

City of Grosse Pointe Woods, Michigan

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2009

Prepared by the Office of the City's Finance Department

City of Grosse Pointe Woods, Michigan

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CITY OF GROSSE POINTE WOODS

20025 Mack Plaza Drive
Grosse Pointe Woods, Michigan 48236-2397

November 10, 2009

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

The Comprehensive Annual Financial Report (C.A.F.R.) of the City of Grosse Pointe Woods, Michigan, for the fiscal year ended June 30, 2009 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 that 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 unqualified 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 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, 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 regards to the 2003 Water and Sewer Revenue Bonds.

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

November 10, 2009

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 insure that the City's system of internal controls are providing the security that is 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

This report has been prepared pursuant to and in compliance with Michigan Department of Treasury regulations, which, in part, requires 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 10, 2009], on the basic financial statements and individual fund statements and schedules is included in the Financial Section of this report. A separately issued Single Audit Report previously completed for the Federal Grant Fund is no longer required under the Federal Single Audit Act. Total federal grant expenditures of \$31,661 were less than \$500,000, which is the minimum expenditure limit, needed to be subject to the regulations of the Single Audit Act. Due to the minimum amount of monies received by the Grant Program the City is designated as a sub-grantee and coordinates its program through the Wayne County Block Grant Program.

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

November 10, 2009

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. 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, published in the local newspaper and annual City calendar.

The City's long-term financial stability as shown by the positive fund balance(s) in its major funds is the result of a strong and continuous commitment to fundamental principles of fiscal integrity accomplished by the following: (1) periodic reviews of budgetary and financial controls/policies by Administration and as well as by the City's Finance Committee members; (2) long-term financial and capital planning with bench marks for optimal fund balance levels; (3) continued excellence in financial reporting; (4) adherence to the annual financing of its capital projects program; and (5) ongoing examination of the City's tax base both residential and commercial to ensure a continual focus on future projects and developments which strengthen and enhance the tax base. The City's ability to maintain a manageable debt burden has allowed the necessary financial resources to continue to provide a full compliment of activities and services to citizens of the community.

The City's financial staff undertakes an annual review of its operating, technical and reporting systems. Whenever possible, progressive steps are continually taken to strengthen the City's set of internal controls to ensure that its assets are properly accounted for. Presently all of the principal functions of the City Treasurer/Comptroller's office are automated with members of the staff crossed trained to operate the various operating systems of the department.

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

November 10, 2009

In developing and/or changing the accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition.
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets and liabilities.

The concept of reasonable assurance recognizes that the cost of implementing a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. As demonstrated by the statements and schedules included in the financial section of this report, as well as the information provided with the management and discussion section the City continues to meet responsibilities for sound financial management.

Concurrent with the budget process, the City also prepares an annual infrastructure improvement program, which details major expenditures for the City buildings, equipment, and infrastructure needs. The City's infrastructure /inventory is divided into eight (8) neighborhood maintenance districts. The FY 08/09 Sidewalk Repair Program and the Miscellaneous Street Repair Program continued in District 6. Also, the concrete was replaced on North Oxford from Holiday to Fairway. Furthermore, the City continued its Joint Sealing Program in District 7.

The City also finished the Sewer Revolving Fund Grant Program by televising and cleaning districts 4,5,6,7, and 8. In addition, a water line was replaced on Lochmoor.

After reviews and comparison of rate projections, the City agreed to a new 30-year contract with the City of Detroit for water service and made application to the State of Michigan for Drinking Water Revolving Funds to construct a 500,000 water storage tank and miscellaneous equipment to be constructed at the Department of Public Works complex on Parkway Drive. The construction of the water tank will reduce the peak hour and maximum day demands, which will translate into more stable usage rates.

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

November 10, 2009

Economic Condition (Property Tax Base)

The financial statements, as presented in this report, demonstrate the ability of the City Administration to effectively stay within the fiscal guidelines and policies as adopted by the City Council. One measure of the City Administration's effectiveness to deliver public services, while remaining cost-effective and responsive to current economic conditions, is to examine the relationship of taxable values to the adopted millage rates. The following table shows that over the past six years the total actual tax burden to the residents has increased on a per annum average of 3.3 percent. The taxable value for fiscal year 2008-2009 showed a \$67 million decrease from the previous year. This equates to a decrease of approximately 7.88 percent. This is a result of the Michigan economy being affected by the downturn in the automotive and financial industry, which leads to a decrease in the number of permits and value of new construction over the past five years.

For several years, the most challenging issue facing all communities in the State of Michigan is the discrepancy that has arisen between the actual value of houses, State Equalized Value (S.E.V.) versus the taxable value on which millage is applied. Since the passage of Proposal A, the 2008-2009 fiscal year marks the twelfth consecutive year the actual market values on property (state equalized value) were reduced for taxation purposes due to the limitations placed on property values by Proposal A. The voters of the State of Michigan in an effort to curb rising property taxes approved Proposal A on March 15, 1994. The proposal capped market value increases to the lesser of (1) change in the Consumer Price Index or (2) 5 percent if the C.P.I. increases over that percent. During the past year, the fair market values/state equalized values of property within the City excluding increases in new construction or home improvements decreased by 15.6 percent making it necessary for the City to tighten its budget and implement cost containment measures for a third year.

Aside from reducing the market value on property that a community may levy a millage upon many communities are also facing the problem at being near or at their maximum charter millage amount. Due to another State Act (Headlee 1979), which in general impacts the available amount of millage a City may have available many communities are now in difficult financial positions due to compounding effects of both Proposal A and no longer having the ability to increase millage to original charter limits without first going to a vote of the residents. The City, realizing the negative impact that the Headlee Act may place on the budget status of a community, has been pro-active in structuring a budget to conserve remaining tax mills.

For a second year the City experienced a decline in taxable value. This down turn in Michigan's economy is likely to continue for another year or two. The decision to increase the City's millage rate by 1.75 mills demonstrates the City Council's commitment to maintain the high quality of services and sense of community that our residents expect. During fiscal year 2009-10 approximately \$440,000 in tax revenue will be added back into the General Fund fund balance to offset the fund balance used during fiscal years 2007-08 and 2008-09. Without significant cuts to City services, the use of fund balance is necessary to balance the budget for the next three fiscal years.

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

November 10, 2009

Fiscal Years Ended June 30	Taxable Value	Millage Rate
2009	\$ 780,980,472	14.7397
2008	847,756,558	12.9897
2007	867,467,911	12.9897
2006	813,191,810	12.9897
2005	778,924,550	13.0300
	Fiscal Year 2007-2008	Fiscal Year 2008-2009
General Fund:		
Total revenue and transfers in	\$ 13,370,030	\$ 12,086,336
Total expenditures and transfers out	<u>(14,061,773)</u>	<u>(12,778,830)</u>
Excess of expenditures over revenue	(691,743)	(692,494)
Fund balance:		
Beginning of year	<u>3,733,077</u>	<u>3,041,334</u>
End of year	<u>\$ 3,041,334</u>	<u>\$ 2,348,840</u>

Property tax revenues for fiscal year 2008-2009 represented approximately 72.4 percent of the total amount of General Fund operating revenues of \$11,811,336, which was a 2.3 percent decrease when compared with previous year's percent of 70.1 percent. With the taxable value of the City's tax base being 90.1 percent residential, Mayor/Council and Administration, in order to reduce the impact taxes have on the residents, must continue to (1) re-examine the promise of the City's Post Retirement Health Care package, (2) review the cost of providing services to the residents, (3) evaluate staffing needs and make changes through attrition, (4) prioritize services and programs currently being rendered to the residents, (5) continue to explore opportunities to combine joint public services/capital purchases with the neighboring communities and (6) reconsider and prioritize capital equipment purchases and infrastructure improvements.

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

November 10, 2009

In accordance with the City Charter the City may levy up to 20 mills. As discussed earlier, the Headlee Act, which amended the State Constitution in regards to property tax relief, has forced the City to roll back its 20 mills to 14.0492 mills. As of June 30, 2009 the City has 0.8850 of unused millage to finance future operations and infrastructure improvements. Recent tax legislation, which has been approved in both the Michigan House of Representatives and Senate, could further impact the City's millage levy. This legislation, in part, would result in immediate or phased-in tax exemption of all or a portion of the personal property located within the City. Also, with economic concerns regarding the State's financial position the City is once again facing a possible reduction in its State Shared Revenues. With the State's economy still facing severe financial problems, the City will have to further tighten its General Fund budget to stay within its revenue base. The City Council has chosen a balanced approach to budget development by cutting what could be eliminated, without seriously affecting services and using portions of undesignated fund balance.

The Administration is deeply concerned with the impact that the depressed housing market will have on real/personal property assessments within the community and the compounding effect it will have on tax revenues to finance City operations. With the voter's approval of Proposal A, market/inflationary assessment increases have been capped and property taxes held in check on residential properties. The formula used to compute State Sales Tax monies distributed back to the municipalities was amended by the legislature in 1998. The law now categorizes sales tax distributions as either statutory or constitutional distributions. The constitutional portion of the distribution can only be amended by a general vote of the people. However, the statutory portion can be reduced by the State's legislature. With the state's economy still being severely impacted by the downturn in the automobile manufacturing sector local governments will have to continue to lobby their State Representatives that any further reduction in the statutory distribution of revenue sharing dollars will have a drastic impact on their operating budgets.

Administrative Summary/Major Initiatives

During the preparation of the 2008-2009 annual budget, the Mayor and City Council emphasized several areas for the Administrative Officials to concentrate their cost containment efforts on, as shown below:

1. Implementation of a restructured health care plan for both union and non-union employees, as well as retirees where possible.
2. Review of the Capital Equipment Purchases
3. Review of Infrastructure Improvement Program
4. Provide more services to residents via the Internet and City's website
5. Reduction in staff through attrition

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

November 10, 2009

After many years of providing a standard health care plan for all full time and retired employees the City, in response to G.A.S.B. mandates in accounting for these benefits, continues to review and restructure these health care plans. An important concern for the City is to have an attractive health plan while being cognizant of current costs and future liability impact on the financial statements. Negotiations with all four (4) labor unions will begin in early 2010.

Several years ago the Administration developed a comprehensive listing of all infrastructure within the City. In doing so, the City was able to determine the financial resources required to maintain this infrastructure on an annual basis. To date, the Elected Officials have continued to dedicate several million dollars annually to maintain the City's infrastructure, without the necessity of having to issue additional debt or increase millage. This undertaking is most impressive when considering the continual decrease in State Shared Revenues and the fiscal impact that Proposition A and the Headlee Act have had on property taxes.

In working to keep current with continuing technology changes now occurring, the City has made a strong commitment to invest in upgrading information technology. Not only are all departmental employees of the City now utilizing technology to perform their everyday activities but are also required to participate in additional training to become more creative and productive in their use of technology. Over the past couple of years, the City has concentrated on expanding the usage of its Geographic Information System (G.I.S.) that allows employees and citizens alike the ability to obtain a wide variety of data on a parcel(s) of property, located anywhere in the City. In addition, the City Comptroller's department has converted to an on-line banking system along with an automated check deposit capability. These additions have streamlined banking transactions and improved cash flow.

The City's full-time labor force as of June 30, 2009 was reduced to 99 full-time employees, 12 permanent part-time and approximately 160 seasonal employees. The City had multi-year contract agreements that were ratified during fiscal year 2008-2009, with an expiration date of June 30, 2010.

As always, the City's top priority is to continue to provide residents the highest level of public services while operating within approved budget parameters. As expected the operational costs of many of these services and programs have increased; however, the City has, whenever possible, managed to keep such increases to a minimum. The City once again realized a cost reduction in its general liability and property insurance. The City implemented a change in the administration of non-union healthcare, which resulted in a cost savings while maintaining the same level of benefits. This was the model used in union negotiations. In cooperation with elected officials, the City has been able to maintain an infrastructure improvement plan. The City in consortium with other surrounding communities has also been working to minimize the effect of rising water and sewer rates.

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

November 10, 2009

Future Outlook

The City continues to retain its status as both a well respected and one of the most desired areas to live in Southeast Michigan. Elected Officials, Administration and the members of the various committees and commissions are always looking at innovative and productive ways to maintain the viability of the commercial district, repair and update infrastructure, retain residential home values and still attract younger families to reside in the community. The challenge to the City is to continue to provide a multitude of public services, while complying with increased Federal and State regulations, financing an operating budget with both property tax dollar restrictions (Proposal A, Headlee) and a State economy that has yet to recover from prior years recession. Over the past several years the City has placed an emphasis on the planning, re-zoning and re-assessment of both its residential/commercial property. To assist the administration in this endeavor, the City has utilized the services of a professional planner as well as providing its assessor G.I.S. capabilities. Interaction and greater long-term planning with the various proprietors in the commercial district will have to increase if the existing establishments are to retain a viable resource and vacant properties are to remain attractive to potential entrepreneurs. For many years the City has worked with other surrounding communities to provide emergency ambulance services, rubbish removal, health insurance and recreational activities and police communication/dispatch. But as the availability of the property tax dollar erodes the City will need to continue attempts to increase its interaction with neighboring communities to seek alternative solutions to such issues as infrastructure replacement, equipment purchases, labor agreements and the staffing of day to day operations.

The City, with various neighboring communities, is undertaking a Citizen's Survey to assist in future budget planning.

Sincerely,



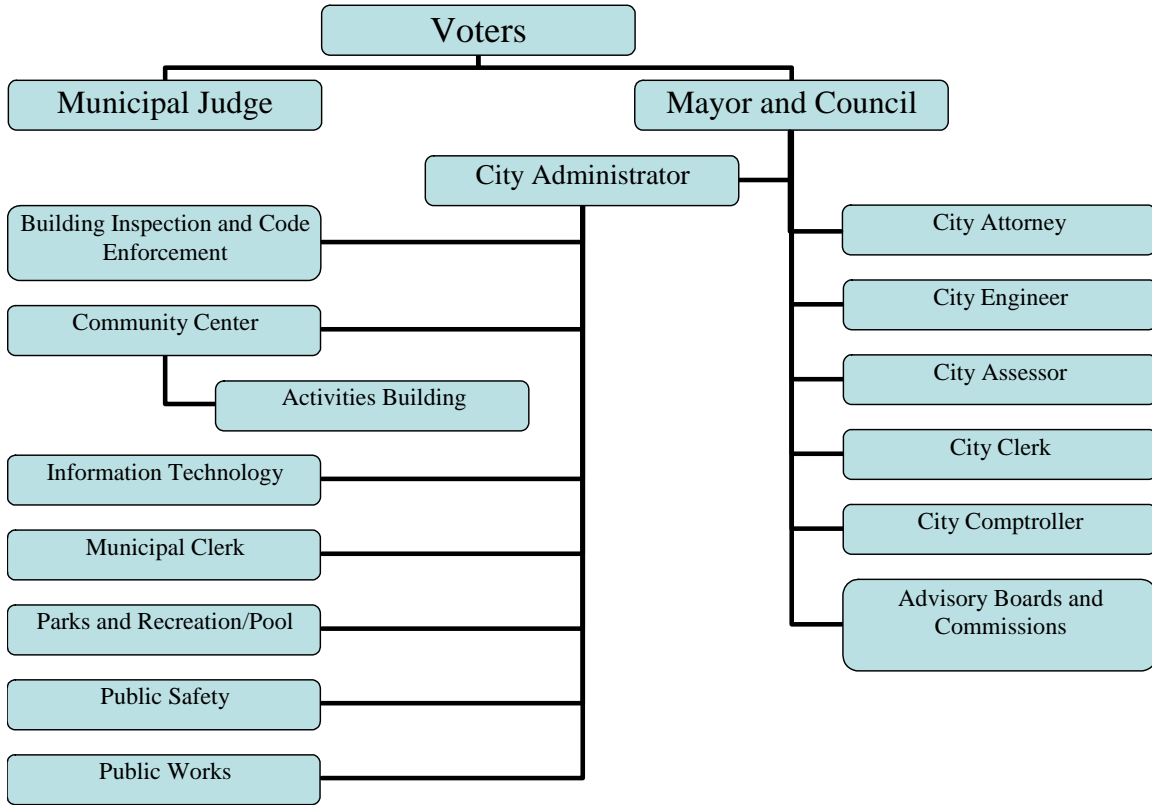
Mark Wollenweber
City Administrator



Dee Ann Irby
City Treasurer/Comptroller

City of Grosse Pointe Woods, Michigan

Organizational Chart



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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

President

A handwritten signature in black ink that reads "Jeffrey R. Egan" in a cursive style.

Executive Director

City of Grosse Pointe Woods, Michigan

List of Principal Officers Year Ended June 30, 2009

Elected Officials

Mayor	Robert E. Novitke
Council Member	Allen G. Dickinson
Council Member	Victoria A. Granger
Council Member	Arthur W. Bryant
Council Member	Joseph E. Sucher
Council Member	Lisa Pinkos Howle
Council Member	Peter N. Waldmeir

Administrator's Office

Administrator	Mark Wollenweber
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Clerk's Office

Clerk	Lisa K. Hathaway
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City Comptroller/Treasurer's Office

Treasurer	DeeAnn Irby
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City Assessor

City Assessor	Kathleen Paul
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City Attorney

City Attorney	Don R. Berschback
City Attorney	Chip Berschback

Municipal Judge

Municipal Judge	William Giovan
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City of Grosse Pointe Woods, Michigan

Fund Organization Chart Year Ended June 30, 2009

<u>Fund Name</u>	<u>Fund Number</u>
<u>GOVERNMENTAL FUNDS</u>	
General Fund	101
Special Revenue Funds	
Major Street Fund	202
Local Street Fund	203
Ambulance Fund	210
Act 302 Training Fund	211
Solid Waste Disposal	226
Grants Fund	245
911 Emergency Service	261
Drug Enforcement	265
Parkway Beautification Fund	205
Cable Franchise Fund	206
Debt Service Funds	
Grosse-Gratiot Drain Fund	365
2005 Park Refunding Bond	303
Capital Projects Funds	
Municipal Improvement Fund	401
2006 Park Bond	405
<u>PROPRIETARY FUNDS</u>	
Enterprise Funds	
Water and Sewer Utility Fund	592
Parking Utility Fund	585
Boat Dock Rental Fund	594
Commodity Sales Fund	598
Internal Service Funds	
Motor Vehicle Fund	640
Workers' Compensation Fund	632
Management Information System	650
<u>FIDUCIARY FUNDS</u>	
Trust and Agency Funds	
Pension Fund	731
Supplementary Annuity Fund	732
Wayne County Tax Fund	703
Cash Bond Escrow Fund	702

Independent Auditor's Report

To the City Council
City of Grosse Pointe Woods
Wayne County, Michigan

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 as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Grosse Pointe Woods, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Woods, Michigan as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the City Council
City of Grosse Pointe Woods
Wayne County, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grosse Pointe Woods, Michigan's basic financial statements. The management's discussion and analysis, pension system schedule of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical and continuing disclosure sections, as identified in the table of contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The budgetary comparison schedules and other supplemental information have been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and pension systems schedule of funding progress, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical and continuing disclosure sections have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

As discussed in Note I, the City implemented GASB No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*, during the year. As a result, the government-wide statements and Enterprise Funds now report the cost of retiree health care as those benefits are earned by the employees.

Plante & Moran, PLLC

November 10, 2009

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis

Financial Highlights

The following represents the most significant financial highlights for the year ended June 30, 2009:

- Total FY 2008-2009 General Fund revenues were approximately \$1.34 million less than FY 2006-2007 revenues. Decreased revenue was due primarily to the decline in taxable value, since property taxes continue to be the largest and most secure source of revenue. In addition to property taxes declining, the City saw a reduction in revenue from State sources and investment income.
- State-shared revenue, despite dramatic cuts over the past several years, remains our second largest revenue source. During the City's FY 2008-2009 fiscal year, state-shared revenue decreased \$74,000 when compared to FY 2007-2008.
- Licenses/permits revenue decreased \$14,000; however, the direct cost of operating the building department increased \$37,400 over the previous year.
- Revenues from District Court fees and fines are stable. We experienced a \$43,000 increase in Court revenue due to an increase in violations as well as their strict adherence to the collection policy.
- General Fund expenditures for FY 2008-2009 were up approximately \$464,000 from the previous year. The majority of the increase is attributable to health care and retiree prescription cost as well as retroactive payments to unions for two years of wages and benefits. This increase was offset by a reduction in the transfers to the Major and Local Street Funds for road construction. To combat the negative pressure on revenues and with the continued uncertainty of state funding levels, the City continues a hiring freeze and has continued cost containment measures to add efficiencies to departmental operations.

Using this Annual Report

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

The fund financial statements present a short-term view; they tell 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 assets as of the current date and compared to the prior year (in millions of dollars):

Summary Condensed Statement of Net Assets:

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Assets						
Current assets	\$ 10.3	\$ 7.3	\$ 1.9	\$ 2.1	\$ 12.2	\$ 9.4
Noncurrent assets:						
Restricted assets	0.1	0.1	0.5	0.5	0.6	0.6
Capital assets	<u>30.7</u>	<u>30.9</u>	<u>23.7</u>	<u>23.7</u>	<u>54.4</u>	<u>54.6</u>
Total assets	41.1	38.3	26.1	26.3	67.2	64.6
Liabilities						
Current liabilities	2.5	2.5	0.5	0.9	3.0	3.4
Long-term liabilities	<u>7.8</u>	<u>7.6</u>	<u>5.0</u>	<u>4.8</u>	<u>12.8</u>	<u>12.4</u>
Total liabilities	<u>10.3</u>	<u>10.1</u>	<u>5.5</u>	<u>5.7</u>	<u>15.8</u>	<u>15.8</u>
Net Assets						
Invested in capital assets -						
Net of related debt	24.2	25.8	18.6	18.9	42.8	44.7
Restricted	0.7	0.8	0.5	0.5	1.2	1.3
Unrestricted	<u>5.9</u>	<u>1.6</u>	<u>1.5</u>	<u>1.2</u>	<u>7.4</u>	<u>2.8</u>
Total net assets	<u>\$ 30.8</u>	<u>\$ 28.2</u>	<u>\$ 20.6</u>	<u>\$ 20.6</u>	<u>\$ 51.4</u>	<u>\$ 48.8</u>

The City's combined net assets decreased \$2.6 million from the prior year. Decreased assets within the governmental activities are due primarily to reduction in property tax revenue. Liabilities remained consistent as a result of an increase in liabilities for the initial recording of the GASB 45 OPEB liability and a decrease in liabilities as a result of principal payments on long-term debt.

