,330
-	-	550	-	72,917	277,380	2,657,830	3,008,677
15,754	(2,143)	-	92,892	6,567	(145,583)	708,334	1,291,988
172,452	271,143	-	(5,511)	-	229,912	(85,545)	1,463,636
<b>\$ 188,206</b>	<b>\$ 269,000</b>	<b>\$ -</b>	<b>\$ 87,381</b>	<b>\$ 6,567</b>	<b>\$ 84,329</b>	<b>\$ 622,789</b>	<b>\$ 2,755,624</b>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 1,853,426	\$ 2,313,581	\$ 2,310,860	\$ (2,721)
Intergovernmental	-	-	5,783	5,783
Investment income	1,000	5,000	69,942	64,942
Total revenue	1,854,426	2,318,581	2,386,585	68,004
<b>Expenditures</b>				
Current services - Public works	1,790,776	2,187,391	5,423,313	(3,235,922)
Debt service	62,226	114,624	247,440	(132,816)
Total expenditures	1,853,002	2,302,015	5,670,753	(3,368,738)
<b>Excess of Revenue Over (Under)</b>				
Expenditures	1,424	16,566	(3,284,168)	(3,300,734)
<b>Other Financing Sources</b> - New debt issued	-	-	3,849,087	3,849,087
<b>Net Change in Fund Balance</b>	1,424	16,566	564,919	548,353
<b>Fund Balance</b> - Beginning of year	2,566,468	2,566,468	2,566,468	-
<b>Fund Balance</b> - End of year	<u>\$ 2,567,892</u>	<u>\$ 2,583,034</u>	<u>\$ 3,131,387</u>	<u>\$ 548,353</u>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental	\$ 968,327	\$ 968,327	\$ 1,026,021	\$ 57,694
Investment income	200	200	17,815	17,615
Other revenue	38,300	38,300	48,357	10,057
Total revenue	1,006,827	1,006,827	1,092,193	85,366
<b>Expenditures</b>				
Current services -				
Public works:				
Street construction	279,500	279,500	156,536	122,964
Routine maintenance	333,046	333,046	191,927	141,119
Winter maintenance	27,900	27,900	20,401	7,499
Traffic services	3,100	3,100	521	2,579
Administration	143,173	143,173	143,072	101
Fringe benefits	288,274	288,274	235,976	52,298
Total expenditures	1,074,993	1,074,993	748,433	326,560
<b>Net Change in Fund Balance</b>	(68,166)	(68,166)	343,760	411,926
<b>Fund Balance - Beginning of year</b>	783,602	783,602	783,602	-
<b>Fund Balance - End of year</b>	<b>\$ 715,436</b>	<b>\$ 715,436</b>	<b>\$ 1,127,362</b>	<b>\$ 411,926</b>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 1,789,479	\$ 1,811,265	\$ 1,787,588	\$ (23,677)
Intergovernmental	-	-	10,036	10,036
Investment income	5,000	5,000	23,861	18,861
Other revenue	1,000	1,000	1,070	70
Total revenue	<u>1,795,479</u>	<u>1,817,265</u>	<u>1,822,555</u>	<u>5,290</u>
<b>Expenditures</b>				
Current services				
Public works:				
Other services and charges	1,609,170	1,609,170	1,444,016	165,154
Fringe benefits	137,399	137,399	135,866	1,533
Debt service	-	5,992	5,992	-
Total expenditures	<u>1,746,569</u>	<u>1,752,561</u>	<u>1,585,874</u>	<u>166,687</u>
<b>Excess of Revenue Over Expenditures</b>	48,910	64,704	236,681	171,977
<b>Other Financing Sources - Transfers in</b>	-	89,830	-	(89,830)
<b>Net Change in Fund Balance</b>	48,910	154,534	236,681	82,147
<b>Fund Balance - Beginning of year</b>	<u>(89,109)</u>	<u>(89,109)</u>	<u>(89,109)</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ (40,199)</u></u>	<u><u>\$ 65,425</u></u>	<u><u>\$ 147,572</u></u>	<u><u>\$ 82,147</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, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental	\$ 7,500	\$ 7,500	\$ 5,149	\$ (2,351)
Other revenue	200	200	45	(155)
Total revenue	7,700	7,700	5,194	(2,506)
<b>Expenditures - Current - Public safety</b>	13,200	13,200	3,555	9,645
<b>Net Change in Fund Balance</b>	(5,500)	(5,500)	1,639	7,139
<b>Fund Balance - Beginning of year</b>	45,767	45,767	45,767	-
<b>Fund Balance - End of year</b>	<u>\$ 40,267</u>	<u>\$ 40,267</u>	<u>\$ 47,406</u>	<u>\$ 7,139</u>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue - Federal grants</b>	\$ 43,769	\$ 43,769	\$ 44,670	\$ 901
<b>Expenditures - Current - General government</b>	43,769	43,769	15,236	28,533
<b>Net Change in Fund Balance</b>	-	-	29,434	29,434
<b>Fund Balance - Beginning of year</b>	(26,140)	(26,140)	(26,140)	-
<b>Fund Balance - End of year</b>	<b><u>(26,140)</u></b>	<b><u>(26,140)</u></b>	<b><u>3,294</u></b>	<b><u>29,434</u></b>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue - Other revenue</b>	\$ 52,034	\$ 52,034	\$ 106,161	\$ 54,127
<b>Expenditures</b>				
Current services:				
General government	29,075	29,075	25,801	3,274
Public safety	80,488	80,488	74,930	5,558
Total expenditures	109,563	109,563	100,731	8,832
<b>Net Change in Fund Balances</b>	(57,529)	(57,529)	5,430	62,959
<b>Fund Balance - Beginning of year</b>	141,226	141,226	141,226	-
<b>Fund Balance - End of year</b>	<b>\$ 83,697</b>	<b>\$ 83,697</b>	<b>\$ 146,656</b>	<b>\$ 62,959</b>



**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Other revenue	\$ 1,000	\$ 1,000	\$ 1,546	\$ 546
<b>Expenditures</b> - Current services - Public safety	4,000	4,000	2,323	1,677
<b>Net Change in Fund Balance</b>	(3,000)	(3,000)	(777)	2,223
<b>Fund Balance</b> - Beginning of year	25,839	25,839	25,839	-
<b>Fund Balance</b> - End of year	<u>\$ 22,839</u>	<u>\$ 22,839</u>	<u>\$ 25,062</u>	<u>\$ 2,223</u>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Investment income	\$ 750	\$ 750	\$ -	\$ (750)
Other revenue	56,500	56,500	56,910	410
Total revenue	57,250	57,250	56,910	(340)
<b>Expenditures - Current - Recreation and culture</b>	56,500	56,500	41,156	15,344
<b>Net Change in Fund Balance</b>	750	750	15,754	15,004
<b>Fund Balance - Beginning of year</b>	172,452	172,452	172,452	-
<b>Fund Balance - End of year</b>	<u>\$ 173,202</u>	<u>\$ 173,202</u>	<u>\$ 188,206</u>	<u>\$ 15,004</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, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Investment income	\$ -	\$ -	\$ 629	\$ 629
<b>Expenditures</b> - Current - Street construction	9,193	9,193	2,772	6,421
<b>Net Change in Fund Balance</b>	(9,193)	(9,193)	(2,143)	7,050
<b>Fund Balance</b> - Beginning of year	271,143	271,143	271,143	-
<b>Fund Balance</b> - End of year	<u>\$ 261,950</u>	<u>\$ 261,950</u>	<u>\$ 269,000</u>	<u>\$ 7,050</u>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue - State grants</b>	\$ -	\$ -	\$ 8,025	\$ 8,025
<b>Expenditures - Current - General government</b>	-	-	8,575	(8,575)
<b>Other Financing Sources - Transfer in</b>	-	-	550	550
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<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, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Property taxes	\$ 1,044,037	\$ 1,044,037	\$ 1,054,851	\$ 10,814
Investment income - Investment earnings	2,000	2,000	-	(2,000)
Total revenue	1,046,037	1,046,037	1,054,851	8,814
<b>Expenditures</b>				
Capital outlay	9,193	9,193	-	9,193
Debt service	961,459	961,459	961,959	(500)
Total expenditures	970,652	970,652	961,959	8,693
<b>Net Change in Fund Balance</b>	75,385	75,385	92,892	17,507
<b>Fund Balance - Beginning of year</b>	(5,511)	(5,511)	(5,511)	-
<b>Fund Balance - End of year</b>	<u><u>\$ 69,874</u></u>	<u><u>\$ 69,874</u></u>	<u><u>\$ 87,381</u></u>	<u><u>\$ 17,507</u></u>

