

# **City of Grosse Pointe Woods, Michigan**

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## **Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017**

**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, Michigan

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# CITY OF GROSSE POINTE WOODS

20025 Mack Plaza Drive

Grosse Pointe Woods, Michigan 48236-2397

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

The Comprehensive Annual Financial Report (CAFR) of the City of Grosse Pointe Woods, Michigan for the fiscal year ended June 30, 2017 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's Discussion and Analysis (MD&A), which is found in the financial section. The introductory section also includes the municipality's organizational chart and a list of principal officials. The financial section includes the MD&A of the basic financial statements and the combining and individual fund statements, schedules, and accompanying footnotes to the financial statements, and most importantly the auditor's opinion on the financial statements and supporting documentation. The statistical section, which is unaudited, includes selected financial and demographic information, where practical, presented on a multiyear basis. Also included in the statistical section is selected information required by the United States Securities and Exchange Commission depicting necessary disclosures in regard to the refunding of the 2013 Water and Sewer Revenue Bonds and the 2015 Road Construction Bonds.

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

December 7, 2017

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

### **Reporting Entity**

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

### **Legal Requirement**

This report has been prepared pursuant to and in compliance with Michigan Department of Treasury regulations, which, in part, require that an annual independent audit of the City's financial records of accounts and transactions be performed. The opinion by the City's independent auditor, Plante & Moran, PLLC, dated December 7, 2017, on the basic financial statements and individual fund statements and schedules is included in the financial section of this report. There is not a separately issued Single Audit Report for the Federal Grant Fund under the 2 CFR 200 regulations because the total federal grant expenditures were less than the threshold of \$750,000, which is the minimum expenditure limit needed to be subject to the regulations of the Single Audit Act. Through the Wayne County Block Grant Program, the City is designated as a sub-grantee and coordinates its program.

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

December 7, 2017

Consistent with previous years, the intent and responsibility of Administration is to effectively adhere to the fiscal policies and initiatives established by the City Council while remaining cost-efficient and responsive to the needs of the residents. Many of the financial policies and procedures established by the City Council are detailed in the City's annual budget. In accordance with the City Charter, the City Administrator and the Treasurer/Comptroller will have presented their budgetary estimates of revenues and expenditures of all the City's funds (excluding Trust & Agency Funds and selected Special Revenue Funds) to the Mayor and City Council no later than the first meeting in April. These estimates are then forwarded to the City's Finance Committee, which performs a thorough review of the operational, financial, and capital components of the budget. Upon completing this budget review along with recommendations, the budget is presented back to the Mayor and City Council for additional review and comments. The proposed budget document is formally approved by the Mayor and City Council no later than the third Monday in May. Throughout the course of the fiscal year, the Finance Committee may review any significant changes to the original budget document as recommended by the City Administrator and/or the Treasurer/Comptroller. Per the City Charter, the Mayor and City Council must formally approve any proposed adjustments to the budget. This process allows the City to remain flexible to changes in the revenue and expenditure patterns that occur throughout the year as well as keeping the elected officials updated on the financial condition of the City. Following the passage of the budget, a summary of the completed document is made available to all residents, published in the local newspaper and annual City calendar.

### **Fiscal Policies/Major Initiatives**

One of the most elemental functions of our City is to establish practices to guide us through good times and challenging times. Clearly, these last several years have been challenging.

In order to finance debt, we need to have a strong cash reserve. Currently, we have an unassigned fund balance of 52 percent of actual expenses. Although our cash reserves are acceptable based upon the GFOA recommendation of a 10-15 percent fund balance, we will use more than 30 percent of reserves to balance the budget over the next five years. We are ever cognizant of our operating expenses and continue to look for efficiencies and alternative sources of revenue.

The City's long-term financial stability is the result of a strong and continuous commitment to fundamental principles of fiscal integrity. The City's current administration has taken many steps over the last several years toward improved budgeting, cost containment, and improved efficiency, which has helped in dealing with the current economic conditions. The City has developed a proactive strategy that consists of the following changes:

- a. In November 2014, residents approved a \$10 million capital improvement bond for major road repair and reconstruction. Construction began in May 2015 when the first series of bonds were issued. In fiscal year 2016-2017, the remaining issue of \$2.875 million was sold and we anticipate construction to be completed in fiscal year 2017-2018.



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

December 7, 2017

- b. Through the Department of Justice, the City was awarded a grant to be used toward the replacement of firefighting equipment and we additionally received a grant to assist with the purchase of new vests for our Public Safety Officers. The City has been awarded the vest replacement grant for a number of years.
- c. The City of Grosse Pointe Woods and the Village of Grosse Pointe Shores were awarded a grant in the amount of \$0.5 million to combine public safety dispatch and police lockup services. This grant will provide for equipment and retrofitting of the Grosse Pointe Woods dispatch center to house the operations of both cities. This project is currently in the planning stages with construction planned to begin in fiscal year 2017-2018.
- d. The City will continue with cost containment initiatives through continued efficiencies in services and is actively researching alternative revenue sources going forward.

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

With regard to water and sewer infrastructure improvements, the City completed repairs to the City's water and sewer lines. The City was awarded the Storm Water Management and Wastewater (SAW) Grant. This grant will allow the City to investigate the condition of storm sewer and truck lines that were not included in previous grants.

### **Economic Conditions**

The City's most pressing financial concern is the low inflation rate multiplier used to calculate taxable value. The low inflation rate has had a significant impact on property tax revenue. Re-development within the City will continue to add value in 2018.

In accordance with the City Charter, the City may levy up to 20 mills. The Headlee Act, which amended the State Constitution in regard to property tax relief, has forced the City to roll back its 20 mills to 13.8158 mills.

The General Fund fund balance has an unassigned balance of \$6.25 million and \$541,000 assigned to the Cable Fund.

### **Administrative Summary**

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

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

December 7, 2017

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This is the 48<sup>th</sup> consecutive year that the City of Grosse Pointe Woods received this prestigious award. In fact, our City is the longest-standing recipient in GFOA's history.

In 2016, GFOA awarded the City with a Popular Annual Financial Reporting Award (PAFR). This award is presented to local governments that successfully extract information from their Comprehensive Annual Financial Report (CAFR) and produce a high-quality report specifically designed to be readily accessible and easily understandable to the general public and others who do not have a background in public finance.

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

Sincerely,



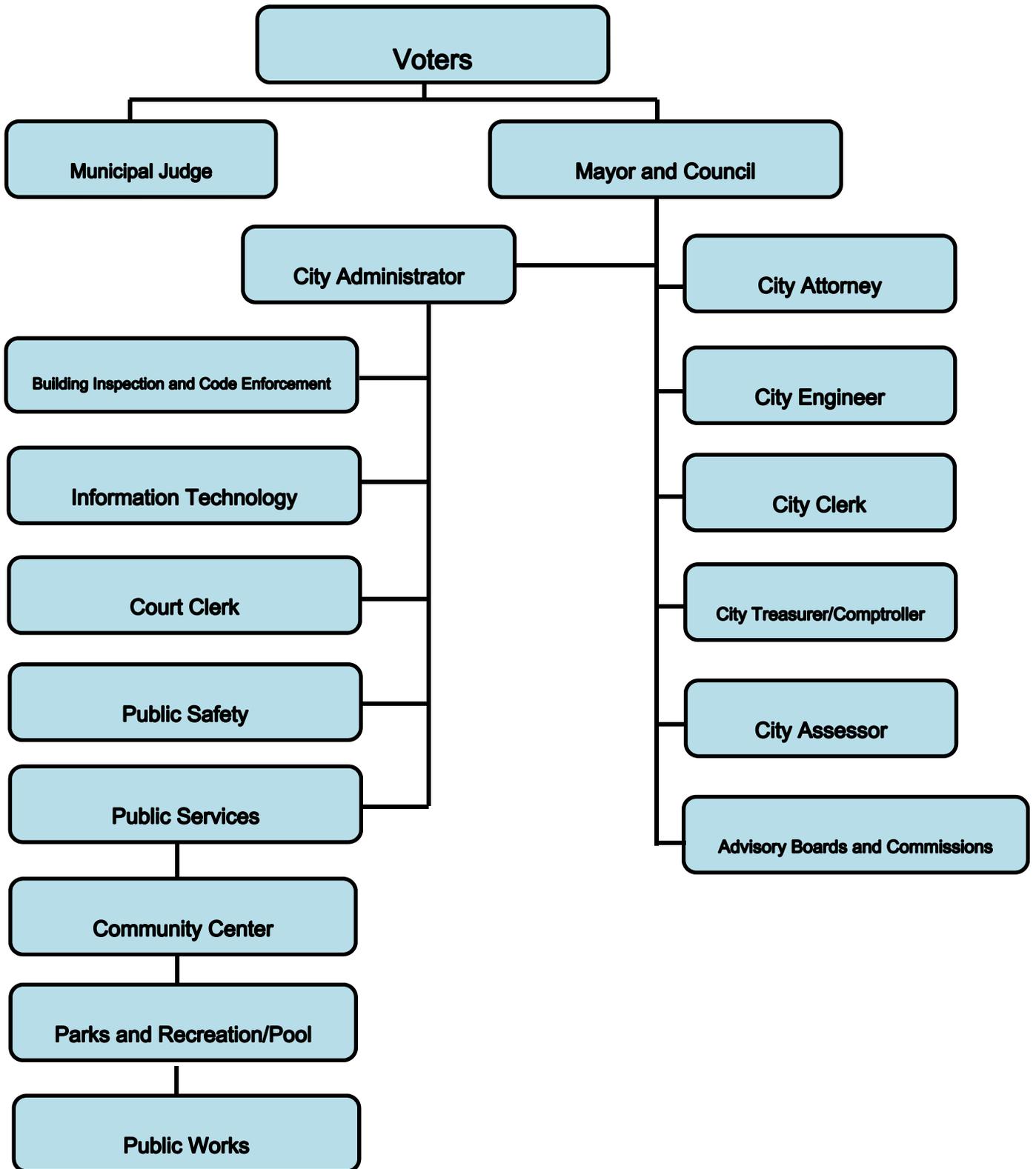
Bruce J. Smith  
City Administrator



Cathrene A. Behrens  
Treasurer/Comptroller

# City of Grosse Pointe Woods, Michigan

## Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Grosse Pointe Woods  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

# City of Grosse Pointe Woods, Michigan

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## List of Principal Officers Year Ended June 30, 2017

### **Elected Officials**

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

Robert E. Novitke  
Michael Koester  
Victoria A. Granger  
Arthur W. Bryant  
Richard Shetler Jr.  
Kevin Ketels  
Todd A. McConaghy

### **Municipal Judge**

Municipal Judge

Theodore Metry

### **Administrator's Office**

Administrator

Bruce J. Smith

### **Clerk's Office**

Clerk

Lisa K. Hathaway

### **City Treasurer/Comptroller's Office**

Treasurer

Cathrene Behrens

### **City Attorney**

City Attorney  
City Attorney

Don R. Berschback  
Chip Berschback

# City of Grosse Pointe Woods, Michigan

## Fund Organizational Chart Year Ended June 30, 2017

<u>Fund Name</u>	<u>Fund Number</u>
<b><u>GOVERNMENTAL FUNDS</u></b>	
<b>General Fund</b>	101
<b>Special Revenue Funds</b>	
Major Streets Fund	202
Local Streets Fund	203
Parkway Beautification Fund	205
Cable Franchise Fund	206
Act 302 Training Fund	211
Solid Waste Disposal	226
Grants Fund	245
911 Emergency Service	261
Drug Enforcement	265
<b>Debt Service Funds</b>	
2015 Road Bond Debt Service Fund	304
Grosse-Gratiot Drain Fund	365
<b>Capital Projects Funds</b>	
Municipal Improvement Fund	401
2015 Road Bond Construction	406
<b><u>PROPRIETARY FUNDS</u></b>	
<b>Enterprise Funds</b>	
Parking Utility Fund	585
Water and Sewer Utility Fund	592
Boat Dock Rental Fund	594
Commodity Sales Fund	598
<b>Internal Service Funds</b>	
Workers' Compensation Fund	632
Motor Vehicle Fund	640
<b><u>FIDUCIARY FUNDS</u></b>	
<b>Trust and Agency Funds</b>	
Cash Bond Escrow Fund	702
Wayne County Tax Fund	703
Pension Fund	731
Supplementary Annuity Fund	732
Other Postemployment Benefit Trust Fund	736

## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Woods, Michigan (the "City") as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City of Grosse Pointe Woods, Michigan's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective net 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, 2017 and the respective changes in its net position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

**Other Matters**

*Required Supplemental Information*

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

*Other Information*

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

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

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

*Plante & Moran, PLLC*

December 7, 2017



# City of Grosse Pointe Woods, Michigan

## Management's Discussion and Analysis

Our discussion and analysis of the City of Grosse Pointe Woods, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the City's financial statements.