Total liabilities in the business-type activities increased about \$0.2 million in FY 2008-2009. Although the City continues to reduce debt associated with the Milk River Drain and Water and Sewer System rehabilitation projects, the increase is due to the reclassification of the Solid Waste Fund.

Overall, City debt remains low. The City utilizes just 1.04 percent of the allowable legal debt margin subject to limit.

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

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

Summary Condensed Statement of Changes in Net Assets (presented in millions of dollars):

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2009	2008	2009	2008	2009
Revenue						
Program revenue:						
Charges for services	\$ 1.5	\$ 1.5	\$ 5.1	\$ 5.3	\$ 6.6	\$ 6.8
Operating grants and contributions	0.9	0.9	-	-	0.9	0.9
Capital grants and contributions	-	-	0.7	0.1	0.7	0.1
General revenue:						
Property taxes	15.5	14.5	-	-	15.5	14.5
State-shared revenue	1.6	1.6	-	0.1	1.6	1.7
Unrestricted investment earnings	0.7	0.2	0.1	-	0.8	0.2
Cable franchise fees	0.3	0.3	-	-	0.3	0.3
Total revenue	20.5	19.0	5.9	5.5	26.4	24.5
Program Expenses						
General government	2.7	4.9	-	-	2.7	4.9
Public safety	6.1	7.5	-	-	6.1	7.5
Public works	3.9	4.7	-	-	3.9	4.7
Solid waste	1.5	1.4	-	-	1.5	1.4
Recreation and culture	2.1	2.4	-	-	2.1	2.4
Municipal improvements	0.3	0.3	-	-	0.3	0.3
Interest on long-term debt	0.2	0.2	-	-	0.2	0.2
Water and sewer	-	-	5.2	5.2	5.2	5.2
Parking	-	-	0.3	0.3	0.3	0.3
Boat dock	-	-	0.1	0.1	0.1	0.1
Commodity sales	-	-	0.1	0.1	0.1	0.1
Total program expenses	16.8	21.4	5.7	5.7	22.5	27.1
Excess (deficiency) before transfers	3.7	(2.4)	0.2	(0.2)	3.9	(2.6)
Transfers	(0.8)	(0.2)	0.8	0.2	-	-
Change in Net Assets	\$ 2.9	\$ (2.6)	\$ 1.0	\$ -	\$ 3.9	\$ (2.6)

Total revenue for governmental activities decreased \$1.5 million (7.3 percent) from fiscal year 2008-2009. A reduction in property taxes accounts for \$1.0 million of the lost revenue. Other areas showing a decline are interest income and revenue from State sources. The loss is offset by an increase in the collection of Court fines and fees. Total governmental expenses increased \$4.6 million (27.4 percent). The majority of the increased expenses pertain to the recording of the liability for other postemployment health benefits. Expenses also increased due an increase in the required pension payments. Increased expenses were offset by a reduction in bond principal and interest payments as well as renegotiating the solid waste collection.

In the business-type activities, revenues decreased \$0.4 million while expenses remained constant. The decrease in revenue is a result of the expiration of the sewer construction grant. An increase in the cost to purchase water and dispose of sewer was offset by the lack of construction.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

The City's governmental revenues totaled approximately \$19.0 million, with the greatest revenue source being property taxes. Property taxes make up approximately 76 percent of total governmental revenue. That percentage is up from approximately 75 percent of total governmental revenue in fiscal year 2007-2008. Due to the large number of Michigan Tax Tribunal cases pending, the City was required to reduce revenue by the dollar amount of all cases under appeal. This resulted in a \$150,000 reduction to governmental revenue.

Although the City relies heavily on property tax revenues, the City still maintains a relatively low millage rate compared to similar-sized communities. The property tax rate assessed is approximately 1 mill below the maximum amount permitted under the Headlee Act.

Total governmental expenses for the City were approximately \$21.4 million. This is up by \$4.6 million from fiscal year 2007-2008. As in most municipalities, labor cost makes up the greatest portion of the budget. In fiscal year 2008-2009, the City settled all four labor agreements and made retroactive wage and benefit payments. Transfers to support other funds increased due to a reduction in State sources, fewer grants being available, and an increase in union wages.

Business-type Activities

The City's business-type activities consist of the funds for water and sewer, parking utility, and boat dock. Aside from maintaining a well-funded infrastructure program, the City has been able to negotiate a new 30-year agreement with the City of Detroit's Water and Sewerage System. The new agreement supports a rate structure that will keep rate increases below what it has paid in previous years. In fiscal year 2009-2010, the City will construct a water reservoir to reduce future rate increases from Detroit. The projected savings in rate increases will pay for debt principal and interest payments.

Water and Sewer Utility System revenues are primarily from fees paid by customers based on use. User fees make up approximately 96.4 percent of all business-type revenues.

The business-type activities expenses totaled approximately \$5.7 million, which is the same as last fiscal year. A total of \$4.0 million is collected from customers and paid to the City of Detroit for water and sewer treatment. Nearly \$300,000 in transfers from other funds helps to offset expenditures.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

The City's Funds

An analysis of the City's major funds begins on page 15, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City 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 2008-2009 include the General Fund, the Major Street Fund, the Local Street Fund, the Cable Franchise Fund, the Solid Waste Fund, and the Grosse-Gratiot Drain 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. The General Fund transferred approximately \$0.98 million to the Local and Major Street Funds, and \$0.2 million to support Municipal Improvements, Motor Vehicle Fund, and Management Information Systems.

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 state-shared revenue to subsidize their operations.

In fiscal year 2008-2009, the General Fund's fund balance decreased by approximately \$690,000. This decline was the result of increased funds for the required contribution to the pension supplemental annuity monies, the initial recording of OPEB liabilities, as well as an increase in health care for active employees and prescription costs for retirees. Transfers to other funds increased due to the reduction in Act 51 road funding and lack of grants.

The City's General Fund's year-end fund balance is approximately \$2.3 million. This amount represents approximately 19.9 percent of fiscal year 2008-2009 annual expenditures. This level of fund balance is slightly 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 bridge any unexpected gap in current year revenues or increases in ordinary, unanticipated current year expenditures. With a declining tax base, this is essential for future operations and maintaining a favorable bond rating.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

Major Street Fund

The Major Street Fund accounts for the maintenance and replacement of all major streets within the City. Financing is provided by distribution of gas tax proceeds. Major revenues include \$75,000 from the City's General Fund and \$285,000 from the Cable Fund, and \$613,000 in gas and weight tax revenue. Over the fiscal year, the Major Street Fund's expenditures exceeded revenues by approximately \$27,000. There are sufficient reserves to cover this overage.

Local Street Fund

The Local Street Fund accounts for the maintenance and replacement of all local streets within the City. Financing is provided by distribution of gas tax proceeds. Major revenues include interfund transfers of \$1.6 million from the City's General Fund, Cable Fund, and Grosse Gratiot Drain and approximately \$251,000 in gas and weight tax revenue. The department receives a small amount of its revenue from fees, other state funding, special assessment, and interest on investments.

In fiscal year 2008-2009, the Local Street Fund balance increased by approximately \$91,000. This increase is primarily due to more revenues being transferred in for construction projects than was spent in the current year.

Cable Franchise Fund

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. In fiscal year 2008-2009, the fund transferred approximately \$0.9 million to other funds to help offset increased expenditures and a reduction in property tax revenue.

The Cable Franchise Fund's fund balance decreased by approximately \$0.9 million, which is primarily attributable to transfers of unrestricted revenues to fund operations.

Solid Waste Fund

The Solid Waste Fund is used to account for the collection, disposal, and recycling of all residential and commercial waste within the City. The special millage rate for fiscal year 2008-2009 remains unchanged from previous years at 1.8807 mills. Although the millage rate remained the same, the revenue generated has decreased approximately \$42,000 due to a decrease in taxable value. Expenses in fiscal year 2008-2009 decreased \$118,000 as compared to the previous year. The primary reason for the decrease in expense was by negotiating new contract terms with the waste hauler. Transfers to other funds increased in fiscal year 2008-2009 by \$125,000. The transfer to the General Fund increased to support City employees' payroll and benefits associated with trash disposal, composting, and recycling.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

Grosse-Gratiot Drain Fund

The Grosse-Gratiot Drain Fund is used to accumulate resources for payment of the Grosse-Gratiot Drain improvements financed by issuance of debt. The fund derives revenue from property taxes of approximately \$3,188,000 in fiscal year 2008-2009. Expenditures primarily related to drain assessments of approximately \$990,000 and debt service of approximately \$1,225,000. The Grosse-Gratiot Drain Fund transferred \$960,000 to other funds, primarily for use with infrastructure improvements.

This Grosse-Gratiot Drain Fund's fund balance increased approximately \$13,000, which was mainly due to property taxes. The fund balance reserves were used to balance the 2009-2010 Grosse Gratiot Drain budget without increasing its millage rate from 3.802.

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 revenues are derived from user fees and fees 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 have remained consistent, with only the cost of fee increases imposed by the City of Detroit Water and Sewerage System being passed on to customers.

Increasing labor costs, higher standards being placed on the system by both the federal and state governments, and the need to repair and maintain an aging system prompted the City to prepare a five-year forecasting model. This rate model will help the City with its annual review of revenues and expenditures to ensure revenues remain at an adequate level to support the required expenditures of the systems. A rate increase will be necessary to support infrastructure improvements to the water system, which will be funded by low interest loans from the State of Michigan Drinking Water Revolving Fund.

General Fund Budgetary Highlights

The City's General Fund began fiscal year 2008-2009 with four open labor contracts and threats of further state-shared revenue cuts. Facing uncertainty in revenues, the City reduced the amount of construction, infrastructure improvements, and capital equipment purchases. The City's original fiscal year 2008-2009 budget projected a \$673,600 decrease in fund balance. The planned reduction was primarily due to transfers to support other funds. The change in use of fund balance was a result of recording the OPEB (GASB 45) liabilities.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

General Fund actual revenues for fiscal year 2008-2009 were \$605,000 below projected figures; however, \$481,000 is attributable to a reclassification of debt service levy. The true change in anticipated revenue is \$124,000. The projected revenue from investment income was \$115,000 below projections and the projection for community center and parks and recreation participant fees were down by \$9,000. The dramatic decline in interest income is due to the use of fund balance and the fact that rates dropped from approximately 3 percent to 1 percent due to the Federal Reserve changes.

Cost containment efforts to hold the line on expenses during fiscal year 2008-2009 were successful at the program level, but annual buybacks of sick and vacation and payout of accumulated banks at retirement dramatically increased. In addition, payments for two years of retro wages had a negative impact. In total, fiscal year 2008-2009 buyouts of sick and vacation were \$330,000 and retroactive wage and benefit payments totaled \$302,000.

Capital Asset and Debt Administration

The City continued to invest in capital assets during fiscal year 2008-2009, as well as reduce its debt obligations. Overall, the City debt remains low. The City utilizes just 1.04 percent of the allowable legal debt margin subject to limit. 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

The City of Grosse Pointe Woods' fiscal year 2010 budget reflects challenges that many municipalities in Michigan are facing. A slowed economy is resulting in a downward trend on property values while many personnel, retiree, and operational costs continue to increase. The City is beginning the new fiscal year with a reduction in staff, through attrition, and working toward changes to healthcare with union negotiations. All departments are continuing to evaluate how to operate more efficiently, while maintaining a high level of service to the citizens.

The new Governmental Accounting Standards Board (GASB 45) requirement was implemented this year. This new standard requires the City to recognize the cost of retiree health care and other non-pension postretirement benefits over the working life of the employee, rather than at the time the healthcare premiums are paid. The actuary determined the City's annual recommended contribution for providing postretirement benefits other than pension to be \$4,665,000; the unfunded portion of that liability was recorded in this year's financial statements. A new strategy will need to be developed to properly recognize and fund the financial burden of commitments made to current and future retirees.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

The City of Grosse Pointe Woods, similar to many municipalities in the state of Michigan, continues to experience difficult financial times. While little or no growth has been experienced in revenues, most expenditures continue to grow at the rate of inflation or higher, as in the case of health care. The City has responded to this through a reduction of discretionary costs, principally capital outlay, but also including personnel cuts through attrition. The City expects this financial trend to continue into fiscal year 2009-2010.

Contacting the City's Management

This financial report is intended to provide 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 Assets June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 3)	\$ 6,360,834	\$ 1,176,654	\$ 7,537,488
Receivables:			
Taxes	3,203	-	3,203
Customers	185,546	1,019,662	1,205,208
Accrued interest	105,927	1,311	107,238
Due from other governmental units	376,159	-	376,159
Other	53,808	40,324	94,132
Internal balances (Note 5)	168,553	(168,553)	-
Restricted cash (Note 1)	52,949	453,789	506,738
Investments in Grosse Pointes-Clinton Refuse Disposal Authority (Note 11)	74,605	-	74,605
Capital assets (Note 4):			
Nondepreciable capital assets	1,547,967	269,077	1,817,044
Depreciable capital assets - Net	<u>29,333,789</u>	<u>23,447,426</u>	<u>52,781,215</u>
Total assets	<u>38,263,340</u>	<u>26,239,690</u>	<u>64,503,030</u>
Liabilities			
Accounts payable	495,997	532,067	1,028,064
Accrued and other liabilities	350,550	29,008	379,558
Noncurrent liabilities (Note 6):			
Due within one year	1,562,862	265,000	1,827,862
Due in more than one year	<u>7,639,679</u>	<u>4,846,839</u>	<u>12,486,518</u>
Total liabilities	<u>10,049,088</u>	<u>5,672,914</u>	<u>15,722,002</u>
Net Assets			
Invested in capital assets - Net of related debt	25,835,044	18,921,503	44,756,547
Restricted for:			
Streets and highways	290,925	-	290,925
Police, fire, and ambulance operations	215,137	-	215,137
Solid waste disposal	258,943	-	258,943
Grants	16,458	-	16,458
Debt service	959	453,789	454,748
Unrestricted	<u>1,596,786</u>	<u>1,191,484</u>	<u>2,788,270</u>
Total net assets	<u>\$ 28,214,252</u>	<u>\$ 20,566,776</u>	<u>\$ 48,781,028</u>

City of Grosse Pointe Woods, Michigan

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
Legislative	\$ 91,133	\$ -	\$ -	\$ -
Judicial	347,428	-	-	-
General government	4,453,157	567,669	43,958	-
Public safety	7,525,431	831,454	-	-
Public works	4,745,160	108,245	864,554	-
Solid waste	1,366,272	-	-	-
Recreation and culture	2,370,954	-	-	-
Municipal improvements	386,989	-	-	-
Interest on long-term debt	153,736	-	-	-
Total governmental activities	21,440,260	1,507,368	908,512	-
Business-type activities:				
Water/Sewer	5,223,333	4,878,913	-	146,962
Parking	312,920	242,765	-	-
Boat dock	121,541	146,872	-	-
Commodity sales	45,185	48,410	-	-
Total business-type activities	5,702,979	5,316,960	-	146,962
Total primary government	\$ 27,143,239	\$ 6,824,328	\$ 908,512	\$ 146,962

General revenues:

Property taxes
 State-shared revenues (unrestricted)
 Unrestricted investment earnings
 Franchise fees

Transfers

Total general revenues and transfers

Change in Net Assets

Net Assets - Beginning of year (as restated in Note 1)

Net Assets - End of year

Statement of Activities
Year Ended June 30, 2009

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (91,133)	\$ -	\$ (91,133)
(347,428)	-	(347,428)
(3,841,530)	-	(3,841,530)
(6,693,977)	-	(6,693,977)
(3,772,361)	-	(3,772,361)
(1,366,272)	-	(1,366,272)
(2,370,954)	-	(2,370,954)
(386,989)	-	(386,989)
(153,736)	-	(153,736)
(19,024,380)	-	(19,024,380)
-	(197,458)	(197,458)
-	(70,155)	(70,155)
-	25,331	25,331
-	3,225	3,225
-	(239,057)	(239,057)
(19,024,380)	(239,057)	(19,263,437)
14,468,721	-	14,468,721
1,645,722	-	1,645,722
153,512	21,534	175,046
271,953	-	271,953
(218,060)	218,060	-
16,321,848	239,594	16,561,442
(2,702,532)	537	(2,701,995)
30,916,784	20,566,239	51,483,023
\$ 28,214,252	\$ 20,566,776	\$ 48,781,028

City of Grosse Pointe Woods, Michigan

Governmental Funds Balance Sheet and Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Assets June 30, 2009

	Major Special Revenue Funds					Major Debt Service Fund		Other Nonmajor Governmental Funds	
	General Fund	Major Street Fund	Local Street Fund	Cable Franchise Fund	Solid Waste Fund	Grosse-Gratiot Drain Fund	Governmental Funds	Total Governmental Funds	
Assets									
Cash and investments (Note 3)	\$ 2,359,409	\$ 73,494	\$ 250,996	\$ 455,816	\$ 521,739	\$ 1,211,905	\$ 525,581	\$ 5,398,940	
Restricted assets (Note 1)	-	-	-	-	-	-	52,949	52,949	
Receivables:									
Taxes	-	-	-	-	-	-	1,044	1,044	
Accrued interest	28,975	-	-	55,647	-	-	338	84,960	
Due from other governmental units	236,555	98,932	40,672	-	-	-	-	376,159	
Other	110,899	2,159	-	-	1,454	-	74,722	189,234	
Prepays	37,750	4,588	5,353	-	-	-	2,294	49,985	
Due from other funds (Note 5)	483,674	-	46,120	263,057	-	-	68,157	861,008	
Total assets	\$ 3,257,262	\$ 179,173	\$ 343,141	\$ 774,520	\$ 523,193	\$ 1,211,905	\$ 725,085	\$ 7,014,279	
Liabilities and Fund Balances									
Liabilities									
Accounts payable	\$ 169,267	\$ 18,007	\$ 102,524	\$ -	\$ 118,592	\$ -	\$ 47,993	\$ 456,383	
Accrued and other liabilities	258,176	4,512	417	-	16,428	32,550	7,430	319,513	
Due to other funds (Note 5)	480,979	105,929	-	235,392	129,230	-	43,158	994,688	
Total liabilities	908,422	128,448	102,941	235,392	264,250	32,550	98,581	1,770,584	
Fund Balances									
Reserved for prepaids	37,750	4,588	5,353	-	-	-	2,294	49,985	
Unreserved:									
Designated for subsequent year's expenditures - Reported in:									
Special Revenue Funds	-	-	-	-	103,252	-	144,395	247,647	
Capital Projects Funds	-	-	-	-	-	-	63,850	63,850	
Unreserved and undesignated - Reported in:									
General Fund	2,311,090	-	-	-	-	-	-	2,311,090	
Special Revenue Funds	-	46,137	234,847	539,128	155,691	-	247,923	1,223,726	
Debt Service Funds	-	-	-	-	-	1,179,355	959	1,180,314	
Capital Projects Funds	-	-	-	-	-	-	167,083	167,083	
Total fund balances	2,348,840	50,725	240,200	539,128	258,943	1,179,355	626,504	5,243,695	
Total liabilities and fund balances	\$ 3,257,262	\$ 179,173	\$ 343,141	\$ 774,520	\$ 523,193	\$ 1,211,905	\$ 725,085		
Amounts reported for governmental activities in the statement of net assets are different because:									
Capital assets used in governmental activities are not financial resources and are not reported in the funds								29,475,537	
Investment in joint venture is not included as an asset in the governmental funds								74,605	
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:									
Bonds payable								(5,099,661)	
Compensated absences								(1,060,398)	
Other postemployment benefit obligation								(2,780,981)	
Accrued interest is not recorded in the funds								(3,727)	
Internal Service Funds are included as part of governmental activities								2,365,182	
Net assets of governmental activities								\$ 28,214,252	

City of Grosse Pointe Woods, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2009