**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, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Interest income	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
<b>Expenditures</b> - Debt service	72,917	72,917	66,350	6,567
<b>Excess of Expenditures Over Revenue</b>	(70,917)	(70,917)	(66,350)	4,567
<b>Other Financing Sources</b> - Transfers in	72,917	72,917	72,917	-
<b>Net Change in Fund Balance</b>	2,000	2,000	6,567	4,567
<b>Fund Balance</b> - Beginning of year	-	-	-	-
<b>Fund Balance</b> - End of year	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 6,567</u>	<u>\$ 4,567</u>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>	\$ 28,835	\$ 458,940	\$ 460,693	\$ 1,753
<b>Expenditures</b> - Current - Community and economic development	663,905	1,223,698	883,656	340,042
<b>Excess of Expenditures Over Revenue</b>	(635,070)	(764,758)	(422,963)	341,795
<b>Other Financing Sources</b> - Transfers in	587,070	637,380	277,380	(360,000)
<b>Net Change in Fund Balance</b>	(48,000)	(127,378)	(145,583)	(18,205)
<b>Fund Balance</b> - Beginning of year	229,912	229,912	229,912	-
<b>Fund Balance</b> - End of year	<u>\$ 181,912</u>	<u>\$ 102,534</u>	<u>\$ 84,329</u>	<u>\$ (18,205)</u>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue - Charges for services</b>	\$ 187,747	\$ 187,747	\$ 187,747	\$ -
<b>Expenditures</b>				
Current services:				
General government	1,574,431	1,574,431	1,574,431	-
Public safety	-	-	13,472	(13,472)
Public works	218,050	228,550	221,292	7,258
Municipal improvement	342,894	342,894	25,681	317,213
Parks and recreation	461,000	461,000	228,264	232,736
Debt service	76,400	76,400	74,103	2,297
Total expenditures	<u>2,672,775</u>	<u>2,683,275</u>	<u>2,137,243</u>	<u>546,032</u>
<b>Excess of Expenditures Over Revenue</b>	(2,485,028)	(2,495,528)	(1,949,496)	546,032
<b>Other Financing Sources</b>				
Transfers in	-	10,500	10,500	-
New debt issued	2,500,000	2,500,000	2,500,000	-
Debt premium	-	-	147,330	147,330
Total other financing sources	<u>2,500,000</u>	<u>2,510,500</u>	<u>2,657,830</u>	<u>147,330</u>
<b>Net Change in Fund Balance</b>	14,972	14,972	708,334	693,362
<b>Fund Balance - Beginning of year</b>	<u>(85,545)</u>	<u>(85,545)</u>	<u>(85,545)</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ (70,573)</u></u>	<u><u>\$ (70,573)</u></u>	<u><u>\$ 622,789</u></u>	<u><u>\$ 693,362</u></u>



**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b> - Investment income	\$ 3,500	\$ 3,500	\$ 7,142	\$ 3,642
<b>Expenditures</b> - Current - Public works	3,500	3,500	-	3,500
<b>Net Change in Fund Balance</b>	-	-	7,142	7,142
<b>Fund Balance</b> - Beginning of year	538,746	538,746	538,746	-
<b>Fund Balance</b> - End of year	<u>\$ 538,746</u>	<u>\$ 538,746</u>	<u>\$ 545,888</u>	<u>\$ 7,142</u>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
<b>Revenue</b>				
Intergovernmental	\$ 406,086	\$ 406,086	\$ 590,287	\$ 184,201
Investment income	500	500	33,492	32,992
Other revenue	129,092	129,092	36,263	(92,829)
Total revenue	535,678	535,678	660,042	124,364
<b>Expenditures</b>				
Current services -				
Public works:				
Management information system	320,440	320,440	245,488	74,952
Administration	166,898	166,898	167,467	(569)
Traffic services	10,400	10,400	1,942	8,458
Winter maintenance	61,100	61,100	58,660	2,440
Fringe benefits	434,775	2,244,111	1,501,597	742,514
Total expenditures	993,613	2,802,949	1,975,154	827,795
<b>Excess of Expenditures Over Revenue</b>	(457,935)	(2,267,271)	(1,315,112)	952,159
<b>Other Financing Sources - Transfers in</b>	457,935	2,267,271	2,281,080	13,809
<b>Net Change in Fund Balance</b>	-	-	965,968	965,968
<b>Fund Balance - Beginning of year</b>	426,212	426,212	426,212	-
<b>Fund Balance - End of year</b>	<u>\$ 426,212</u>	<u>\$ 426,212</u>	<u>\$ 1,392,180</u>	<u>\$ 965,968</u>

**City of Grosse Pointe Woods, Michigan**

**Other Supplemental Information  
Local Street Fund  
Fund-based Balance Sheet**

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	<b>June 30, 2019</b>
	<u>Local Street Fund</u>
<b>Assets</b>	
Cash and investments	\$ 2,071,842
Receivables	73,144
Prepaid items and other assets	<u>4,210</u>
Total assets	<u><b>\$ 2,149,196</b></u>
<b>Liabilities</b>	
Accounts payable	\$ 732,873
Accrued liabilities and other	5,067
Provision for claims	<u>19,076</u>
Total liabilities	757,016
<b>Fund Balances - Committed - Roads</b>	<u>1,392,180</u>
Total liabilities and fund balances	<u><b>\$ 2,149,196</b></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, 2019**

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Total Nonmajor Enterprise Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,546,572	\$ 61,250	\$ 132,031	\$ 1,739,853
Investments	-	103,776	-	103,776
Receivables - Accrued interest	6,073	428	-	6,501
Prepaid items and other assets	1,231	-	-	1,231
Total current assets	1,553,876	165,454	132,031	1,851,361
Noncurrent assets - Capital assets - Net	574,250	597,574	-	1,171,824
Total assets	2,128,126	763,028	132,031	3,023,185
<b>Deferred Outflows of Resources - Deferred pension costs</b>	201,067	113,501	-	314,568
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	17,551	122,162	-	139,713
Due to other funds	-	35,000	-	35,000
Accrued liabilities and other	5,433	13,895	-	19,328
Compensated absences	9,648	-	-	9,648
Total current liabilities	32,632	171,057	-	203,689
Noncurrent liabilities:				
Compensated absences	6,117	-	-	6,117
Net pension liability	690,700	397,971	-	1,088,671
Net OPEB liability	597,161	21,420	-	618,581
Total noncurrent liabilities	1,293,978	419,391	-	1,713,369
Total liabilities	1,326,610	590,448	-	1,917,058
<b>Deferred Inflows of Resources</b>				
Deferred pension cost reductions	60,255	32,245	-	92,500
Deferred OPEB cost reductions	156,208	5,603	-	161,811
Total deferred inflows of resources	216,463	37,848	-	254,311
<b>Net Position</b>				
Net investment in capital assets	574,250	597,574	-	1,171,824
Unrestricted	211,870	(349,341)	132,031	(5,440)
Total net position	<u>\$ 786,120</u>	<u>\$ 248,233</u>	<u>\$ 132,031</u>	<u>\$ 1,166,384</u>

**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, 2019**

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Total Nonmajor Enterprise Funds
<b>Operating Revenue</b>				
Fees and violations	\$ 442,731	\$ -	\$ -	\$ 442,731
Dockings and launching fees	-	194,478	-	194,478
Commodity sales	-	-	21,382	21,382
Other revenue	5,340	-	-	5,340
Total operating revenue	448,071	194,478	21,382	663,931
<b>Operating Expenses</b>				
General and administrative	344,190	159,119	47,233	550,542
Operation and maintenance	76,541	67,964	-	144,505
Depreciation	38,560	52,482	-	91,042
Total operating expenses	459,291	279,565	47,233	786,089
<b>Operating Loss</b>	(11,220)	(85,087)	(25,851)	(122,158)
<b>Nonoperating Revenue</b>	17,265	5,778	3,242	26,285
<b>Change in Net Position</b>	6,045	(79,309)	(22,609)	(95,873)
<b>Net Position - Beginning of year</b>	780,075	327,542	154,640	1,262,257
<b>Net Position - End of year</b>	<u>\$ 786,120</u>	<u>\$ 248,233</u>	<u>\$ 132,031</u>	<u>\$ 1,166,384</u>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds

**Year Ended June 30, 2019**

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Total Nonmajor Enterprise Funds
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 448,071	\$ 194,478	\$ 21,382	\$ 663,931
Receipts from interfund services and reimbursements	(60,490)	27,500	-	(32,990)
Payments to suppliers	(5,568)	(67,343)	-	(72,911)
Payments to employees and fringes	(248,871)	(89,877)	(47,233)	(385,981)
Net cash and cash equivalents provided by (used in) operating activities	133,142	64,758	(25,851)	172,049
<b>Cash Flows Used in Financing Activities -</b>				
Purchase of capital assets	(439,639)	(398,335)	-	(837,974)
<b>Cash Flows Provided by Investing Activities -</b>				
Interest received on investments	52,476	6,861	3,242	62,579
<b>Net Decrease in Cash and Cash Equivalents</b>	(254,021)	(326,716)	(22,609)	(603,346)
<b>Cash and Cash Equivalents - Beginning of year</b>	1,800,593	491,742	154,640	2,446,975
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 1,546,572</u>	<u>\$ 165,026</u>	<u>\$ 132,031</u>	<u>\$ 1,843,629</u>
<b>Classification of Cash and Cash Equivalents - Cash and investments</b>	<u>\$ 1,546,572</u>	<u>\$ 165,026</u>	<u>\$ 132,031</u>	<u>\$ 1,843,629</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>				
Operating loss	\$ (11,220)	\$ (85,087)	\$ (25,851)	\$ (122,158)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	38,560	52,482	-	91,042
Changes in assets and liabilities:				
Due to and from other funds	(35,490)	27,500	-	(7,990)
Prepaid and other assets	(742)	-	-	(742)
Net pension or OPEB asset	127,660	64,448	-	192,108
Accounts payable	15,949	5,415	-	21,364
Estimated claims liability	(1,575)	-	-	(1,575)
Total adjustments	144,362	149,845	-	294,207
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 133,142</u>	<u>\$ 64,758</u>	<u>\$ (25,851)</u>	<u>\$ 172,049</u>
<b>Significant Noncash Transactions - Purchase of capital assets in payables at year end</b>	\$ -	\$ 116,500	\$ -	\$ 116,500

***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, 2019**

	Motor Vehicle Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,100,062	\$ 37,932	\$ 1,137,994
Investments	1,058,744	209,379	1,268,123
Receivables - Accrued interest receivable	10,258	1,789	12,047
Prepaid items and other assets	2,898	53,378	56,276
Total current assets	2,171,962	302,478	2,474,440
Noncurrent assets - Capital assets - Net	1,481,673	-	1,481,673
Total assets	3,653,635	302,478	3,956,113
<b>Deferred Outflows of Resources</b> - Deferred pension costs	437,776	-	437,776
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	20,397	2,866	23,263
Accrued liabilities and other	5,775	-	5,775
Compensated absences	27,365	-	27,365
Provision for claims	6,359	196,475	202,834
Current portion of long-term debt	62,096	-	62,096
Total current liabilities	121,992	199,341	321,333
Noncurrent liabilities:			
Net pension liability	1,428,853	-	1,428,853
Net OPEB liability	898,747	-	898,747
Total liabilities	2,449,592	199,341	2,648,933
<b>Deferred Inflows of Resources</b>			
Deferred pension cost reductions	146,766	-	146,766
Deferred OPEB cost reductions	235,104	-	235,104
Total deferred inflows of resources	381,870	-	381,870
<b>Net Position</b>			
Net investment in capital assets	1,419,577	-	1,419,577
Unrestricted	(159,628)	103,137	(56,491)
Total net position	<b>\$ 1,259,949</b>	<b>\$ 103,137</b>	<b>\$ 1,363,086</b>