### Financial Highlights

The following represents the most significant financial highlights for the year ended June 30, 2017:

- Property taxes continue to be the City's largest source of revenue; however, like most communities in Michigan, the taxable value of property is slow to rebound. After the 2007 decline, the City has had small but steady increases with a CPI of 1.009 percent for fiscal year 2016-2017. Although the millage rate is essentially at the Headlee cap, the general operating property tax revenue remained consistent with 2015-2016.
- Revenue sharing from the State of Michigan remains our second largest revenue source. You may note a decrease in the amount received during fiscal year 2016-2017, which is \$1,586,536 as compared to fiscal year 2015-2016, which was \$1,659,623. This \$73,087 decrease is the result of the City receiving less funding from the State related to personal property taxes. The City continues to meet all requirements of accountability and transparency with the State and received 100 percent of our state-shared revenue allocation in 2016-2017.
- On May 31, 2017, the City closed on the 2017 Unlimited Tax General Obligation Bond in the amount of \$2,875,000 for the second issue of the \$10.0 million bond for major road repair and reconstruction. Road construction commenced at the end of April 2017 with Anita, N. Oxford, Wedgewood, Oxford, Huntington, Maple, and Stanhope all slated for reconstruction and S. Renaud for resurfacing. We anticipate the majority of the construction will end in fall 2017.
- Through the Department of Justice, the City was awarded a federal grant in the amount of \$122,596. This grant was awarded through the Federal Emergency Management Association (FEMA) to use for the purchase of firefighting equipment. The City purchased 15 self-contained breathing apparatus (SCBA). In addition, the City received \$2,235 through the U.S. Department of Justice to reimburse 50 percent of the cost of body armor for our public safety officers. The City has received this grant for many years and it enables us to keep up a steady schedule of replacement for these important life-safety tools.

The City has realized a large growth in our General Fund balance, exclusive of the Cable Franchise and Local Streets Funds, in fiscal year 2016-2017. Actual revenue exceeded actual expenditures by approximately \$1.3 million.

- The City of Grosse Pointe Woods and the Village of Grosse Pointe Shores were awarded a \$500,000 grant to combine public safety dispatch and police lockup services. This grant will provide for equipment and retrofitting of the Grosse Pointe Woods dispatch center to house the operations of both cities. This project is scheduled to begin sometime in the fall of fiscal year 2017-2018.

# City of Grosse Pointe Woods, Michigan

## Management's Discussion and Analysis (Continued)

- The City remains vigilant with property maintenance enforcement to ensure properties are maintained. Maintaining property values and minimizing the decline through an effective property maintenance and rental inspection program is an important component to our overall financial plan and maintaining the quality of life within our community.

### Using this Annual Report

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

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

### The City as a Whole

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

### Summary of Condensed Statement of Net Position (presented in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
<b>Assets</b>						
Current assets	\$ 16.9	\$ 17.9	\$ 10.9	\$ 13.3	\$ 27.8	\$ 31.2
Noncurrent assets:						
Restricted assets	-	-	0.3	0.2	0.3	0.2
Capital assets	32.3	34.2	28.0	27.6	60.3	61.8
Total assets	49.2	52.1	39.2	41.1	88.4	93.2
<b>Deferred Outflows of Resources</b> - Deferred outflows related to pensions	13.4	7.9	1.0	0.6	14.4	8.5
<b>Liabilities</b>						
Current liabilities	4.2	3.2	1.4	1.5	5.6	4.7
Long-term liabilities	56.1	53.3	13.3	12.0	69.4	65.3
Total liabilities	60.3	56.5	14.7	13.5	75.0	70.0
<b>Deferred Inflows of Resources</b> - Deferred inflows related to pensions	0.7	4.7	0.1	0.4	0.8	5.1
<b>Net Position</b>						
Net investment in capital assets	25.0	26.9	18.1	18.5	43.1	45.4
Restricted	3.0	3.5	0.3	0.2	3.3	3.7
Unrestricted	(26.4)	(31.6)	7.0	9.1	(19.4)	(22.5)
Total net position	\$ 1.6	\$ (1.2)	\$ 25.4	\$ 27.8	\$ 27.0	\$ 26.6

# City of Grosse Pointe Woods, Michigan

## Management's Discussion and Analysis (Continued)

Current assets in the governmental activities increased approximately \$1.0 million over the prior year and capital assets increased by \$1.9 million primarily due to the City's continued investment in our road improvement projects and other infrastructure assets.

Increases in long-term liabilities, deferred outflows, and deferred inflows related to increases in the City's net unfunded pension liability. The City continues to make the required contributions to the pension plans, but market conditions and changes in the Governmental Accounting Standards have changed the manner in how these liabilities are reported on the City's balance sheet.

Business-type net position increased approximately \$2.4 million over the prior year. The increase was primarily due to an increase in water and sewer revenue in the current year.

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 position during the current year in comparison to the prior year.

### Summary Condensed Statement of Changes in Net Position (presented in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 0.9	\$ 1.0	\$ 7.9	\$ 8.4	\$ 8.8	\$ 9.4
Operating grants and contributions	1.0	1.3	-	-	1.0	1.3
General revenue:						
Property taxes	13.5	14.2	-	-	13.5	14.2
State-shared revenue	1.6	1.6	-	-	1.6	1.6
Cable franchise fees	0.4	0.4	-	-	0.4	0.4
Other miscellaneous revenue	0.7	0.7	-	0.1	0.7	0.8
Total revenue	18.1	19.2	7.9	8.5	26.0	27.7
<b>Program Expenses</b>						
General government	3.6	3.5	-	-	3.6	3.5
Public safety	9.3	8.3	-	-	9.3	8.3
Public works	6.4	6.7	-	-	6.4	6.7
Solid waste	1.1	1.1	-	-	1.1	1.1
Recreation and culture	1.8	1.9	-	-	1.8	1.9
Municipal improvements	0.6	0.3	-	-	0.6	0.3
Interest on long-term debt	0.2	0.2	-	-	0.2	0.2
Water and sewer	-	-	6.1	5.9	6.1	5.9
Parking	-	-	0.3	0.1	0.3	0.1
Boat dock	-	-	0.1	0.1	0.1	0.1
Total program expenses	23.0	22.0	6.5	6.1	29.5	28.1
<b>Change in Net Position</b>	(4.9)	(2.8)	1.4	2.4	(3.5)	(0.4)
<b>Net Position</b> - Beginning of year	6.5	1.6	24.0	25.4	30.5	27.0
<b>Net Position</b> - End of year	<u>\$ 1.6</u>	<u>\$ (1.2)</u>	<u>\$ 25.4</u>	<u>\$ 27.8</u>	<u>\$ 27.0</u>	<u>\$ 26.6</u>

# City of Grosse Pointe Woods, Michigan

## Management's Discussion and Analysis (Continued)

### Governmental Activities

The City's governmental revenue totaled approximately \$19.2 million, with the greatest revenue source being property taxes. Total revenue for governmental activities increased \$1.1 million as compared to fiscal year 2015-2016. A majority of this increase related to a \$0.7 million increase in property tax revenue.

Property taxes make up approximately 74 percent of total governmental revenue. That percentage remained stable as compared to total governmental revenue in fiscal year 2015-2016. The City experienced a slight increase of 0.09 percent in taxable value for 2016-2017. We have recently received confirmation from the State of Michigan that the 2018 inflation rate multiplier is 2.1 percent, which is a significant increase above what we have experienced in recent years.

Total governmental expenses for the City were approximately \$22 million. This is down \$1 million as compared to fiscal year 2015-2016. Overall expenses decreased this year due to reductions in personnel costs, decreases in retiree healthcare expenses, and the reduction in capital expenditures related to the City's road repair program.

### Business-type Activities

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

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

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

In the business-type activities, revenue increased by approximately \$0.6 million primarily due to an increase in water and sewer revenue in the current year. There were no significant expense variances.

### The City's Funds

An analysis of the City's major funds begins on page 14, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council created funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The City's major governmental funds for fiscal year 2016-2017 include the General Fund, the Grosse-Gratiot Drain Fund, and the 2015 Road Construction Fund. Since the Local Streets Fund and the Cable Fund receive the majority of their revenue from unrestricted sources, they can no longer be classified as special revenue funds. Therefore, they are included in the General Fund. The City's major business-type fund is the Water and Sewer Fund.

# **City of Grosse Pointe Woods, Michigan**

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

### **General Fund**

The General Fund pays for most of the City's governmental services. The two largest services funded by the General Fund are public safety (combined police and fire services) and public works which account for \$7.9 million in expenses. Our Parks and Recreation Department accounted for \$1.4 million in expenses, with this department of the City being primarily funded through tax revenue and user fees.

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

In fiscal year 2016-2017, the General Fund's fund balance increased by approximately \$1.1 million. The increase was due to a modest increase in revenue and various cost containment efforts of the City Council, appointed officials, and department directors. The largest budget-to-actual fluctuations were in the assessing department due to the subcontracting of assessing services and in Public Safety and Parks and Recreation due to decreases in personnel costs.

The City's General Fund year-end fund balance is approximately \$7.6 million; \$1.2 million is committed, assigned, and nonspendable, leaving \$6.25 million unassigned. The unassigned amount represents approximately 52 percent of fiscal year 2016-2017 actual expenditures. This level of fund balance is above the recommended level of between 10 percent and 15 percent of annual expenditures; however, the City strives to maintain a cash surplus sufficient to maintain superior city services and retain a favorable bond rating.

### **Road Bond Construction Fund**

In November 2014, voters authorized \$10 million in capital improvement bonds for the purpose of road construction. This special revenue fund records the construction expense and use of bond proceeds. In May 2017, the City sold \$2.875 million in bonds in a second, and final, issue to complete all phases of construction. During fiscal year 2016-2017, there was \$2.6 million in construction activity with project completion during fiscal year 2017-2018. The \$10 million in bonds did not cover all of the roads originally proposed for resurface or reconstruction due to increases in raw material charges. The City continues to research funding mechanisms in order to address this important need within the community.

### **Grosse-Gratiot Drain Fund**

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

# **City of Grosse Pointe Woods, Michigan**

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

In fiscal year 2016-2017, the fund derived revenue from property taxes of approximately \$2.6 million and expenditures of approximately \$1.6 million related to drain operations and maintenance provided by Wayne County.

This Grosse-Gratiot Drain Fund's fund balance increased \$984,705; fund balance at year end is \$2,442,048 and will be used to cover future principal and interest payments on the debt issuance.

### **Water and Sewer Fund**

The Water and Sewer Fund continues to maintain a small amount of working capital and the required reserves to meet bond covenants. Because revenue is derived from user fees 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 increased over the past three fiscal years to adjust the fees charged to system users based upon their demand to the system. These increases have been done in a step process so as not to impose large bi-monthly increases all in one fiscal year. These fees cover the cost of fees imposed by the Great Lakes Water Authority, City billing staff, City operations and maintenance staff, and for infrastructure improvements financed by issuance of debt.

The City Council and administration review revenue and expenditures annually to ensure revenue remains at an adequate level to support the required expenditures of the systems. An annual rate increase will be necessary to support infrastructure improvements to the water system and sewer systems, which have been funded by low-interest loans from the State of Michigan Drinking Water Revolving Fund and Sewer Revolving Fund.

### **General Fund Budgetary Highlights**

The City's General Fund ended fiscal year 2016-2017 with continued concessions from all of the four labor unions and nonunion employees. Facing a slow rebound in taxable value and an aging fleet of vehicles, the City chose to continue leasing public safety and public works vehicles rather than paying cash.

### **Local Streets Activity**

The Local Streets Fund accounts for the maintenance and replacement of all local streets within the City. The City has approximately 42 miles of local streets within our municipal boundaries. The primary source of financing this fund is provided by distribution of gas tax proceeds from the State under Public Act 51 with the City receiving just over \$320,000 in fiscal year 2016-2017. The other primary income source is through a transfer from the General Fund. Expenditures exceeded revenue in local roads by \$322,610 and this shortfall was covered through a transfer in from the General Fund in the amount of \$115,000 and \$207,610 being expensed from the Local Streets Fund balance. The department additionally receives a small amount of its revenue from fees, other state funding, special assessment, and interest on investments. Expenditures for fiscal year 2016-2017 decreased by \$25,000 as a result of modest decreases throughout all expenditures classes in the fund.

# **City of Grosse Pointe Woods, Michigan**

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

The Local Streets Fund's fund balance decreased by \$207,610 with a year-end balance of \$541,642. For reporting purposes, this fund balance has been classified as "committed" and rolled into the General Fund. This increase is a combination of an increase in state revenue and transfer from General Fund.

### **Cable Franchise Activity**

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

The Cable Franchise Fund's fund balance is \$541,126 and is reported in the General Fund as "assigned."

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

The City did not issue any new general obligation debt, with the exception of the Road Bond second issue, during fiscal year 2016-2017. The City continues to make installment payments for the vehicles purchases made over the last two fiscal years with \$539,586 remaining. Overall, the City's debt remains low. Detailed information on the City's debt can be found in the statistical section of this report in the debt capacity and direct and overlapping debt schedules. For more information regarding the activity of capital assets and debt, please refer to Note 4 and Note 6, respectively.

The City has begun the process to finance approximately \$2.2 million in Capital Improvement Bonds in the near future. During the past decade, City staff and elected officials have worked hard at cost containment and cost cutting through various methods. Capital improvement needs throughout the City were placed on hold as one method of cost cutting. These cost containment measures have allowed the City to build the fund balance and look toward the issuance of capital improvement debt to address various needs throughout City campuses. Improvements will include roof repairs, parking lot repair and resealing, the replacement of our bathhouse boiler at Lake Front Park, and the purchase of two municipal tractors. The annual payments for this bond issuance would initially be made from the General Fund balance and discussion continues to identify other revenue stream options.

### **Economic Factors**

Property tax values increased slightly in fiscal year 2016-2017, resulting in an increase in property tax revenue. The City remains hopeful that the rebound from the 2007 decline in taxable values continues and has learned that a 2.1 percent inflation rate factor is in place for 2018, an increase of 1.2 percent. Prudent fiscal management continues to be a top priority, as the City continues to implement cost savings measures. Reducing discretionary spending, evaluating and prioritizing capital projects, and the elimination of vacant positions continue with the City's hard-working staff providing the same excellent service with less manpower.