	Major Special Revenue Funds					Major Debt Service Funds	Other Nonmajor Governmental		Total Governmental Funds
	General Fund	Major Street Fund	Local Street Fund	Cable Franchise Fund	Solid Waste Fund	Grosse-Pointe Drain Fund	Funds	Funds	
Revenue									
Property taxes	\$ 8,551,195	\$ -	\$ -	\$ -	\$ 1,578,290	\$ 3,188,343	\$ 775,502	\$ -	\$ 14,093,330
State and local sources	1,509,875	612,785	251,769	-	-	-	8,483	-	2,382,912
Delinquent interest and collection fee income	293,797	-	-	-	-	-	-	-	293,797
Federal sources	-	-	-	-	-	-	31,646	-	31,646
Fines and forfeitures	616,542	-	-	-	-	-	-	-	616,542
Other revenues:									
Licenses and permits	652,409	-	-	-	-	-	-	-	652,409
Miscellaneous revenue	91,131	123,221	72,749	-	1,834	-	428,547	-	717,482
Investment income	96,387	2,520	33	26,703	-	-	17,431	-	143,074
Total revenue	11,811,336	738,526	324,551	26,703	1,580,124	3,188,343	1,261,609	-	18,931,192
Expenditures									
Current:									
General government	3,764,577	-	-	-	-	-	-	-	3,764,577
Public safety	4,859,052	-	-	-	-	-	7,650	-	4,866,702
Public works	823,402	-	64,417	-	-	-	-	-	887,819
Parks and recreation	1,696,382	-	-	-	-	-	87,670	-	1,784,052
Administration	-	412,465	428,008	-	-	-	159,904	-	1,000,377
Street maintenance	-	424,117	424,705	-	-	-	-	-	848,822
Winter maintenance	-	13,000	34,998	-	-	-	-	-	47,998
Ambulance activities	-	-	-	-	-	-	370,579	-	370,579
Drain assessment	-	-	-	-	-	990,971	-	-	990,971
Contractual services	-	-	-	-	-	-	16,800	-	16,800
Other	-	-	-	-	-	24,602	105,385	-	129,987
Solid waste	-	-	-	-	1,229,572	-	-	-	1,229,572
Municipal improvement	18,887	272,428	848,629	225,000	-	-	161,989	-	1,526,933
Charges from Internal Service Fund for use of equipment and supplies	438,970	3,400	3,700	-	344,700	10,000	31,600	-	832,370
Debt service:									
Principal retirement	-	-	-	-	-	1,092,022	460,000	-	1,552,022
Interest and paying agent fees	-	-	-	-	-	132,873	24,141	-	157,014
Total expenditures	11,601,270	1,125,410	1,804,457	225,000	1,574,272	2,250,468	1,425,718	-	20,006,595
Excess of Revenue Over (Under) Expenditures	210,066	(386,884)	(1,479,906)	(198,297)	5,852	937,875	(164,109)	-	(1,075,403)
Other Financing Sources (Uses)									
Transfers in (Note 5)	275,000	360,000	1,571,500	-	-	-	119,000	-	2,325,500
Transfers out (Note 5)	(1,177,560)	-	-	(928,630)	-	(925,000)	-	-	(3,031,190)
Total other financing sources (uses)	(902,560)	360,000	1,571,500	(928,630)	-	(925,000)	119,000	-	(705,690)
Net Change in Fund Balances	(692,494)	(26,884)	91,594	(1,126,927)	5,852	12,875	(45,109)	-	(1,781,093)
Fund Balances - Beginning of year (as restated in Note 1)	3,041,334	77,609	148,606	1,666,055	253,091	1,166,480	671,613	-	7,024,788
Fund Balances - End of year	\$ 2,348,840	\$ 50,725	\$ 240,200	\$ 539,128	\$ 258,943	\$ 1,179,355	\$ 626,504	\$ -	\$ 5,243,695

City of Grosse Pointe Woods, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (1,781,093)

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

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are recorded as capital assets	1,194,547
Governmental funds allocate the cost of capital assets over their estimated useful lives as depreciation	(1,007,762)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,552,022
Long-term liabilities and accrued interest are not due and payable in the current period and are not reported in the fund	3,278
Change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	29,739
Other postemployment benefit obligation expense is recognized in the statement of activities, but not in the governmental funds	(2,780,981)
Internal Service Funds are also included as governmental activities	87,113
Income from a joint Grosse Pointe-Clinton Refuse Disposal Authority is not recorded in the funds	<u>605</u>

Change in Net Assets of Governmental Activities **\$ (2,702,532)**

City of Grosse Pointe Woods, Michigan

Proprietary Funds Statement of Net Assets June 30, 2009

	Major Enterprise Fund		Total Enterprise Funds	Governmental Activities
	Water and Sewer Fund	Nonmajor Enterprise Funds		Internal Service Funds
Assets				
Current assets:				
Cash and investments (Note 3)	\$ 825,658	\$ 350,996	\$ 1,176,654	\$ 961,894
Receivables:				
Customers	1,019,662	-	1,019,662	-
Accrued interest receivable	1,311	-	1,311	20,967
Due from other funds (Note 5)	392	66,659	67,051	306,986
Other	3,823	36,501	40,324	2,294
Total current assets	1,850,846	454,156	2,305,002	1,292,141
Noncurrent assets:				
Restricted assets (Note 1)	453,789	-	453,789	-
Nondepreciable capital assets (Note 4)	269,077	-	269,077	-
Depreciable capital assets (Note 4)	23,141,188	306,238	23,447,426	1,406,219
Total noncurrent assets	23,864,054	306,238	24,170,292	1,406,219
Total assets	25,714,900	760,394	26,475,294	2,698,360
Liabilities				
Current liabilities:				
Accounts payable	508,835	23,232	532,067	39,614
Accrued and other liabilities	28,308	700	29,008	27,310
Due to other funds (Note 5)	196,645	38,959	235,604	4,753
Current portion of long-term debt (Note 6)	265,000	-	265,000	-
Total current liabilities	998,788	62,891	1,061,679	71,677
Long-term debt - Net of current portion (Note 6)	4,530,000	-	4,530,000	113,615
Other postemployment benefit obligation (Note 8)	253,876	62,963	316,839	147,886
Total noncurrent liabilities	4,783,876	62,963	4,846,839	261,501
Total liabilities	5,782,664	125,854	5,908,518	333,178
Net Assets				
Investment in capital assets - Net of related debt	18,615,265	306,238	18,921,503	1,406,219
Restricted for debt service	453,789	-	453,789	-
Unrestricted	863,182	328,302	1,191,484	958,963
Total net assets	\$ 19,932,236	\$ 634,540	\$ 20,566,776	\$ 2,365,182

City of Grosse Pointe Woods, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2009

	Major Enterprise			Governmental Activities
	Fund - Water and Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenue				
Water sales and charges for services	\$ 4,641,235	\$ -	\$ 4,641,235	\$ -
Penalties	54,224	-	54,224	-
Fees and violations	-	138,303	138,303	-
Park violations	-	104,462	104,462	-
Dockings and launching fees	-	146,872	146,872	-
Commodity sales	-	48,410	48,410	-
Revenue and billings to other funds	-	-	-	1,159,070
Other revenues	183,454	-	183,454	5,101
Total operating revenue	4,878,913	438,047	5,316,960	1,164,171
Operating Expenses				
Cost of water and disposal	3,078,869	-	3,078,869	-
Operation and maintenance	225,895	248,208	474,103	510,213
General and administrative	906,778	157,958	1,064,736	672,901
Depreciation	645,127	41,180	686,307	218,472
Insurance expense and contractual services	-	-	-	193,408
Charges from Internal Service Funds	125,000	32,300	157,300	15,900
Other expenses	77,497	-	77,497	-
Total operating expenses	5,059,166	479,646	5,538,812	1,610,894
Operating Loss	(180,253)	(41,599)	(221,852)	(446,723)
Nonoperating Income (Expense)				
Interest expense	(164,167)	-	(164,167)	-
Interest income	19,799	1,735	21,534	33,401
Gain on disposal of asset	-	-	-	12,805
Total nonoperating income (expense)	(144,368)	1,735	(142,633)	46,206
Loss - Before capital contributions and transfers	(324,621)	(39,864)	(364,485)	(400,517)
Capital Contributions from Grants	146,962	-	146,962	-
Loss - Before transfers	(177,659)	(39,864)	(217,523)	(400,517)
Transfers In (Note 5)	310,060	78,000	388,060	487,630
Transfers Out (Note 5)	(170,000)	-	(170,000)	-
Change in Net Assets	(37,599)	38,136	537	87,113
Net Assets - Beginning of year	19,969,835	596,404	20,566,239	2,278,069
Net Assets - End of year	<u>\$ 19,932,236</u>	<u>\$ 634,540</u>	<u>\$ 20,566,776</u>	<u>\$ 2,365,182</u>

City of Grosse Pointe Woods, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2009

	Major Enterprise Fund - Water and Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 4,835,980	\$ 438,047	\$ 5,274,027	\$ 1,164,171
Payments to suppliers	(3,361,912)	(277,067)	(3,638,979)	(1,133,993)
Payments to employees	(936,313)	(163,789)	(1,100,102)	(613,472)
Other receipts	1,466,546	142,518	1,609,064	1,054,198
Other payments	(675,980)	(140,760)	(816,740)	(845,614)
Net cash provided by (used in) operating activities	1,328,321	(1,051)	1,327,270	(374,710)
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	310,060	-	310,060	487,630
Transfers to other funds	(170,000)	78,000	(92,000)	-
Net cash provided by (used in) noncapital financing activities	140,060	78,000	218,060	487,630
Cash Flows from Capital and Related Financing Activities				
Proceeds from sale of capital assets	-	-	-	12,805
Proceeds from state grants for capital purchases	146,962	-	146,962	-
Purchase of capital assets	(724,707)	-	(724,707)	(143,788)
Principal and interest paid on capital debt	(419,167)	-	(419,167)	-
Net cash used in capital and related financing activities	(996,912)	-	(996,912)	(130,983)
Cash Flows from Investing Activities - Interest received on investments				
	19,799	1,735	21,534	33,401
Net Increase in Cash and Cash Equivalents	491,268	78,684	569,952	15,338
Cash and Cash Equivalents - Beginning of year	788,179	272,312	1,060,491	946,556
Cash and Cash Equivalents - End of year	\$ 1,279,447	\$ 350,996	\$ 1,630,443	\$ 961,894
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 825,658	\$ 350,996	\$ 1,176,654	\$ 961,894
Restricted cash and investments (Note 1)	453,789	-	453,789	-
Total cash and cash equivalents	\$ 1,279,447	\$ 350,996	\$ 1,630,443	\$ 961,894
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating loss	\$ (180,253)	\$ (41,599)	\$ (221,852)	\$ (446,723)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation and amortization	645,127	41,180	686,307	218,472
Changes in assets and liabilities:				
Receivables and other assets	364,096	(677)	363,419	4,480
Due from/to other funds	130,777	(54,681)	76,096	113,327
Accounts payable	145,349	3,442	148,791	(399,334)
Accrued and other liabilities	223,225	51,284	274,509	135,068
Net cash provided by (used in) operating activities	\$ 1,328,321	\$ (1,051)	\$ 1,327,270	\$ (374,710)

There were no significant noncash investing or financing activities during the year.

City of Grosse Pointe Woods, Michigan

Fiduciary Funds Statement of Net Assets June 30, 2009

	Pension and Other Employee Benefits	Agency Funds
Assets		
Cash and cash equivalents	\$ 1,604,608	\$ 9,200
Investments:		
Mutual funds	36,545	
U.S. government securities	5,017,752	-
Corporate bonds	5,026,752	-
Stocks	17,524,889	-
Accrued interest receivable	97,711	-
Contributions receivable	50,628	-
Other receivables	29,164	-
Total assets	29,388,049	<u>\$ 9,200</u>
Liabilities - Accounts payable	-	<u>\$ 9,200</u>
Net Assets - Held in trust for pension and other employee benefits	\$ 29,388,049	

City of Grosse Pointe Woods, Michigan

Fiduciary Funds Statement of Changes in Net Assets Pension Trust Funds Year Ended June 30, 2009

Additions

Investment income (loss):	
Interest and dividends	\$ 824,925
Net decreases in fair market value	(6,880,436)
Less investment expense	<u>(268,118)</u>
Total investment loss	(6,323,629)
Contributions:	
Employer	1,362,666
Employee	<u>360,943</u>
Total contributions	<u>1,723,609</u>
Total additions - Net	(4,600,020)

Deductions

Pension payments	2,215,421
Healthcare benefit payments	<u>227,877</u>
Total deductions	<u>2,443,298</u>

Net Decrease (7,043,318)

Net Assets Held in Trust for Pension and Other Employee Benefits

Beginning of year	<u>36,431,367</u>
End of year	<u>\$ 29,388,049</u>

City of Grosse Pointe Woods, Michigan

**Notes to Financial Statements
June 30, 2009**

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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 17,080 per the 2000 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 limits.

The City is governed by an elected six-member council. The City's administration operates under the overall direction of an elected mayor. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in the City's reporting entity.

Government-wide and Fund Financial Statements

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

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

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes billed during the month of December will be used to finance the following year's operations. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Private sector standards of accounting issued before December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to apply private sector standards issued after November 30, 1989 for its Enterprise Funds.

Property taxes, licenses, and interest are susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Grosse Pointe Woods, Michigan

**Notes to Financial Statements
June 30, 2009**

Note I - Summary of Significant Accounting Policies (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Major Street Fund accounts for the maintenance and replacement of all major streets within the City. Funding is provided by distribution of gas tax proceeds.
- The Local Street Fund accounts for the maintenance and replacement of all local streets within the City. Funding is provided by distribution of gas tax proceeds.
- The Cable Franchise 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.
- The Solid Waste 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.
- The Grosse-Gratiot Drain Fund accounts for revenues received and used to pay principal and interest on the Grosse-Gratiot Drain long-term debt. Funding is provided by a specific property tax millage.

The City reports the following major proprietary fund:

- The Water and Sewer Fund accounts for the activity of the water distribution system and sewage collection system. Funding is provided primarily through user charges.

City of Grosse Pointe Woods, Michigan

**Notes to Financial Statements
June 30, 2009**

Note I - Summary of Significant Accounting Policies (Continued)

Additionally, the City reports the following activities in its Internal Service Funds and fiduciary fund types:

- The Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments of the City on a cost reimbursement basis. The City has three 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 departments 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 of the City.
 - The Management Information Systems Fund accounts for the maintenance and operation of the City computer and communication network system.
- The Pension and Other Employee Benefit Trust Funds account for the activities of employee benefit plans that accumulate resources for pension and other postemployment benefit payments to qualified employees and are reported as fiduciary funds.
- The Agency Funds record primarily tax collections received and remitted to other units of government (the county, community college, school district, 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.

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

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Properties are assessed as of December 31. The related property taxes are billed and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

The City's 2008 tax is levied and collectible on December 1, 2008 and is recognized as revenue in the year ended June 30, 2009, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2008 taxable valuation of the City of Grosse Pointe Woods totaled \$781 million, on which ad valorem taxes levied consisted of 11.2957 mills for operating purposes, 0.3578 mills for the ambulance, 0.5665 mills for the park bond, 0.0590 mills for public relations, 1.8807 mills for solid waste disposal, and 2.6320 mills for the Grosse-Gratiot Drain. This resulted in \$7.78 million for operating purposes, \$.3 million for the ambulance, \$.5 million for the park bond, \$.1 million for public relations, \$1.59 million for solid waste disposal, and \$3.07 million for the Grosse-Gratiot Drain. These amounts are recognized in the respective General, Special Revenue, and Debt Service Funds financial statements as property tax revenue.

The delinquent real property taxes of the City are purchased by Wayne County (the "County"). In approximately April or May, the County treasurer reimburses the local unit for delinquent real property taxes through the County Revolving Fund. If delinquent real taxes cannot be collected by the County, the local unit portion of the tax is invoiced or deducted from the monthly County settlement.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note I - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

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.

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

Restricted Assets - The revenue bonds of the Water and Sewer Fund require amounts to be set aside for debt service. The balance of the restricted asset account for revenue bond restrictions for debt payments is \$453,789 at June 30, 2009. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Restricted assets in the 2006 Park Bond Fund represent unspent bond proceeds to be used for capital improvements.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 1 - Summary of Significant Accounting Policies (Continued)

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Infrastructure	10-50 years
Buildings	25 years
Vehicles	3-7 years
Equipment	5 years
Land improvements	10-20 years

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).

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

Pension and Other Postemployment Benefit Costs - The City offers both pension and retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note I - Summary of Significant Accounting Policies (Continued)

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to first apply restricted sources.

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.

Prior Period Adjustment - The City has adjusted fund balance as of July 1, 2008 in the Local Street Fund due to errors in recording of previous years' expenses. The effect of the prior period adjustment is as follows:

	Local Street Fund - Fund Balance	Governmental Activities - Net Assets
Beginning of year - As previously reported	\$ 38,494	\$ 30,806,672
Prior period adjustment	<u>110,112</u>	<u>110,112</u>
Beginning of year - As restated	<u>\$ 148,606</u>	<u>\$ 30,916,784</u>

New Accounting Standard - In the current year, the City implemented the Governmental Accounting Standards Board's Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any other postemployment benefits (other than pensions). The new pronouncement causes the government-wide statements and the proprietary funds to recognize the cost of providing retiree healthcare expenses over the working life of the employee, rather than at the time the healthcare expenses are paid. This statement was implemented prospectively. Implementing the statement caused an additional expense to be reported in the governmental activities of \$2,928,868 and the business-type activities of \$316,839 in excess of what would have been reported in prior years.

City of Grosse Pointe Woods, Michigan

**Notes to Financial Statements
June 30, 2009**

Note I - Summary of Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement - In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the uses of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

Additionally, in March 2009, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, for the City's 2010 fiscal year end. This statement requires capitalization of identifiable intangible assets in the statement of net assets and provides guidance for amortization of intangible assets unless they are considered to have an indefinite useful life. This statement also establishes specified conditions upon which internally generated intangible assets should be recognized and amortized, including internally generated computer software. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 2 - Stewardship, Compliance, and Accountability

State Construction Code Act - 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 shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall - July 1, 2008		\$ (247,516)
Current year building permit revenue		209,669
Related expenses:		
Direct costs	\$ 329,719	
Estimated indirect costs	<u>45,500</u>	
Total construction code expenses		<u>375,219</u>
Cumulative shortfall - June 30, 2009		<u>\$ (413,066)</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 local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City's pension and other employee benefit trust funds 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, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

City of Grosse Pointe Woods, Michigan

**Notes to Financial Statements
June 30, 2009**

Note 3 - Deposits and Investments (Continued)

The City has designated seven banks for the deposit of its funds. The investment policy adopted by the board (for non-pension assets) in accordance with Public Act 196 of 1997 has authorized investment in all of the state statutory authorities as 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 not more than 50 percent of any one fund in commercial paper rated at the time of the purchase within the three highest classifications established by not less than two standard rating services. The City's deposits and investment policies 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 \$2,475,447 in bank deposits (certificates of deposit, checking, and savings accounts). Of that amount, \$1,000,000 was covered by federal depository insurance and the remainder was 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.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy restricts investment maturities to securities maturing three years or less from the date of purchase, unless matched to a specific cash flow requirement. However, repurchase agreements may be collateralized using longer-dated investments not to exceed 30 years to maturity. Additionally, no more than 40 percent of the City's total investment portfolio, as of June 30 of the preceding year, shall be placed in securities maturing in more than three years. At year end, the average maturities of investments are as follows:

Investment Type	Fair Value	0-5 Years	5-15 Years	15 Years and More
Primary Government				
U.S. government agencies and securities:				
Negotiable certificates of deposit	\$ 1,031,630	\$ 1,031,630	\$ -	\$ -
Federal Home Loan Bank	298,557	-	298,557	-
Federal National Mortgage Association	198,876	-	198,876	-
Federal Home Loan Mortgage Corporation	19,233	-	19,233	-
Fiduciary Funds				
U.S. Treasury bonds and notes	3,417,677	3,417,677	-	-
Corporate bonds	5,008,052	3,448,079	1,559,973	-
Federal National Mortgage Association	1,600,076	1,600,076	-	-

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 3 - Deposits and Investments (Continued)

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

Investment Type	Fair Value	Rating	Rating Organization
Primary government:			
Bank investment pools	\$ 4,679,302	AI/PI/FI	S&P
	2,026,509	Not rated	N/A
Federal Home Loan Bank	298,557	AAA	S&P
Federal National Mortgage Association	198,876	AAA	S&P
Federal Home Loan Mortgage Corporation	19,233	AAA	S&P
Fiduciary Funds:			
Federal National Mortgage Association	1,600,076	AAA	S&P
Corporate bonds	536,854	AA-	S&P
	185,490	AA	S&P
	939,531	AA+	S&P
	201,784	A-	S&P
	1,276,406	A	S&P
	1,042,960	A+	S&P
	211,150	BBB-	S&P
	613,878	AAA	S&P

Concentration of Credit Risk - The City's investment policy places limits on the amount that the City may invest in any one issuer or security type, including no more than 50 percent of the total investment portfolio is to be invested in a single security type or 25 percent with a single financial institution. The City has more than 5 percent of its investments in the following:

Fiduciary funds - Federal National Mortgage Association 5.63%

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 4 - Capital Assets

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

Governmental Activities	Balance July 1, 2008	Additions	Disposals and Adjustments	Balance June 30, 2009
Governmental funds:				
Capital assets not being depreciated -				
Land	\$ 1,547,967	\$ -	\$ -	\$ 1,547,967
Capital assets being depreciated:				
Infrastructure	25,515,332	1,116,278	-	26,631,610
Buildings	8,801,256	29,053	-	8,830,309
Land improvements	152,106	49,216	-	201,322
Equipment and vehicles	<u>2,870,833</u>	<u>-</u>	<u>-</u>	<u>2,870,833</u>
Subtotal	37,339,527	1,194,547	-	38,534,074
Accumulated depreciation:				
Infrastructure	4,341,213	538,921	-	4,880,134
Buildings	2,670,764	290,838	-	2,961,602
Land improvements	13,768	7,263	-	21,031
Equipment and vehicles	<u>2,572,997</u>	<u>170,740</u>	<u>-</u>	<u>2,743,737</u>
Subtotal	<u>9,598,742</u>	<u>1,007,762</u>	<u>-</u>	<u>10,606,504</u>
Net capital assets being depreciated	<u>27,740,785</u>	<u>186,785</u>	<u>-</u>	<u>27,927,570</u>
Net governmental funds capital assets	29,288,752	186,785	-	29,475,537
Internal Service Funds:				
Capital assets being depreciated:				
Vehicles	3,610,057	115,203	(59,818)	3,665,442
Equipment	<u>113,993</u>	<u>28,585</u>	<u>(32,205)</u>	<u>110,373</u>
Subtotal	<u>3,724,050</u>	<u>143,788</u>	<u>(92,023)</u>	<u>3,775,815</u>
Accumulated depreciation:				
Vehicles	2,173,294	205,175	(59,818)	2,318,651
Equipment	<u>69,853</u>	<u>13,297</u>	<u>(32,205)</u>	<u>50,945</u>
Subtotal	<u>2,243,147</u>	<u>218,472</u>	<u>(92,023)</u>	<u>2,369,596</u>
Net Internal Service Funds capital assets	<u>1,480,903</u>	<u>(74,684)</u>	<u>-</u>	<u>1,406,219</u>
Net governmental activities capital assets	<u>\$ 30,769,655</u>	<u>\$ 112,101</u>	<u>\$ -</u>	<u>\$ 30,881,756</u>

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2008	Additions	Disposals and Adjustments	Balance June 30, 2009
Capital assets not being depreciated - Construction in progress	\$ 146,800	\$ 122,277	\$ -	\$ 269,077
Capital assets being depreciated:				
Infrastructure	30,900,618	602,430	-	31,503,048
Land improvements	1,534,590	-	-	1,534,590
Subtotal	32,435,208	602,430	-	33,037,638
Accumulated depreciation:				
Infrastructure	7,716,733	645,127	-	8,361,860
Land improvements	1,187,172	41,180	-	1,228,352
Subtotal	8,903,905	686,307	-	9,590,212
Net capital assets being depreciated	23,531,303	(83,877)	-	23,447,426
Net business-type capital assets	<u>\$ 23,678,103</u>	<u>\$ 38,400</u>	<u>\$ -</u>	<u>\$ 23,716,503</u>

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

Governmental activities:		
General government		\$ 70,264
Public safety		65,129
Public works		577,144
Recreation and culture		295,225
Internal Service Funds		218,472
Total governmental activities		<u>\$ 1,226,234</u>
Business-type activities:		
Water and sewer		\$ 645,127
Parking utility		33,405
Boat dock		7,775
Total business-type activities		<u>\$ 686,307</u>

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 4 - Capital Assets (Continued)

Construction Commitments - The City has an active construction project at year end for the construction of a water tower. At year end, the City's commitment with contractors was approximately \$2,000,000.