**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, 2019**

	Motor Vehicle Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Operating Revenue</b>			
Other revenue	\$ 3,400	\$ -	\$ 3,400
Charges to other funds	1,613,572	101,854	1,715,426
Total operating revenue	1,616,972	101,854	1,718,826
<b>Operating Expenses</b>			
Cost of insurance claims	5,400	20,599	25,999
General and administrative	226,619	3,059	229,678
Vehicle operation and maintenance	329,397	-	329,397
Depreciation	307,497	-	307,497
Total operating expenses	868,913	23,658	892,571
<b>Operating Income</b>	748,059	78,196	826,255
<b>Nonoperating Revenue (Expense)</b>			
Investment income	52,467	3,885	56,352
Interest expense	(7,972)	-	(7,972)
Loss on sale of assets	7,745	-	7,745
Total nonoperating revenue	52,240	3,885	56,125
<b>Change in Net Position</b>	800,299	82,081	882,380
<b>Net Position - Beginning of year</b>	459,650	21,056	480,706
<b>Net Position - End of year</b>	<b>\$ 1,259,949</b>	<b>\$ 103,137</b>	<b>\$ 1,363,086</b>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds

**Year Ended June 30, 2019**

	Motor Vehicle Fund	Workers' Compensation Fund	Total Internal Service Funds
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 3,400	\$ -	\$ 3,400
Receipts from interfund services and reimbursements	1,613,572	101,854	1,715,426
Payments to suppliers	(326,217)	1,792	(324,425)
Payments to employees and fringes	(303,509)	(7,071)	(310,580)
Claims paid	(5,395)	(96,027)	(101,422)
	981,851	548	982,399
<b>Net cash and cash equivalents provided by operating activities</b>			
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from sale of capital assets	7,745	-	7,745
Purchase of capital assets	(750,726)	-	(750,726)
Principal and interest paid on capital debt	(249,803)	-	(249,803)
	(992,784)	-	(992,784)
<b>Net cash and cash equivalents used in capital and related financing activities</b>			
<b>Cash Flows Provided by Investing Activities - Interest received on investments</b>			
	48,098	3,235	51,333
<b>Net Increase in Cash and Cash Equivalents</b>			
	37,165	3,783	40,948
<b>Cash and Cash Equivalents - Beginning of year</b>			
	2,121,641	243,528	2,365,169
<b>Cash and Cash Equivalents - End of year</b>			
	<b>\$ 2,158,806</b>	<b>\$ 247,311</b>	<b>\$ 2,406,117</b>
<b>Classification of Cash and Cash Equivalents - Cash and investments</b>			
	<b>\$ 2,158,806</b>	<b>\$ 247,311</b>	<b>\$ 2,406,117</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income	\$ 748,059	\$ 78,196	\$ 826,255
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation	307,497	-	307,497
Changes in assets and liabilities:			
Receivables	-	1,004	1,004
Prepaid and other assets	(2,150)	-	(2,150)
Net pension or OPEB asset	(80,123)	-	(80,123)
Accounts payable	8,563	788	9,351
Estimated claims liability	5	(79,440)	(79,435)
	233,792	(77,648)	156,144
<b>Total adjustments</b>			
	<b>\$ 981,851</b>	<b>\$ 548</b>	<b>\$ 982,399</b>
<b>Net cash and cash equivalents provided by operating activities</b>			

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 monies 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 healthcare 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, 2019**

	Pension Fund	Supplementary Annuity Fund	Other Postemployment Benefit Trust Fund	Total Pension and OPEB Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 515,891	\$ 25,593	\$ 2,838	\$ 544,322
Investments:				
Stocks	16,120,718	799,735	-	16,920,453
Corporate bonds	7,698,436	381,913	-	8,080,349
Pooled investments	12,859,484	637,948	860,064	14,357,496
Receivables - Accrued interest receivable	407	20	-	427
	<u>37,194,936</u>	<u>1,845,209</u>	<u>862,902</u>	<u>39,903,047</u>
Total assets				
	-	-	-	-
<b>Liabilities</b>				
	-	-	-	-
<b>Net Position Restricted for Pension and Other Employee Benefits</b>	<u><u>\$ 37,194,936</u></u>	<u><u>\$ 1,845,209</u></u>	<u><u>\$ 862,902</u></u>	<u><u>\$ 39,903,047</u></u>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Pension Fund	Supplementary Annuity Fund	Other Postemployment Benefit Trust Fund	Total Pension and OPEB Funds
<b>Additions</b>				
Investment income (loss):				
Interest and dividends	\$ 811,389	\$ 37,574	\$ 21,591	\$ 870,554
Net increase in fair value of investments	484,503	25,094	35,274	544,871
Investment-related expenses	(62,497)	(5,550)	-	(68,047)
Net investment income	1,233,395	57,118	56,865	1,347,378
Contributions:				
Employer contributions	1,215,450	311,792	50,000	1,577,242
Employee contributions	263,799	-	54,911	318,710
Total contributions	1,479,249	311,792	104,911	1,895,952
Total additions	2,712,644	368,910	161,776	3,243,330
<b>Deductions - Benefit payments</b>	3,346,109	275,592	-	3,621,701
<b>Net (Decrease) Increase in Net Position Held in Trust</b>	(633,465)	93,318	161,776	(378,371)
<b>Net Position Restricted for Pension and Other Employee Benefits - Beginning of year</b>	37,828,401	1,751,891	701,126	40,281,418
<b>Net Position Restricted for Pension and Other Employee Benefits - End of year</b>	<u>\$ 37,194,936</u>	<u>\$ 1,845,209</u>	<u>\$ 862,902</u>	<u>\$ 39,903,047</u>

**City of Grosse Pointe Woods, Michigan**

**Other Supplemental Information  
Statement of Assets and Liabilities  
Agency Funds**

**June 30, 2019**

	<u>Wayne County Tax Fund</u>	<u>Cash Bond Escrow Fund</u>	<u>Total</u>
<b>Assets</b> - Cash and cash equivalents	<u>\$ -</u>	<u>\$ 4,200</u>	<u>\$ 4,200</u>
<b>Liabilities</b> - Court bonds payable	<u>\$ -</u>	<u>\$ 4,200</u>	<u>\$ 4,200</u>
Total liabilities	<u>\$ -</u>	<u>\$ 4,200</u>	<u>\$ 4,200</u>

**City of Grosse Pointe Woods, Michigan**

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

**Year Ended June 30, 2019**

	Wayne County Tax Fund			
	July 1, 2018	Additions	Deductions	June 30, 2019
<b>Assets</b> - Cash and investments	\$ 381,521	\$ 31,985,489	\$ (32,367,010)	\$ -
Total assets	<b>\$ 381,521</b>	<b>\$ 31,985,489</b>	<b>\$ (32,367,010)</b>	<b>\$ -</b>
<b>Liabilities</b> - Due to other governmental units	\$ 381,521	\$ 31,985,489	\$ (32,367,010)	\$ -
Total liabilities	<b>\$ 381,521</b>	<b>\$ 31,985,489</b>	<b>\$ (32,367,010)</b>	<b>\$ -</b>
	Cash Bond Escrow Fund			
	July 1, 2018	Additions	Deductions	June 30, 2019
<b>Assets</b> - Cash and investments	<b>\$ 5,325</b>	<b>\$ 35,239</b>	<b>\$ (36,364)</b>	<b>\$ 4,200</b>
<b>Liabilities</b> - Court bonds payable	<b>\$ 5,325</b>	<b>\$ 35,239</b>	<b>\$ (36,364)</b>	<b>\$ 4,200</b>
	Total Agency			
	July 1, 2018	Additions	Deductions	June 30, 2019
<b>Assets</b> - Cash and investments	\$ 386,846	\$ 32,020,728	\$ (32,403,374)	\$ 4,200
Total assets	<b>\$ 386,846</b>	<b>\$ 32,020,728</b>	<b>\$ (32,403,374)</b>	<b>\$ 4,200</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 381,521	\$ 31,985,489	\$ (32,367,010)	\$ -
Court bonds payable	5,325	35,239	(36,364)	4,200
Total liabilities	<b>\$ 386,846</b>	<b>\$ 32,020,728</b>	<b>\$ (32,403,374)</b>	<b>\$ 4,200</b>



***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.

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## Statistical Section

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# 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 provides

## 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, Michigan

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	2010	2011	2012	2013
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 26,744,399	\$ 26,918,168	\$ 26,908,007	\$ 27,096,926
Restricted	727,050	772,268	923,644	924,572
Unrestricted	64,083	(2,595,090)	(4,608,002)	(6,341,023)
Total net position	<b><u>\$ 27,535,532</u></b>	<b><u>\$ 25,095,346</u></b>	<b><u>\$ 23,223,649</u></b>	<b><u>\$ 21,680,475</u></b>
<b>Business-type Activities</b>				
Net investment in capital assets	\$ 18,573,221	\$ 18,345,231	\$ 18,585,076	\$ 18,451,087
Restricted	453,789	425,500	397,500	349,500
Unrestricted	1,802,604	2,461,914	3,213,270	4,232,956
Total net position	<b><u>\$ 20,829,614</u></b>	<b><u>\$ 21,232,645</u></b>	<b><u>\$ 22,195,846</u></b>	<b><u>\$ 23,033,543</u></b>
<b>Primary Government in Total</b>				
Net investment in capital assets	\$ 45,317,620	\$ 45,263,399	\$ 45,493,083	\$ 45,548,013
Restricted	1,180,839	1,197,768	1,321,144	1,274,072
Unrestricted	1,866,687	(133,176)	(1,394,732)	(2,108,067)
Total net position	<b><u>\$ 48,365,146</u></b>	<b><u>\$ 46,327,991</u></b>	<b><u>\$ 45,419,495</u></b>	<b><u>\$ 44,714,018</u></b>