# **City of Grosse Pointe Woods, Michigan**

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

In looking to the future, the City continues to work with neighboring communities for consolidation partnerships, which will reduce costs and increase efficiencies. One example of planned consolidation and sharing of services is the receipt of a grant to combine public safety dispatch and police lockup services for the City of Grosse Pointe Woods and the Village of Grosse Pointe Shores. This grant will provide for equipment and retrofitting of the Grosse Pointe Woods dispatch center to house the operations of both cities. This partnership is currently in the planning stages with actual construction scheduled to begin during fiscal year 2017-2018.

The City was awarded the Storm Water Asset Management and Wastewater (SAW) Grant. This grant will fund the investigation of the City's sewer lines, manholes, and catch basins; an asset management system to properly inventory and rate the condition of each sewer asset and develop a long-term capital improvement plan. City staff is working closely with our engineers on this project and great strides are being made to accomplish these important goals.

### **Contacting the City's Management**

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



# City of Grosse Pointe Woods, Michigan

## Statement of Net Position (Deficit) June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments (Note 3)	\$ 16,644,296	\$ 11,493,759	\$ 28,138,055
Receivables:			
Taxes	794,484	-	794,484
Customers	-	1,656,459	1,656,459
Accrued interest	17,864	22,775	40,639
Other	6,479	-	6,479
Due from other governmental units	697,713	41,290	739,003
Allowance for doubtful accounts	(434,119)	-	(434,119)
Internal balances	(44,973)	44,973	-
Prepaid expenses	161,631	8,494	170,125
Restricted assets	-	223,500	223,500
Investment in Grosse Pointes-Clinton Refuse Disposal Authority (Note 13)	41,755	-	41,755
Capital assets (Note 4):			
Nondepreciable capital assets	2,777,491	375,055	3,152,546
Depreciable capital assets - Net	31,447,279	27,201,258	58,648,537
<b>Total assets</b>	<b>52,109,900</b>	<b>41,067,563</b>	<b>93,177,463</b>
<b>Deferred Outflows of Resources</b> - Deferred outflows related to pensions	7,946,065	598,170	8,544,235
<b>Liabilities</b>			
Accounts payable	839,348	380,273	1,219,621
Accrued liabilities and other:			
Accrued salaries and wages	216,136	14,553	230,689
Payroll taxes and withholdings	36,341	3,665	40,006
Accrued interest payable	59,813	51,932	111,745
Accrued other	93,129	171,530	264,659
Noncurrent liabilities (Note 6):			
Due within one year:			
Compensated absences	670,675	60,224	730,899
Provision for claims	312,886	5,458	318,344
Current portion of long-term debt	985,660	760,000	1,745,660
Due in more than one year:			
Compensated absences	174,235	13,757	187,992
Net OPEB obligation	21,729,004	2,169,288	23,898,292
Net pension liability - Greater than one year	22,723,267	1,558,000	24,281,267
Long-term debt	8,698,501	8,308,487	17,006,988
<b>Total liabilities</b>	<b>56,538,995</b>	<b>13,497,167</b>	<b>70,036,162</b>
<b>Deferred Inflows of Resources</b> - Deferred inflows related to pensions	4,700,186	401,229	5,101,415
<b>Net Position (Deficit)</b>			
Net investment in capital assets	26,874,942	18,507,826	45,382,768
Restricted for:			
Roads	494,528	-	494,528
Debt service	2,469,827	223,500	2,693,327
Community events	69,968	-	69,968
Public safety	180,229	-	180,229
Solid waste	304,046	-	304,046
Community development	951	-	951
Unrestricted	(31,577,707)	9,036,011	(22,541,696)
<b>Total net position (deficit)</b>	<b>\$ (1,183,216)</b>	<b>\$ 27,767,337</b>	<b>\$ 26,584,121</b>

# City of Grosse Pointe Woods, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,508,241	\$ 489,299	\$ 27,175	\$ -
Public safety	8,318,311	364,232	-	122,596
Public works	6,720,230	-	1,131,689	25,227
Solid waste	1,108,370	-	-	-
Municipal improvements	260,432	-	-	-
Recreation and culture	1,905,019	146,619	-	-
Interest on long-term debt	158,803	-	-	-
<b>Total governmental activities</b>	<b>21,979,406</b>	<b>1,000,150</b>	<b>1,158,864</b>	<b>147,823</b>
Business-type activities:				
Water/Sewer	5,897,189	7,818,095	-	-
Parking	136,057	446,643	-	-
Boat dock	89,176	142,843	-	-
Commodity sales	35,713	27,679	-	-
<b>Total business-type activities</b>	<b>6,158,135</b>	<b>8,435,260</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 28,137,541</b>	<b>\$ 9,435,410</b>	<b>\$ 1,158,864</b>	<b>\$ 147,823</b>

General revenue:

Property taxes  
 State-shared revenue (unrestricted)  
 Unrestricted investment earnings  
 Franchise fees  
 Other miscellaneous income

Total general revenue

**Change in Net Position**

**Net Position** - Beginning of year

**Net Position (Deficit)** - End of year

**Statement of Activities  
Year Ended June 30, 2017**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,991,767)	\$ -	\$ (2,991,767)
(7,831,483)	-	(7,831,483)
(5,563,314)	-	(5,563,314)
(1,108,370)	-	(1,108,370)
(260,432)	-	(260,432)
(1,758,400)	-	(1,758,400)
(158,803)	-	(158,803)
(19,672,569)	-	(19,672,569)
-	1,920,906	1,920,906
-	310,586	310,586
-	53,667	53,667
-	(8,034)	(8,034)
-	2,277,125	2,277,125
(19,672,569)	2,277,125	(17,395,444)
14,229,532	-	14,229,532
1,564,983	-	1,564,983
38,764	74,006	112,770
379,362	-	379,362
665,038	-	665,038
16,877,679	74,006	16,951,685
(2,794,890)	2,351,131	(443,759)
1,611,674	25,416,206	27,027,880
<b>\$ (1,183,216)</b>	<b>\$ 27,767,337</b>	<b>\$ 26,584,121</b>

# City of Grosse Pointe Woods, Michigan

## Governmental Funds Balance Sheet June 30, 2017

	Special Revenue Funds		Debt Service Fund		Total
	General Fund	2015 Road Bond Construction	Grosse - Gratiot Drain Fund	Nonmajor Funds	
<b>Assets</b>					
Cash and investments (Note 3)	\$ 7,681,500	\$ 2,772,973	\$ 2,394,456	\$ 1,210,732	\$ 14,059,661
Receivables:					
Property taxes receivable	532,902	30,829	163,746	67,007	794,484
Accrued interest receivable	14,162	-	-	1,295	15,457
Accrued interest	-	-	-	6,479	6,479
Due from other governmental units	474,852	-	-	222,861	697,713
Allowance for doubtful accounts	(251,763)	(30,829)	(84,548)	(66,979)	(434,119)
Due from other funds (Note 5)	64,339	-	-	2,374	66,713
Prepays	94,419	-	-	11,153	105,572
<b>Total assets</b>	<b>\$ 8,610,411</b>	<b>\$ 2,772,973</b>	<b>\$ 2,473,654</b>	<b>\$ 1,454,922</b>	<b>\$ 15,311,960</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 336,503	\$ 438,640	\$ -	\$ 47,248	\$ 822,391
Due to other funds (Note 5)	6,302	-	-	105,384	111,686
Accrued liabilities and other:					
Accrued salaries and wages	202,810	-	-	10,021	212,831
Payroll taxes and withholdings	32,844	-	-	2,568	35,412
Accrued other liabilities	79,939	-	3,827	7,423	91,189
Provision for claims	53,591	-	-	10,066	63,657
<b>Total liabilities</b>	<b>711,989</b>	<b>438,640</b>	<b>3,827</b>	<b>182,710</b>	<b>1,337,166</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>258,886</b>	<b>-</b>	<b>27,779</b>	<b>-</b>	<b>286,665</b>
<b>Fund Balances</b>					
Nonspendable - Prepays	94,419	-	-	11,153	105,572
Restricted:					
Roads	-	2,334,333	-	487,624	2,821,957
Debt service	-	-	2,442,048	-	2,442,048
Solid waste	-	-	-	301,910	301,910
Public safety	-	-	-	180,229	180,229
Community development	-	-	-	951	951
Community events	-	-	-	68,968	68,968
Committed:					
Local streets	541,642	-	-	-	541,642
Repairs and equipment	-	-	-	23,158	23,158
Assigned:					
Subsequent year's budget	157,338	-	-	-	157,338
Public safety	50,000	-	-	60,452	110,452
Capital projects	-	-	-	76,461	76,461
Parkway beautification	-	-	-	94,519	94,519
Cable	541,126	-	-	-	541,126
Unassigned	6,255,011	-	-	(33,213)	6,221,798
<b>Total fund balances</b>	<b>7,639,536</b>	<b>2,334,333</b>	<b>2,442,048</b>	<b>1,272,212</b>	<b>13,688,129</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 8,610,411</b>	<b>\$ 2,772,973</b>	<b>\$ 2,473,654</b>	<b>\$ 1,454,922</b>	<b>\$ 15,311,960</b>

The Notes to Financial Statements are an Integral Part of This Statement.

# City of Grosse Pointe Woods, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2017

<b>Fund Balance Reported in Governmental Funds</b>	\$ 13,688,129
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	33,035,621
Investments in joint ventures are not financial resources and are not reported in the funds	41,755
Net pension liability is not due and payable in the current period and is not reported in the funds	(21,918,845)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	7,634,414
Certain pension contributions and changes in pension plan net position are reported as deferred inflows of resources in the statement of net position, but are reported as revenue in the governmental funds	(4,493,771)
Deferred inflows for unavailable revenue are reported in the funds, but not in the governmental activities	286,665
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(8,725,000)
Unamortized bond premium is not due and payable in the current period and is not reported in the funds	(419,575)
Net OPEB obligation does not present a claim on current financial resources; therefore, it is not reported as a fund liability	(21,073,217)
Accrued interest is not due and payable in the current period and is not reported in the funds	(59,813)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(819,413)
Internal service funds are included as part of governmental activities	<u>1,639,834</u>
<b>Net Position Deficit of Governmental Activities</b>	<b><u>\$ (1,183,216)</u></b>

# City of Grosse Pointe Woods, Michigan

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2017

	General Fund	Special Revenue	Debt Service	Nonmajor	Total
		Funds	Fund		
		2015 Road			
		Bond	Grosse-Gratiot		
		Construction	Drain Fund	Funds	
<b>Revenue</b>					
Property taxes	\$ 9,152,538	\$ -	\$ 2,595,690	\$ 2,194,639	\$ 13,942,867
Franchise fees	379,362	-	-	-	379,362
Licenses and permits	481,578	-	-	-	481,578
Federal sources	-	-	-	25,227	25,227
State and local sources	1,915,553	-	-	808,294	2,723,847
Charges for services	259,340	-	-	-	259,340
Fines and forfeitures	364,232	-	-	-	364,232
Investment income	20,935	3,088	-	3,263	27,286
Other revenue	547,514	-	-	240,120	787,634
<b>Total revenue</b>	<b>13,121,052</b>	<b>3,088</b>	<b>2,595,690</b>	<b>3,271,543</b>	<b>18,991,373</b>
<b>Expenditures - Current</b>					
General government	2,587,860	-	-	57,729	2,645,589
Public safety	5,377,622	-	-	89,724	5,467,346
Public works	2,536,139	2,549,863	1,610,985	2,143,974	8,840,961
Municipal improvement	91,086	-	-	80,851	171,937
Parks and recreation	1,419,541	-	-	44,087	1,463,628
Debt service - Principal	-	-	-	750,000	750,000
Interest on long-term debt	-	-	-	211,250	211,250
<b>Total expenditures</b>	<b>12,012,248</b>	<b>2,549,863</b>	<b>1,610,985</b>	<b>3,377,615</b>	<b>19,550,711</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>1,108,804</b>	<b>(2,546,775)</b>	<b>984,705</b>	<b>(106,072)</b>	<b>(559,338)</b>
<b>Other Financing Sources (Uses)</b>					
Face value of debt issue	-	2,875,000	-	-	2,875,000
Transfers in	8,000	-	-	8,900	16,900
Transfers out	(8,900)	-	-	(8,000)	(16,900)
<b>Total other financing (uses) sources</b>	<b>(900)</b>	<b>2,875,000</b>	<b>-</b>	<b>900</b>	<b>2,875,000</b>
<b>Net Change in Fund Balances</b>	<b>1,107,904</b>	<b>328,225</b>	<b>984,705</b>	<b>(105,172)</b>	<b>2,315,662</b>
<b>Fund Balances - Beginning of year</b>	<b>6,531,632</b>	<b>2,006,108</b>	<b>1,457,343</b>	<b>1,377,384</b>	<b>11,372,467</b>
<b>Fund Balances - End of year</b>	<b>\$ 7,639,536</b>	<b>\$ 2,334,333</b>	<b>\$ 2,442,048</b>	<b>\$ 1,272,212</b>	<b>\$ 13,688,129</b>