Note 5 - Interfund Receivables, Payables, and Transfers

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

Receivable Fund	Payable Fund	Amount
General Fund	Major Street Fund	\$ 105,929
	Solid Waste Fund	114,230
	Nonmajor governmental funds	43,158
	Water and Sewer Fund	176,645
	Nonmajor enterprise funds	38,959
	Internal Service Funds	4,753
	Total General Fund	483,674
Local Street Fund	General Fund	46,120
Cable Franchise Fund	General Fund	263,057
Nonmajor governmental funds	General Fund	3,157
	Cable Franchise Fund	45,000
	Water and Sewer Fund	20,000
	Total nonmajor governmental funds	68,157
Internal Service Funds	General Fund	101,986
	Cable Franchise Fund	190,000
	Solid Waste Fund	15,000
	Total Internal Service Funds	306,986
Water and Sewer Fund	Cable Franchise Fund	392
Nonmajor enterprise funds	General Fund	66,659
	Total	<u>\$ 1,235,045</u>

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.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

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

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

Fund Transferred From	Fund Transferred To	Amount
General Fund	Local Street Fund	\$ 910,500
	Major Street Fund	75,000
	Nonmajor governmental funds	54,000
	Water and Sewer Fund	60,060
	Nonmajor enterprise funds	<u>78,000</u>
	Total General Fund	(1) 1,177,560
Cable Franchise Fund	Major Street Fund	285,000
	Local Street Fund	111,000
	Internal Service Funds	487,630
	Nonmajor governmental funds	<u>45,000</u>
	Total Cable Franchise Fund	928,630
Grosse-Gratiot Drain Fund	General Fund	125,000
	Local Street Fund	550,000
	Water and Sewer Fund	<u>250,000</u>
	Total Grosse-Gratiot Drain Fund	(1) 925,000
Water and Sewer Fund	General Fund	150,000
	Nonmajor governmental funds	<u>20,000</u>
	Total Water and Sewer Fund	(1) <u>170,000</u>
	Total	<u>\$ 3,201,190</u>

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

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 6 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements are also general obligations of the government. Other long-term obligations include compensated absences and risk liabilities in which the activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:							
General Obligation Bonds:							
2003 Recreation Refunding Bonds:							
Amount of issue - \$2,175,000	2.45%-	\$420,000-					
Maturing through 2009	3.55%	\$460,000	\$ 880,000	\$ -	\$ (460,000)	\$ 420,000	\$ 420,000
County Contractual - Wayne County Drain Commission - Combined Drain Bonds:							
Amount of issue - \$19,208,696		\$102,8497-					
Maturing through 2013	Various	\$1,222,097	5,771,683	-	(1,092,022)	4,679,661	1,119,247
Other long-term obligations:							
Employee compensated absences			1,090,137	763,620	(793,359)	1,060,398	-
Estimated liability for workers' compensation claims (Note 10)			99,637	113,615	(99,637)	113,615	23,615
Other postemployment benefit obligation (Note 8)			-	2,928,867	-	2,928,867	-
Total governmental activities			7,841,457	3,806,102	(2,445,018)	9,202,541	1,562,862
Business-type activities -							
Revenue Bonds -							
2003 Revenue Bond:							
Amount of issue - \$5,300,000	2.25%-	\$250,000-					
Maturing through 2022	3.95%	\$445,000	5,050,000	-	(255,000)	4,795,000	265,000
Other long-term obligations:							
Other postemployment benefit obligation (Note 8)			-	316,839	-	316,839	-
Total business-type activities			5,050,000	316,839	(255,000)	5,111,839	265,000
Total business-type and governmental activities			\$ 12,891,457	\$ 4,122,941	\$ (2,700,018)	\$ 14,314,380	\$ 1,827,862

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.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 6 - Long-term Debt (Continued)

The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. The bonds are payable solely from the net revenues of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$6,111,705. During the current year, net revenues of the system were \$435,339 compared to the annual debt requirements of \$419,167.

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

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 1,539,247	\$ 109,663	\$ 1,648,910	\$ 265,000	\$ 158,835	\$ 423,835
2011	1,152,522	72,590	1,225,112	275,000	151,741	426,741
2012	1,185,797	43,945	1,229,742	280,000	143,760	423,760
2013	1,222,095	14,676	1,236,771	290,000	135,029	425,029
2014	-	-	-	305,000	125,732	430,732
2015-2019	-	-	-	1,715,000	469,282	2,184,282
2020-2024	-	-	-	1,665,000	132,326	1,797,326
Total	<u>\$ 5,099,661</u>	<u>\$ 240,874</u>	<u>\$ 5,340,535</u>	<u>\$ 4,795,000</u>	<u>\$ 1,316,705</u>	<u>\$ 6,111,705</u>

Note 7 - Pension Plans

Pension Trust Fund

Plan Description

The City administers a single-employer defined benefit pension plan, the "City of Grosse Pointe Woods Employees' Retirement System" or the "System." The System covers substantially all full-time employees and provides retirement benefits as well as death and disability benefits. The plan does not publish a separate financial report. The City also offers a Supplemental Annuity Plan, which covers the same employees.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 7 - Pension Plans (Continued)

At June 30, 2008, the date of the most recent actuarial valuation, membership consisted of the following:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	83
Current active employees	<u>102</u>
Total membership	<u><u>185</u></u>

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plans are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Please refer to Note 1 for further significant accounting policies.

The obligation to contribute to and maintain the systems for these employees was established by negotiation with the City's competitive bargaining units and the Retirement System Ordinance. The ordinance requires the City and covered employees to make contributions of 5 percent for general employees and 6 percent for public safety employees. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plan was 103.9 percent funded. The actuarial accrued liability for benefits was \$36.3 million, and the actuarial value of assets was \$37.7 million, resulting in a funded actuarial accrued asset of \$1.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.7 million.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 7 - Pension Plans (Continued)

Annual Pension Costs

For the year ended June 30, 2009, the City was required to make a contribution to the pension plan of \$1,115,843, exclusive of \$360,943 of employee contributions, which was equal to the City's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at June 30, 2008 using the entry actual age cost method. Significant actuarial assumptions used include an 8.0 percent investment rate of return, and projected salary increases ranging from 4.5 percent to 9.3 percent. The projected salary increases include an inflation factor of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll contributions on an open basis. The remaining amortization period is 25 years.

Supplemental Annuity Fund

Plan Description

The Supplemental Annuity Fund, a single employer plan, is an additional benefit that is paid to eligible retirees based upon their total years of service with the City at the date of their retirement. Amounts paid to the retiree range from \$3,000 annually for 10 years of service to \$4,800 maximum for 25 years of service. The Supplemental Annuity Fund was established as a negotiable item within the various union contracts. Supplemental annuity benefits were discontinued for all public safety employees effective January 1, 1995. The transfers of monies by the City to the Supplemental Annuity Fund are done subsequent to an actuarial review performed by Rodwan Consulting Company. The City pays 100 percent of the contribution made to the plan. The plan does not issue separate financial statements.

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the plan was 30.6 percent funded. The actuarial accrued liability for benefits was \$2.8 million, and the actuarial value of assets was \$0.9 million, resulting in an unfunded actuarial accrued liability of \$1.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$5.7 million, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 34.3 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 7 - Pension Plans (Continued)

Annual Pension Costs

For the year ended June 30, 2009, the City's actual annual supplemental annuity cost of \$246,823 for the system met the required contribution. The annual required contribution was determined as part of an actuarial valuation at June 30, 2008 using the entry level dollar cost method. Significant actuarial assumptions used include an 8.0 percent investment rate of return, and projected salary increases ranging from 4.5 percent to 9.3 percent. The projected salary increases include an inflation factor of 4.5 percent. The actuarial value of assets was determined using market value. The unfunded actuarial liability is being amortized as a level percentage of payroll contributions on a closed basis. The remaining amortization period is 15 years.

Financial Statement Information - As of June 30, 2009, the statement of net assets for the pension plans is as follows:

	Pension and Other Employee Benefit Funds		
	Pension Trust Fund	Supplementary Annuity Fund	Total
Assets			
Cash and cash equivalents	\$ 1,487,943	\$ 116,665	\$ 1,604,608
Investments:			
Mutual funds	36,545	-	36,545
U.S. government securities	4,229,497	788,255	5,017,752
Corporate bonds	5,026,752	-	5,026,752
Stocks	17,524,889	-	17,524,889
Accrued interest receivable	97,711	-	97,711
Contributions receivable	50,628	-	50,628
Other receivables	29,164	-	29,164
	<u>28,483,129</u>	<u>904,920</u>	<u>29,388,049</u>
Total assets			
	<u>28,483,129</u>	<u>904,920</u>	<u>29,388,049</u>
Net Assets Held in Trust for Pension and Other Employee Benefits	<u>\$ 28,483,129</u>	<u>\$ 904,920</u>	<u>\$ 29,388,049</u>

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 7 - Pension Plans (Continued)

For the year ended June 30, 2009, the statement of changes in net assets for the pension plans is as follows:

	Pension Trust Fund	Supplementary Annuity Fund	Total
Additions			
Investment income (loss):			
Interest and dividends	\$ 824,925	\$ -	\$ 824,925
Net increase (decrease) to fair market value	(6,897,611)	17,175	(6,880,436)
Less investment expenses	<u>(268,118)</u>	<u>-</u>	<u>(268,118)</u>
Total investment income (loss)	(6,340,804)	17,175	(6,323,629)
Contributions:			
Employer	1,115,843	246,823	1,362,666
Employee	<u>360,943</u>	<u>-</u>	<u>360,943</u>
Total additions - Net	(4,864,018)	263,998	(4,600,020)
Deductions			
Pension payments	2,215,421	-	2,215,421
Benefit payments	<u>-</u>	<u>227,877</u>	<u>227,877</u>
Total deductions	<u>2,215,421</u>	<u>227,877</u>	<u>2,443,298</u>
Net (Decrease) Increase	(7,079,439)	36,121	(7,043,318)
Net Assets Held in Trust for Pension and Other Employee Benefits			
Beginning of year	<u>35,562,568</u>	<u>868,799</u>	<u>36,431,367</u>
End of year	<u>\$ 28,483,129</u>	<u>\$ 904,920</u>	<u>\$ 29,388,049</u>

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 7 - Pension Plans (Continued)

Three-year Trend Information

	Fiscal Year Ended June 30		
	2007	2008	2009
Pension trust:			
Annual pension costs (APC)	\$ 1,306,228	\$ 1,016,356	\$ 1,115,843
Percentage of APC contributed	100%	100%	100%
Net pension obligation	None	None	None
Supplemental annuity:			
Annual pension costs (APC)	\$ 248,556	\$ 248,038	\$ 246,823
Percentage of APC contributed	100%	100%	100%
Net pension obligation	None	None	None

The information presented above was determined as part of the actuarial valuations at the dates indicated.

Note 8 - Other Postemployment Benefits

The City provides healthcare benefits to all full-time employees upon retirement or to individuals receiving system disability pensions, in accordance with various labor contracts. Currently, 101 individuals are eligible. The City includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. The City purchases Medicare supplemental insurance for retirees eligible for Medicare.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's collective bargaining units. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). The costs of administering the plan are borne by the City. Currently, the retirees are not required to contribute.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 8 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended June 30, 2009, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2007. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 4,664,057
Amounts contributed - Payments of current premiums	<u>(1,418,351)</u>
Increase in net OPEB obligation	3,245,706
OPEB obligation - Beginning of year	<u>-</u>
OPEB obligation - End of year	<u>\$ 3,245,706</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year are as follows:

Annual OPEB costs	\$ 4,664,057
Percentage contributed	30.4%
Net OPEB obligation	\$ 3,245,706

Because 2009 is the initial year of implementation, trend information is not available. The plan has received one actuarial valuation, summarized as follows:

Actuarial value of assets	\$ -
Actuarial accrued liability (AAL)	\$ 60,894,963
Unfunded AAL (UAAL)	\$ 60,894,963
Funded ratio	0.0%

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

City of Grosse Pointe Woods, Michigan

**Notes to Financial Statements
June 30, 2009**

Note 8 - Other Postemployment Benefits (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2007 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of investment expenses), projected salary increase rate ranging from 4.5 percent to 8.34 percent and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 10 years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percent of active member payroll over a period of 30 years. The UAAL was determined using the actuarial value of assets and actuarial accrued liability calculated as of the valuation date and projected to the beginning of the fiscal year at the assumed rate of investment return.

Note 9 - Deferred Compensation Plan

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. Payment of the deferred compensation is not available to employees until retirement, death, or unforeseeable emergency. As of June 30, 2009, employees who had elected to participate in the Plan had contributed \$2,527,051.

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.

In accordance with GASB Statement No. 32, all the assets held in trust were removed from the financial statements as the City no longer has legal control over the plan assets.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2009

Note 10 - Risk Management

The City is exposed to risk of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), and medical benefits provided to employees. The City has purchased commercial general liability 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 commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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 Internal Service Fund and within the governmental activities and business-type activities columns of the statement of net assets. Changes in the estimated liability for the past two fiscal years were as follows:

	Workers' Compensation	
	2009	2008
Estimated liability - Beginning of year	\$ 99,637	\$ 103,596
Estimated claims incurred, including changes in estimates	199,791	101,534
Claim payments	(185,813)	(105,493)
Estimated liability - End of year	<u>\$ 113,615</u>	<u>\$ 99,637</u>

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements
June 30, 2009

Note 10 - Risk Management (Continued)

Medical

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, Grosse Pointe Park, Grosse Pointe Farms, and the Village of Grosse Pointe Shores. The Village of Grosse Pointe Shores 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 estimated liability for medical claims at June 30, 2009, as well as the claims incurred during the period from July 1, 2007 through June 30, 2009, is not significant.

Note 11 - 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, Grosse Pointe Woods, 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 assets of the Authority totaled approximately \$74,605 at June 30, 2009 and is reported as part of the governmental activities in the statement of net assets. 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.

Required Supplemental Information

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues				
Property taxes	\$ 9,114,000	\$ 9,114,000	\$ 8,551,195	\$ (562,805)
Intergovernmental revenues	1,551,750	1,551,750	1,509,875	(41,875)
Delinquent interest and collection fee income	335,000	335,000	293,797	(41,203)
Other revenues:				
Traffic violations and court fees	582,500	582,500	616,542	34,042
Licenses and permits	660,600	660,600	652,409	(8,191)
Miscellaneous revenue	25,000	24,875	91,131	66,256
Interest income	200,000	200,000	96,387	(103,613)
Operating transfers in	275,000	275,000	275,000	-
Total revenue	12,743,850	12,743,725	12,086,336	(657,389)
Expenditures				
General government:				
City Council	113,800	96,485	63,535	32,950
Commission	24,100	21,915	4,486	17,429
Municipal Court	411,500	405,900	324,317	81,583
City Clerk	315,500	307,316	243,779	63,537
City Comptroller	314,500	345,500	308,975	36,525
City Attorney	230,000	230,000	191,869	38,131
City Assessor	132,000	132,000	107,625	24,375
Administration	201,825	200,325	174,994	25,331
Building inspection	280,505	278,505	259,429	19,076
Fringe benefits	1,795,850	2,113,122	1,972,749	140,373
Municipal improvements	31,000	26,900	18,887	8,013
Total general government	3,850,580	4,157,968	3,670,645	487,323
Public safety:				
Supervision and administration	344,000	337,901	372,865	(34,964)
Police service	2,777,500	2,761,220	3,193,430	(432,210)
Support service	135,000	132,500	103,936	28,564
Fire, prevention, and inspection	239,600	236,300	226,144	10,156
Fringe benefits	1,142,200	1,158,604	847,855	310,749
Total public safety	4,638,300	4,626,525	4,744,230	(117,705)

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2009

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (Continued)				
Public works:				
Supervision and engineering	\$ 63,800	\$ 57,800	\$ 31,163	\$ 26,637
Fringe benefits	32,700	32,700	82,181	(49,481)
City building and grounds	135,000	124,000	116,135	7,865
Total public works	231,500	214,500	229,479	(14,979)
Parks and recreation:				
Supervision and engineering	91,200	89,200	127,736	(38,536)
Fringe benefits	164,000	164,000	122,623	41,377
Lake Front Park	1,251,000	1,251,000	1,100,690	150,310
City parks	61,500	56,600	38,493	18,107
Community center	340,900	335,400	289,907	45,493
Total parks and recreation	1,908,600	1,896,200	1,679,449	216,751
Charges from Internal Service Fund for use of equipment and supplies and transfers/overhead:				
General government	216,970	226,874	216,819	10,055
Public safety	270,000	258,000	239,822	18,178
Public works	1,698,000	1,696,000	1,629,423	66,577
Parks and recreation	603,500	601,470	230,903	370,567
Water and Sewer	-	60,060	60,060	-
Parking	-	-	78,000	(78,000)
Total charges and transfers/overhead	2,788,470	2,842,404	2,455,027	387,377
Total expenditures	13,417,450	13,737,597	12,778,830	958,767
Net Change in Fund Balance	(673,600)	(993,872)	(692,494)	301,378
Fund Balance - Beginning of year	3,041,334	3,041,334	3,041,334	-
Fund Balance - End of year	\$ 2,367,734	\$ 2,047,462	\$ 2,348,840	\$ 301,378

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2009

	Major Street Fund			Variance with Amended Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
State and local sources	\$ 635,000	\$ 635,000	\$ 612,785	\$ (22,215)
Other revenues	65,000	65,000	125,741	60,741
Operating transfers in	<u>595,000</u>	<u>595,000</u>	<u>360,000</u>	<u>(235,000)</u>
Total revenues	1,295,000	1,295,000	1,098,526	(196,474)
Expenditures				
Street maintenance	411,500	411,500	424,117	(12,617)
Winter maintenance	15,000	15,000	13,000	2,000
Administration and maintenance	443,500	443,500	415,865	27,635
Municipal improvements	<u>425,000</u>	<u>425,000</u>	<u>272,428</u>	<u>152,572</u>
Total expenditures	<u>1,295,000</u>	<u>1,295,000</u>	<u>1,125,410</u>	<u>169,590</u>
Net Change in Fund Balance	-	-	(26,884)	(26,884)
Fund Balance - Beginning of year	<u>77,609</u>	<u>77,609</u>	<u>77,609</u>	-
Fund Balance - End of year	<u>\$ 77,609</u>	<u>\$ 77,609</u>	<u>\$ 50,725</u>	<u>\$ (26,884)</u>

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2009

	Local Street Fund			Variance with Amended Budget Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
State and local sources	\$ 259,000	\$ 259,000	\$ 251,769	\$ (7,231)
Other	117,500	117,500	72,782	(44,718)
Operating transfers in	<u>1,774,000</u>	<u>1,774,000</u>	<u>1,571,500</u>	<u>(202,500)</u>
Total revenues	2,150,500	2,150,500	1,896,051	(254,449)
Expenditures				
Street maintenance	399,000	399,000	424,705	(25,705)
Winter maintenance	40,000	40,000	34,998	5,002
Administration and maintenance	527,800	527,800	492,425	35,375
Municipal improvements	1,180,000	1,180,000	848,629	331,371
Charges from Internal Service Fund for use of equipment and supplies	<u>3,700</u>	<u>3,700</u>	<u>3,700</u>	<u>-</u>
Total expenditures	<u>2,150,500</u>	<u>2,150,500</u>	<u>1,804,457</u>	<u>346,043</u>
Net Change in Fund Balance	-	-	91,594	91,594
Fund Balance - Beginning of year	<u>148,606</u>	<u>148,606</u>	<u>148,606</u>	-
Fund Balance - End of year	<u>\$ 148,606</u>	<u>\$ 148,606</u>	<u>\$ 240,200</u>	<u>\$ 91,594</u>