Source: City annual financial statements

## Net Position by Component

Last Ten Fiscal Years

June 30, 2019

(Unaudited)

2014	2015	2016	2017	2018	2019
\$ 26,303,935	\$ 27,569,120	\$ 25,064,363	\$ 22,206,276	\$ 27,441,437	\$ 29,554,228
835,294	7,500,582	2,946,510	3,380,839	3,853,062	5,566,852
<u>(7,745,764)</u>	<u>(28,560,231)</u>	<u>(26,399,199)</u>	<u>(26,770,331)</u>	<u>(65,318,399)</u>	<u>(63,717,879)</u>
<b>\$ 19,393,465</b>	<b>\$ 6,509,471</b>	<b>\$ 1,611,674</b>	<b>\$ (1,183,216)</b>	<b>\$ (34,023,900)</b>	<b>\$ (28,596,799)</b>
\$ 18,458,605	\$ 18,185,073	\$ 18,154,537	\$ 18,507,826	\$ 18,830,410	\$ 21,640,125
319,000	306,500	256,000	223,500	198,090	155,000
<u>5,465,819</u>	<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>
<b>\$ 24,243,424</b>	<b>\$ 24,029,330</b>	<b>\$ 25,416,206</b>	<b>\$ 27,767,337</b>	<b>\$ 27,173,312</b>	<b>\$ 29,172,924</b>
\$ 44,762,540	\$ 45,754,193	\$ 43,218,900	\$ 40,714,102	\$ 46,271,847	\$ 51,194,353
1,154,294	7,807,082	3,202,510	3,604,339	4,051,152	5,721,852
<u>(2,279,945)</u>	<u>(23,022,474)</u>	<u>(19,393,530)</u>	<u>(17,734,320)</u>	<u>(57,173,587)</u>	<u>(56,340,080)</u>
<b>\$ 43,636,889</b>	<b>\$ 30,538,801</b>	<b>\$ 27,027,880</b>	<b>\$ 26,584,121</b>	<b>\$ (6,850,588)</b>	<b>\$ 576,125</b>

**City of Grosse Pointe Woods, Michigan**

	2010	2011	2012	2013
<b>Expenses</b>				
Governmental activities:				
General government	\$ 3,042,077	\$ 3,422,593	\$ 3,092,280	\$ 3,207,643
Public safety	7,899,396	7,912,560	7,153,532	6,869,020
Public works	5,215,575	5,655,876	6,016,942	5,841,495
Solid waste	1,315,293	1,087,987	1,121,417	10,076,663
Municipal improvement	59,724	130,849	191,180	63,982
Recreation and culture	2,181,206	1,967,708	1,717,327	1,827,426
Interest on long-term debt	113,653	72,814	40,214	17,369
Total governmental activities	19,826,924	20,250,387	19,332,892	27,903,598
Business-type activities:				
Water/Sewer	4,853,312	5,044,337	5,059,715	5,432,429
Parking	241,562	198,866	237,150	207,597
Boat dock	85,257	73,870	74,172	69,894
Commodity sales	68,571	30,689	26,018	40,085
Total business-type activities expenses	5,248,702	5,347,762	5,397,055	5,750,005
Total primary government expenses	25,075,626	25,598,149	24,729,947	33,653,603
<b>Program Revenue</b>				
Governmental activities:				
Charges for services				
Municipal court	894,768	774,390	909,241	667,782
Building inspections and related	-	-	-	-
Recreation and culture	69,507	102,037	120,304	119,399
Other activities	826,085	435,796	541,545	639,214
Total charges for services	1,790,360	1,312,223	1,571,090	1,426,395
Operating and capital grants and contributions	873,343	886,569	907,211	912,762
Total governmental activities program revenue	2,663,703	2,198,792	2,478,301	2,339,157
<b>Business-type Activities</b>				
Charges for services:				
Water/Sewer	4,856,083	5,405,036	5,976,950	6,144,410
Parking	221,657	201,166	193,812	301,696
Boat dock	141,338	132,715	130,778	129,805
Commodity sales	45,560	40,225	40,918	37,922
Capital grants and contributions	-	-	-	-
Total business-type program revenue	5,264,638	5,779,142	6,342,458	6,613,833
Total primary government program revenue	<b>\$ 7,928,341</b>	<b>\$ 7,977,934</b>	<b>\$ 8,820,759</b>	<b>\$ 8,952,990</b>
<b>Net (Expense) Revenue</b>				
Governmental activities	\$ (17,163,221)	\$ (18,051,595)	\$ (16,854,591)	\$ (16,640,014)
Business-type activities	15,936	431,380	945,403	863,828
Total primary government net expense	<b>\$ (17,147,285)</b>	<b>\$ (17,620,215)</b>	<b>\$ (15,909,188)</b>	<b>\$ (15,776,186)</b>

Source: City annual financial statements

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

						Last Ten Fiscal Years					
						June 30, 2018					
						(Unaudited)					
2014	2015	2016	2017	2018	2019						
\$	3,130,925	\$	2,494,362	\$	3,586,605	\$	3,508,241	\$	2,132,039	\$	739,340
	6,553,852		7,777,514		9,321,147		8,318,311		5,667,873		4,025,271
	6,091,819		6,126,373		6,431,753		6,720,230		5,388,938		6,164,026
	1,150,743		1,193,308		1,126,483		1,108,370		1,666,746		1,499,882
	307,290		554,163		575,094		260,432		811,929		1,029,092
	1,554,898		1,773,961		1,855,328		1,905,019		1,758,972		1,723,645
	830,255		-		207,605		158,803		186,192		539,273
	<u>19,619,782</u>		<u>19,919,681</u>		<u>23,104,015</u>		<u>21,979,406</u>		<u>17,612,689</u>		<u>15,720,529</u>
	5,420,387		5,919,315		6,053,295		5,897,189		6,147,744		6,351,669
	195,791		246,050		304,826		136,057		235,753		495,089
	97,519		96,733		104,778		89,176		432,292		279,565
	-		36,955		23,940		35,713		10,922		47,233
	<u>5,713,697</u>		<u>6,299,053</u>		<u>6,486,839</u>		<u>6,158,135</u>		<u>6,826,711</u>		<u>7,173,556</u>
	<u>25,333,479</u>		<u>26,218,734</u>		<u>29,590,854</u>		<u>28,137,541</u>		<u>24,439,400</u>		<u>22,894,085</u>
	593,962		455,417		401,218		489,299		452,764		410,923
	-		-		-		-		-		-
	107,161		111,904		116,383		146,619		141,725		136,973
	<u>614,984</u>		<u>321,151</u>		<u>379,099</u>		<u>364,232</u>		<u>397,502</u>		<u>305,384</u>
	1,316,107		888,472		896,700		1,000,150		991,991		853,280
	<u>943,540</u>		<u>1,091,214</u>		<u>1,009,509</u>		<u>1,306,687</u>		<u>1,655,576</u>		<u>1,756,482</u>
	<u>2,259,647</u>		<u>1,979,686</u>		<u>1,906,209</u>		<u>2,306,837</u>		<u>2,647,567</u>		<u>2,609,762</u>
	6,339,551		6,241,351		7,202,849		7,818,095		8,763,915		8,214,871
	292,825		454,533		439,720		446,643		473,826		448,071
	126,052		140,986		150,625		142,843		172,091		194,478
	34,214		33,075		30,392		27,679		25,939		21,382
	-		-		-		-		-		-
	<u>6,792,642</u>		<u>6,869,945</u>		<u>7,823,586</u>		<u>8,435,260</u>		<u>9,435,771</u>		<u>8,878,802</u>
<b>\$</b>	<b><u>9,052,289</u></b>	<b>\$</b>	<b><u>8,849,631</u></b>	<b>\$</b>	<b><u>9,729,795</u></b>	<b>\$</b>	<b><u>10,742,097</u></b>	<b>\$</b>	<b><u>12,083,338</u></b>	<b>\$</b>	<b><u>11,488,564</u></b>
\$	(17,360,135)	\$	(17,939,995)	\$	(21,197,806)	\$	(19,672,569)	\$	(14,965,122)	\$	(13,110,767)
	<u>1,078,945</u>		<u>570,892</u>		<u>1,336,747</u>		<u>2,277,125</u>		<u>2,609,060</u>		<u>1,705,246</u>
<b>\$</b>	<b><u>(16,281,190)</u></b>	<b>\$</b>	<b><u>(17,369,103)</u></b>	<b>\$</b>	<b><u>(19,861,059)</u></b>	<b>\$</b>	<b><u>(17,395,444)</u></b>	<b>\$</b>	<b><u>(12,356,062)</u></b>	<b>\$</b>	<b><u>(11,405,521)</u></b>

**City of Grosse Pointe Woods, Michigan**

	2010	2011	2012	2013
<b>General Revenue</b>				
Governmental activities:				
Property taxes	\$ 15,002,660	\$ 13,536,960	\$ 12,817,647	\$ 12,869,618
Income taxes	-	-	-	-
State-shared revenue	1,391,898	1,420,431	1,482,102	1,500,662
Investment earnings	44,655	63,272	63,694	27,817
Donations	-	-	-	-
Franchise fees	295,688	320,426	262,837	380,964
Other	-	234,820	368,060	287,779
Gain on sale of fixed assets	-	-	-	-
Transfers	(250,400)	35,500	(11,446)	30,000
Total governmental activities	16,484,501	15,611,409	14,982,894	15,096,840
Business-type activities:				
Unrestricted investment earnings	11,960	7,151	6,352	3,869
Other	-	-	-	-
Transfers	250,400	(35,500)	11,446	(30,000)
Total business-type activities	262,360	(28,349)	17,798	(26,131)
Total primary government	16,746,861	15,583,060	15,000,692	15,070,709
<b>Change in Net Position</b>				
Governmental activities	(678,720)	(2,440,186)	(1,871,697)	(1,543,174)
Business-type activities	278,296	403,031	963,201	837,697
Total primary government	<b>\$ (400,424)</b>	<b>\$ (2,037,155)</b>	<b>\$ (908,496)</b>	<b>\$ (705,477)</b>