# 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, 2017**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,315,662</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	3,271,967
Depreciation expense	(1,258,667)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	262,800
Change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	(79,082)
Other postemployment benefit obligation expense is recognized in the statement of activities, but not in the governmental funds	(1,625,198)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	750,000
Issuance of debt is a revenue in the governmental funds but not in the statement of activities.	(2,875,000)
Change in investment in a joint Grosse Pointes-Clinton Refuse Disposal Authority is not recorded in the funds	(13,874)
Change in net pension liability, deferred outflows, and deferred inflows related to pensions reported in the statement of activities does not require the use of current resources and therefore is not reported in the fund statements until it comes due for payment	(3,001,487)
Unamortized bond premium	52,447
Interest expense is recorded when incurred in the statement of activities	(1,428)
Internal service funds are included as part of the governmental activities	(593,030)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (2,794,890)</u></b>

# City of Grosse Pointe Woods, Michigan

## Proprietary Funds Statement of Net Position June 30, 2017

	Enterprise Funds			Governmental Activities
	Major Enterprise Fund - Water and Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 9,384,753	\$ 2,109,006	\$ 11,493,759	\$ 2,584,635
Receivables:				
Customers	1,656,459	-	1,656,459	-
Accrued interest receivable	20,112	2,663	22,775	2,407
Due from other governmental units	41,290	-	41,290	-
Due from other funds	6,090	50,000	56,090	-
Prepaid expenses and other assets	6,792	1,702	8,494	56,059
Total current assets	11,115,496	2,163,371	13,278,867	2,643,101
Noncurrent assets:				
Restricted assets	223,500	-	223,500	-
Capital assets:				
Assets not subject to depreciation	375,055	-	375,055	-
Assets subject to depreciation	26,859,753	341,505	27,201,258	1,189,149
Total noncurrent assets	27,458,308	341,505	27,799,813	1,189,149
Total assets	38,573,804	2,504,876	41,078,680	3,832,250
<b>Deferred Outflows of Resources</b> - Deferred outflows related to pensions	548,645	49,525	598,170	311,651
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	379,009	1,264	380,273	16,957
Due to other funds	-	11,117	11,117	-
Accrued liabilities and other	235,556	6,124	241,680	6,174
Compensated absences - Less than one year	49,463	10,761	60,224	25,497
Provision for claims - Less than one year	5,458	-	5,458	249,229
Current portion of long-term debt	760,000	-	760,000	235,660
Total current liabilities	1,429,486	29,266	1,458,752	533,517
Noncurrent liabilities:				
Compensated absences - Greater than one year	10,431	3,326	13,757	-
Pension liability	1,436,264	121,736	1,558,000	804,422
Other postemployment benefit obligation	1,734,912	434,376	2,169,288	655,787
Long-term debt	8,308,487	-	8,308,487	303,926
Total noncurrent liabilities	11,490,094	559,438	12,049,532	1,764,135
Total liabilities	12,919,580	588,704	13,508,284	2,297,652
<b>Deferred Inflows of Resources</b> - Deferred inflows related to pensions	370,444	30,785	401,229	206,415
<b>Net Position</b>				
Net investment in capital assets	18,166,321	341,505	18,507,826	649,563
Restricted-debt service	223,500	-	223,500	-
Unrestricted	7,442,604	1,593,407	9,036,011	990,271
Total net position	<b>\$ 25,832,425</b>	<b>\$ 1,934,912</b>	<b>\$ 27,767,337</b>	<b>\$ 1,639,834</b>



# City of Grosse Pointe Woods, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2017

	Enterprise Funds			Governmental Activities
	Major Enterprise Fund - Water and Sewer Fund	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Operating Revenue</b>				
Water sales and charges for services	\$ 7,525,541	\$ -	\$ 7,525,541	\$ -
Penalties	126,806	-	126,806	-
Fees and violations	-	442,865	442,865	-
Docking and launching fees	-	142,843	142,843	-
Commodity sales	-	27,679	27,679	-
Other revenue	137,477	3,778	141,255	2,000
Charges to other funds	-	-	-	733,547
Total operating revenue	<u>7,789,824</u>	<u>617,165</u>	<u>8,406,989</u>	<u>735,547</u>
<b>Operating Expenses</b>				
Cost of water and disposal	3,712,356	-	3,712,356	-
Cost of insurance claims	-	-	-	281,701
Operation and maintenance	210,786	105,482	316,268	424,717
General and administrative	853,628	94,629	948,257	399,156
Charges from internal service funds	50,000	-	50,000	-
Depreciation	804,415	60,835	865,250	215,895
Total operating expenses	<u>5,631,185</u>	<u>260,946</u>	<u>5,892,131</u>	<u>1,321,469</u>
<b>Operating Income (Loss)</b>	2,158,639	356,219	2,514,858	(585,922)
<b>Nonoperating Revenue (Expenses)</b>				
Interest income	67,064	6,942	74,006	12,911
Loss from joint venture	(21,277)	-	(21,277)	-
Interest expense	(244,727)	-	(244,727)	(16,967)
Loss on sale of assets	-	-	-	(3,052)
Amortization of debt premium	28,271	-	28,271	-
Total nonoperating (expenses) revenue	<u>(170,669)</u>	<u>6,942</u>	<u>(163,727)</u>	<u>(7,108)</u>
<b>Change in Net Position</b>	1,987,970	363,161	2,351,131	(593,030)
<b>Net Position - Beginning of year</b>	<u>23,844,455</u>	<u>1,571,751</u>	<u>25,416,206</u>	<u>2,232,864</u>
<b>Net Position - End of year</b>	<u><b>\$ 25,832,425</b></u>	<u><b>\$ 1,934,912</b></u>	<u><b>\$ 27,767,337</b></u>	<u><b>\$ 1,639,834</b></u>

# City of Grosse Pointe Woods, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2017

	Enterprise Funds			Governmental
	Major Enterprise	Nonmajor	Total Enterprise	Internal Service
	Fund - Water and Sewer Fund	Enterprise Funds		
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 7,841,732	\$ 617,165	\$ 8,458,897	\$ 2,000
Receipts for interfund services and reimbursements	-	-	-	733,729
Payments to suppliers	(3,835,586)	(70,402)	(3,905,988)	(294,372)
Payments to employees	(960,734)	(168,955)	(1,129,689)	(508,867)
Internal activity - Payments to other funds	-	(26,183)	(26,183)	-
Claims paid	-	-	-	(176,238)
Other receipts	291,087	-	291,087	129,169
	<u>3,336,499</u>	<u>351,625</u>	<u>3,688,124</u>	<u>(114,579)</u>
Net cash provided by (used by) operating activities				
	3,336,499	351,625	3,688,124	(114,579)
<b>Cash Flows from Noncapital Financing Activities</b> - Transfers to other funds	-	(50,000)	(50,000)	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
Debt proceeds	21,552	-	21,552	123,610
Proceeds from sales of capital assets	-	-	-	30,876
Purchase of capital assets	(471,819)	-	(471,819)	(148,119)
Principal and interest paid on capital debt	(1,018,246)	-	(1,018,246)	(249,804)
Debt service charge	6,994	-	6,994	-
	<u>(1,461,519)</u>	<u>-</u>	<u>(1,461,519)</u>	<u>(243,437)</u>
Net cash used in capital and related financing activities				
	(1,461,519)	-	(1,461,519)	(243,437)
<b>Cash Flows from Investing Activities</b> - Interest received on investments	62,461	6,873	69,334	12,884
	<u>62,461</u>	<u>6,873</u>	<u>69,334</u>	<u>12,884</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,937,441	308,498	2,245,939	(345,132)
<b>Cash and Cash Equivalents</b> - Beginning of year	7,670,812	1,800,508	9,471,320	2,929,767
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 9,608,253</u>	<u>\$ 2,109,006</u>	<u>\$ 11,717,259</u>	<u>\$ 2,584,635</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 9,384,753	\$ 2,109,006	\$ 11,493,759	\$ 2,584,635
Restricted cash	223,500	-	223,500	-
	<u>\$ 9,608,253</u>	<u>\$ 2,109,006</u>	<u>\$ 11,717,259</u>	<u>\$ 2,584,635</u>
Total cash and cash equivalents				
	\$ 9,608,253	\$ 2,109,006	\$ 11,717,259	\$ 2,584,635
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 2,158,639	\$ 356,219	\$ 2,514,858	\$ (585,922)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	804,415	60,835	865,250	215,895
Changes in assets and liabilities:				
Receivables	33,183	-	33,183	-
Due from others	(5,160)	-	(5,160)	182
Prepays	(560)	(114)	(674)	(258)
Accounts payable	(88,251)	(6,830)	(95,081)	(14,769)
Due to other funds	-	(1,183)	(1,183)	-
Estimated claims liability	5,298	-	5,298	103,413
Accrued and other liabilities	113,963	(57,302)	56,661	166,880
Other assets	314,972	-	314,972	-
	<u>3,336,499</u>	<u>351,625</u>	<u>3,688,124</u>	<u>(114,579)</u>
Net cash provided by (used in) operating activities				
	\$ 3,336,499	\$ 351,625	\$ 3,688,124	\$ (114,579)
<b>Noncash Transactions</b> - Loss on joint venture	\$ 21,277	\$ -	\$ 21,277	\$ -

The Notes to Financial Statements are an  
Integral Part of This Statement.

# City of Grosse Pointe Woods, Michigan

## Fiduciary Funds Statement of Fiduciary Net Position June 30, 2017

	Pension and Other Employee Benefits	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 1,383,206	\$ 62,506
Investments:		
Stocks	20,820,474	-
Corporate bonds	7,245,739	-
Pooled investments	10,357,863	-
Receivables - Accrued interest receivable	310	-
Total assets	39,807,592	\$ 62,506
<b>Liabilities</b>		
Accounts payable	10	\$ -
Due to other governmental units	-	41,148
Court bonds payable	-	21,358
Total liabilities	10	\$ 62,506
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 39,807,582</b>	

# City of Grosse Pointe Woods, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2017

	<u>Pension and Other Employee Benefits</u>
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 524,312
Net increase in fair market value	3,646,608
Contributions:	
Employer	2,838,765
Employee	<u>307,153</u>
Total contributions	<u>3,145,918</u>
Total additions - Net	7,316,838
<b>Deductions</b>	
Benefit payments	4,897,816
Administrative expenses	<u>38,720</u>
Total deductions	<u>4,936,536</u>
<b>Net Increase in Net Position Held in Trust</b>	2,380,302
<b>Net Position Held in Trust for Pension and Other Employee Benefits -     Beginning of year</b>	<u>37,427,280</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits -     End of year</b>	<u><u>\$ 39,807,582</u></u>

# City of Grosse Pointe Woods, Michigan

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## Notes to Financial Statements June 30, 2017

### Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Grosse Pointe Woods, Michigan (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 16,135 per the 2010 census and encompasses 3.2 square miles. The City is located approximately 10 miles north of downtown Detroit and is over 97 percent residential. There are no major industries or corporations located within the city limits.

The City is governed by an elected mayor and six-member council. The City's administration operates under the overall direction of the 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.

#### **Accounting and Reporting Principles**

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

#### **Report Presentation**

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

# City of Grosse Pointe Woods, Michigan

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## Notes to Financial Statements June 30, 2017

### Note I - Summary of Significant Accounting Policies (Continued)

For the most part, the effect of interfund activity has been removed from these 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 revenue reported for the various functions concerned.

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

#### **Basis of Accounting**

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

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

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

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

### Note I - Summary of Significant Accounting Policies (Continued)

#### Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The 2015 Road Bond Construction Fund is used to account for the proceeds and expenditures related to road repairs. Financing is provided through bonds issued by the City.
- The Grosse-Gratiot Drain Fund accounts for revenue received and is used to pay principal and interest on the Grosse-Gratiot Drain long-term debt. Funding is provided by a specific property tax millage.

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

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

- The Motor Vehicle Fund has been established to account for costs associated with vehicles purchased by the City and used by all 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.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note I - Summary of Significant Accounting Policies (Continued)

**Fiduciary funds** include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include:

- 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 Other Postemployment Benefit Trust Fund accounts for mandatory employee and voluntary employer contributions to a retiree healthcare trust account.
- 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.

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

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

#### **Specific Balances and Transactions**

**Cash, Cash Equivalents, and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market prices.



# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note I - Summary of Significant Accounting Policies (Continued)

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**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 \$223,500 at June 30, 2017. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

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

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

Capital Asset Class	Lives
Infrastructure	10-50 years
Buildings	25 years
Vehicles	3-7 years
Equipment	5 years
Land improvement	10-40 years

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund-types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund, Water and Sewer Fund, and debt service funds are generally used to liquidate long-term obligations.

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows related to premiums on long-term debt and pensions.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has two items that qualify for reporting in this category. The deferred inflows of resources are related to property taxes that were not received within 60 days of year end as well as pension-related items.

#### **Net Position Flow Assumption**

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

#### **Fund Balance Flow Assumption**

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

# City of Grosse Pointe Woods, Michigan

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## Notes to Financial Statements June 30, 2017

### Note I - Summary of Significant Accounting Policies (Continued)

#### Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council is the highest level of decision-making authority for the government that can, by resolution prior to the end of the fiscal year, assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

#### Property Tax Revenue

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

The City's 2016 tax is levied and collectible on July 1, 2016 and is recognized as revenue in the year ended June 30, 2017 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2016 taxable valuation of the City totaled \$651 million, on which ad valorem taxes levied consisted of 13.8158 mills for operating purposes, 0.0767 mills for public relations, 2.0251 mills for solid waste disposal, 1.5000 mills for road bond debt, and 4.1509 mills for the Grosse-Gratiot Drain. This resulted in \$8.75 million for operating, \$.05 million for public relations, \$1.30 million for solid waste disposal, \$0.93 million for road bond debt, and \$2.62 million for the Grosse-Gratiot Drain. These amounts are recognized in the respective General Fund, special revenue fund, and debt service fund financial statements as tax revenue.