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2009

	Cable Franchise Fund			
	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenues -				
Interest Income	\$ -	\$ -	\$ 26,703	\$ 26,703
Expenditures				
Municipal improvement	225,000	225,000	225,000	-
Transfers/Overhead	50,000	50,000	928,630	(878,630)
Total expenditures	<u>275,000</u>	<u>275,000</u>	<u>1,153,630</u>	<u>(878,630)</u>
Net Change in Fund Balance	(275,000)	(275,000)	(1,126,927)	(851,927)
Fund Balance - Beginning of year	<u>1,666,055</u>	<u>1,666,055</u>	<u>1,666,055</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 1,391,055</u>	<u>\$ 1,391,055</u>	<u>\$ 539,128</u>	<u>\$ (851,927)</u>

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds Year Ended June 30, 2009

	Solid Waste Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Property taxes	\$ 1,595,000	\$ 1,595,000	\$ 1,578,290	\$ (16,710)
Other revenues	1,000	1,000	1,834	834
Total revenues	1,596,000	1,596,000	1,580,124	(15,876)
Expenditures				
Solid waste/recycling services	1,374,300	1,374,300	1,229,572	144,728
Transfers/Overhead	221,700	221,700	344,700	(123,000)
Total expenditures	1,596,000	1,596,000	1,574,272	21,728
Net Change in Fund Balance	-	-	5,852	5,852
Fund Balance - Beginning of year	253,091	253,091	253,091	-
Fund Balance - End of year	\$ 253,091	\$ 253,091	\$ 258,943	\$ 5,852

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress June 30, 2009

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
<u>Pension Trust Fund</u>						
6/30/03	\$ 35,745,000	\$ 32,137,000	\$ (3,608,000)	111.2%	\$ 4,970,000	-72.6%
6/30/04	34,404,000	33,804,000	(600,000)	101.8%	5,050,000	-11.9%
6/30/05	33,329,000	36,141,000	2,812,000	92.2%	5,436,000	51.7%
6/30/06	33,549,000	36,846,000	3,297,000	91.1%	5,452,000	60.5%
6/30/07	35,801,000	38,744,000	2,943,000	92.4%	5,740,000	51.3%
6/30/08	37,728,000	36,310,000	(1,418,000)	103.9%	5,739,000	-24.7%
<u>Supplemental Annuity Fund</u>						
6/30/03	\$ 581,000	\$ 2,639,000	\$ 2,058,000	22.0%	\$ 4,970,000	41.4%
6/30/04	591,000	2,662,000	2,071,000	22.2%	5,050,000	41.0%
6/30/05	619,000	2,687,000	2,068,000	23.0%	5,436,000	38.0%
6/30/06	718,000	2,728,000	2,010,000	26.3%	5,452,000	36.9%
6/30/07	788,000	2,733,000	1,945,000	28.8%	5,740,000	33.9%
6/30/08	869,000	2,836,000	1,967,000	30.6%	5,739,000	34.3%

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress (Continued) June 30, 2009

The schedule of employer contributions is as follows:

Pension Trust Fund

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2004	\$ -	100.0%
2005	169,976	100.0%
2006	575,540	100.0%
2007	1,306,228	100.0%
2008	1,016,356	100.0%
2009	1,115,843	100.0%

Supplemental Annuity Fund

<u>Fiscal Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2004	\$ 215,888	100.0%
2005	234,098	100.0%
2006	236,845	100.0%
2007	248,556	100.0%
2008	248,038	100.0%
2009	246,823	100.0%

Additional information as of June 30, 2008, the latest actuarial valuation, follows:

Pension Trust Fund

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Amortization period (perpetual)	25 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases*	4.5%-9.3%
*Includes inflation at	4.5%

Supplemental Annuity Fund

Actuarial cost method	Entry age, level dollar
Amortization method	Closed level percentage of payroll
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases*	4.5%-9.3%
*Includes inflation at	4.5%

City of Grosse Pointe Woods, Michigan

Notes to Required Supplemental Information June 30, 2009

Note 1 - Reconciliation of Budgeted Amounts to Basic Financial Statements

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds except that operating transfers have been included in the “revenue” and “expenditures” categories, rather than as “other financing sources (uses).” Following is a reconciliation of the budgetary comparison schedule to the governmental funds (statement of revenues, expenditures, and changes in fund balances):

	General Fund		Major Street Fund		Local Street Fund		Cable Franchise Fund		Solid Waste Fund	
	Total Revenues	Total Expenditures	Total Revenues	Total Expenditures	Total Revenues	Total Expenditures	Total Revenues	Total Expenditures	Total Revenues	Total Expenditures
Amounts per operating statement	\$ 11,811,336	\$ 11,601,270	\$ 738,526	\$ 1,125,410	\$ 324,551	\$ 1,804,457	\$ 26,703	\$ 225,000	\$ 1,580,124	\$ 1,574,272
Operating transfers budgeted as revenues and expenditures on budget statement	275,000	1,177,560	360,000	-	1,571,500	-	-	928,630	-	-
Amounts per budget statement	<u>\$ 12,086,336</u>	<u>\$ 12,778,830</u>	<u>\$ 1,098,526</u>	<u>\$ 1,125,410</u>	<u>\$ 1,896,051</u>	<u>\$ 1,804,457</u>	<u>\$ 26,703</u>	<u>\$ 1,153,630</u>	<u>\$ 1,580,124</u>	<u>\$ 1,574,272</u>

Note 2 - Budgetary Information

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund, all Special Revenue Funds, and Debt Service Funds except that operating transfers have been included in the “revenue” and “expenditures” categories, rather than as “other financing sources (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 council. The budget must be adopted through a passage of a budget resolution no later than May 1.
2. Public hearings are conducted to obtain citizen comments.

City of Grosse Pointe Woods, Michigan

Notes to Required Supplemental Information June 30, 2009

Note 2 - Budgetary Information (Continued)

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.

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

The Parkway Beautification Fund and the 2006 Park Bond Fund were not budgeted for in the current year.

	<u>Budget</u>	<u>Actual</u>
General Fund:		
Public safety:		
Supervision and administration	\$ 337,901	\$ 372,865
Police service	2,761,220	3,193,430
Public works - Fringe benefits	32,700	82,181
Parks and recreation - Supervision and engineering	89,200	127,736
Charges from Internal Service Fund for use of equipment and supplies and transfers/overhead - Parking	-	78,000
Local Street Fund - Street maintenance	399,000	424,705
Cable Franchise Fund - Transfers/Overhead	50,000	928,630
Solid Waste Fund - Transfers/Overhead	221,700	334,700

Expenditures were over budget due to unexpected expenditures incurred during the current year.

Other Supplemental Information

City of Grosse Pointe Woods, Michigan

Budgetary Comparison Schedule Major Debt Service Fund Year Ended June 30, 2009

	Grosse-Gratiot Drain Fund			Variance with Amended Budget Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
Revenues				
Property taxes	\$ 3,385,000	\$ 3,385,000	\$ 3,188,343	\$ (196,657)
Investment income	1,000	1,000	-	(1,000)
Total revenues	3,386,000	3,386,000	3,188,343	(197,657)
Expenditures				
Milk River Drain	2,406,000	2,406,000	2,215,866	190,134
Other	55,000	55,000	34,602	20,398
Transfers/Overhead	925,000	925,000	925,000	-
Total expenditures	3,386,000	3,386,000	3,175,468	210,532
Net Change in Fund Balance	-	-	12,875	12,875
Fund Balance - Beginning of year	1,166,480	1,166,480	1,166,480	-
Fund Balance - End of year	\$ 1,166,480	\$ 1,166,480	\$ 1,179,355	\$ 12,875

City of Grosse Pointe Woods, Michigan

Description of Nonmajor Governmental Funds Year Ended June 30, 2009

Special Revenue Funds

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

Ambulance Fund - This fund accounts for the operations and maintenance of the city-owned ambulance. Financing is specified by City Charter as .5 mills of the general City 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 Ameritech 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.

Debt Service Fund

This fund is used to account for the accumulation of resources for the periodic payment of principal and interest on police and fire long-term debt.

City of Grosse Pointe Woods, Michigan

Description of Nonmajor Governmental Funds (Continued) Year Ended June 30, 2009

Capital Projects 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.

2006 Park Bond Fund - This fund accounts for the construction and improvement of the City pool.

City of Grosse Pointe Woods, Michigan

	Special Revenue Funds			
	Ambulance	Act 302	Grants	911
	Fund	Training Fund	Fund	Emergency Service Fund
Assets				
Cash and investments	\$ 203,914	\$ 17,717	\$ 33,258	\$ (49,987)
Restricted cash	-	-	-	-
Accounts receivable and other assets	2,573	-	-	75,487
Due from other funds	-	-	-	-
Total assets	\$ 206,487	\$ 17,717	\$ 33,258	\$ 25,500
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 4,944	\$ -	\$ -	\$ 205
Accrued and other liabilities	3,060	-	-	-
Due to other funds	23,962	-	16,800	2,396
Total liabilities	31,966	-	16,800	2,601
Fund Balances - Unreserved				
Designated for subsequent year's expenditures	141,065	-	-	3,330
Undesignated	33,456	17,717	16,458	19,569
Total fund balances	174,521	17,717	16,458	22,899
Total liabilities and fund balances	\$ 206,487	\$ 17,717	\$ 33,258	\$ 25,500

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009**

Special Revenue Funds		Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
Drug Enforcement Fund	Parkway Beautification Fund	2005 Park Refunding Bond	Municipal Improvement Fund	2006 Park Bond		
\$ 5,256	\$ 189,028	\$ 5,329	\$ 121,066	\$ -	\$ 525,581	
-	-	-	-	52,949	52,949	
-	338	-	-	-	78,398	
-	3,157	-	65,000	-	68,157	
\$ 5,256	\$ 192,523	\$ 5,329	\$ 186,066	\$ 52,949	\$ 725,085	
\$ -	\$ 34,762	\$ -	\$ 8,082	\$ -	\$ 47,993	
-	-	4,370	-	-	7,430	
-	-	-	-	-	43,158	
-	34,762	4,370	8,082	-	98,581	
-	-	-	63,850	-	208,245	
5,256	157,761	959	114,134	52,949	418,259	
5,256	157,761	959	177,984	52,949	626,504	
\$ 5,256	\$ 192,523	\$ 5,329	\$ 186,066	\$ 52,949	\$ 725,085	

City of Grosse Pointe Woods, Michigan

	Special Revenue Funds			
	Ambulance	Act 302	Grants Fund	911 Emergency
	Fund	Training Fund		Service Fund
Revenue				
Property taxes	\$ 300,162	\$ -	\$ -	\$ -
State and local sources	-	8,483	-	-
Federal financial assistance	-	-	31,646	-
Interest income	8,267	-	15	-
Other revenues	210,752	720	-	96,513
Total revenue	519,181	9,203	31,661	96,513
Expenditures				
Current:				
Public safety	2,376	5,274	-	-
Parks and recreation	-	-	-	-
Administration and maintenance	159,904	-	-	-
Ambulance services	370,579	-	-	-
Contractual services	-	-	16,800	-
Other	15,745	-	-	89,640
Municipal improvement	-	-	-	-
Charges from Internal Service Funds for use of equipment and supplies	26,600	-	-	5,000
Debt service:				
Principal retirement	-	-	-	-
Interest and paying agent fees	-	-	-	-
Total expenditures	575,204	5,274	16,800	94,640
Excess of Revenue Over (Under) Expenditures	(56,023)	3,929	14,861	1,873
Other Financing Sources - Transfers in	-	-	-	-
Net Change in Fund Balances	(56,023)	3,929	14,861	1,873
Fund Balances - Beginning of year	230,544	13,788	1,597	21,026
Fund Balances - End of year	<u>\$ 174,521</u>	<u>\$ 17,717</u>	<u>\$ 16,458</u>	<u>\$ 22,899</u>

**Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2009**

Special Revenue Funds		Debt Service Fund	Capital Projects Funds		Total Nonmajor Governmental Funds
Drug Enforcement Fund	Parkway Beautification Fund	2005 Park Refunding Bond	Municipal Improvement Fund	2006 Park Bond	
\$ -	\$ -	\$ 475,340	\$ -	\$ -	\$ 775,502
-	-	-	-	-	8,483
-	-	-	-	-	31,646
-	9,149	-	-	-	17,431
<u>2,875</u>	<u>73,097</u>	<u>-</u>	<u>44,590</u>	<u>-</u>	<u>428,547</u>
2,875	82,246	475,340	44,590	-	1,261,609
-	-	-	-	-	7,650
-	87,670	-	-	-	87,670
-	-	-	-	-	159,904
-	-	-	-	-	370,579
-	-	-	-	-	16,800
-	-	-	-	-	105,385
-	-	-	161,989	-	161,989
-	-	-	-	-	31,600
-	-	460,000	-	-	460,000
-	-	24,141	-	-	24,141
<u>-</u>	<u>87,670</u>	<u>484,141</u>	<u>161,989</u>	<u>-</u>	<u>1,425,718</u>
2,875	(5,424)	(8,801)	(117,399)	-	(164,109)
<u>-</u>	<u>-</u>	<u>-</u>	<u>119,000</u>	<u>-</u>	<u>119,000</u>
2,875	(5,424)	(8,801)	1,601	-	(45,109)
<u>2,381</u>	<u>163,185</u>	<u>9,760</u>	<u>176,383</u>	<u>52,949</u>	<u>671,613</u>
<u>\$ 5,256</u>	<u>\$ 157,761</u>	<u>\$ 959</u>	<u>\$ 177,984</u>	<u>\$ 52,949</u>	<u>\$ 626,504</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Year Ended June 30, 2009

	Ambulance Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Property taxes	\$ 303,000	\$ 303,000	\$ 300,162	\$ (2,838)
Other revenues	155,000	155,125	219,019	63,894
Total revenues	458,000	458,125	519,181	61,056
Expenditures				
Ambulance services	253,000	253,125	372,955	(119,830)
Fringe benefits	163,400	163,400	159,904	3,496
Transfers/Overhead	41,600	41,600	42,345	(745)
Total expenditures	458,000	458,125	575,204	(117,079)
Net Change in Fund Balance	-	-	(56,023)	(56,023)
Fund Balance - Beginning of year	230,544	230,544	230,544	-
Fund Balance - End of year	\$ 230,544	\$ 230,544	\$ 174,521	\$ (56,023)

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2009

	Act 302 Training Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Other revenues	\$ -	\$ -	\$ 720	\$ 720
State and local sources	<u>5,000</u>	<u>5,000</u>	<u>8,483</u>	<u>3,483</u>
Total revenues	5,000	5,000	9,203	4,203
Expenditures - Public safety training	<u>5,000</u>	<u>5,000</u>	<u>5,274</u>	<u>(274)</u>
Net Change in Fund Balance	-	-	3,929	3,929
Fund Balance - Beginning of year	<u>13,788</u>	<u>13,788</u>	<u>13,788</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 13,788</u></u>	<u><u>\$ 13,788</u></u>	<u><u>\$ 17,717</u></u>	<u><u>\$ 3,929</u></u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2009

	Grants Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Federal financial assistance	\$ 123,000	\$ 123,000	\$ 31,646	\$ (91,354)
Other revenues	-	-	15	15
Total revenues	123,000	123,000	31,661	(91,339)
Expenditures - Contractual services	123,000	123,000	16,800	106,200
Net Change in Fund Balance	-	-	14,861	14,861
Fund Balance - Beginning of year	1,597	1,597	1,597	-
Fund Balance - End of year	<u>\$ 1,597</u>	<u>\$ 1,597</u>	<u>\$ 16,458</u>	<u>\$ 14,861</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2009

	911 Emergency Service Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues - Other revenues	\$ 91,000	\$ 91,000	\$ 96,513	\$ 5,513
Expenditures - Other expenditures	91,000	91,000	94,640	(3,640)
Net Change in Fund Balance	-	-	1,873	1,873
Fund Balance - Beginning of year	21,026	21,026	21,026	-
Fund Balance - End of year	\$ 21,026	\$ 21,026	\$ 22,899	\$ 1,873

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2009

	Drug Enforcement Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues - Other revenue	\$ -	\$ -	\$ 2,875	\$ 2,875
Expenditures - Other expenditures	-	-	-	-
Net Change in Fund Balance	-	-	2,875	2,875
Fund Balance - Beginning of year	2,381	2,381	2,381	-
Fund Balance - End of year	<u>\$ 2,381</u>	<u>\$ 2,381</u>	<u>\$ 5,256</u>	<u>\$ 2,875</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2009

	2005 Park Refunding Bond			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues - Property tax revenue	\$ 481,500	\$ 481,500	\$ 475,340	\$ (6,160)
Expenditures - Bond and debt requirements	<u>481,500</u>	<u>481,500</u>	<u>484,141</u>	<u>(2,641)</u>
Net Change in Fund Balance	-	-	(8,801)	(8,801)
Fund Balance - Beginning of year	<u>9,760</u>	<u>9,760</u>	<u>9,760</u>	-
Fund Balance - End of year	<u><u>\$ 9,760</u></u>	<u><u>\$ 9,760</u></u>	<u><u>\$ 959</u></u>	<u><u>\$ (8,801)</u></u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Year Ended June 30, 2009

	Municipal Improvement Fund			Variance With Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Other revenue	\$ 15,100	\$ 15,100	\$ 44,590	\$ 29,490
Transfers in	205,000	266,674	119,000	(147,674)
Total revenues	220,100	281,774	163,590	(118,184)
Expenditures				
Municipal improvements	220,100	255,774	161,989	93,785
Transfers out	-	26,000	-	26,000
Total expenditures	220,100	281,774	161,989	119,785
Net Change in Fund Balance	-	-	1,601	1,601
Fund Balance - Beginning of year	176,383	176,383	176,383	-
Fund Balance - End of year	\$ 176,383	\$ 176,383	\$ 177,984	\$ 1,601

City of Grosse Pointe Woods, Michigan

Description of Nonmajor Enterprise Funds Year Ended June 30, 2009

Parking Meter Utility Fund - To account 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 - To account for boat dock rental units that are available to the citizens of Grosse Pointe Woods on an annual basis. Boat launch ramps and other water craft maintenance services are available.

Commodity Sales Fund - To record 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 Assets Nonmajor Enterprise Funds June 30, 2009

	Nonmajor Enterprise Funds			Total Non- major Enterprise Funds
	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	
Assets				
Current assets:				
Cash and investments	\$ 76,412	\$ 199,852	\$ 74,732	\$ 350,996
Receivables:				
Due from other funds	66,659	-	-	66,659
Other	1,912	382	34,207	36,501
Total current assets	144,983	200,234	108,939	454,156
Noncurrent assets - Depreciable capital assets	238,566	67,672	-	306,238
Total assets	383,549	267,906	108,939	760,394
Liabilities - Current				
Accounts payable	22,482	750	-	23,232
Accrued and other liabilities	700	-	-	700
Due to other funds	-	38,959	-	38,959
Total current liabilities	23,182	39,709	-	62,891
Other postemployment benefit obligation	62,963	-	-	62,963
Total liabilities	86,145	39,709	-	125,854
Net Assets				
Investment in capital assets - Net of related debt	238,566	67,672	-	306,238
Unrestricted	58,838	160,525	108,939	328,302
Total net assets	\$ 297,404	\$ 228,197	\$ 108,939	\$ 634,540

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets - Nonmajor Enterprise Funds Year Ended June 30, 2009

	Nonmajor Enterprise Funds			Total Nonmajor Enterprise Funds
	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	
Operating Revenue				
Fees and violations	\$ 138,303	\$ -	\$ -	\$ 138,303
Park violations	104,462	-	-	104,462
Dockings and launching fees	-	146,872	-	146,872
Commodity sales	-	-	48,410	48,410
Total operating revenue	242,765	146,872	48,410	438,047
Operating Expenses				
Operation and maintenance	105,557	102,466	40,185	248,208
General and administrative	157,958	-	-	157,958
Depreciation	33,405	7,775	-	41,180
Charges from Internal Service Funds	16,000	11,300	5,000	32,300
Total operating expenses	312,920	121,541	45,185	479,646
Operating (Loss) Income	(70,155)	25,331	3,225	(41,599)
Nonoperating Income - Interest income	413	826	496	1,735
Operating (Loss) Income - Before transfers	(69,742)	26,157	3,721	(39,864)
Other Financing Sources - Transfers in	78,000	-	-	78,000
Change in Net Assets	8,258	26,157	3,721	38,136
Net Assets - Beginning of year	289,146	202,040	105,218	596,404
Net Assets - End of year	<u>\$ 297,404</u>	<u>\$ 228,197</u>	<u>\$ 108,939</u>	<u>\$ 634,540</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2009

	Nonmajor Enterprise Funds			Total Non- major Enterprise Funds
	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	
Cash Flows from Operating Activities				
Receipts from customers	\$ 242,765	\$ 146,872	\$ 48,410	\$ 438,047
Payments to suppliers	(117,936)	(113,945)	(45,186)	(277,067)
Payments to employees	(163,789)	-	-	(163,789)
Other receipts	68,903	39,408	34,207	142,518
Other payments	(97,014)	(9,539)	(34,207)	(140,760)
Net cash provided by (used in) operating activities	(67,071)	62,796	3,224	(1,051)
Cash Flows from Noncapital Financing Activities -				
Transfers in from other funds	78,000	-	-	78,000
Cash Flows from Investing Activities - Interest received on investments	413	826	496	1,735
Net Increase in Cash and Cash Equivalents	11,342	63,622	3,720	78,684
Cash and Cash Equivalents - Beginning of year	65,070	136,230	71,012	272,312
Cash and Cash Equivalents - End of year	\$ 76,412	\$ 199,852	\$ 74,732	\$ 350,996
Reconciliation of Operating (Loss) Income to Net Cash from Operating Activities				
Operating (loss) income	\$ (70,155)	\$ 25,331	\$ 3,225	\$ (41,599)
Adjustments to reconcile operating (loss) income to net cash from operating activities:				
Depreciation and amortization	33,405	7,775	-	41,180
Changes in assets and liabilities:				
Receivables and other assets	(743)	67	(1)	(677)
Due from/to other funds	(85,521)	30,840	-	(54,681)
Accounts payable	3,621	(179)	-	3,442
Accrued and other liabilities	52,322	(1,038)	-	51,284
Net cash provided by (used in) operating activities	\$ (67,071)	\$ 62,796	\$ 3,224	\$ (1,051)

City of Grosse Pointe Woods, Michigan

Description of Internal Service Funds Year Ended June 30, 2009

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 departments 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.