Source: City annual financial statements



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

**Last Ten Fiscal Years  
June 30, 2019  
(Unaudited)**

2014	2015	2016	2017	2018	2019
\$ 12,971,861	\$ 12,089,662	\$ 13,450,544	\$ 14,229,532	\$ 14,116,610	\$ 15,161,779
1,521,267	1,568,207	1,640,461	1,564,983	1,715,312	1,848,256
46,301	43,238	82,738	38,764	171,696	438,677
-	-	-	-	-	-
340,268	315,723	427,964	379,362	362,235	336,174
301,260	507,807	627,485	665,038	822,143	752,982
-	7,850	23,684	-	-	-
(107,832)	-	-	-	-	-
15,073,125	14,532,487	16,252,876	16,877,679	17,187,996	18,537,868
21,104	28,735	50,129	74,006	147,189	294,366
2,000	-	-	-	-	-
107,832	-	-	-	-	-
130,936	28,735	50,129	74,006	147,189	294,366
15,204,061	14,561,222	16,303,005	16,951,685	17,335,185	18,832,234
(2,287,010)	(3,407,508)	(4,944,930)	(2,794,890)	2,222,874	5,427,101
1,209,881	599,627	1,386,876	2,351,131	2,756,249	1,999,612
<b>\$ (1,077,129)</b>	<b>\$ (2,807,881)</b>	<b>\$ (3,558,054)</b>	<b>\$ (443,759)</b>	<b>\$ 4,979,123</b>	<b>\$ 7,426,713</b>

## City of Grosse Pointe Woods, Michigan

	As of June 30			
	2010	2011	2012	2013
<b>General Fund</b>				
Prior to adoption of GASB 54:				
Reserved	\$ -	\$ -	\$ -	\$ -
Designated	-	-	-	-
Unreserved and undesignated	3,205,975	-	-	-
Subsequent to adoption of GASB 54:				
Nonspendable	99,767	6,111	4,325	121,380
Restricted	-	-	-	-
Committed	-	125,329	143,811	207,961
Assigned	-	949,395	1,198,046	1,751,490
Unassigned	-	3,896,333	3,853,739	3,435,761
Total general fund	<u>3,305,742</u>	<u>4,977,168</u>	<u>5,199,921</u>	<u>5,516,592</u>
<b>All Other Governmental Funds</b>				
Prior to adoption of GASB 54:				
Reserved	-	-	-	-
Designated	320,417	-	-	-
Unreserved and undesignated	2,003,979	-	-	-
Subsequent to adoption of GASB 54:				
Nonspendable	-	-	19,390	-
Restricted	-	765,921	905,950	924,572
Committed	-	-	14,850	17,750
Assigned	-	447,234	313,424	375,123
Unassigned	-	-	-	-
Total all other governmental	<u>2,324,396</u>	<u>1,213,155</u>	<u>1,253,614</u>	<u>1,317,445</u>
Total of all governmental funds	<u>\$ 5,630,138</u>	<u>\$ 6,190,323</u>	<u>\$ 6,453,535</u>	<u>\$ 6,834,037</u>

Source: City annual financial statements

# Fund Balances - Governmental Funds

Last Ten Fiscal Years

June 30, 2019

(Unaudited)

As of June 30					
2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
138,757	104,203	79,148	94,419	24,890	405,496
-	-	-	-	-	-
317,432	558,479	751,952	541,642	424,329	1,387,970
953,821	1,027,515	707,910	748,464	3,391,228	1,224,769
<u>3,754,923</u>	<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>5,164,933</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>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
17,002	13,365	10,438	11,153	3,636	9,080
829,037	7,488,572	2,937,106	5,816,063	3,850,363	5,552,733
33,500	66,700	16,770	23,158	20,006	-
1,152,784	935,005	1,876,521	231,432	363,125	325,198
-	-	-	(33,213)	(207,026)	-
<u>2,032,323</u>	<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>
<b><u>\$ 7,197,256</u></b>	<b><u>\$ 13,910,800</u></b>	<b><u>\$ 11,372,467</u></b>	<b><u>\$ 13,688,129</u></b>	<b><u>\$ 13,186,142</u></b>	<b><u>\$ 14,271,712</u></b>

## City of Grosse Pointe Woods, Michigan

	As of June 30			
	2010	2011	2012	2013
<b>Revenue</b>				
Property taxes	\$ 14,471,027	\$ 13,525,921	\$ 12,816,628	\$ 12,868,677
State and local sources	2,197,887	2,209,151	2,220,847	2,263,244
Intergovernmental taxes	-	-	-	-
Delinquent interest and collection fee income	511,840	-	-	-
Federal financial assistance	11,090	8,083	7,621	6,800
Other revenue	2,153,729	1,968,095	2,363,851	2,166,176
Investment income	43,829	54,524	54,762	21,988
<b>Total revenue</b>	<b>19,389,402</b>	<b>17,765,774</b>	<b>17,463,709</b>	<b>17,326,885</b>
<b>Expenditures</b>				
Current:				
General government	2,580,898	2,728,228	2,726,596	2,884,058
Public safety	5,640,372	6,067,173	5,723,312	5,453,295
Public works	950,521	5,618,581	5,824,444	5,905,623
Recreation and culture	1,682,472	1,581,537	1,353,885	1,421,895
Miscellaneous	5,529,332	-	-	-
Capital outlay	677,778	247,983	209,044	124,082
Debt service principal	1,539,247	1,152,522	1,185,797	1,173,754
Debt service interest	117,379	72,597	43,949	14,676
<b>Total expenditures</b>	<b>18,717,999</b>	<b>17,468,621</b>	<b>17,067,027</b>	<b>16,977,383</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>671,403</b>	<b>297,153</b>	<b>396,682</b>	<b>349,502</b>
<b>Other Financing Sources (Uses)</b>				
Debt issuance/proceeds from sale of cap assets	-	-	500	1,000
Transfers in	1,753,164	1,525,287	1,012,880	385,501
Transfers out	(2,038,124)	(1,384,779)	(1,024,326)	(355,501)
<b>Total other financing (uses) sources</b>	<b>(284,960)</b>	<b>140,508</b>	<b>(10,946)</b>	<b>31,000</b>
<b>Net Change in Fund Balances</b>	<b>386,443</b>	<b>437,661</b>	<b>385,736</b>	<b>380,502</b>
<b>Fund Balances - Beginning of year</b>	<b>5,243,695</b>	<b>5,630,138</b>	<b>6,067,799</b>	<b>6,453,535</b>
<b>Fund Balances - End of year</b>	<b>\$ 5,630,138</b>	<b>\$ 6,067,799</b>	<b>\$ 6,453,535</b>	<b>\$ 6,834,037</b>
Debt service as a percentage of noncapital expenditures	9.16%	7.16%	7.30%	7.09%

Source: City annual financial statements

## Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

June 30, 2019

(Unaudited)

As of June 30						
2014	2015	2016	2017	2018	2019	
\$ 12,971,026	\$ 12,089,662	\$ 13,450,544	\$ 13,942,867	\$ 14,403,290	\$ 15,161,779	
2,328,022	2,389,342	2,649,970	2,723,847	3,167,506	3,746,298	
-	-	-	-	-	-	
-	-	-	-	-	-	
6,483	7,693	-	25,227	13,777	44,670	
2,088,772	1,903,267	2,057,149	2,272,146	2,276,711	2,247,657	
34,791	26,214	70,506	27,286	146,493	397,423	
<u>17,429,094</u>	<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>	
2,773,796	2,864,850	2,603,109	2,645,589	2,700,380	4,501,649	
5,480,645	5,397,800	5,322,568	5,467,346	5,578,638	5,715,168	
6,202,883	6,465,890	10,813,928	8,840,961	17,925,257	12,517,740	
1,337,255	1,373,591	1,367,357	1,463,628	1,700,044	2,008,936	
-	-	-	-	-	-	
334,617	498,095	451,935	171,937	615,005	909,337	
828,847	226,874	-	750,000	750,000	824,103	
-	-	207,605	211,250	237,679	531,741	
<u>16,958,043</u>	<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>	
471,051	(410,922)	(2,538,333)	(559,338)	(9,499,226)	(5,410,847)	
-	7,124,466	-	2,875,000	8,997,239	6,496,417	
660,919	231,416	364,163	16,900	333,586	361,347	
(768,751)	(231,416)	(364,163)	(16,900)	(333,586)	(361,347)	
<u>(107,832)</u>	<u>7,124,466</u>	<u>-</u>	<u>2,875,000</u>	<u>8,997,239</u>	<u>6,496,417</u>	
363,219	6,713,544	(2,538,333)	2,315,662	(501,987)	1,085,570	
<u>6,834,037</u>	<u>7,197,256</u>	<u>13,910,800</u>	<u>11,372,467</u>	<u>13,688,129</u>	<u>13,186,142</u>	
<b><u>\$ 7,197,256</u></b>	<b><u>\$ 13,910,800</u></b>	<b><u>\$ 11,372,467</u></b>	<b><u>\$ 13,688,129</u></b>	<b><u>\$ 13,186,142</u></b>	<b><u>\$ 14,271,712</u></b>	
5.01%	1.44%	1.34%	5.90%	3.75%	7.20%	

## City of Grosse Pointe Woods, Michigan

# General Governmental Revenue History

Last Ten Fiscal Years

June 30, 2019

(Unaudited)

Fiscal Year	General Property Taxes	Inter-governmental Revenue	Licenses and Permits	Federal Financial Assistance	Charges for Services	Interest and Miscellaneous	Total Revenue
2010	14,471,027	2,197,887	511,840	11,090	2,153,729	43,829	\$ 19,389,402
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