# City of Grosse Pointe Woods, Michigan

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## Notes to Financial Statements June 30, 2017

### Note I - Summary of Significant Accounting Policies (Continued)

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

**Other Postemployment Benefit Costs** - The City offers retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, 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. The General Fund is generally used to liquidate OPEB liabilities.

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

**Proprietary Funds Operating Classification** - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund and internal service funds is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 1 - Summary of Significant Accounting Policies (Continued)

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

**Change in Accounting** - During the current year, the City adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement resulted in more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated.

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

Cumulative shortfall at July 1, 2016	\$ (654,498)
Current year building permit revenue	474,830
Related expense - Direct costs	<u>432,934</u>
Current year revenue	<u>41,896</u>
Cumulative excess at June 30, 2017	<u>\$ (612,602)</u>

### Note 3 - Deposits and Investments

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

# City of Grosse Pointe Woods, Michigan

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## Notes to Financial Statements June 30, 2017

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

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.

The City has designated seven banks for the deposit of its funds. The investment policy adopted by the City Council (for nonpension 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 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 \$18,901,462 of bank deposits (certificates of deposit and checking and savings accounts). Of that amount, \$1,238,913 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, 2017

### 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:

<b>Primary Government</b>	Fair Value	0-5 Years	5-15 Years	15 Years and More
U.S. government agencies and securities:				
U.S. Treasury notes	\$ 1,992,310	\$ 1,992,310	\$ -	\$ -
Negotiable certificates of deposit	1,981,163	1,981,163	-	-
Federal Home Loan Mortgage Corporation	1,444,412	1,444,412	-	-
Federal National Mortgage Association	2,056,617	2,056,617	-	-
Federal Home Loan Bank	1,596,313	1,596,313	-	-
Federal Farm Credit Bank	1,331,794	1,331,794	-	-
Total	\$ 10,402,609	\$ 10,402,609	\$ -	\$ -
<b>Fiduciary Funds</b>	Fair Value	0-5 Years	5-15 Years	15 Years and More
Loomis Sayles Bond Fund	\$ 7,245,739	\$ 7,245,739	\$ -	\$ -

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### 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:			
Negotiable CDs	\$ 1,981,163	Not rated	N/A
Federal Home Loan Mortgage Corporation	1,444,412	AAA	Moody's
Federal National Mortgage Association	2,056,617	AAA	Moody's
Federal Home Loan Bank	1,496,731	AAA	Moody's
Federal Home Loan Bank	99,582	AA+	S&P
Federal Farm Credit Bank	1,331,794	AAA	Moody's
U.S. Treasury notes	1,992,310	AA	Moody's
Bank investment pools	197,765	Not rated	N/A
Other	49,182	AI/PI/FI	S&P
Fiduciary funds - Loomis Sayles Bond Fund	7,245,739	Not rated	N/A

**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 that 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:

Primary government:	
Federal National Mortgage Association	19.31 %
Federal Home Loan Bank	14.99
Federal Home Loan Mortgage Corporation	13.56
Federal Farm Credit Bank	12.51
Fiduciary funds:	
iShares	20.91 %
DFA Emerging Markets	12.85
American Fund Europacific	10.65
Boston Partners Long	10.43
John Hancock Global Absolute	9.51
Templeton Institutional Foreign	5.71



# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

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

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

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

The City has the following recurring fair value measurements as of June 30, 2017:

#### Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities - Bond funds	\$ 7,245,739	\$ 7,245,739	\$ -	\$ -
Equity securities:				
Money market funds	413,550	413,550	-	-
Equity funds	31,285,359	31,285,359	-	-
Total equity securities	31,698,909	31,698,909	-	-
Governmental securities:				
U.S. Treasury securities	1,992,310	-	1,992,310	-
U.S. governmental bonds	6,429,136	-	6,429,136	-
Municipal bonds	543,872	-	543,872	-
Total governmental securities	8,965,318	-	8,965,318	-
Certificates of deposit	1,981,163	-	1,981,163	-
Total investments by fair value level	\$ 49,891,129	\$ 38,944,648	\$ 10,946,481	\$ -

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

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

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

The fair value of governmental securities and certificates of deposit at June 30, 2017 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost.

### Note 4 - Capital Assets

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

<b>Governmental Activities</b>	<u>Balance July 1, 2016</u>	<u>Reclassifications</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Balance June 30, 2017</u>
Capital assets not being depreciated:					
Land	\$ 1,547,967	\$ -	\$ -	\$ -	\$ 1,547,967
Construction in progress	5,262,956	(5,262,956)	1,229,524	-	1,229,524
Subtotal	6,810,923	(5,262,956)	1,229,524	-	2,777,491
Capital assets being depreciated:					
Infrastructure	29,266,357	5,262,956	1,622,958	-	36,152,271
Buildings	9,214,360	-	12,781	-	9,227,141
Equipment and vehicles	7,896,293	-	544,931	(335,341)	8,105,883
Land improvements	498,237	-	9,890	-	508,127
Subtotal	46,875,247	5,262,956	2,190,560	(335,341)	53,993,422
Accumulated depreciation:					
Infrastructure	8,868,799	-	742,607	-	9,611,406
Buildings	5,016,556	-	300,481	-	5,317,037
Equipment and vehicles	7,268,515	-	404,309	(301,413)	7,371,411
Land improvements	219,124	-	27,165	-	246,289
Subtotal	21,372,994	-	1,474,562	(301,413)	22,546,143
Net capital assets being depreciated	25,502,253	5,262,956	715,998	(33,928)	31,447,279
Net governmental funds capital assets	<u>\$ 32,313,176</u>	<u>\$ -</u>	<u>\$ 1,945,522</u>	<u>\$ (33,928)</u>	<u>\$ 34,224,770</u>

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 4 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2016	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2017
Capital assets not being depreciated - Construction in progress	\$ -	\$ -	\$ 375,055	\$ -	\$ 375,055
Capital assets being depreciated:					
Water and sewer lines	41,036,403	-	96,764	-	41,133,167
Land improvements	1,914,692	-	-	-	1,914,692
Subtotal	42,951,095	-	96,764	-	43,047,859
Accumulated depreciation:					
Water and sewer lines	13,468,999	-	804,415	-	14,273,414
Land improvements	1,512,352	-	60,835	-	1,573,187
Subtotal	14,981,351	-	865,250	-	15,846,601
Net capital assets being depreciated	27,969,744	-	(768,486)	-	27,201,258
Net business-type capital assets	<u>\$ 27,969,744</u>	<u>\$ -</u>	<u>\$ (393,431)</u>	<u>\$ -</u>	<u>\$ 27,576,313</u>

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

#### Governmental activities:

General government	\$ 81,894
Public safety	58,280
Public works	818,815
Recreation and culture	299,678
Internal service funds	215,895
Total governmental activities	<u>\$ 1,474,562</u>

#### Business-type activities:

Water and sewer	\$ 804,415
Parking utility	28,784
Boat dock	32,051
Total business-type activities	<u>\$ 865,250</u>

**Construction Commitments** - The City has active construction projects at year end. At year end, the City has spent \$1,219,201 in connection with active road construction projects and the City's commitment with contractors was \$2,297,033.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 5 - Interfund Receivables, Payables, and Transfers

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

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Nonmajor governmental funds	\$ 53,222
	Nonmajor enterprise funds	11,117
	Total General Fund	64,339
Nonmajor governmental funds	General Fund	212
Nonmajor governmental funds	Nonmajor governmental funds	2,162
Water and Sewer Fund	General Fund	6,090
Nonmajor enterprise funds	Nonmajor governmental funds	50,000
	Total	<u>\$ 122,803</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.

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

Fund Transferred From	Fund Transferred To	Amount
General Fund	Nonmajor governmental funds	\$ 8,900
Nonmajor governmental funds	General Fund	8,000

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, 2017

### 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. Other long-term obligations include compensated absences and risk liabilities for which the activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
Installment loan - Comerica Vehicle Loans	2.60%	\$62,096- \$241,831	\$ 648,813	\$ 123,610	\$ (232,837)	\$ 539,586	\$ 235,660
General obligation bonds - 2015 Road Construction bonds:							
Amount of issue - \$6,600,000	2.00% -	\$500,000-					
Maturing through 2025	4.00%	\$1,000,000	6,600,000	-	(750,000)	5,850,000	750,000
General obligation bonds - 2017 Road Construction bonds:							
Amount of issue - \$2,875,000	2.36%	\$295,000-					
Maturing through 2028		\$345,000	-	2,875,000	-	2,875,000	-
Reoffering premium			472,022	-	(52,447)	419,575	-
<b>Total debt</b>			<b>7,720,835</b>	<b>2,998,610</b>	<b>(1,035,284)</b>	<b>9,684,161</b>	<b>985,660</b>
Long-term obligations:							
Employee compensated absences			777,079	673,802	(605,971)	844,910	670,675
Estimated liability for workers' compensation and health claims (Note 12)			147,683	1,501,619	(1,336,416)	312,886	312,886
<b>Total governmental activities</b>			<b>\$ 8,645,597</b>	<b>\$ 5,174,031</b>	<b>\$(2,977,671)</b>	<b>\$ 10,841,957</b>	<b>\$ 1,969,221</b>
	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
Revenue bonds:							
2013 Revenue Refunding Bond:							
Amount of refunding - \$3,190,000	2.00% -	\$325,000 -					
Maturing through 2023	4.00%	\$415,000	\$ 2,560,000	\$ -	\$ (325,000)	\$ 2,235,000	\$ 335,000
2010 Drinking Water Revolving Fund Bond-7301-01:							
Amount of issue - \$1,915,991	2.50%	\$95,000 -					
Maturing through 2030		\$135,000	1,555,606	-	(95,000)	1,460,606	100,000
2010 Drinking Water Revolving Fund - 7332-01:							
Amount of issue - \$60,497	2.50%	\$175,000 -					
Maturing through 2029		\$250,000	2,881,192	-	(175,000)	2,706,192	175,000
2012 State Revolving Fund Bond - 5365-01:							
Amount of issue - \$3,525,000	2.50%	\$145,000 -					
Maturing through 2033		\$220,000	2,620,513	21,552	(145,000)	2,497,065	150,000
Bond premium			197,896	-	(28,272)	169,624	-
<b>Total revenue bonds</b>			<b>9,815,207</b>	<b>21,552</b>	<b>(768,272)</b>	<b>9,068,487</b>	<b>760,000</b>
Other long-term obligations:							
Employee compensated absences			64,063	58,857	(48,939)	73,981	60,224
Estimated liability for workers' compensation and health claims (Note 12)			160	5,458	(160)	5,458	5,458
<b>Total business-type activities</b>			<b>\$ 9,879,430</b>	<b>\$ 85,867</b>	<b>\$(817,371)</b>	<b>\$ 9,147,926</b>	<b>\$ 825,682</b>

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

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

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the General Fund related to employee salaries and fringes. Additionally, for the business-type activities, claims and judgments and compensated absences are generally liquidated by the Water and Sewer Fund for employee salaries and fringes. Net pension obligations and net OPEB obligations are typically paid from the funds from which the individual employee's salaries and wages are paid.

The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above water and sewer revenue bonds. The bonds are payable solely from the net revenue of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$2,514,400. During the current year, net revenue of the system was \$2,158,639 compared to the annual debt requirements of \$403,100.

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

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 985,660	\$ 245,571	\$ 1,231,231	\$ 760,000	\$ 264,217	\$ 1,024,217
2019	991,831	219,431	1,211,262	785,000	246,892	1,031,892
2020	857,095	184,949	1,042,044	810,000	225,455	1,035,455
2021	800,000	156,985	956,985	835,000	203,317	1,038,317
2022	905,000	128,544	1,033,544	870,000	171,880	1,041,880
2023-2027	4,380,000	223,204	4,603,204	2,955,000	462,687	3,417,687
2028-2032	345,000	3,673	348,673	1,883,863	78,367	1,962,230
Total	<u>\$ 9,264,586</u>	<u>\$ 1,162,357</u>	<u>\$10,426,943</u>	<u>\$ 8,898,863</u>	<u>\$ 1,652,815</u>	<u>\$10,551,678</u>

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 7 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment healthcare plans:

	Pension Trust Fund	Supplementary Annuity Fund	OPEB Trust Fund
<b><u>Statement of Net Position</u></b>			
Cash and cash equivalents	\$ 767,760	\$ 32,852	\$ 582,594
Investments:			
Stocks	19,965,815	854,659	-
Corporate bonds	10,357,863	-	-
Bond index funds	6,523,129	722,610	-
Real estate investment trust	-	-	-
Accrued interest receivable	297	13	-
Contributions receivable	-	-	-
Accounts payable	(10)	-	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net position held in trust for pension and other employee benefits	<u>\$ 37,614,854</u>	<u>\$ 1,610,134</u>	<u>\$ 582,594</u>
<b><u>Statement of Changes in Net Position</u></b>			
Additions:			
Investment income:			
Interest and dividends	\$ 503,034	\$ 20,088	\$ 1,190
Net increase in fair market value	3,501,943	141,640	3,025
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total investment income	4,004,977	161,728	4,215
Contributions:			
Employer	1,076,052	290,000	1,472,713
Employee	243,096	-	64,057
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total contributions	1,319,148	290,000	1,536,770
Deductions - Pension payments	(3,217,569)	(257,534)	(1,422,713)
Administrative expenses	(35,374)	(3,307)	(39)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net increase in net position held in trust	2,071,182	190,887	118,233
Net position held in trust for pension and other employee benefits:			
Beginning of year	35,543,672	1,419,247	464,361
	<u>                    </u>	<u>                    </u>	<u>                    </u>
End of year	<u>\$ 37,614,854</u>	<u>\$ 1,610,134</u>	<u>\$ 582,594</u>

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 8 - Other Postemployment Benefits

**Plan Description** - The City provides healthcare benefits to all full-time employees hired prior to August 2008 upon retirement or to individuals receiving system disability pensions, in accordance with various labor contracts. Currently, 173 individuals are eligible. This is a single-employer defined benefit plan administered by the City. 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. The plan does not issue separate financial statements. Net OPEB obligations are typically paid from the funds from which the individual employee's salaries and wages are paid.