Management Information Systems Fund - This fund accounts for the maintenance and operation of the City computer and communication network system. Funds are accumulated via transfers from other fund users.

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Net Assets Internal Service Funds June 30, 2009

	Internal Service Funds			Total
	Motor Vehicle Fund	Workers' Compensation Fund	Management Information System	
Assets				
Current:				
Cash and cash equivalents	\$ 112,358	\$ 835,733	\$ 13,803	\$ 961,894
Accrued interest receivable	13,758	7,209	-	20,967
Other receivables	1,529	-	765	2,294
Due from other funds	289,736	2,250	15,000	306,986
Total current assets	417,381	845,192	29,568	1,292,141
Noncurrent assets - Depreciable capital assets	1,346,791	-	59,428	1,406,219
Total assets	<u>\$ 1,764,172</u>	<u>\$ 845,192</u>	<u>\$ 88,996</u>	<u>\$ 2,698,360</u>
Liabilities and Net Assets (Deficit)				
Liabilities				
Current liabilities:				
Accounts payable	\$ 6,787	\$ 2,527	\$ 30,300	\$ 39,614
Accrued and other liabilities	21,171	-	6,139	27,310
Due to other funds	-	-	4,753	4,753
Total current liabilities	27,958	2,527	41,192	71,677
Long-term debt - Claims reserve	-	113,615	-	113,615
Other postemployment benefit obligation	88,222	-	59,664	147,886
Total noncurrent liabilities	88,222	113,615	59,664	261,501
Total liabilities	116,180	116,142	100,856	333,178
Net Assets (Deficit)				
Investment in capital assets	1,346,791	-	59,428	1,406,219
Unrestricted (deficit)	301,201	729,050	(71,288)	958,963
Total net assets (deficit)	1,647,992	729,050	(11,860)	2,365,182
Total liabilities and net assets (deficit)	<u>\$ 1,764,172</u>	<u>\$ 845,192</u>	<u>\$ 88,996</u>	<u>\$ 2,698,360</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Assets (Deficit) Internal Service Funds Year Ended June 30, 2009

	Internal Service Funds			Total
	Motor Vehicle Fund	Workers' Compensation Fund	Management Information System	
Operating Revenue				
Revenue and billings to other funds	\$ 604,970	\$ 133,800	\$ 420,300	\$ 1,159,070
Other revenues	5,101	-	-	5,101
Total operating revenue	610,071	133,800	420,300	1,164,171
Operating Expenses				
Vehicle operation and maintenance	510,213	-	-	510,213
Administration	211,056	10,000	451,845	672,901
Depreciation	205,175	-	13,297	218,472
Insurance expense	7,595	185,813	-	193,408
Charges to Internal Service Fund	15,000	-	900	15,900
Total operating expenses	949,039	195,813	466,042	1,610,894
Operating Loss	(338,968)	(62,013)	(45,742)	(446,723)
Nonoperating Income				
Interest income	10,789	22,612	-	33,401
Gain on disposal of asset	10,133	-	2,672	12,805
Total nonoperating income	20,922	22,612	2,672	46,206
Loss - Before transfers	(318,046)	(39,401)	(43,070)	(400,517)
Transfers In	437,630	50,000	-	487,630
Change in Net Assets	119,584	10,599	(43,070)	87,113
Net Assets - Beginning of year	1,528,408	718,451	31,210	2,278,069
Net Assets (Deficit) - End of year	<u>\$ 1,647,992</u>	<u>\$ 729,050</u>	<u>\$ (11,860)</u>	<u>\$ 2,365,182</u>

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2009

	Internal Service Funds			
	Motor Vehicle	Workers'	Management	Total
	Fund	Fund	Information System	
Cash Flows from Operating Activities				
Receipts from customers	\$ 610,071	\$ 133,800	\$ 420,300	\$ 1,164,171
Payments to suppliers	(932,142)	(205,091)	3,240	(1,133,993)
Payments to employees	(228,493)	-	(384,979)	(613,472)
Other receipts	655,189	382,930	16,079	1,054,198
Other payments	<u>(436,710)</u>	<u>(376,392)</u>	<u>(32,512)</u>	<u>(845,614)</u>
Net cash provided by (used in) operating activities	(332,085)	(64,753)	22,128	(374,710)
Cash Flows from Noncapital Financing Activities - Transfers from other funds	437,630	50,000	-	487,630
Cash Flows from Capital and Related Financing Activities				
Proceeds from sale of capital assets	10,133	-	2,672	12,805
Purchase of capital assets	<u>(115,203)</u>	<u>-</u>	<u>(28,585)</u>	<u>(143,788)</u>
Net cash used in capital and related financing activities	(105,070)	-	(25,913)	(130,983)
Cash Flows from Investing Activities - Interest received on investments	<u>10,789</u>	<u>22,612</u>	<u>-</u>	<u>33,401</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,264	7,859	(3,785)	15,338
Cash and Cash Equivalents - Beginning of year	<u>101,094</u>	<u>827,874</u>	<u>17,588</u>	<u>946,556</u>
Cash and Cash Equivalents - End of year	<u>\$ 112,358</u>	<u>\$ 835,733</u>	<u>\$ 13,803</u>	<u>\$ 961,894</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating loss	\$ (338,968)	\$ (62,013)	\$ (45,742)	\$ (446,723)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation and amortization	205,175	-	13,297	218,472
Changes in assets and liabilities:				
Receivables and other assets	808	(750)	4,422	4,480
Due from (to) other funds	130,264	(6,690)	(10,247)	113,327
Accounts payable	(399,334)	-	-	(399,334)
Accrued and other liabilities	<u>69,970</u>	<u>4,700</u>	<u>60,398</u>	<u>135,068</u>
Net cash provided by (used in) operating activities	<u>\$ (332,085)</u>	<u>\$ (64,753)</u>	<u>\$ 22,128</u>	<u>\$ (374,710)</u>

City of Grosse Pointe Woods, Michigan

Description of Fiduciary Funds Year Ended June 30, 2009

Trust funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for 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 held by the City government in a trustee capacity or as an agent for individuals, private organizations, 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 Combining Statement of Net Assets Trust Funds June 30, 2009

	Pension and Other Employee Benefit Funds		
	Pension Trust Fund	Supplementary Annuity Fund	Total
Assets			
Cash and cash equivalents	\$ 1,487,943	\$ 116,665	\$ 1,604,608
Investments:			
Mutual funds	36,545	-	36,545
U.S. government securities	4,229,497	788,255	5,017,752
Corporate bonds	5,026,752	-	5,026,752
Stocks	17,524,889	-	17,524,889
Accrued interest receivable	97,711	-	97,711
Contributions receivable	50,628	-	50,628
Other receivables	29,164	-	29,164
	28,483,129	904,920	29,388,049
Total assets			
	28,483,129	904,920	29,388,049
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 28,483,129	\$ 904,920	\$ 29,388,049

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Changes in Net Assets Trust Funds Year Ended June 30, 2009

	Pension Trust Fund	Supplementary Annuity Fund	Total
Additions			
Investment income (loss):			
Interest and dividends	\$ 824,925	\$ -	\$ 824,925
Net increase (decrease) to fair market value	(6,897,611)	17,175	(6,880,436)
Less investment expenses	(268,118)	-	(268,118)
Total investment income (loss)	(6,340,804)	17,175	(6,323,629)
Contributions:			
Employer	1,115,843	246,823	1,362,666
Employee	360,943	-	360,943
Total additions - Net	(4,864,018)	263,998	(4,600,020)
Deductions			
Pension payments	2,215,421	-	2,215,421
Benefit payments	-	227,877	227,877
Total deductions	2,215,421	227,877	2,443,298
Net (Decrease) Increase	(7,079,439)	36,121	(7,043,318)
Net Assets Held in Trust for Pension and Other Employee Benefits			
Beginning of year	35,562,568	868,799	36,431,367
End of year	\$ 28,483,129	\$ 904,920	\$ 29,388,049

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Assets and Liabilities Agency Funds June 30, 2009

	Agency Funds		
	Wayne County Tax Fund	Cash Bond Escrow Fund	Totals
Assets - Cash and cash equivalents	\$ -	\$ 9,200	\$ 9,200
Liabilities - Court bonds payable	\$ -	\$ 9,200	\$ 9,200

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Changes in Assets and Liabilities Agency Funds Fiscal Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<u>Wayne County Tax Fund</u>				
Assets - Cash and investments	\$ 3,224	\$ 29,647,575	\$ 29,650,799	\$ -
Liabilities - Due to other governmental units	\$ 3,224	\$ 29,647,575	\$ 29,650,799	\$ -
<u>Cash Bond Escrow Fund</u>				
Assets - Cash and investments	\$ 10,373	\$ 63,226	\$ 64,399	\$ 9,200
Liabilities - Court bonds payable	\$ 10,373	\$ 63,226	\$ 64,399	\$ 9,200
<u>Total Agency Funds</u>				
Assets - Cash and investments	\$ 13,597	\$ 29,710,801	\$ 29,715,198	\$ 9,200
Liabilities				
Due to other governmental units	\$ 3,224	\$ 29,647,575	\$ 29,650,799	\$ -
Court bonds payable	10,373	63,226	64,399	9,200
Total liabilities	\$ 13,597	\$ 29,710,801	\$ 29,715,198	\$ 9,200

Statistical Section

City of Grosse Pointe Woods, Michigan

Statistical and Continuing Disclosure Contents

Statistical Information

Statistical information contained herein relates to the physical, economic, social, and political characteristics of the City. It is designed to provide a broader and more complete understanding of the City and its financial affairs than is possible from the financial statements, notes, and supporting schedules presented in the financial section.

I. Financial Trend Information

These schedules contain certain trend information to help the reader understand how the City's financial position and performance have changed over time.

Net Assets by Component	91
Changes in Governmental, Business-type, and Primary Government Net Assets	92-93
Fund Balances of Governmental Funds	94-95*
Changes in Fund Balances of Governmental Funds	96-97

2. Revenue Capacity Information

These schedules contain information to help the reader assess the factors affecting the Township's ability to generate its main income source - property taxes.

General Governmental Revenue History	98
Property Tax Levies and Collections	99*
Assessed Value and Actual Value of Taxable Property	100*
Direct and Overlapping Property Tax Rates	101-102*
Principal Property Taxpayers (Major Taxpayers)	103*

3. Debt Capacity Information

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

Ratios of Outstanding Debt by Type	104-105
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Ratios of General Bonded Debt Outstanding	107*
Direct and Overlapping Debt	108
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4. Demographic and Economic Information

These schedules present various demographic and economic indicators for the reader to understand the environment within the City that affect the City's financial statements.

Demographic and Economic Statistics	111
Principal Employers	112*

5. Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Full-time Equivalent Government Employees by Function	113
Operating Indicators by Function	114-115
Capital Asset Statistics by Function	116

City of Grosse Pointe Woods, Michigan

Statistical and Continuing Disclosure Contents (Continued)

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.

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* Indicates schedules included in statistical information that fulfill continuing disclosure requirements

City of Grosse Pointe Woods, Michigan

Financial Trend Information Net Assets by Component Last Seven Fiscal Years (Accrual Basis of Accounting) (Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental Activities							
Invested in capital assets - Net of related debt	\$ 7,301,103	\$ 6,921,840	\$ 12,611,930	\$ 16,543,166	\$ 19,660,463	\$ 24,238,535	\$ 25,835,044
Restricted	4,267,678	6,541,005	6,368,884	4,540,093	1,935,523	2,018,840	782,422
Unrestricted	7,078,409	7,849,979	4,080,522	4,804,341	5,897,053	4,549,297	1,596,786
Total net assets	<u>\$ 18,647,190</u>	<u>\$ 21,312,824</u>	<u>\$ 23,061,336</u>	<u>\$ 25,887,600</u>	<u>\$ 27,493,039</u>	<u>\$ 30,806,672</u>	<u>\$ 28,214,252</u>
Business-type Activities							
Invested in capital assets - Net of related debt	\$ 11,807,253	\$ 14,781,305	\$ 16,548,499	\$ 17,634,292	\$ 17,640,281	\$ 18,626,103	\$ 18,921,503
Restricted	-	-	-	-	453,789	453,789	453,789
Unrestricted	6,871,807	3,520,495	2,298,649	1,434,870	1,524,686	1,484,347	1,191,484
Total net assets	<u>\$ 18,679,060</u>	<u>\$ 18,301,800</u>	<u>\$ 18,847,148</u>	<u>\$ 19,069,162</u>	<u>\$ 19,618,756</u>	<u>\$ 20,564,239</u>	<u>\$ 20,566,776</u>
Primary Government in Total							
Invested in capital assets - Net of related debt	\$ 19,108,356	\$ 21,703,145	\$ 29,160,429	\$ 34,177,458	\$ 37,300,744	\$ 42,864,638	\$ 44,756,547
Restricted	4,267,678	6,541,005	6,368,884	4,540,093	2,389,312	2,472,629	1,236,211
Unrestricted	13,950,216	11,370,474	6,379,171	6,239,211	7,421,739	6,033,644	2,788,270
Total net assets	<u>\$ 37,326,250</u>	<u>\$ 39,614,624</u>	<u>\$ 41,908,484</u>	<u>\$ 44,956,762</u>	<u>\$ 47,111,795</u>	<u>\$ 51,370,911</u>	<u>\$ 48,781,028</u>

City of Grosse Pointe Woods, Michigan

Financial Trend Information Changes in Net Assets Governmental Activities, Business-type Activities, and Primary Government Last Seven Fiscal Years (Accrual Basis of Accounting) (Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 2,068,634	\$ 2,025,228	\$ 2,960,392	\$ 1,743,401	\$ 1,819,279	\$ 2,438,663	\$ 4,170,617
Municipal court	240,920	313,281	399,726	382,120	402,779	370,151	347,428
Police, fire, and EMS	4,430,143	4,933,399	5,445,354	5,426,841	6,506,973	5,990,280	7,525,431
Building inspections and related	-	226,857	221,821	243,308	268,031	274,543	282,540
Legislature	137,555	124,418	157,683	126,924	108,343	115,827	91,133
Rubbish disposal	1,210,320	1,226,878	1,460,884	1,352,824	1,390,686	1,473,425	1,366,272
Street lighting	-	522,465	528,829	539,815	535,207	530,355	531,525
Other public works activities	3,584,922	3,176,634	2,650,533	3,994,123	3,543,532	3,323,980	4,213,635
Municipal improvement	159,066	72,408	44,676	30,127	196,696	270,819	386,989
Recreation and culture	1,523,565	1,610,864	1,872,760	2,014,389	2,386,985	2,040,528	2,370,954
Interest on long-term debt	450,019	396,661	283,417	271,234	207,182	238,813	153,736
Total governmental activities expenses	13,805,144	14,629,093	16,026,075	16,125,106	17,365,693	17,067,384	21,440,260
Business-type activities:							
Water/Sewer	4,631,539	5,137,969	4,660,181	4,848,148	5,096,980	5,230,033	5,239,746
Parking	325,131	377,288	375,660	331,892	325,058	293,746	316,991
Boat dock	158,596	199,823	235,846	277,276	144,289	146,403	121,541
Commodity sales	60,405	88,412	84,762	186,296	52,789	46,518	45,185
Total business-type activities expenses	5,175,671	5,803,492	5,356,449	5,643,612	5,619,116	5,716,700	5,723,463
Total primary government expenses	18,980,815	20,432,585	21,382,524	21,768,718	22,984,809	22,784,084	27,163,723
Program Revenues							
Governmental activities:							
Charges for services:							
Municipal court	866,321	595,207	717,903	876,197	768,596	805,958	831,454
Building inspections and related	397,506	227,939	154,376	276,150	-	-	-
Recreation and culture	149,528	148,756	135,335	150,630	158,763	-	-
Other activities	552,563	1,499,491	1,743,905	1,326,003	509,323	872,235	675,914
Operating grants and contributions	188,188	77,979	81,447	41,464	1,011,171	943,139	908,512
Total governmental activities program revenues	2,154,106	2,549,372	2,832,966	2,670,444	2,447,853	2,621,332	2,415,880
Business-type Activities							
Charges for services:							
Water/Sewer	4,112,139	4,007,523	4,523,148	4,558,523	4,696,657	4,594,730	4,878,913
Parking	308,694	325,378	348,865	336,895	266,067	293,453	242,765
Boat dock	178,457	178,704	169,621	173,153	164,601	162,468	146,872
Commodity sales	92,977	91,572	81,683	-	-	-	48,410
Capital grants and contributions	-	-	-	-	125,373	731,943	146,962
Total business-type program revenues	4,692,267	4,603,177	5,123,317	5,068,571	5,252,698	5,782,594	5,463,922
Total primary government program revenues	6,846,373	7,152,549	7,956,283	7,739,015	7,700,551	8,403,926	7,879,802

City of Grosse Pointe Woods, Michigan

Financial Trend Information Changes in Net Assets Governmental Activities, Business-type Activities, and Primary Government Last Seven Fiscal Years (Continued) (Accrual Basis of Accounting) (Unaudited)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Net (Expense) Revenue							
Governmental activities	\$ (11,651,038)	\$ (12,079,721)	\$ (13,193,109)	\$ (13,454,662)	\$ (14,917,840)	\$ (14,446,052)	\$ (19,024,380)
Business-type activities	(483,404)	(1,200,315)	(233,132)	(575,041)	(366,418)	65,894	(259,541)
Total primary government net expense	<u>\$ (12,134,442)</u>	<u>\$ (13,280,036)</u>	<u>\$ (13,426,241)</u>	<u>\$ (14,029,703)</u>	<u>\$ (15,284,258)</u>	<u>\$ (14,380,158)</u>	<u>\$ (19,283,921)</u>
General Revenues							
Governmental activities:							
Property taxes	\$ 11,963,222	\$ 12,285,813	\$ 12,742,873	\$ 14,083,603	\$ 15,181,945	\$ 15,551,944	\$ 14,468,721
Income taxes	-	-	-	-	-	-	-
State-shared revenues	2,734,619	2,607,456	2,594,918	2,608,124	1,682,742	1,667,431	1,645,722
Investment earnings	712,300	438,694	219,518	246,448	238,139	733,693	153,512
Donations	-	91,413	139,312	97,251	-	-	-
Franchise fees	-	-	-	-	230,453	238,054	271,953
Transfers	(750,000)	(754,000)	(754,000)	(754,500)	(810,000)	(802,000)	(218,060)
Total governmental activities	<u>14,660,141</u>	<u>14,669,376</u>	<u>14,942,621</u>	<u>16,280,926</u>	<u>16,523,279</u>	<u>17,389,122</u>	<u>16,321,848</u>
Business-type activities:							
Unrestricted investment earnings	45,380	69,055	24,480	42,555	106,012	79,589	21,534
Transfers	750,000	754,000	754,000	754,500	810,000	802,000	218,060
Total business-type activities	<u>795,380</u>	<u>823,055</u>	<u>778,480</u>	<u>797,055</u>	<u>916,012</u>	<u>881,589</u>	<u>239,594</u>
Total primary government	<u>15,455,521</u>	<u>15,492,431</u>	<u>15,721,101</u>	<u>17,077,981</u>	<u>17,439,291</u>	<u>18,270,711</u>	<u>16,561,442</u>
Change in Net Assets							
Governmental activities	3,009,103	2,589,655	1,749,512	2,826,264	1,605,439	2,943,070	(2,702,532)
Business-type activities	311,976	(377,260)	545,348	222,014	549,594	947,483	(19,947)
Total primary government	<u>\$ 3,321,079</u>	<u>\$ 2,212,395</u>	<u>\$ 2,294,860</u>	<u>\$ 3,048,278</u>	<u>\$ 2,155,033</u>	<u>\$ 3,890,553</u>	<u>\$ (2,722,479)</u>

Source: City annual financial statements

City of Grosse Pointe Woods, Michigan

	Fiscal Year				
	2000	2001	2002	2003	2004
General Fund					
Reserved for prepaids	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:					
Designated	-	-	-	-	-
Undesignated	4,640,450	4,543,928	4,707,884	4,803,828	4,887,262
Total General Fund	4,640,450	4,543,928	4,707,884	4,803,828	4,887,262
All Other Governmental Funds					
Designated:					
Special Revenue Funds	-	-	-	-	-
Capital Project Funds	-	-	-	-	-
Reserved	1,579,663	1,486,174	1,504,590	4,267,678	5,884,353
Unreserved, reported in:					
Special Revenue Funds	1,775,810	2,286,206	2,033,723	1,601,160	2,842,700
Capital Project Funds	-	-	-	239,997	229,333
Debt Service Funds	4,252	1,036	563	4,207	-
Total General Fund and all other governmental funds	<u>\$ 8,000,175</u>	<u>\$ 8,317,344</u>	<u>\$ 8,246,760</u>	<u>\$ 10,916,870</u>	<u>\$ 13,843,648</u>

Financial Trend Information
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

		Fiscal Year				
		2005	2006	2007	2008	2009
\$	-	\$ -	-	-	-	\$ 37,750
	-	-	-	500,000	673,600	-
	<u>4,889,093</u>	<u>4,674,366</u>	<u>2,862,514</u>	<u>2,367,734</u>	<u>2,311,090</u>	
	4,889,093	4,674,366	3,362,514	3,041,334	2,348,840	
	-	-	317,247	77,609	247,647	
	-	-	35,000	19,060	63,850	
	4,113,798	4,040,089	-	-	-	
	1,317,011	674,931	3,395,765	2,390,161	1,223,726	
	138,075	-	50,033	210,272	167,083	
	-	-	970,061	1,176,240	1,180,314	
\$	<u>10,457,977</u>	<u>9,389,386</u>	<u>8,130,620</u>	<u>6,914,676</u>	<u>5,231,460</u>	

City of Grosse Pointe Woods, Michigan

	Fiscal Year			
	2000	2001	2002	2003
Revenue				
Property taxes	\$ 10,608,265	\$ 10,770,906	\$ 11,356,910	\$ 11,963,222
State and local sources	901,267	897,078	884,297	2,734,619
Intergovernmental taxes	2,162,019	2,107,637	1,956,485	-
Delinquent interest and collection fee income	238,503	253,713	256,514	262,194
Federal financial assistance	34,000	34,000	34,000	96,953
Other revenue	2,450,759	2,387,762	2,162,675	2,416,024
Investment income	-	-	-	-
Donations	70,229	160,966	87,974	91,235
Total revenue	16,465,042	16,612,062	16,738,855	17,564,247
Expenditures				
Current:				
General government	1,727,984	1,728,964	1,900,793	2,016,549
Public safety	4,318,488	4,509,338	4,519,666	4,605,798
Public works	797,303	847,871	761,797	834,981
Recreation and culture	1,265,700	1,431,515	1,494,075	1,523,565
Miscellaneous	4,002,248	4,915,174	5,588,980	5,993,123
Capital outlay	1,611,614	420,796	307,995	250,473
Debt administration:				
Principal	1,833,856	1,823,456	1,885,755	1,700,366
Interest	-	-	-	-
Total expenditures	15,557,193	15,677,114	16,459,061	16,924,855
Excess of Revenue Over (Under) Expenditures	907,849	934,948	279,794	639,392
Other Financing Sources (Uses)				
Debt issuance	-	200,530	-	-
Transfers in	3,485,200	3,513,844	3,379,452	3,186,303
Transfers out	(4,015,200)	(4,185,844)	(4,086,452)	(3,936,303)
Total other financing sources (uses)	(530,000)	(471,470)	(707,000)	(750,000)
Net Change in Fund Balances	377,849	463,478	(427,206)	(110,608)
Fund Balances - Beginning of year (as restated)	10,613,357	10,991,206	11,454,684	11,027,478
Fund Balances - End of year	\$ 10,991,206	\$ 11,454,684	\$ 11,027,478	\$ 10,916,870
Debt service as a percentage of noncapital expenditures	13.15%	11.95%	11.68%	10.20%

* Beginning fund balance for fiscal year 2008 and 2009 was restated. See Note 1 for details.