Source: City annual financial statements

**City of Grosse Pointe Woods, Michigan**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years  
June 30, 2019  
(Unaudited)**

Tax Year	Year Ended		Current Collections (1)	Percent Collected	Delinquent Collections (2)	Total Tax Collections	Percent of Total Collections to Levy
	June 30,	Total Levy					
2009	2010	14,465,586	13,993,400	96.74%	472,187	\$ 14,465,587	100.00%
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%

(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, Michigan

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### Taxable Value by Property Type

Tax Year	Fiscal Year	Residential	Commercial	Industrial	Personal Property
2009	2010	622,799,835	61,345,908	99,012	15,022,091
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	6,968,900	115,454	25,084,400

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, 2019  
(Unaudited)**

Total Value	Tax Rate (mills)	State Equalized Value	Estimated Actual Value	Taxable Value as a Percentage of Actual
\$ 699,266,846	18.5417	725,639,050	1,451,278,100	48.18%
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%
660,954,433	21.5214	950,311,765	1,900,623,530	34.78%

## City of Grosse Pointe Woods, Michigan

Tax Year	Millage Rates - Direct City Taxes (1)							Overlapping
	General	Voted EMS	Voted Park	Voted Road	Statutory	Ch 20/21	Total Direct	Taxes
	Operating		Bond	Bond	Solid Waste	Milk River	Taxes	County
2010	12.5012	0.3578	0.5665	-	1.8807	3.8050	19.1112	8.5120
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	9.1220

(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:

2018	13.43	0	0 N/A	2.5674	N/A
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Source: Comptroller's office

# Direct and Overlapping Property Tax Rates

**June 30, 2019**

**(Unaudited)**

Overlapping Taxes						Total Tax Rate (2)	
H.C.M.A.	Community College	Grosse Pointe Library	Intermediate School District	School District Principal	School District Nonprincipal	Principal	Nonprincipal
0.2146	2.4769	1.5412	3.4643	14.2900	26.3496	49.6102	61.6698
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

**City of Grosse Pointe Woods, Michigan**

**Principal Property Tax Payers**

**Current and Ten Years Ago  
June 30, 2019  
(Unaudited)**

	Taxpayer	2019 Taxable Value	Percentage of Total	2010 Taxable Value	Percentage of Total
1	Michigan Cons. Gas Co.	\$ 13,745,500	1.900%	\$ 1,775,217	0.227%
2	DRSN Real Estate GP LLC	13,628,006	1.884%	N/A	0.000%
3	Health Care Reit Inc	6,701,274	0.926%	4,675,800	0.000%
4	Pointe Plaza	5,032,800	0.696%	4,365,600	0.559%
5	Detroit Edison	4,485,454	0.620%	2,605,800	0.334%
6	VDG Mack Ave LLC	2,146,745	0.297%	639,725	0.082%
7	Lochmoor Club	1,619,200	0.224%	4,195,850	0.537%
8	A H Peters Funeral Home	1,535,218	0.212%	1,422,329	0.000%
9	Comerica	1,358,663	0.188%	4,303,826	0.000%
10	Kroger Co. of Mich.	1,254,604	0.173%	2,869,836	0.182%
11	St John Health System	<u>1,230,767</u>	<u>0.170%</u>	<u>1,504,771</u>	<u>0.193%</u>
	Total	<b><u>\$ 52,738,231</u></b>	<b><u>7.290%</u></b>	<b><u>\$ 28,358,754</u></b>	<b><u>2.114%</u></b>
	Total	<b><u>723,476,987</u></b>		<b><u>780,980,472</u></b>	

Source: City of Grosse Pointe Woods Assessing Department records

## City of Grosse Pointe Woods, Michigan

	As of June 30			
	2010	2011	2012	2013
<b>Governmental Activities</b>				
General obligation bonds (GOB)	\$ -	\$ -	\$ -	\$ -
GOB installment note	-	-	-	-
GOB contract - Wayne County Drain	3,560,414	2,407,892	1,222,095	-
2015 Road Bonds Issue #1	-	-	-	-
2015 Road Bonds Issue #2	-	-	-	-
2018 Capital Improvement Bond Issue	-	-	-	-
Installment loans - Vehicles	-	-	-	-
<b>Total</b>	<b>3,560,414</b>	<b>2,407,892</b>	<b>1,222,095</b>	<b>-</b>
<b>Business-type Activities</b>				
Installment purchase agreements	-	-	-	-
2010 DWRF Bonds	1,976,488	2,723,141	4,195,364	5,170,410
2012 SRF Bonds	-	-	-	667,763
Revenue bonds	4,530,000	4,255,000	3,975,000	3,975,000
Bond premium	-	-	-	282,707
<b>Total</b>	<b>6,506,488</b>	<b>6,978,141</b>	<b>8,170,364</b>	<b>10,095,880</b>
<b>Total debt of the government</b>	<b>\$ 10,066,902</b>	<b>\$ 9,386,033</b>	<b>\$ 9,392,459</b>	<b>\$ 10,095,880</b>
<b>Total Taxable Value (1)</b>	\$ 699,266,846	\$ 617,163,733	\$ 603,930,131	\$ 601,362,400
<b>Ratio of Total Debt to Personal Income</b>	1.44%	1.52%	1.56%	1.68%
<b>Total Population</b>	17,080	16,135	16,135	16,135
<b>Total Debt Per Capita</b>	589	582	582	626

(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, 2019

(Unaudited)

As of June 30						
2014	2015	2016	2017	2018	2019	
\$ -	\$ -	\$ -	\$ -	-	\$ -	
-	-	-	-	-	-	
-	-	-	-	8,997,239	12,846,326	
-	7,124,469	7,072,022	6,269,575	5,467,128	4,664,681	
-	-	-	2,875,000	2,875,000	2,875,000	
-	-	-	-	-	2,637,508	
-	272,558	648,813	539,586	303,927	62,096	
-	7,397,027	7,720,835	9,684,161	17,643,294	23,085,611	
-	-	-	-	-	-	
4,951,798	4,696,798	4,436,798	4,166,798	4,051,999	3,905,081	
2,485,726	2,733,788	2,620,513	2,497,065	2,377,065	2,252,065	
3,190,000	2,880,000	2,560,000	2,235,000	1,900,000	1,550,000	
254,436	226,166	197,896	169,626	141,353	-	
10,881,960	10,536,752	9,815,207	9,068,489	8,470,417	7,707,146	
<b><u>\$ 10,881,960</u></b>	<b><u>\$ 17,933,779</u></b>	<b><u>\$ 17,536,042</u></b>	<b><u>\$ 18,752,650</u></b>	<b><u>\$ 26,113,711</u></b>	<b><u>\$ 30,792,757</u></b>	
\$ 618,492,730	\$ 637,951,875	\$ 651,213,015	\$ 659,449,995	\$ 696,024,629	\$ 660,954,433	
1.76%	2.81%	2.69%	2.84%	3.75%	2.70%	
16,135	16,135	16,135	16,135	16,135	16,135	
674	1,111	1,087	1,162	1,618	1,105	

## City of Grosse Pointe Woods, Michigan

# Pledged-revenue Coverage

June 30, 2019

(Unaudited)

### Debt Service Requirements (3)

Fiscal Year	Gross Revenue (1)	Applicable Expenses (2)	Net Revenue	Principal	Interest	Total	Coverage
2010	4,856,083	4,031,251	824,832	265,000	160,115	425,115	194.03%
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	5,168,865	975,545	290,000	135,279	425,279	229.39%
2014	6,311,280	5,029,027	1,282,253	305,000	92,188	397,188	322.83%
2015	6,213,080	5,640,641	572,439	310,000	87,850	397,850	143.88%
2016	7,174,578	5,805,365	1,369,213	320,000	76,851	396,851	345.02%
2017	7,789,824	5,631,186	2,158,638	325,000	74,850	399,850	539.86%
2018	8,735,644	5,885,978	2,849,666	335,000	68,250	403,250	706.67%
2019	8,186,600	6,197,856	1,988,744	350,000	59,650	409,650	485.47%

(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, Michigan**

**Ratios of General Bonded Debt Outstanding**

**Last Ten Fiscal Years**

**June 30, 2019**

**(Unaudited)**

Fiscal Year	Population Per Federal Census	Adjusted Taxable Equalized Valuation	General Obligation Bond Outstanding	Percent Debt to Assessed Value	Debt Per Capita
2010	17,080	699,266,846	3,560,414	0.51%	208
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)	660,954,433	10,177,189	1.54%	631

Debt is reported net of accumulated reserves, which total \$3,225,335 in fiscal year 2019.