**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.

**Funding Progress** - For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2016. 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 costs 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)	\$ 3,230,383
Interest on the prior year's net OPEB obligation	771,762
Less adjustment to the annual required contribution	<u>(681,515)</u>
Annual OPEB cost	3,320,630
Amounts contributed	<u>(1,472,713)</u>
Increase in net OPEB obligation	1,847,917
Net OPEB obligation - Beginning of year	<u>22,050,375</u>
Net OPEB obligation - End of year	<u>\$ 23,898,292</u>



# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 8 - Other Postemployment Benefits (Continued)

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
			Percentage OPEB Costs Contributed		
6/30/12	6/30/10	\$ 4,377,838	26.2 %	\$	12,798,911
6/30/13	6/30/10	4,244,997	34.3		15,586,284
6/30/14	6/30/13	3,546,611	37.6		17,800,734
6/30/15	6/30/13	3,694,987	44.7		19,877,047
6/30/16	6/30/13	3,848,372	43.5		20,050,375
6/30/17	6/30/16	3,320,630	44.4		23,898,292

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/10	\$ -	\$ 57,033,150	\$ 57,033,150	- %	\$ 5,454,568	1,028.4 %
6/30/13	-	52,414,605	52,414,605	-	5,003,250	1,047.6
6/30/16	50,000	53,846,070	53,796,070	0.1	-	-

**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. The schedule of funding progress, presented above, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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.

# City of Grosse Pointe Woods, Michigan

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## Notes to Financial Statements June 30, 2017

### **Note 8 - Other Postemployment Benefits (Continued)**

In the June 30, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after eight years. Both rates included a 4.0 percent inflation assumption. 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 on an open basis 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, and is administered by ICMA. Payment of the deferred compensation is not available to employees until retirement, death, or unforeseeable emergency. As of June 30, 2017, employees who had elected to participate in the Plan had total assets of \$5,500,590.

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

### **Note 10 - Pension Plan - Pension Trust Fund**

#### **Pension Plan Description**

**Plan Description** - The Grosse Pointe Woods Employee Retirement System Board administers the City of Grosse Pointe Woods Pension Plan - a single-employer defined benefit pension plan that provides pensions for all permanent full-time general and public safety employees of the City. Benefit terms have been established by negotiation with the City's competitive bargaining units and the Retirement System Ordinance.

The financial statements of the plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund). A separate report for the pension plan is not issued.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 10 - Pension Plan - Pension Trust Fund (Continued)

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

**Employees Covered by Benefit Terms** - At June 30, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	100
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	<u>73</u>
Total employees covered by the plan	<u><u>186</u></u>

**Benefits Provided** - The pension plan provides retirement, disability, and death benefits. Benefit terms are established by negotiation with the City's competitive bargaining units and the Retirement System Ordinance.

**Contributions** - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by the City's ordinances and negotiation with the City's collective bargaining units. For the year ended June 30, 2017, the average active member contribution rate was 5 percent of annual pay for general employees and 6 percent for public safety employees, and the City's contribution rate was 24 percent of annual payroll.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 10 - Pension Plan - Pension Trust Fund (Continued)

#### Pension Plan Investments - Policy and Rate of Return

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Pension Board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation
U.S. Large Cap Equity	15.00 %
U.S. Mid Cap Equity	4.00
U.S. Small Cap Equity	6.00
International Developed Equity	10.00
International Developed Small Cap	5.00
International Emerging Markets	15.00
Hedged Equity	5.00
U.S. Core Bonds	10.00
Public Real Estate (REITS)	3.00
High Yield Bonds	10.00
Commodities	3.00
Energy/MLPs	3.00
Liquid Diversifying Strategies	10.00
Cash or cash equivalents	1.00

**Rate of Return** - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.58 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Net Pension Liability

Total pension liability	\$ 60,316,215
Plan fiduciary net position	<u>(37,614,854)</u>
City's net pension liability	<u>\$ 22,701,361</u>
Plan fiduciary net position as a percentage of the total pension liability	62.4 %

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 10 - Pension Plan - Pension Trust Fund (Continued)

The City has chosen to use June 30, 2017 as its measurement date for the net pension liability. The June 30, 2017 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of June 30, 2017. The June 30, 2017 total pension liability was determined by an actuarial valuation performed as of June 30, 2017.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at June 30, 2016</b>	\$ 64,896,392	\$ 35,543,672	\$ 29,352,720
Service cost	812,794	-	812,794
Interest	3,713,413	-	3,713,413
Differences between expected and actual experience	(1,943,674)	-	(1,943,674)
Changes in assumptions	(3,946,934)	-	(3,946,934)
Contributions - Employer	-	1,076,052	(1,076,052)
Contributions - Employee	-	243,096	(243,096)
Net investment income	-	3,992,724	(3,992,724)
Benefit payments, including refunds	(3,215,776)	(3,215,776)	-
Administrative expenses	-	(37,168)	37,168
Miscellaneous other charges	-	12,254	(12,254)
Net changes	(4,580,177)	2,071,182	(6,651,359)
<b>Balance at June 30, 2017</b>	<b>\$ 60,316,215</b>	<b>\$ 37,614,854</b>	<b>\$ 22,701,361</b>

**Assumption Changes** - The discount rate was updated to reflect the current and expected economic conditions.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 10 - Pension Plan - Pension Trust Fund (Continued)

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

For the year ended June 30, 2017, the City recognized pension expense of \$4,297,788. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,624,616	\$ (1,730,194)
Changes in assumptions	3,887,422	(2,960,201)
Net difference between projected and actual earnings on pension plan investments	<u>2,673,775</u>	<u>-</u>
Total	<u>\$ 8,185,813</u>	<u>\$ (4,690,395)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2018	\$ 2,669,937
2019	1,491,381
2020	(403,391)
2021	(262,509)

**Actuarial Assumptions** - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 %
Salary increases	3.5 - 7.3 % Average, including inflation
Investment rate of return	7.8 % Net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2014 Healthy Annuitant Mortality Table. An experience study was performed for the period from July 1, 2009 through June 30, 2014. The report was dated January 1, 2015.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 10 - Pension Plan - Pension Trust Fund (Continued)

**Discount Rate** - The discount rate used to measure the total pension liability was 6.33 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

#### Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 3.13 percent. The source of that bond rate was the Standard & Poor's Municipal Bond 20-year high grade index as of June 30, 2017. The resulting single discount rate is 6.33 percent. The long-term expected rate of return was applied to projected benefit payments from July 1, 2017 through July 1, 2116.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2016 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. Large Cap Equity	5.00 %
U.S. Mid Cap Equity	5.50
U.S. Small Cap Equity	5.50
International Developed Equity	7.00
International Small Cap	7.00
International Emerging Markets	9.50
Hedged Equity	5.00
U.S. Core Bonds	2.60
Public Real Estate (REITS)	5.00
High Yield Bonds	5.00
Commodities	4.00
Energy/MLPs	10.00
Liquid Diversifying Strategies	4.00
Cash or cash equivalents	1.50

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 10 - Pension Plan - Pension Trust Fund (Continued)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the City, calculated using the discount rate of 6.33 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.33%)	Current Discount Rate (6.33%)	1% Increase (7.33%)
Net pension liability of the City	\$ 31,011,473	\$ 22,701,361	\$ 15,867,769

### Note 11 - Pension Plan - Supplemental Annuity Fund

#### Pension Plan Description

**Plan Description** - The Grosse Pointe Woods Employee Retirement System Pension Board administers the City of Grosse Pointe Woods Pension Plan - a single-employer defined benefit pension plan that provides pensions for all permanent full-time general and public safety employees of the City. Benefit terms have been established by negotiation with the City's competitive bargaining units and the Retirement System Ordinance.

The financial statements of the plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund). A separate report for the pension plan is not issued.

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

**Employees Covered by Benefit Terms** - At June 30, 2017, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	57
Active plan members	<u>45</u>
Total employees covered by the plan	<u><u>102</u></u>

**Benefits Provided** - The pension plan provides retirement, disability, and death benefits. Benefit terms are established as a negotiable item within various union contracts. Retirement benefits for plan members range from \$3,000 annually for 10 years of service to a maximum of \$4,800 annually for 25 years of service.



# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 11 - Pension Plan - Supplemental Annuity Fund (Continued)

**Contributions** - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. The City pays 100 percent of the contribution made to the plan. The plan does not issue separate financial statements.

#### Pension Plan Investments - Policy and Rate of Return

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Pension Board by a majority vote of its members. It is the policy of the Pension Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Pension Board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation
U.S. Large Cap Equity	15.00 %
U.S. Mid Cap Equity	4.00
U.S. Small Cap Equity	6.00
International Developed Equity	10.00
International Developed Small Cap	5.00
International Emerging Markets	15.00
Hedged Equity	5.00
U.S. Core Bonds	10.00
Public Real Estate (REITS)	3.00
High Yield Bonds	10.00
Commodities	3.00
Energy/MLPs	3.00
Liquid Diversifying Strategies	10.00
Cash or cash equivalents	1.00

**Rate of Return** - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.58 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 11 - Pension Plan - Supplemental Annuity Fund (Continued)

#### Net Pension Liability

The components of the net pension liability of the City at June 30, 2017 were as follows:

Total pension liability	\$ 3,190,039
Plan fiduciary net position	<u>(1,610,133)</u>
City's net pension liability	<u>\$ 1,579,906</u>

Plan fiduciary net position as a percentage of the total pension liability 50.5 %

The City has chosen to use June 30, 2017 as its measurement date for the net pension liability. The June 30, 2017 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of June 30, 2017. The June 30, 2017 total pension liability was determined by an actuarial valuation performed as of June 30, 2017.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at June 30, 2016</b>	\$ 3,382,193	\$ 1,419,247	\$ 1,962,946
Service cost	39,299	-	39,299
Interest	254,061	-	254,061
Differences between expected and actual experience	(227,980)	-	(227,980)
Contributions - Employer	-	290,000	(290,000)
Net investment income	-	159,415	(159,415)
Benefit payments, including refunds	(257,534)	(257,534)	-
Administrative expenses	-	(995)	995
Net changes	<u>(192,154)</u>	<u>190,886</u>	<u>(383,040)</u>
<b>Balance at June 30, 2017</b>	<u>\$ 3,190,039</u>	<u>\$ 1,610,133</u>	<u>\$ 1,579,906</u>

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 11 - Pension Plan - Supplemental Annuity Fund (Continued)

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

For the year ended June 30, 2017, the City recognized pension expense of \$232,490. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (411,020)
Changes in assumptions	284,017	-
Net difference between projected and actual earnings on pension plan investments	<u>74,405</u>	<u>-</u>
Total	<u>\$ 358,422</u>	<u>\$ (411,020)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2018	\$ 49,347
2019	(32,905)
2020	(53,838)
2021	(15,202)

**Actuarial Assumptions** - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 %
Salary increases	4 % Average, including inflation
Investment rate of return	7.8 % Net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2014 Healthy Annuitant Mortality Table.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.71 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 11 - Pension Plan - Supplemental Annuity Fund (Continued)

#### Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 2.68 percent. The source of that bond rate was the Standard & Poor's Municipal Bond 20-year high grade index as of June 30, 2016. The resulting single discount rate is 7.71 percent. The long-term expected rate of return was applied to projected benefit payments from July 1, 2016 through July 1, 2116.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2016 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. Large Cap Equity	5.00 %
U.S. Mid Cap Equity	5.50
U.S. Small Cap Equity	5.50
International Developed Equity	7.00
International Small Cap	7.00
International Emerging Markets	9.50
Hedged Equity	5.00
U.S. Core Bonds	2.60
Public Real Estate (REITS)	5.00
High Yield Bonds	5.00
Commodities	4.00
Energy/MLPs	10.00
Liquid Diversifying Strategies	4.00
Cash or cash equivalents	1.50

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 11 - Pension Plan - Supplemental Annuity Fund (Continued)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the City, calculated using the discount rate of 7.71 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.71%)	Current Discount Rate (7.71%)	1% Increase (8.71%)
Net pension liability of the City	\$ 1,913,921	\$ 1,579,906	\$ 1,296,782

### Note 12 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial 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.

#### 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 Park, Grosse Pointe Farms, and Grosse Pointe and the Village of Grosse Pointe Shores. The City of Grosse Pointe Woods 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.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 12 - Risk Management (Continued)

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 position for workers' compensation and in the modified accrual funds for medical claims.