Source: City annual financial statements

Financial Trend Information
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

		Fiscal Year									
		2004	2005	2006	2007	2008	2009				
\$	12,285,813	\$	12,742,873	\$	14,083,603	\$	14,727,101	\$	15,082,641	\$	14,093,330
	2,607,456		2,594,914		2,608,124		2,565,900		2,481,832		2,382,912
	-		-		-		-		-		-
	276,548		306,283		325,632		350,413		395,910		293,797
	32,000		81,447		41,464		20,564		-		31,646
	2,593,351		2,445,239		2,303,348		1,929,902		2,193,987		1,986,433
	162,146		219,518		246,448		238,678		731,478		143,074
	91,413		139,312		97,251		-		-		-
	<u>18,048,727</u>		<u>18,529,586</u>		<u>19,705,870</u>		<u>19,832,558</u>		<u>20,885,848</u>		<u>18,931,192</u>
	2,187,028		2,253,072		2,342,482		3,013,153		3,749,368		3,764,577
	4,661,117		4,988,001		5,408,713		5,042,765		4,717,501		4,866,702
	822,600		816,472		875,237		906,530		964,247		887,819
	1,610,864		1,635,410		1,750,909		2,936,496		1,686,488		1,784,052
	5,284,069		7,307,338		7,526,139		7,800,076		7,197,683		5,467,476
	263,374		283,238		393,476		196,696		270,819		1,526,933
	1,713,897		3,867,764		1,406,272		1,458,497		2,823,747		1,552,022
	-		-		271,234		252,109		260,502		157,014
	<u>16,542,949</u>		<u>21,151,295</u>		<u>19,974,462</u>		<u>21,606,322</u>		<u>21,670,355</u>		<u>20,006,595</u>
	1,505,778		(2,621,709)		(268,592)		(1,773,764)		(784,507)		(1,075,403)
	2,175,000		-		-		1,325,000		-		-
	3,334,690		3,461,977		4,102,869		5,091,500		3,170,034		2,325,500
	(4,088,690)		(4,225,940)		(4,902,869)		(5,901,500)		(3,972,034)		(3,031,190)
	<u>1,421,000</u>		<u>(763,963)</u>		<u>(800,000)</u>		<u>515,000</u>		<u>(802,000)</u>		<u>(705,690)</u>
	2,926,778		(3,385,672)		(1,068,592)		(1,258,764)		(1,586,507)		(1,781,093)
	<u>10,916,870</u>		<u>13,843,648</u>		<u>10,457,976</u>		<u>9,389,384</u>		<u>8,501,183 *</u>		<u>7,024,788</u>
\$	<u>13,843,648</u>	\$	<u>10,457,976</u>	\$	<u>9,389,384</u>	\$	<u>8,130,620</u>	\$	<u>6,914,676</u>	\$	<u>5,243,695</u>
	10.53%		18.53%		8.57%		7.99%		14.41%		9.25%

City of Grosse Pointe Woods, Michigan

Revenue Capacity Information General Governmental Revenue History Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Property Taxes	Inter-governmental Revenue	Licenses and Permits	Federal Financial Assistance	Charges for Services	Interest and Miscellaneous	Total Revenue
2000	\$ 10,608,265	\$ 3,063,286	\$ 238,503	\$ 34,000	\$ 2,450,759	\$ 70,229	\$ 16,465,042
2001	10,770,906	3,004,715	253,713	34,000	2,387,762	160,966	16,612,062
2002	11,356,910	2,840,782	256,514	34,000	2,162,675	87,974	16,738,855
2003	11,963,222	2,734,619	262,194	96,953	2,416,024	91,235	17,564,247
2004	12,285,813	2,607,456	276,548	32,000	2,593,351	253,559	18,048,727
2005	12,742,873	2,594,914	306,283	81,447	2,445,239	358,830	18,529,586
2006	14,083,603	2,608,124	325,632	41,464	2,303,348	343,699	19,705,870
2007	14,727,101	2,565,900	350,413	20,564	1,929,902	238,678	19,832,558
2008	15,082,641	2,481,832	395,910	-	2,193,987	731,478	20,885,848
2009	14,093,330	2,382,912	293,797	31,646	1,986,433	143,074	18,931,192

Source: City annual financial statements

City of Grosse Pointe Woods, Michigan

Revenue Capacity Information Property Tax Levies and Collections Ten Year Comparison (Unaudited)

Fiscal Year Ended June 30	Property Tax Levy	Current Tax Collections (1)	Percent Collected Current	Delinquent Tax Collections by Levy Year (2)	Total Tax Collections	Percent of Total Collections to Levy
2000	\$ 10,599,924	\$ 10,426,402	98.36	\$ 206,095	\$ 10,632,497	100.31
2001	10,798,626	10,587,355	98.04	173,522	10,760,877	99.65
2002	11,349,250	11,109,277	97.89	211,107	11,320,384	99.75
2003	11,964,385	11,698,095	97.77	218,692	11,916,787	99.60
2004	12,379,468	12,124,901	97.94	266,290	12,391,191	100.09
2005	12,740,052	12,423,359	97.51	274,573	12,697,932	99.67
2006	14,033,157	13,660,396	97.34	323,441	13,983,837	99.65
2007	14,443,049	13,923,377	96.40	316,822	14,240,199	98.60
2008	14,931,695	14,474,262	96.94	446,046	14,920,308	99.92
2009	14,249,802	13,789,085	96.77	460,717	14,249,802	100.00

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

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

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan

Revenue Capacity Information Assessed Value and Actual Value of Taxable Property Last Ten Years

Taxable Value by Property Type (1)								
Real Property								
Tax Year	Residential	Commercial	Industrial	Personal	Total Value	Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percent of Total
2000	\$ 600,228,640	\$ 38,778,610	\$ 76,760	\$ 13,159,500	\$ 652,243,510	16.1771	\$ 1,427,690,760	45.69%
2001	631,897,260	40,995,150	79,210	13,525,090	686,496,710	15.9601	1,587,632,780	43.24%
2002	884,043,630	56,054,000	100,800	14,554,200	954,752,630	15.9324	1,909,505,260	50.00%
2003	900,917,728	58,588,300	104,000	15,204,870	974,814,898	16.0301	1,949,629,796	50.00%
2004	926,166,500	59,918,650	105,300	17,757,800	1,003,948,250	15.8159	2,007,896,500	50.00%
2005	943,491,400	65,834,100	110,100	19,677,000	1,029,112,600	17.2597	2,058,225,200	50.00%
2006	937,491,730	70,116,000	114,500	15,270,200	1,022,992,430	17.2368	2,045,984,860	50.00%
2007	935,577,570	74,871,700	118,200	16,723,700	1,027,291,170	17.2368	2,054,582,340	50.00%
2008	832,163,456	79,091,000	121,400	14,187,800	925,563,656	16.7917	1,851,127,312	50.00%
2009	703,687,882	63,418,163	99,310	13,775,117	780,980,472	18.5417	1,561,960,944	50.00%

(1) 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 revenues in the subsequent fiscal year.

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan

Millage Rates - Direct City Taxes (1)

Overlapping

Tax Year	General		Voted Park	Statutory	Public	Ch 20/21	Total	County	H.C.M.A.
	Operating	Voted EMS	Bond	Solid Waste	Relations	Milk River Drain	Direct Taxes		
2000	9.2752	0.4996	0.5839	2.0384	(4)	3.7800	16.1771	8.2400	0.2200
2001	9.1892	0.4986	0.6688	2.0935	(4)	3.5100	15.9601	8.1800	0.2200
2002	9.2010	0.4980	0.6555	2.1179	(4)	3.4600	15.9324	8.1900	0.2200
2003	9.2306	0.4551	0.6559	2.1485	(4)	3.5400	16.0301	8.4200	0.2161
2004	9.3983	0.4526	0.6710	1.9280	(4)	3.3660	15.8159	8.4200	0.2154
2005	10.2108	0.3690	0.5656	1.8443	(4)	4.2700	17.2597	8.4200	0.2146
2006	10.1847	0.3578	0.5665	1.8807	(4)	4.2471	17.2368	8.4120	0.2146
2007	10.1847	0.3578	0.5665	1.8807	0.0590	4.2471	17.2958	8.4120	0.2146
2008	10.1847	0.3578	0.5665	1.8807	0.0590	3.9986	17.0473	8.5120	0.2146
2009	11.2957	0.3578	0.5665	1.8807	0.0590	2.6320	16.7917	8.5120	0.2146

(3)

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

(2) Previously termed homestead and nonhomestead

(3) 2009 Wayne County millage estimate at 2008 numbers, since no new information is available

(4) Information not available

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

2008	14.0492	0.4476	0.6100	2.6859	0.0616	n/a
------	---------	--------	--------	--------	--------	-----

Source: Comptroller's office

**Revenue Capacity Information
Direct and Overlapping Property Tax Rates
Last Ten Years**

Taxes					Total Tax Rate (2)	
Community College	Grosse Pointe Library	Intermediate School District	School District Principal	School District Nonprincipal	Principal	Non- principal
1.0000	1.5000	1.9789	13.4234	23.8236	42.5394	52.9396
2.4995	1.6321	1.9753	13.1340	23.4207	43.6010	53.8877
2.4862	1.6074	3.4643	13.7291	24.2632	45.6294	56.1635
2.4862	1.5829	3.4643	13.0431	23.3187	45.2427	55.5183
2.4844	1.5000	3.4643	14.8384	25.1152	46.7384	57.0152
2.4769	1.5000	3.4643	14.5498	26.2851	47.8853	59.6206
2.4769	1.5413	3.4643	14.5498	26.2851	47.8957	59.6310
2.4769	1.5412	3.4643	14.5498	26.2851	47.9546	59.6899
2.4769	1.5412	3.4643	14.0165	26.2499	47.2728	59.5062
2.4769	1.5412	3.4643	14.2900	26.3496	47.2907	59.3503
(3)	(3)	(3)	(3)	(3)		

City of Grosse Pointe Woods, Michigan

Revenue Capacity Information Principal Property Taxpayers (Major Taxpayers) Current Year and Nine Years Ago

Taxpayer	Type of Business	2009 Taxable Value	Percentage of Total City Value	1999 Taxable Value	Percentage of Total City Value	1999 Rank (1)
1 Lochmoor Club	Private Club	\$ 5,451,244	0.01	\$ 3,776,130	0.01	1
2 Sunrise of Grosse Pointe Woods	Assisted Living	4,675,800	0.01	-	-	n/a
3 Pointe Plaza	Office Bldg.	4,365,600	0.01	3,538,510	0.01	3
4 Colliers International	Rental	4,303,826	0.01	-	-	n/a
5 AL U.S. / GP Woods II	Senior Housing	3,380,100	-	-	-	n/a
6 Kroger Co. of Mich.	Grocery	2,869,836	-	3,139,310	0.01	4
7 Detroit Edison	Utility	2,605,800	-	3,726,940	0.01	2
8 Michigan Cons. Gas Co.	Utility	1,775,217	-	2,362,000	-	5
9 Grosse Pointe Hunt Club	Private Club	1,537,073	-	1,029,700	-	7
10 St. John Hospital	Hospital	1,504,771	-	1,080,500	-	6
Total		<u>\$ 32,469,267</u>	<u>0.04</u>	<u>\$ 18,653,090</u>	<u>0.04</u>	
Total City Taxable Value		<u>\$ 780,980,472</u>		<u>\$ 610,299,625</u>		

(1) A complete rank of top ten taxpayers in 1999 is unavailable

Source: City of Grosse Pointe Woods Assessing Department records

City of Grosse Pointe Woods, Michigan

	2000	2001	2002	2003
Governmental Activities				
General obligation bonds (GOB)	\$ 3,890,000	\$ 3,475,000	\$ 3,025,000	\$ 2,745,000
GOB installment note	-	200,530	158,182	107,182
GOB contract - Wayne County Drain	<u>13,476,337</u>	<u>12,605,139</u>	<u>11,709,741</u>	<u>10,784,094</u>
Total	17,366,337	16,280,669	14,892,923	13,636,276
Business-type Activities				
Installment purchase agreements	-	1,409,470	1,111,818	757,262
Revenue bonds	<u>1,325,000</u>	<u>1,155,000</u>	<u>985,000</u>	<u>6,095,000</u>
Total	<u>1,325,000</u>	<u>2,564,470</u>	<u>2,096,818</u>	<u>6,852,262</u>
Total debt of the government	<u>\$ 18,691,337</u>	<u>\$ 18,845,139</u>	<u>\$ 16,989,741</u>	<u>\$ 20,488,538</u>
Total taxable value (I)	\$ 630,386,880	\$ 652,775,780	\$ 722,061,149	\$ 747,023,290
Ratio of total debt to taxable value	2.97%	2.89%	2.35%	2.74%
Total population	17,215	17,080	17,080	17,080
Total debt per capita	\$ 1,086	\$ 1,103	\$ 995	\$ 1,200

(I) Personal income is not available

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

**Debt Capacity Information
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

2004	2005	2006	2007	2008	2009
\$ 4,610,000	\$ 2,155,000	\$ 1,750,000	\$ 1,320,000	\$ 880,000	\$ 420,000
55,426	-	-	1,325,000	-	-
<u>9,834,246</u>	<u>8,860,199</u>	<u>7,858,927</u>	<u>6,830,430</u>	<u>5,771,683</u>	<u>4,679,661</u>
14,499,672	11,015,199	9,608,927	9,475,430	6,651,683	5,099,661
389,574	-	-	-	-	-
<u>5,910,000</u>	<u>5,705,000</u>	<u>5,510,000</u>	<u>5,300,000</u>	<u>5,050,000</u>	<u>4,795,000</u>
<u>6,299,574</u>	<u>5,705,000</u>	<u>5,510,000</u>	<u>5,300,000</u>	<u>5,050,000</u>	<u>4,795,000</u>
<u>\$ 20,799,246</u>	<u>\$ 16,720,199</u>	<u>\$ 15,118,927</u>	<u>\$ 14,775,430</u>	<u>\$ 11,701,683</u>	<u>\$ 9,894,661</u>
\$ 778,377,290	\$ 813,304,250	\$ 838,542,390	\$ 867,467,911	\$ 847,756,558	\$ 780,980,472
2.67%	2.06%	1.80%	1.70%	1.38%	1.27%
17,080	17,080	17,080	17,080	17,080	17,080
\$ 1,218	\$ 979	\$ 885	\$ 865	\$ 685	\$ 579

City of Grosse Pointe Woods, Michigan

Debt Capacity Information Pledged-revenue Coverage Last Ten Fiscal Years

Debt Service Requirements (3)

Fiscal Years Ended June 30	Gross Revenues (1)	Applicable Expenses (2)	Net Revenues	Principal	Interest	Total	Coverage
2000	\$ 4,355,092	\$ 2,728,037	\$ 1,627,055	\$ 150,000	\$ 59,313	\$ 209,313	7.77
2001	3,885,071	3,299,632	585,439	170,000	80,916	250,916	2.33
2002	3,830,999	2,988,262	842,737	467,652	116,671	584,323	1.44
2003	4,112,139	4,079,550	32,589	544,556	85,940	630,496	0.05 (4)
2004	4,007,523	4,413,105	(405,582)	552,688	210,941	763,629	- (4)
2005	4,523,148	4,463,250	59,898	205,000	196,933	401,933	0.15 (4)
2006	4,558,523	4,255,169	303,354	195,000	186,296	381,296	0.80 (4)
2007	4,696,657	4,310,669	385,988	210,000	172,524	382,524	1.01
2008	4,594,730	4,430,308	164,422	-	170,079	170,079	0.97 (4)
2009	4,878,913	4,414,039	464,874	255,000	164,167	419,167	1.11

Notes

- (1) Exclusive of nonoperating revenues
- (2) Exclusive of depreciation charges and nonoperating expenditures
- (3) Includes principal and interest of revenue bonds only
- (4) The Water/Sewer Fund had operating transfers in from other funds in an amount which would cover the debt service requirement.

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan

Debt Capacity Information Ratios of General Bonded Debt Outstanding Last Ten Years

Fiscal Years Ended June 30	Population Per Federal Census	Adjusted Taxable Equalized Valuation	General Obligation Bonds Outstanding	Percent Debt to Assessed Value	Debt Per Capita
2000	17,215	\$ 630,386,880	\$ 17,366,337	2.75%	\$ 1,009
2001	17,080 (1)	652,775,780	16,280,669	2.49%	953
2002	17,080	722,061,149	14,892,924	2.06%	872
2003	17,080	747,023,290	13,636,276	1.83%	798
2004	17,080	778,377,290	14,499,672	1.86%	849
2005	17,080	813,304,250	11,015,199	1.35%	645
2006	17,080	838,542,390	9,608,927	1.15%	563
2007	17,080	867,467,911	9,475,430	1.09%	555
2008	17,080	847,756,558	6,651,683	0.78%	389
2009	17,080	780,980,472	5,099,661 (2)	0.65%	299

Source: Comptroller's Office

(1) Based upon 2000 federal census

(2) 2003 recreation funding	\$ 420,000
County contractual	<u>4,679,661</u>
Total	<u>\$ 5,099,661</u>

City of Grosse Pointe Woods, Michigan

Debt Capacity Information Direct and Overlapping Debt June 30, 2009

	Debt Outstanding	Percent Applicable to City	Estimated Share of Overlapping Debt
Direct debt, general obligation debt	\$ 9,894,661	100.00	\$ 9,894,661
Overlapping debt:			
Grosse Pointe Public Library	17,000,000	26.71	4,540,700
Grosse Pointe Public Schools	57,745,000	26.71	15,423,690
County of Wayne Building Authority and Debt Fund	168,628,379	1.60	2,698,054
Wayne County Community College	30,595,000	2.51	767,934
Total overlapping debt	<u>273,968,379</u>		<u>23,430,378</u>
Total direct and overlapping debt	<u>\$ 283,863,040</u>		<u>\$ 33,325,039</u>

Source: Municipal Advisory Council of Michigan

City of Grosse Pointe Woods, Michigan

	2000	2001	2002	2003
Calculation of Debt Limit (1)				
Taxable valuation	\$ 630,386,880	\$ 652,775,780	\$ 687,858,080	\$ 723,570,576
Debt limit (10% of equalized value)	63,038,688	65,277,578	68,785,808	72,357,058
Calculation of Debt Subject to Limit				
Total debt	18,896,337	19,015,139	17,119,741	20,578,538
Less Debt Not Subject to Charter Limitations				
Michigan Transportation Fund Bonds	370,000	190,000	-	-
Water and Sewer Revenue Bonds 1993	1,325,000	1,155,000	985,000	795,000
Grosse-Gratiot Drain/Milk River Debt	13,476,337	12,605,139	11,709,742	10,784,094
Water/Sewer Installment Note	-	-	-	757,262
Water/Sewer Revenue Bonds 2003	-	1,409,470	1,111,818	5,300,000
Total debt not subject to Charter limitations	<u>15,171,337</u>	<u>15,359,609</u>	<u>13,806,560</u>	<u>17,636,356</u>
Total net debt (2)	<u>3,725,000</u>	<u>3,655,530</u>	<u>3,313,181</u>	<u>2,942,182</u>
Legal debt margin	<u>\$ 59,313,688</u>	<u>\$ 61,622,048</u>	<u>\$ 65,472,627</u>	<u>\$ 69,414,876</u>
Net debt subject to limit as percentage of debt limit	6.28%	5.93%	5.06%	4.24%