- (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, Michigan**

**Direct and Overlapping Governmental Activities Debt**

**June 30, 2019  
(Unaudited)**

Governmental unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Grosse Pointe Public Library	\$ 9,705,000	25.09%	\$ 2,434,985
Grosse Pointe Public Schools	84,490,000	25.09%	21,198,541
County of Wayne Building Authority and Debt Fund	275,707,954	1.68%	4,631,894
Wayne County Community College	-	2.82%	-
Total overlapping debt	369,902,954		28,265,419
Direct city debt	10,177,189		10,177,189
Total direct and overlapping debt	<b><u>\$ 380,080,143</u></b>		<b><u>\$ 38,442,608</u></b>

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, Michigan

	As of June 30			
	2010	2011	2012	2013
Calculation of debt limit (1):				
Taxable valuation	\$ 699,266,846	\$ 617,163,733	\$ 603,930,131	\$ 601,362,400
10 percent of equalized value	69,926,685	61,716,373	61,716,373	62,331,330
Calculation of debt subject to limit:				
Total debt	10,066,902	9,386,033	9,392,459	10,095,880
Less debt not subject to limit:				
Grosse-Gratiot Drain/Milk River Debt	3,560,414	2,407,892	1,222,095	-
2010 DWRP Bonds	1,976,488	2,723,141	4,195,364	5,170,410
2012 SRF Bonds	-	-	-	667,763
Water/Sewer Revenue Bonds 2003	4,530,000	4,255,000	3,975,000	3,495,000
Net debt subject to limit	10,066,902	9,386,033	9,392,459	9,333,173
Total net debt (2)	-	-	-	762,707
Legal debt margin	69,926,685	61,716,373	61,716,373	61,568,623
Net debt subject to limit as percentage of debt limit	0.00%	0.00%	0.00%	1.24%

(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, 2019

(Unaudited)

As of June 30

	2014	2015	2016	2017	2018	2019
\$	618,492,730	\$ 637,951,875	\$ 651,213,015	\$ 659,449,995	\$ 696,024,629	\$ 660,954,433
	62,331,330	74,231,187	79,357,920	84,284,766	87,006,800	94,964,167
	10,881,960	17,661,221	16,887,229	18,213,064	25,809,784	30,730,661
	-	-	-	-	8,997,239	12,846,326
	4,951,798	4,696,798	4,436,798	4,166,798	3,911,798	3,905,081
	2,485,726	2,733,788	2,620,513	2,497,065	2,377,065	2,252,065
	3,190,000	2,880,000	2,560,000	2,235,000	1,900,000	1,550,000
	10,627,524	10,310,586	9,617,311	8,898,863	17,186,102	20,553,472
	254,436	7,350,635	7,269,918	9,314,201	8,623,682	10,177,189
	62,076,894	66,880,552	72,088,002	74,970,565	78,383,118	84,786,978
	0.41%	10.99%	10.08%	12.42%	11.00%	12.00%

**City of Grosse Pointe Woods, Michigan**

**Demographic and Economic Statistics**

**June 30, 2019**

**(Unaudited)**

Fiscal Year	Population		Personal Income (in	Per Capita Personal Income	Median Age	Unemployment Rate	School Enrollment
2010	17,080	(1)	(4)	(4)	(4)	14.10%	8,900
2011	16,135	(2)	(4)	(4)	(4)	12.70%	8,900
2012	16,135	(2)	(4)	(4)	(4)	11.40%	8,900
2013	16,135	(2)	(4)	(4)	(4)	11.40%	8,900
2014	16,135	(2)	(4)	(4)	(4)	11.40%	8,900
2015	16,135	(2)	(4)	(4)	(4)	11.40%	8,900
2016	16,135	(2)	(4)	(4)	(4)	11.40%	8,900
2017	16,135	(2)	(4)	\$ 92,014	44.9	5.70%	3,992
2018	15,785	(3)	(4)	93,404	45.0	5.80%	3,900
2019	15,412	(3)	(4)	95,697	45.0	5.80%	3,662

(1) 2000 population from U.S. Census

(2) 2010 population from U.S. Census

(3) Estimate

(4) Information not available

Source: Comptroller's office

Principal Employers

June 30, 2019

(Unaudited)

	Employer	Enterprise	2019 Employees	Employer's Percentage of Total Employment	2000 Employees	2004 Rank
1	GP Public School	School	384	15.94%	(1)	(1)
2	Van Elslander Center	Medical	250	10.38%	(1)	(1)
3	Kroger	Grocery	159	6.60%	(1)	(1)
4	Sunrise Assisted Living	Medical	130	5.40%	(1)	(1)
5	University of Liggett	School	128	5.31%	(1)	(1)
6	Great Lakes Cancer Mgt Specialist	Medical	103	4.28%	(1)	(1)
7	Lochmoor Club	Country Club	100	4.15%	(1)	(1)
8	St. John I.T. & Desktop Support	Medical Business	100	4.15%	(1)	(1)
9	Lochmoor Club	Private Club	100	4.15%	(1)	(1)
10	City of Grosse Pointe Woods	Municipal	78	3.24%	(1)	(1)
	Total People Employed in City		<b>2,409</b>			

(1) Data from 2004 is not readily available

Source: City Business License Registry

**City of Grosse Pointe Woods, Michigan**

**Full-time Government Employees (1)**

**Last Ten Fiscal Years**

**June 30, 2019**

**(Unaudited)**

As of June 30

Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Percent of Total for 2019
Supervisor/Administrator	2	2	2	2	2	2	2	2	2	2	0.03
Assessing	1	1	1	1	1	-	-	-	-	0	0.00
Clerk's Office	3	3	3	3	3	3	3	3	3	3	0.04
Treasurer's Office	5	4	4	4	4	4	4	4	4	4	0.05
Municipal Court	3	3	3	3	3	3	3	3	3	3	0.04
Information Systems	2	2	2	2	2	2	2	2	1	1	0.01
Building	3	3	3	3	3	4	4	4	4	4	0.05
Parks and Recreation	2	2	2	2	2	2	2	2	2	2	0.03
Public Safety	50	44	43	42	39	35	34	34	35	32	0.42
Public Works	28	26	23	22	22	23	23	24	22	25	0.33
<b>Total</b>	<b>99</b>	<b>90</b>	<b>86</b>	<b>84</b>	<b>81</b>	<b>78</b>	<b>77</b>	<b>78</b>	<b>76</b>	<b>76</b>	<b>1</b>
						(2)			(3)		

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

(2) 2015 shows the loss of EMTs.

(3) Public Works vacancy in the process of being filled June 30, 2019.

Source: City personnel records

## City of Grosse Pointe Woods, Michigan

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Function/ Program	As of June 30			
	2010	2011	2012	2013
Public safety (calendar year Jan 1 - Dec 31):				
Police physical arrests	486	507	357	374
Police traffic violations	3,146	3,182	1,986	1,883
Fire runs	56	62	139	242
Fire actual fires	17	12	15	14
Fire basic ambulance runs	543	753	715	523
Fire Advance Life Support ambulance runs	359	403	362	361
Fire inspections	77	144	78	104
Parks and recreation (estimated):				
Recreation programs - Lake Front Park	392	362	359	267
Community center programs	41	53	42	67
Water:				
New connections (calendar year Jan 1 - Dec 31)	-	-	-	1
Water main breaks	20	22	31	34
Total consumption (billed to customers - HCF) - FY	750,096	791,987	746,113	813,574

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

(2) Information is reported on calendar year.

Source: City Departmental Operational Reports

## Operating Indicators

**Last Ten Fiscal Years**

**June 30, 2019**

**(Unaudited)**

As of June 30						
2014	2015	2016	2017	2018	2019	
337	359	309	326	177		(1)
1,306	1,652	1,541	2,724	2,569		(1)
213	214	199	282	219		(1)
10	20	25	29	14		(1)
458	433	541	544	430		(1)
560	601	536	566	828		(1)
8	19	14	11	8		(1)
261	217	217	217	195		(1)
57	59	59	59	75		(1)
16	5	2	9	-		(1)
23	48	34	23	18		(1)
724,717	653,545	653,901	731,328	721,131	666,821	



Capital Asset Statistics

Last Ten Fiscal Years

June 30, 2019

(Unaudited)

Function/Program	As of June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	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	603	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

State-shared Revenue

Last Ten Fiscal Years

June 30, 2019

(Unaudited)

<u>Fiscal Year</u>	<u>Modified Accrual and Accrual Basis of Accounting</u>
2010	\$ 1,339,744
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	1,662,537

Source: Comptroller's office

Gas and Weight Taxes

Last Ten Fiscal Years

June 30, 2019

(Unaudited)

Fiscal year	Type of Street		Total
	Major	Local	Gas and Weight Tax (Act 51) Receipts
2010	\$ 602,084	\$ 247,497	\$ 849,581
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	1,026,021	420,387	1,446,408

Source: Comptroller's office

Labor Agreements

June 30, 2019  
(Unaudited)

Bargaining Unit	Expiration Date	Number of Employees at June 30, 2019
<b>Police Officers Association of Michigan</b> Represents Public Safety Officers	6/30/2019	19
<b>Command Officers Association of Michigan</b> Represents Public Safety Sergeants and Lieutenants	6/30/2022	8
<b>Police Officers Labor Council</b> Represents all Communications Dispatchers	6/30/2022	3
<b>Technical, Professional, and Office Workers Assn of MI</b> Represents clerical, public works employees, building, and ordinance officers	6/30/2019	29
<b>Nonunion Employees (Full-time)</b>		
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>

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Source: Comptroller's office

**City of Grosse Pointe Woods, Michigan**

**Water and Sewer Customers and Consumption**

**June 30, 2019**

**(Unaudited)**

<u>User Type</u>	<u>Number of Meters</u>	<u>Water Consumption Volume (100 cubic feet)</u>	<u>Percentage of Consumption</u>
Residential	6,735	5,500	85.84%
Commercial	327	677	10.57%
Churches, schools, and government	46	230	3.59%
Total	<b><u>7,108</u></b>	<b><u>6,407</u></b>	<b><u>100%</u></b>

Source: Comptroller's office

**City of Grosse Pointe Woods, Michigan**

**Historical Net Earnings, Cash Flow, and Debt Service Coverage**

**June 30, 2019**

**(Unaudited)**

Fiscal Year	Operating Expense	Operating Expenses Exclusive of Depreciation	Net Operating Income	Other Nonoperating Income (1)	Annual Income Available for Debt Service	Revenue Debt Service Requirements	Annual Coverage
2010	\$ 4,856,083	\$ 4,031,251	\$ 147,428	\$ 10,393	\$ 157,821	\$ 425,115	0.37%
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%

(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, Michigan

# Water Usage and Revenue of the Ten Largest Customers

June 30, 2019  
(Unaudited)

	Customer	Usage in Dollars	Volume of Water Used (in 100 cubic feet)
1	Lochmoor Club	\$ 67,423	\$ 18,886
2	The Rivers Resident Club	38,592	10,810
3	Grosse Pointe Board of Education	37,903	10,617
4	GP University Liggett School	33,608	9,414
5	Shorepointe Condos	20,335	5,696
6	Sunrise Development	15,119	4,235
7	City of Grosse Pointe Woods	11,792	3,303
8	Berkshire Condo Association	10,203	2,858
9	Original Pancake House	8,846	2,478
10	St. John Hospital	9,603	2,690
11	Kroger	7,026	1,968
12	A H Peters Funeral Home	6,929	1,941
13	Trattoria Corp	5,605	1,570
14	Pointe Plaza Limited	2,870	804

Source: City of Grosse Pointe Woods Finance

Metered Water Rates

June 30, 2019

(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 feet used	3.57	3.57
Sewer Rate per 100 cubic feet used	2.60	2.60

(1) Commercial rate includes churches, schools, and government

Source: Comptroller's office



City of Grosse Pointe Woods, Michigan

State Equalized Value and Taxable Value by Class and Use

June 30, 2019  
(Unaudited)

State Equalized Value

	By Class				
	2019	2018	2017	2016	2015
Real property	\$ 925,220,765	\$ 844,160,802	\$ 823,997,600	\$ 778,885,700	\$ 728,749,665
Personal property	25,091,000	25,907,200	18,850,060	14,693,500	13,562,200
<b>Total</b>	<b>\$ 950,311,765</b>	<b>\$ 870,068,002</b>	<b>\$ 842,847,660</b>	<b>\$ 793,579,200</b>	<b>\$ 742,311,865</b>

	By Use				
	2019	2018	2017	2016	2015
Residential	\$ 851,079,365	\$ 771,792,302	\$ 753,496,300	\$ 703,530,700	\$ 654,411,965
Commercial	74,024,200	72,250,200	70,383,300	75,239,500	74,222,500
Industrial	117,200	118,300	118,000	115,500	115,200
Personal property	25,091,000	25,907,200	18,850,060	14,693,500	13,562,200
<b>Total</b>	<b>\$ 950,311,765</b>	<b>\$ 870,068,002</b>	<b>\$ 842,847,660</b>	<b>\$ 793,579,200</b>	<b>\$ 742,311,865</b>

Taxable Value

	By Class				
	2019	2018	2017	2016	2015
Real property	\$ 698,385,987	\$ 670,117,429	\$ 645,692,448	\$ 636,519,515	\$ 624,389,675
Personal property	25,091,000	25,907,200	13,757,547	14,693,500	13,562,200
<b>Total</b>	<b>\$ 723,476,987</b>	<b>\$ 696,024,629</b>	<b>\$ 659,449,995</b>	<b>\$ 651,213,015</b>	<b>\$ 637,951,875</b>

	By Use				
	2019	2018	2017	2016	2015
Residential	\$ 629,310,713	\$ 602,093,150	\$ 578,864,599	\$ 563,473,469	\$ 552,288,032
Commercial	68,959,820	67,911,530	66,717,419	72,936,601	71,992,525
Industrial	115,454	112,749	110,430	109,445	109,118
Personal property	25,091,000	25,907,200	13,757,547	14,693,500	13,562,200
<b>Total</b>	<b>\$ 723,476,987</b>	<b>\$ 696,024,629</b>	<b>\$ 659,449,995</b>	<b>\$ 651,213,015</b>	<b>\$ 637,951,875</b>

Source: Comptroller's office

November 27, 2019

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, 2019 and have issued our report thereon dated November 27, 2019. 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 of the City and is not intended to be and should not be used by anyone other than these specified parties.

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

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

Very truly yours,

**Plante & Moran, PLLC**

A handwritten signature in black ink, appearing to read "Will Brickey", written in a cursive style.

William Brickey

A handwritten signature in black ink, appearing to read "Josh Yde", written in a cursive style.

Josh 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, 2019, 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, we identified 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, Michigan Tax Tribunal liabilities, unearned revenue, net position, revenue, and expenses. Failure to properly identify and record year-end journal entries could lead to materially inaccurate financial reporting.
- During the audit, we identified material journal entries related to the City's share of certain transactions incurred by the Milk River Drainage District. Failure to properly identify and record year-end journal entries could lead to materially inaccurate financial reporting.
- During our information technology (IT) general controls review, we noted that the Comptroller has administrative access to certain accounting system modules. In an ideal IT environment, administrative access to financial applications should be segregated from employees who approve or process financial transactions. While misappropriation of assets was not identified during the audit, individuals with full administrative access to financial applications could manipulate financial data without being detected.
- Certain employee census data provided to the actuary contained inaccurate information. This information was used by actuary to prepare the City's GASB 67/68 pension report. While these errors did not have a material impact on the pension liability, inaccurate census data could lead to materially inaccurate financial reporting.

## **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 26, 2019, 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 26, 2019.

### **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.

As of June 30, 2019, the City adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Accordingly, the financial statement disclosures related to long-term liabilities of the City have been updated to reflect the adoption of this standards. The City also adopted GASB 83, *Certain Asset Retirement Obligations*, and GASB 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, neither of which had a significant impact on the financial statements.

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.

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

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 decreased \$479,592, a 0.59 percent decrease, and the supplemental annuity plan liability increased by \$110,963, a 2.79 percent increase, over the prior year. 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.

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 1 to the financial statements. Management's estimate of the various incurred but not reported amounts is based on historical information regarding claims.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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.

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

### ***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 net pension liability, net other postemployment benefit (OPEB) liability, deferred inflows/outflows, debt, capital assets, revenue, and expenses.

### ***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 our 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 27, 2019.

### ***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.

### **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

### **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, on June 4, 2018, the State extended the deadline for compliance to “sometime in 2019.” On September 18, 2019, the State issued a memo that sets an implementation date for fiscal years ending on September 20, 2021 and thereafter. The State has committed to releasing various tools in the coming months to help local units with implementation. On October 31, 2019 the FAQs will be released along with clarification on what accounts should be used when implementing GASB 84. A significant revision will be issued December 31, 2019 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. In addition, the FAQs will be a live document that will be updated as questions arise. Local units can sign up for alerts at this link: [https://public.govdelivery.com/accounts/MITREAS/subscriber/new?qsp=MITREAS\\_1](https://public.govdelivery.com/accounts/MITREAS/subscriber/new?qsp=MITREAS_1).

### **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 both pension and OPEB:

<b>As of December 31</b>	<b>Pension</b>	<b>OPEB</b>
2019	45.99% - 45.15%	2.45%
2018	46.50% - 44.06%	1.94%
2017	62.36% - 50.47%	0.93%

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.



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

**Revenue Sharing**

The fiscal year 2020 governor’s budget recommendation includes \$1.4 billion for revenue sharing broken down as follows:

Description	Final 2019 Budget	Final 2020 Budget
Constitutionally required payments	\$835.3 M	\$886.5 M
CVTRS	243.0 M	262.8 M
CVTRS - One-time payments	5.8 M	0 M
County revenue sharing	177.2 M	184.8 M
County incentive program	43.3 M	43.3 M
County one-time payments	1.0 M	0 M
Fiscally distressed community grants	2.5 M	5.0 M
Supplemental CVTRS	6.2 M	0 M
<b>Total</b>	<b>\$1,314.3 M</b>	<b>\$1,382.4 M</b>

For the third year in a row, local units will experience an increase in 2020 based on the governor’s budget recommendation, as the constitutional payment budget has been increased by \$68.1 million over the 2019 budget act appropriated amount. The FY 2020 budget also includes the “City, Village, and Township Revenue Sharing” (CVTRS) appropriation that was established in FY 2015, and that number increased to \$262.8 million. Each community’s overall increase will vary, as each has a different mix of constitutional and CVTRS.

In order to receive the CVTRS payments in FY 2020, qualified local units will once again need to comply with the same best practices as they did last year, as follows:

- A citizen’s guide to local finances with disclosure of unfunded liabilities
- Performance dashboard
- Debt service report
- Two-year budget projection

The amount budgeted for distressed CVTRS has been increased from \$2.5 million in 2019 to \$5 million in 2020. The governor’s recommendation has removed \$6.2 million for “supplemental CVTRS” payments in FY 2020.

**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 healthcare plans. The amendment requires that this summary annual report also be submitted to the Michigan Department of Treasury within 30 days of publication.

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

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.

#### ***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 was a primary component 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.

On September 25, 2018, the Michigan Department of Treasury released the final uniform assumptions to be used for reporting requirements under the Act. Local units must begin reporting funded ratios and contributions in accordance with the uniform assumptions, starting with their fiscal year 2019 if their audited financial statements are based on an actuarial valuation issued after December 31, 2018. If their fiscal year 2019 audited financial statements are based on an actuarial valuation issued prior to December 31, 2018, the local units must begin reporting on the uniform assumptions starting with their fiscal year 2020. This means that the local unit may potentially need three valuations: 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 valuation that complies with the State's new uniform assumptions.

The releases by the Department of Treasury includes the letter titled "Public Act 202: Selection of the Uniform Assumptions," 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](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 your fiscal year.

In addition to submitting this new form to the Department of Treasury, a local unit must also post this information on its website, or in a public place if the local unit 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.

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

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.

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 your community 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](mailto:LocalRetirementReporting@michigan.gov) or by visiting their website at [www.Michigan.gov/LocalRetirementReporting](http://www.Michigan.gov/LocalRetirementReporting).

#### **Upcoming Accounting Standards Requiring Preparation**

##### ***GASB Statement No. 84 - Fiduciary Activities***

This new pronouncement will be effective for reporting periods beginning after December 15, 2018. This statement provides criteria for state and local governments to use to identify whether an activity is fiduciary and should be reported as a fiduciary fund type in its financial statements. In addition, once identified as a fiduciary activity, GASB 84 also provides specific reporting requirements.

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

This statement has the potential to significantly impact what governments report currently as a fiduciary activity. Upon adoption, we anticipate that some governments' fiduciary activities will need to move to governmental funds, while other activities that never before were considered fiduciary will now be reported as such. 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 its external financial statements, but also to its accounting system requirements and budget document, we encourage you to start analyzing the impact of this standard now. The first step to implementation is identifying the type 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. 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 related to all significant lease agreements now in order to more efficiently implement this new standard once it becomes effective.

Plante & Moran, PLLC will be providing trainings and other resources to our clients over the coming months in order 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. 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. Plante & Moran, PLLC will be providing resources to assist with this analysis.