(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

Debt Capacity Information
Legal Debt Margin
Last Ten Fiscal Years

2004	2005	2006	2007	2008	2009
\$ 747,023,290	\$ 778,377,290	\$ 813,304,250	\$ 867,467,911	\$ 847,756,558	\$ 780,980,472
74,702,329	77,837,729	81,330,425	86,746,791	84,775,656	78,098,047
20,844,246	16,720,199	15,118,927	14,775,430	11,701,684	9,894,661
-	-	-	-	-	-
610,000	405,000	210,000	-	-	-
9,834,247	8,860,199	7,858,927	6,830,430	5,771,684	4,679,661
389,574	-	-	-	-	-
<u>5,300,000</u>	<u>5,300,000</u>	<u>5,300,000</u>	<u>5,300,000</u>	<u>5,050,000</u>	<u>4,795,000</u>
<u>16,133,821</u>	<u>14,565,199</u>	<u>13,368,927</u>	<u>12,130,430</u>	<u>10,821,684</u>	<u>9,474,661</u>
<u>4,710,425</u>	<u>2,155,000</u>	<u>1,750,000</u>	<u>2,645,000</u>	<u>880,000</u>	<u>420,000</u>
<u>\$ 69,991,904</u>	<u>\$ 75,682,729</u>	<u>\$ 79,580,425</u>	<u>\$ 84,101,791</u>	<u>\$ 83,895,656</u>	<u>\$ 77,678,047</u>
6.73%	2.85%	2.20%	3.14%	1.05%	0.54%

City of Grosse Pointe Woods, Michigan

Demographic and Economic Information Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Estimated Number of Households	Per Capita Personal Income	Median Age	Unemployment Rate	School Enrollment
2000	18,215	(5)	(2)	\$ 49,200 (1)	(2)	1.10%	8,708
2001	17,080 (2)	(5)	(5)	30,050	(5)	1.25%	8,873
2002	17,080	(5)	(5)	38,653	(5)	1.50%	8,900
2003	17,080	(5)	(5)	42,364	(5)	1.40%	8,900 (3)
2004	17,080	(5)	(5)	43,600	(5)	1.50%	9,182 (3)
2005	17,080	(5)	(5)	44,720	(5)	1.74%	8,986
2006	17,080	(5)	(4)	46,151	(4)	3.26%	8,912
2007	16,437 (1)	(5)	6,420	(5)	(5)	4.60%	8,873
2008	17,080	(5)	(5)	(5)	(5)	9.30%	8,900 (3)
2009	17,080	(5)	(5)	(5)	(5)	14.10%	8,900 (3)

(1) Information obtained from SEMCOG

(2) 2000 population from U.S. Census

(3) Estimate

(4) 2005 Census Department - American Community Survey Data Profile Review

(5) Information not available

City of Grosse Pointe Woods, Michigan

Demographic and Economic Information Principal Employers

Taxpayer	Enterprise	2009 Employees	2000 Employees	2000 Rank
1 Van Elslander Center	Medical	250	(1)	(1)
2 University of Liggett	School	128	(1)	(1)
3 Great Lakes Cancer Mgt Specialist	Medical	103	(1)	(1)
4 St. John I.T. & Desktop Support	Medical Business	100	(1)	(1)
5 Lochmoor Club	Country Club	100	(1)	(1)
6 City of Grosse Pointe Woods	Municipal	98	(1)	(1)
7 Grosse Pointe Hunt Club	Private Club	80	(1)	(1)
8 Big Boy-Curis Restaurant Group	Restaurant	60	(1)	(1)
9 G.P. Physicians X-Ray, Inc.	Medical	55	(1)	(1)
10 Original Pancake House	Restaurant	50	(1)	(1)

(1) Data from nine years earlier is not readily available

Source: City Business License Registry

City of Grosse Pointe Woods, Michigan

Operating Information Full-time Equivalent Government Employees by Function (1) Last Ten Fiscal Years

Department	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Percent of Total for 2009
Supervisor	(2)	(2)	(2)	(2)	(2)	(2)	3	3	2	2	2
Assessing	(2)	(2)	(2)	(2)	(2)	(2)	2	2	2	2	2
Clerk's Office	(2)	(2)	(2)	(2)	(2)	(2)	3	3	3	3	3
Treasurer's Office	(2)	(2)	(2)	(2)	(2)	(2)	6	5	5	4	4
Municipal Court	(2)	(2)	(2)	(2)	(2)	(2)	3	3	3	3	3
Information Systems	(2)	(2)	(2)	(2)	(2)	(2)	2	2	2	2	2
Building	(2)	(2)	(2)	(2)	(2)	(2)	3	3	3	3	3
Parks and Recreation	(2)	(2)	(2)	(2)	(2)	(2)	4	4	4	3	3
Public Safety	(2)	(2)	(2)	(2)	(2)	(2)	52	54	54	52	53
Public Works	(2)	(2)	(2)	(2)	(2)	(2)	27	25	25	25	25
Total	-	-	-	-	-	-	105	104	103	99	100

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

(2) Data not available

Source: City personnel records

City of Grosse Pointe Woods, Michigan

Function/Program	2000	2001	2002	2003
Public safety (calendar year Jan 1 - Dec 31):				
Police physical arrests	620	518	583	542
Police traffic violations	4,357	5,817	7,056	5,183
Fire runs	86	84	81	79
Fire actual fires	27	24	12	12
Fire basic ambulance runs	404	443	418	439
Fire Advance Life Support ambulance runs	173	145	206	197
Fire inspections - Fire inspections were not reported separately during calendar years 1997-2001			84	97
Parks and recreation (estimated):				
Recreation programs - Lake Front Park	239	242	238	265
Community center programs	23	24	24	24
Water:				
New connections (calendar year Jan 1 - Dec 31)	2	19	2	2
Water main breaks	(1)	(1)	(1)	(1)
Total consumption (billed - HCF)	979,385	860,965	950,135	990,645

(1) Information not available

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

(3) Information is reported on calendar year.

Source: City Departmental Operational Reports

Operating Information
Operating Indicators by Function
Last Ten Fiscal Years

2004	2005	2006	2007	2008	2009
			(3)		(3)
477	770	478	805	676	(2)
5,857	6,045	2,887	4,181	4,635	(2)
77	80	39	55	71	(2)
8	16	4	4	14	(2)
481	466	466	424	368	(2)
193	263	169	328	356	(2)
53	53	66	215	180	(2)
345	338	428	406	426	415
22	22	24	24	40	41
5	5	3	5	1	-
(1)	(1)	(1)	(1)	36	19
954,848	920,271	1,006,841	887,693	1,064,580	804,221

City of Grosse Pointe Woods, Michigan

Operating Information Capital Asset Statistics by Function

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
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	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)	60	60	60	60	60	60	60	63	63	63
Fire hydrants	603	603	603	603	603	603	603	606	603	603
Sewer - Miles of sanitary sewers	75	75	75	75	75	75	75	78	78	78

Source: Departmental annual reports

City of Grosse Pointe Woods, Michigan

Continuing Disclosure State-shared Revenues Last Ten Fiscal Years

<u>Fiscal Years Ended</u>	<u>Modified Accrual and Accrual Basis of Accounting</u>
2000	\$ 2,162,019
2001	2,107,637
2002	1,956,485
2003	1,842,388
2004	1,656,709
2005	1,655,968
2006	1,682,170
2007	1,570,567
2008	1,584,047
2009	1,514,040

Source: Comptroller's office

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Gas and Weight Taxes Last Ten Fiscal Years

Fiscal Years Ended June 30	Type of Street		Total Gas and Weight Tax (Act 51) Receipts
	Major	Local	
2000	\$ 641,120	\$ 260,147	\$ 901,267
2001	638,177	258,901	897,078
2002	628,429	255,868	884,297
2003	633,886	258,345	892,231
2004	675,278	275,469	950,747
2005	665,770	273,506	939,276
2006	656,119	269,835	925,954
2007	700,767	288,920	989,687
2008	636,344	261,441	897,785
2009	612,785	251,769	864,554

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Labor Agreements June 30, 2009

Bargaining Unit	Expiration Date	Number of Employees
Police Officers Association of Michigan Represents police officers	6/30/2007	28
Command Officers Association of Michigan Represents police corporals, sergeants, and lieutenants	6/30/2006	9
Police Officers Labor Council Represents all paramedics/fire specialists and dispatchers	6/30/2007	13
The American Federation of State, County, and Municipal Employees AFL-CIO Represents clerical, public works employees, building, and ordinance officers	6/30/2007	38
Nonunion Employees		
City Administrator	N/A	1
Executive Assistant	N/A	1
City Assessor	N/A	1
Deputy City Assessor	N/A	1
Comptroller/Treasurer	N/A	1
Deputy Treasurer/Human Resource Coordinator	N/A	1
Assistant to the Comptroller	N/A	1
Utility Billing Manager	N/A	1
City Clerk	N/A	1
Assistant to the City Clerk	N/A	1
Public Safety Director	N/A	1
Deputy Public Safety Director	N/A	0
Court Clerk	N/A	1
Probation Officer	N/A	1
Information Technology Manager	N/A	1
Information Systems Technician	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	2
Facilities Manager	N/A	1
Community Center Supervisor	N/A	0
Recreation Supervisor	N/A	1
Confidential Administrative Assistant	N/A	3

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Water and Sewer Customers and Consumption June 30, 2009

<u>User Type</u>	<u>Number of Meters</u>	<u>Water Consumption Volume (100 cubic feet)</u>	<u>Percentage of Consumption</u>
Residential	6,545	41,304	88.45%
Commercial	285	3,777	8.09%
Churches, schools, and government	25	1,617	3.46%
Total	6,855	46,698	100%

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Historical Net Earnings, Cash Flow, and Debt Service Coverage June 30, 2009

Fiscal Years Ended June 30	Operating Revenues	Operating Expenses Exclusive of Depreciation	Net Operating Income (Loss)	Other Non-operating Income (I)	Annual Income Available for Debt Service	Annual Revenue Debt Service Requirements	Annual Coverage
2000	\$ 4,355,092	\$ 2,728,037	\$ 1,627,055	\$ 209,367	\$ 1,836,422	\$ 209,313	8.77
2001	3,885,071	3,299,632	585,439	454,617	1,040,056	250,916	4.15
2002	3,830,999	2,988,262	842,737	261,808	1,104,545	584,323	1.89
2003	4,112,139	4,079,550	32,589	181,807	214,396	630,496	0.34
2004	4,007,523	4,413,105	(405,582)	183,034	(222,548)	763,629	(0.29)
2005	4,523,148	4,463,250	59,898	251,133	311,031	401,933	0.77
2006	4,558,523	4,255,169	303,354	504,551	807,905	381,296	2.12
2007	4,696,657	4,310,669	385,988	52,093	438,081	262,789	1.67
2008	4,594,730	4,430,308	164,422	26,241	190,663	420,079	0.45
2009	4,878,913	4,414,039	464,874	19,799	484,673	419,167	1.16

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

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Water Usage and Revenue of the Ten Largest Customers June 30, 2009

Customer	Usage in Dollars	Volume of Water Used (in 100 cubic feet)
Lochmoor Club	\$ 65,393	15,481
Grosse Pointe North High School	52,946	10,170
Children's Home of Detroit	15,594	3,522
Sunrise Development	11,401	2,573
Pointe Plaza LTD	10,766	2,748
Original Pancake House	10,094	2,272
Curis Big Boy	9,978	2,594
Trattoria Corporation	9,148	2,379
Kroger Corporation	8,840	1,888
St. John Hospital	8,645	946

Source: City of Grosse Pointe Woods financial reports

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Metered Water Rates June 30, 2009

Fiscal Year 2009-2010

Meter Size	Residential	Commercial*
5/8"	\$ 21.00	\$ 6.93
3/4"	21.00	10.40
1"	29.26	17.33
1 1/2"	37.64	38.12
2"	60.73	55.44
3"	229.98	100.49
4"	292.7	138.60
6"	439.04	207.90
8"	606.28	318.50
10"	1,218.91	485.10
Billing Charge	1.70	1.70
Capital Improvement Charge	8.00	8.00
Water Rate per 100 cubic feet used	1.22	1.22
Sewer Rate per 100 cubic feet used	2.48	2.48

*Commercial rate includes churches, schools, and government

City of Grosse Pointe Woods, Michigan

Report to the City Council

June 30, 2009

To the City Council
City of Grosse Pointe Woods, Michigan

We have recently completed our audit of the basic financial statements of the City of Grosse Pointe Woods, Michigan (the "City") for the year ended June 30, 2009. In addition to our audit report, we are providing the following report on internal control, results of the audit, and informational comments which impact the City:

	<u>Page</u>
Report on Internal Control	1-3
Results of the Audit	4-6
Other Recommendations/Informational	7-10

We are grateful for the opportunity to be of service to the City of Grosse Pointe Woods, Michigan. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

November 10, 2009

Report on Internal Control

November 10, 2009

To the City Council
City of Grosse Pointe Woods, Michigan

Dear Council Members:

Over the last several audits, national auditing standards call for auditors to communicate matters to the governing body that may be useful in its oversight of the City's financial management. Specifically, they require us to report internal control issues to the governing body that may be relatively minor, in order to allow it to evaluate their significance, and make any changes it may deem appropriate. In general, these are items that would have been discussed orally with management in the past. The purpose of these new standards is to allow the governing body an opportunity to discuss issues when they are relatively minor, rather than waiting until they become more serious problems. We hope this report on internal control will be helpful to you, and we look forward to being able to discuss any questions you may have concerning these issues.

In planning and performing our audit of the basic financial statements of the City of Grosse Pointe Woods as of and for the year ended June 30, 2009, 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 our auditing procedures 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies and another deficiency that we consider to be a material weakness.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

- **Bank and Investment Reconciliations** - Reconciliations for the first six months of fiscal 2009 were not completed until February 2009. Timely preparation of bank reconciliations is a cornerstone of the internal control process. As documented in our previous year letter, personnel changes and technical issues related to the reconciliation of cash balances owed between various City funds complicated this process. Since February, bank reconciliations were prepared in a timely manner and the reconciliation process had been notably improved.
- **Customer Receivable Reconciliation** - We noted that the water and sewer subsidiary ledger is not being reconciled to the general ledger on a monthly basis. At June 30, 2009, the ledger was reconciled to the general ledger within \$60,000, which represents an accumulation of adjustments over several years. In November, the City researched the difference between the general ledger and the subsidiary ledger and adjusted the general ledger appropriately. They have also implemented a process to start reconciling this account on a monthly basis in order to increase the internal controls over customer receivables.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

- **Year-end Accrual Adjustments** - As in the prior year, Plante & Moran proposed and made adjustments to balances recorded on the City's general ledger. The amount of required adjustments has decreased significantly from prior year. Last year we proposed approximately 40 journal entries and this year that amount was down to approximately 15 entries. The adjustments Plante & Moran did propose related to state-shared revenue receivable, accrued interest payable, contribution receivable, capital assets, accounts payable, and unbilled water and sewer receivable. While in certain instances, the City's detailed calculation reflected the proper balances in these accounts, the general ledger balances related to these accounts were not properly adjusted. We recommend that the City put a process in place in which a review of all year-end accruals are completed and reconciled to the general ledger.

To the City Council
City of Grosse Pointe Woods, Michigan

November 10, 2009

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

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Mark R. Hurst". The signature is written in a cursive style with a long, sweeping horizontal line at the end.

Mark R. Hurst

A handwritten signature in black ink that reads "Pamela L. Hill". The signature is written in a cursive style with a distinct loop for the letter 'P'.

Pamela L. Hill

Results of the Audit

November 10, 2009

To the City Council
City of Grosse Pointe Woods, Michigan

We have audited the financial statements of the City of Grosse Pointe Woods, Michigan for the year ended June 30, 2009 and have issued our report thereon dated November 10, 2009 indicating an unqualified opinion on your audit. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 17, 2009, 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. We are responsible for planning and performing 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 of Grosse Pointe Woods, Michigan. Our consideration of internal control was 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 and our audit of the financial statements does not relieve you or management of your responsibilities.

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 September 3, 2009.

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 of Grosse Pointe Woods, Michigan are described in Note I to the financial statements. No new accounting policies were adopted, except for GASB 45 which is disclosed in Note I to the financial statements, and the application of existing policies was not changed during the year ended June 30, 2009.

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

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing 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. Management has corrected all such misstatements. See page 2 of the report on internal controls for a detail description of the material misstatements detected as a result of audit procedures that were corrected by management.

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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 10, 2009.

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.

To the City Council
City of Grosse Pointe Woods, Michigan

November 10, 2009

This information is intended solely for the use of the City Council and management of the City of Grosse Pointe Woods, Michigan and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink that reads "Mark R. Hurst" with a stylized flourish at the end.

Mark R. Hurst

A handwritten signature in black ink that reads "Pamela L. Hill" in a cursive style.

Pamela L. Hill

Other Recommendations/Informational

City of Grosse Pointe Woods, Michigan

Other Recommendations

Status of Prior Comments - In last year's letter to the City Council, we noted several significant areas for improvement. We are pleased to inform you that the City has done an excellent job at implementing the following suggestions: reconciling of fund balance accounts, appropriate interest income allocations, closing out the retiree healthcare fund, proper recording of the Parkway Beautification and Tax Collection Funds, proper reconciliation of long-term debt, proper recording of pension contributions, and posting of budget amendments throughout the year. With all of the changes that have occurred in the City's personnel over the last year and a half, the City has made great strides in implementing these processes and procedures.

Controls Over Financial Reporting - We are aware that the City is in the process of looking to purchase a new accounting software package. With the implementation of this new software, the City should consider the following items in regard to their internal controls. The first would be for the City to ensure that the system requires the authority of two individuals to make changes to pay rates in the system in order to ensure appropriate internal controls. The second recommendation would be to ensure that the system requires a signoff by an individual other than the preparer of any manual journal entry to approve the entry in the system before it is posted to the general ledger. These few items can help to increase the internal controls over financial reporting at the City.

Supplemental Annuity - Currently, the supplemental annuity activity and investments are reported in the same bank account as the pension funds. Due to the sensitive nature of these monies and the need by law to ensure these are appropriately segregated, we recommend that the City put the supplemental annuity monies into a separate bank account and continue to reconcile that on a monthly basis.

Cost Allocations - Currently, the City allocates various expenses between different funds. The finance staff is unable to locate any detailed explanations or calculations behind these allocations. We encourage the City to look into all expense allocations between funds and ensure that the appropriate reasons and calculations are documented and maintained by the City.

Property Tax Revenue

Many communities in Michigan are continuing to face the challenges inherent in the real estate market decline given the effects of Proposal A. Some communities are seeing a decline in overall taxable value this year - many will see similar or greater declines in future years. The impact on each community and over what period of time will vary. The one constant, however, is that there will be an impact that each community will need to consider come budget time.

Many of the bills related to property taxes pending at the end of the 2008 Michigan legislative session have subsequently died with the changeover in the legislature after the November 2008 election. However, a few of those bills have been reintroduced. One series of bills that is worthy of specific mention is the reintroduction of the concept of the “supercap” legislation from last year.

Many property owners continue to struggle with the concept that their individual taxable values actually increased during a time that overall property values - and even their individual property values - have fallen. As we all have been reminded, that is a constitutional requirement that changed with Proposal A in 1994. It may be helpful to remember the principle behind Proposal A - its purpose was to disconnect taxable values from market value increases, and instead limit the growth in taxable values to the lesser of 5 percent or inflation, until that point that the property transfers ownership. Now that the market values are declining in many areas, Proposal A continues to stay disconnected, and allows the taxable value to increase by the lesser of 5 percent or inflation (up until the point that it reconnects with market values).

Because many property owners feel it is unfair to see their taxable value increase in a declining market, a third variable, called “change in market value,” was proposed last year to be added to the Proposal A formula.

Under the legislation introduced last year, the Proposal A formula to determine annual increases in taxable value (if property is not sold or transferred) would have been changed to the lesser of three components: inflation, change in market value, or 5 percent. Therefore, if the market value of the parcel was either flat or declining - even if the taxable value of the particular parcel was less than state equalized value - there would be no annual increase. This measure passed the House in 2008 but did not advance further.

In January 2009, several versions of this legislation were introduced which reinstates a similar constitutional amendment. Such a change would ultimately need to be approved by the voters before it can be enacted.

City of Grosse Pointe Woods, Michigan

Informational (Continued)

Revenue Sharing

As you are aware, the legislature has been working to pass the State's budget for fiscal year 2009-2010. The budget deadline (September 30) came and went and there was not a final agreement on the budget. As a result, a continuation budget was passed to get the State through the next 30 days. There is discussion that the legislature may look for additional revenues to restore some of the cuts that had been passed by both the Senate and the House (but not signed into law by the governor), including significant cuts to revenue sharing for local governments.

It appears that the total revenue-sharing payments (constitutional and statutory) will be reduced by an overall factor of 11.06 percent if the budgets that came out of conference are ultimately enacted. The constitutional portion is expected to decrease based on the May 2009 revenue-estimating conference from \$649 million to \$621 million (about 4 percent). The statutory portion is expected to be cut from \$388 million to \$314 million (about 19 percent).

Communities that no longer receive the statutory portion will see a decline of about 4 percent. Those that still have statutory revenue sharing will see a much larger decline. The 11.06 percent that is being reported is the total amount of the cut, but the specific cuts will vary widely by community. We encourage you to continue to budget very conservatively when it comes to revenue sharing because a long-term solution to the State's structural deficit has not yet been identified.

We would like to thank the City Council for the opportunity to serve as auditors for the City. We would also like to express our appreciation for the courtesy and cooperation extended to us by the administration during the audit. If you would like to discuss any of these matters, or would like assistance in their implementation, please contact us.