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

	Workers' Compensation		Medical Claims	
	2017	2016	2017	2016
Estimated liability -				
Beginning of year	\$ 145,763	\$ 158,479	\$ 2,080	\$ 85,253
Estimated claims incurred, including changes in estimates	274,208	101,922	1,232,869	1,222,697
Claim payments	<u>(172,514)</u>	<u>(114,638)</u>	<u>(1,164,062)</u>	<u>(1,305,870)</u>
Estimated liability - End of year	<u>\$ 247,457</u>	<u>\$ 145,763</u>	<u>\$ 70,887</u>	<u>\$ 2,080</u>

### Note 13 - Joint Venture

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

The City's interest in the net position of the Authority totaled \$41,755 at June 30, 2017 and is reported as part of the governmental activities in the statement of net position. The City is unaware of any circumstances, including potential environmental remediation, that would cause an additional burden to the participating municipalities in the near future. Complete financial statements for the Authority can be obtained from its administrative offices at 27941 Harper Avenue, Suite 106, St. Clair Shores, MI 48081.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 14 - Deferred Inflows/Outflows of Resources

At the end of the current fiscal year, the various components of deferred inflows and deferred outflows of resources are as follows:

	Deferred Inflows	Deferred Outflows
<b>Governmental Funds</b>		
Delinquent property taxes not collected within the period of availability	\$ 286,679	\$ -
<b>Governmental Activities</b>		
Deferred inflows related to pensions	4,700,186	-
Deferred outflows related to pensions	-	7,946,065
<b>Business-type Activities</b>		
Deferred inflows related to pensions	401,229	-
Deferred outflows related to pensions	-	598,170
Total	<u>\$ 5,388,094</u>	<u>\$ 8,544,235</u>

### Note 15 - OPEB Plan

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

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

**Plan Membership** - At June 30, 2016, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	97
Inactive plan members entitled to but not yet receiving benefits	10
Active plan members	<u>66</u>
Total	<u>173</u>

**Benefits Provided** - The Plan provides healthcare, dental, prescription, and vision benefits for retirees hired prior to August 2008 and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 15 - OPEB Plan (Continued)

**Contributions** - Contribution requirements of plan members are established and may be amended by the pension board in accordance with city ordinance, union, contracts, and plan provisions. The board establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended June 30, 2017, the City's contribution was \$1,472,713. Certain plan members are required to contribute based on the terms of their union contact. Total employee contributions were \$64,057.

#### OPEB Plan Investments

**Investment Policy** - The plan's policy in regard to allocation of invested assets is established and may be amended by the board by a majority vote of its members. It is the policy of the retiree healthcare board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Currently, the City primarily invests in exchange traded bond funds. The following was the board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation (%)
U.S. Large Cap Equity	10.00 %
U.S. Mid Cap Equity	4.00
U.S. Small Cap Equity	6.00
International Developed Equity	10.00
International Developed Small Cap	5.00
International Emerging Markets	15.00
Hedged Equity	10.00
U.S. Core Bonds	10.00
Public Real Estate (REITS)	4.00
High Yield Bonds	10.00
Commodities	3.00
Energy/MLPs	3.00
Liquid Diversifying Strategies	10.00

**Rate of Return** - For the year ended June 30, 2017, the annual money-weighted rate of return on plan investments, net of investment expense, was .8 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 15 - OPEB Plan (Continued)

#### Net OPEB Liability

The City reports OPEB expense based on funding requirements, as directed by GASB Statement No. 45. Beginning next year, the City will adopt GASB Statement No. 75, which will require the measurement of OPEB expense as it is earned, rather than as it is funded. The net OPEB liability of the City has been measured as of June 30, 2017 and is composed of the following:

The components of the net OPEB liability at June 30, 2017 were as follows:

Total OPEB liability	\$ 62,894,718
Plan fiduciary net position	<u>(582,594)</u>
Net OPEB liability	<u>\$ 62,312,124</u>

Plan fiduciary net position as a percentage of the total OPEB liability 1 %

**Actuarial Assumptions** - The total OPEB liability was determined by an actuarial valuation as of June 30, 2016. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50 %
Healthcare cost trend rate	6.00 % Graded down to 5 percent in seven years
Salary increases	7.30 % Average, including inflation
Investment rate of return	3.50 % Net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP 2014 Healthy Annuitant Mortality Table.

The long-term expected rate of return on OPEB plan investments was determined by the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with a high grade.

**Discount Rate** - The discount rate used to measure the total OPEB liability was 3.13 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates.

# City of Grosse Pointe Woods, Michigan

## Notes to Financial Statements June 30, 2017

### Note 15 - OPEB Plan (Continued)

#### Projected Cash Flows

The discount rate is the same as the municipal bond rate, which was 3.13 percent. The source of that bond rate was the tax-exempt municipal bond rate based on an index of a 20-year general obligation with an average of AA credit rating. No projections of the ability of the fund to meet benefit obligations in the future were made since the discount rate is equivalent as the municipal bond rate. The discount rate of 3.13 was applied to all remaining periods.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the net OPEB liability, calculated using the discount rate of 3.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13 percent) or one percentage point higher (4.13 percent) than the current rate:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Net OPEB liability	\$ 75,407,340	\$ 62,312,124	\$ 51,457,694

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 6.0 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (5.0 percent, decreasing to 4.0 percent) or one percentage point higher (7.0 percent, decreasing to 6.0 percent) than the current rate:

	1% Decrease (5.0% decreasing to 4.0%)	Current Healthcare Cost Trend Rate (6.0% decreasing to 5.0%)	1% Increase (7.0% decreasing to 6.0%)
Net OPEB liability	\$ 51,218,457	\$ 62,312,124	\$ 77,050,787

### Note 16 - Change in Accounting

During the year, the City adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. As a result, the notes to the financial statements now include enhanced disclosures about the measurement of the OPEB liabilities for which assets have been accumulated.

# City of Grosse Pointe Woods, Michigan

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## Notes to Financial Statements June 30, 2017

### Note 17 - Upcoming Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability related to its participation in the City of Grosse Pointe Woods Retiree Health Plan. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2018.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*, which addresses the recognition and measurement of irrevocable split-interest agreements where the government is a beneficiary of the agreement. This standard will require the City to recognize on the face of the financial statements any assets, liabilities, and deferred inflows of resources at the inception of the agreement. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the 2017-2018 fiscal year.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, which establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the 2018-2019 fiscal year.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the 2019-2020 fiscal year.

### **Note 17 - Upcoming Accounting Pronouncements (Continued)**

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the 2017-2018 fiscal year.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the 2017-2018 fiscal year.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the 2020-2021 fiscal year.

## **Required Supplemental Information**

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# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 9,497,824	\$ 8,862,603	\$ 9,152,538	\$ 289,935
Franchise fees	310,000	310,000	379,362	69,362
Licenses and permits	358,340	467,115	481,578	14,463
State-shared revenue and grants	1,434,048	1,519,168	1,586,536	67,368
Charges for services:				
Charges to other funds	105,000	105,000	105,000	-
Charges for services to external parties	131,050	129,379	154,340	24,961
Fines and forfeitures	340,000	337,528	364,232	26,704
Investment income	25,000	25,000	17,350	(7,650)
Other revenue - Miscellaneous revenue	317,589	456,135	508,793	52,658
Total revenue	12,518,851	12,211,928	12,749,729	537,801
<b>Expenditures</b>				
Current:				
General government:				
City Council	62,580	62,580	52,737	9,843
City Comptroller	395,356	363,517	373,159	(9,642)
Commission	20,145	20,435	11,492	8,943
Municipal court	419,441	379,296	365,150	14,146
City assessor	359,302	96,273	84,816	11,457
City clerk	360,151	350,877	336,721	14,156
Buildings inspection	469,369	433,487	437,843	(4,356)
City attorney	316,119	269,099	271,502	(2,403)
Administration	225,904	225,904	232,472	(6,568)
Fringe benefits	316,354	266,382	255,399	10,983
Other services and charges	187,930	165,230	166,569	(1,339)
Total general government	3,132,651	2,633,080	2,587,860	45,220
Public safety:				
Police service	3,224,797	3,044,115	3,081,846	(37,731)
Fire prevention and inspection	65,791	174,940	161,430	13,510
Fringe benefits	1,719,513	1,479,186	1,473,156	6,030
Support services	150,406	150,406	137,697	12,709
Administration	320,796	294,190	270,554	23,636
Other services and charges	276,380	268,920	252,939	15,981
Total public safety	5,757,683	5,411,757	5,377,622	34,135

# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
Current (Continued):				
Public works:				
Street maintenance	\$ 179,051	\$ 169,678	\$ 162,619	\$ 7,059
Management information system	375,034	375,034	344,255	30,779
Forestry services	147,657	120,103	116,421	3,682
Other services and charges	871,940	830,560	885,816	(55,256)
Supervision and engineering	76,719	76,719	66,980	9,739
Fringe benefits	225,963	221,457	214,363	7,094
City building and grounds	151,924	151,924	146,423	5,501
Total public works	2,028,288	1,945,475	1,936,877	8,598
Recreation and culture:				
Other services and charges	23,880	23,880	23,708	172
Supervision and engineering	10,961	10,961	9,298	1,663
Lake Front Park	1,141,347	1,131,601	1,016,364	115,237
Fringe benefits	176,888	146,343	141,986	4,357
Community center	266,667	212,475	191,232	21,243
City parks	44,855	44,855	36,953	7,902
Total parks and recreation	1,664,598	1,570,115	1,419,541	150,574
Total expenditures	12,583,220	11,560,427	11,321,900	238,527
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	8,000	8,000	-
Transfers out	(115,000)	(123,900)	(123,900)	-
Total other financing uses	(115,000)	(115,900)	(115,900)	-
<b>Net Change in Fund Balance</b>	(179,369)	535,601	1,311,929	776,328
<b>Fund Balance - Beginning of year</b>	5,244,839	5,244,839	5,244,839	-
<b>Fund Balance - End of year</b>	<u>\$ 5,065,470</u>	<u>\$ 5,780,440</u>	<u>\$ 6,556,768</u>	<u>\$ 776,328</u>

# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds 2015 Road Bond Construction Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment income	\$ 2,500	\$ 2,500	\$ 3,088	\$ 588
<b>Expenditures</b> - Current - Street - Construction	3,845,000	3,845,000	2,549,863	1,295,137
<b>Excess of Expenditures Over Revenue</b>	(3,842,500)	(3,842,500)	(2,546,775)	1,295,725
<b>Other Financing Sources</b> - Face value of debt issue	2,875,000	2,875,000	2,875,000	-
<b>Net Change in Fund Balance</b>	(967,500)	(967,500)	328,225	1,295,725
<b>Fund Balance</b> - Beginning of year	2,006,108	2,006,108	2,006,108	-
<b>Fund Balance</b> - End of year	<u>\$ 1,038,608</u>	<u>\$ 1,038,608</u>	<u>\$ 2,334,333</u>	<u>\$ 1,295,725</u>



# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Pension Trust Fund Schedule of Changes in the City Net OPEB Liability and Related Ratios Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Total Pension Liability</b>										
Service cost	\$ 812,794	\$ 893,380	\$ 692,961	\$ 675,799	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	3,713,413	3,802,189	3,521,128	3,499,326	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,943,674)	(509,341)	501,262	(579,977)	-	-	-	-	-	-
Changes in assumptions	(3,946,934)	7,000,034	5,686,156	-	-	-	-	-	-	-
Benefit payments, including refunds	(3,215,776)	(3,187,512)	(3,315,548)	(3,092,014)	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>(4,580,177)</b>	<b>7,998,750</b>	<b>7,085,959</b>	<b>503,134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Pension Liability - Beginning of year</b>	<b>64,896,392</b>	<b>56,897,642</b>	<b>49,811,683</b>	<b>44,308,549</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Pension Liability - End of year</b>	<b>\$ 60,316,215</b>	<b>\$ 64,896,392</b>	<b>\$ 56,897,642</b>	<b>\$ 44,811,683</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 1,076,052	\$ 925,683	\$ 889,829	\$ 888,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	243,096	252,579	258,967	275,808	-	-	-	-	-	-
Net investment income	3,992,724	(1,359,930)	15,073	6,669,874	-	-	-	-	-	-
Administrative expenses	(37,168)	(51,765)	(69,537)	(44,753)	-	-	-	-	-	-
Benefit payments, including refunds	(3,215,776)	(3,187,512)	(3,315,548)	(3,092,015)	-	-	-	-	-	-
Other	12,254	-	-	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>2,071,182</b>	<b>(3,420,945)</b>	<b>(2,221,216)</b>	<b>4,697,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>35,543,672</b>	<b>38,964,617</b>	<b>41,185,833</b>	<b>36,488,223</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 37,614,854</b>	<b>\$ 35,543,672</b>	<b>\$ 38,964,617</b>	<b>\$ 41,185,833</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 22,701,361</b>	<b>\$ 29,352,720</b>	<b>\$ 17,933,025</b>	<b>\$ 3,625,850</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	62.36 %	55.02 %	68.48 %	82.69 %	- %	- %	- %	- %	- %	- %
<b>Covered Employee Payroll</b>	\$ 4,493,845	\$ 4,592,611	\$ 4,651,563	\$ 4,411,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	505.2 %	632.6 %	385.5 %	195.5 %	- %	- %	- %	- %	- %	- %

GASB Statement No. 67 was implemented for the FYE June 30, 2014 and does not require retroactive implementation.

# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Pension Trust Fund Schedule of Investment Returns Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Annual money-weighted rate of return, net of investment expense	11.6 %	(3.5)%	0.1 %	8.0 %	- %	- %	- %	- %	- %	- %

GASB Statement No. 67 was implemented for the FYE June 30, 2014 and does not require retroactive implementation.



# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Supplemental Annuity Schedule of Changes in the City Net Pension Liability and Related Ratios Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>Total Pension Liability</b>										
Service cost	\$ 39,299	\$ 37,233	\$ 28,387	\$ 33,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	254,061	269,224	234,285	236,533	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(227,980)	(232,788)	(399,452)	(42,908)	-	-	-	-	-	-
Changes in assumptions	-	86,953	831,276	-	-	-	-	-	-	-
Benefit payments, including refunds	(257,534)	(263,715)	(247,158)	(257,888)	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>(192,154)</b>	<b>(103,093)</b>	<b>447,338</b>	<b>(31,051)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Pension Liability - Beginning of year</b>	<b>3,382,193</b>	<b>3,485,286</b>	<b>3,037,948</b>	<b>3,068,999</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Pension Liability - End of year</b>	<b>\$ 3,190,039</b>	<b>\$ 3,382,193</b>	<b>\$ 3,485,286</b>	<b>\$ 3,037,948</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 290,000	\$ 297,360	\$ 286,439	\$ 277,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net investment income	159,415	3,963	(9,093)	230,642	-	-	-	-	-	-
Administrative expenses	(995)	-	(22,140)	-	-	-	-	-	-	-
Benefit payments, including refunds	(257,534)	(263,715)	(247,158)	(257,888)	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>190,886</b>	<b>37,608</b>	<b>8,048</b>	<b>250,530</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>1,419,247</b>	<b>1,381,637</b>	<b>1,373,591</b>	<b>1,123,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 1,610,133</b>	<b>\$ 1,419,245</b>	<b>\$ 1,381,639</b>	<b>\$ 1,373,591</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>City's Net Pension Liability</b>	<b>\$ 1,579,906</b>	<b>\$ 1,962,948</b>	<b>\$ 2,103,647</b>	<b>\$ 1,664,357</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	50.47 %	41.96 %	40.28 %	54.78 %	- %	- %	- %	- %	- %	- %
<b>Covered Employee Payroll</b>	\$ 2,258,831	\$ 2,347,151	\$ 2,358,679	\$ 2,196,932	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	69.94 %	83.63 %	88.25 %	75.70 %	- %	- %	- %	- %	- %	- %

GASB Statement No. 67 was implemented for the FYE June 30, 2014 and does not require retroactive implementation.

# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Schedule of Investment Returns - Supplemental Annuity Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Annual money-weighted rate of return, net of investment expense	11.6 %	(3.5)%	0.1 %	8.0 %	- %	- %	- %	- %	- %	- %

GASB Statement No. 67 was implemented for the FYE June 30, 2014 and does not require retroactive implementation.



# City of Grosse Pointe Woods, Michigan

## Note to Required Supplemental Information Year Ended June 30, 2017

**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 for operating transfers which are budgeted as revenue and expenditures and not other financing sources and uses. All annual appropriations lapse at fiscal year end; encumbrances are not included as expenditures. During the year, the budget was amended in a legally permissible manner.

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

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

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

	<u>Total Revenue</u>	<u>Total Expenditures</u>
Amounts per operating statement	\$ 13,121,052	\$ 12,012,248
Local Streets Fund budgeted separately from the General Fund	(367,738)	(690,348)
Cable franchise funds budgeted separately from the General Fund	(3,585)	-
Amounts per budget statement	<u>\$ 12,749,729</u>	<u>\$ 11,321,900</u>

# **City of Grosse Pointe Woods, Michigan**

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## **Note to Required Supplemental Information (Continued) Year Ended June 30, 2017**

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the City of Grosse Pointe Woods had no expenditures which were in excess of the amounts budgeted.

**Fund Deficit** - At June 30, 2017, the City had a deficit of \$33,213 in the 2015 Road Bond Debt Service Fund (a nonmajor fund). The deficit will be eliminated with future property tax revenue.



# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Other Postemployment Benefits - Schedule of Funding Progress Year Ended June 30, 2017

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
6/30/07	\$ -	\$ 60,894,963	\$ 60,894,963	- %	\$ -	N/A
6/30/10	-	57,033,150	57,033,150	-	5,545,568	1,028.4 %
6/30/13	-	52,414,605	52,414,605	-	5,003,250	1,047.6
6/30/16	50,000	53,796,070	53,746,070	0.1	-	-

# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information OPEB Plan Schedule of Changes in the City Net OPEB Liability and Related Ratios Last Ten Fiscal Years (Schedule is built prospectively upon implementation of GASB 74)

	2017
<b>Total OPEB Liability</b>	
Service cost	\$ 2,170,530
Interest	1,848,285
Changes in benefit terms	-
Differences between expected and actual experience	(2,581,257)
Changes in assumptions	(5,709,893)
Benefit payments, including refunds	(1,422,713)
<b>Net Change in Total OPEB Liability</b>	(5,695,048)
<b>Total OPEB Liability - Beginning of year</b>	68,589,766
<b>Total OPEB Liability - End of year</b>	<b>\$ 62,894,718</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 1,472,713
Contributions - Employee	64,057
Net investment income	4,215
Administrative expenses	-
Benefit payments, including refunds	(1,422,713)
Other	(39)
<b>Net Change in Plan Fiduciary Net Position</b>	118,233
<b>Plan Fiduciary Net Position - Beginning of year</b>	464,361
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 582,594</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 62,312,124</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	0.93 %
<b>Covered Employee Payroll</b>	\$ 4,493,845
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	1,386.6 %



# City of Grosse Pointe Woods, Michigan

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## Required Supplemental Information OPEB Plan Schedule of Investment Returns Last Ten Fiscal Years

	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	0.8 %

## **Other Supplemental Information**

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# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Major Governmental Fund - Grosse-Gratiot Drain Fund Budgetary Comparison Schedule Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Property taxes	\$ 2,703,066	\$ 2,703,066	\$ 2,595,690	\$ (107,376)
<b>Expenditures</b>				
Current - Public works	1,574,734	1,574,734	1,610,985	(36,251)
Debt service	1,038,332	1,038,332	-	1,038,332
Total expenditures	<u>2,613,066</u>	<u>2,613,066</u>	<u>1,610,985</u>	<u>1,002,081</u>
<b>Net Change in Fund Balance</b>	90,000	90,000	984,705	894,705
<b>Fund Balance</b> - Beginning of year	<u>1,457,343</u>	<u>1,457,343</u>	<u>1,457,343</u>	<u>-</u>
<b>Fund Balance</b> - End of year	<u><b>\$ 1,547,343</b></u>	<u><b>\$ 1,547,343</b></u>	<u><b>\$ 2,442,048</b></u>	<u><b>\$ 894,705</b></u>

# City of Grosse Pointe Woods, Michigan

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## Other Supplemental Information Nonmajor Governmental Funds Fund Descriptions

### 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, the city board resolution of action, or the electorate through the approval of special dedicated millages.

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

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

**Act 302 Training Fund** - This fund accounts for the costs of training courses for the police department. Financing is provided by state grants.

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

**911 Emergency Service Fund** - This fund accounts for monies expended to maintain and operate an emergency response system. Monies are received from the AT&T phone company, which levies a surcharge on all phone users within the community.

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

**Parkway Beautification Fund** - This fund was created to account for monies provided by donors to finance parkway beautification activities.

### 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.

### Debt Service Fund

**2015 Road Bond Debt Service Fund** - This fund accounts for the debt service of the 2015 Road Bonds.

# City of Grosse Pointe Woods, Michigan

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## Other Supplemental Information Nonmajor Governmental Funds Fund Descriptions (Continued)

### Budgetary Funds

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

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

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



# City of Grosse Pointe Woods, Michigan

	Special Revenue Funds					
	Major Streets Fund	Solid Waste Fund	Act 302 Training Fund	Grants Fund	911 Emergency Service Fund	Drug Enforcement Fund
<b>Assets</b>						
Cash and investments	\$ 346,743	\$ 333,416	\$ 50,661	\$ 228	\$ 129,111	\$ 19,686
Accounts receivable and other assets	161,747	1,148	-	22,727	44,866	-
Due from other funds	-	212	-	-	2,162	-
Prepaid expenses and other assets	6,904	2,136	-	-	1,113	-
<b>Total assets</b>	<b>\$ 515,394</b>	<b>\$ 336,912</b>	<b>\$ 50,661</b>	<b>\$ 22,955</b>	<b>\$ 177,252</b>	<b>\$ 19,686</b>
<b>Liabilities and Fund Balances (Deficit)</b>						
<b>Liabilities</b>						
Accounts payable	\$ 2,958	\$ 25,407	\$ -	\$ 8,782	\$ 315	\$ -
Due to other funds	-	-	2,162	13,222	-	-
Accrued liabilities and other	10,607	5,616	-	-	2,406	-
Provision for claims	7,301	1,843	-	-	922	-
<b>Total liabilities</b>	<b>20,866</b>	<b>32,866</b>	<b>2,162</b>	<b>22,004</b>	<b>3,643</b>	<b>-</b>
<b>Fund Balances (Deficit)</b>						
Nonspendable - Prepaids	6,904	2,136	-	-	1,113	-
Restricted:						
Roads	487,624	-	-	-	-	-
Solid waste	-	301,910	-	-	-	-
Public safety	-	-	48,499	-	112,044	19,686
Community development	-	-	-	951	-	-
Community events	-	-	-	-	-	-
Committed - Construction projects	-	-	-	-	-	-
Assigned:						
Public safety	-	-	-	-	60,452	-
Capital projects	-	-	-	-	-	-
Parkway beautification	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficit)</b>	<b>494,528</b>	<b>304,046</b>	<b>48,499</b>	<b>951</b>	<b>173,609</b>	<b>19,686</b>
<b>Total liabilities and fund balances (deficit)</b>	<b>\$ 515,394</b>	<b>\$ 336,912</b>	<b>\$ 50,661</b>	<b>\$ 22,955</b>	<b>\$ 177,252</b>	<b>\$ 19,686</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017**

Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Parkway Beautification Fund	Municipal Improvement Fund	2015 Road Bond Debt Service Fund	
\$ 163,916	\$ 158,801	\$ 8,170	\$ 1,210,732
175	-	-	230,663
-	-	-	2,374
1,000	-	-	11,153
<b><u>\$ 165,091</u></b>	<b><u>\$ 158,801</u></b>	<b><u>\$ 8,170</u></b>	<b><u>\$ 1,454,922</u></b>

\$ 604	\$ 9,182	\$ -	\$ 47,248
-	50,000	40,000	105,384
-	-	1,383	20,012
-	-	-	10,066
604	59,182	41,383	182,710
1,000	-	-	11,153
-	-	-	487,624
-	-	-	301,910
-	-	-	180,229
-	-	-	951
68,968	-	-	68,968
-	23,158	-	23,158
-	-	-	60,452
-	76,461	-	76,461
94,519	-	-	94,519
-	-	(33,213)	(33,213)
164,487	99,619	(33,213)	1,272,212
<b><u>\$ 165,091</u></b>	<b><u>\$ 158,801</u></b>	<b><u>\$ 8,170</u></b>	<b><u>\$ 1,454,922</u></b>

# City of Grosse Pointe Woods, Michigan

	Special Revenue Funds			
	Major Streets Fund	Solid Waste Fund	Act 302 Training Fund	Grants Fund
<b>Revenue</b>				
Property taxes	\$ -	\$ 1,267,092	\$ -	\$ -
Federal financial sources	-	-	-	25,227
State and local sources	802,672	-	5,622	-
Investment income	-	2,583	-	-
Other revenue	43,369	771	240	-
<b>Total revenue</b>	<b>846,041</b>	<b>1,270,446</b>	<b>5,862</b>	<b>25,227</b>
<b>Expenditures - Current</b>				
General government	-	-	-	31,504
Public safety	-	-	9,140	-
Public works	735,499	1,408,475	-	-
Community and economic development	-	-	-	-
Recreation and culture	-	-	-	-
Debt service	-	-	-	-
<b>Total expenditures</b>	<b>735,499</b>	<b>1,408,475</b>	<b>9,140</b>	<b>31,504</b>
<b>Excess of Revenue Over (Under)</b>				
<b>Expenditures</b>	110,542	(138,029)	(3,278)	(6,277)
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	6,500
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,500</b>
<b>Net Change in Fund Balances</b>	<b>110,542</b>	<b>(138,029)</b>	<b>(3,278)</b>	<b>223</b>
<b>Fund Balances - Beginning of year</b>	<b>383,986</b>	<b>442,075</b>	<b>51,777</b>	<b>728</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 494,528</b>	<b>\$ 304,046</b>	<b>\$ 48,499</b>	<b>\$ 951</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2017**

Special Revenue Funds			Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
911 Emergency Service Fund	Drug Enforcement Fund	Parkway Beautification Fund	Municipal Improvement Fund	2015 Road Bond Debt Service Fund	
\$ -	\$ -	\$ -	\$ -	\$ 927,547	\$ 2,194,639
-	-	-	-	-	25,227
-	-	-	-	-	808,294
-	-	680	-	-	3,263
98,249	10,396	59,778	27,317	-	240,120
98,249	10,396	60,458	27,317	927,547	3,271,543
26,225	-	-	-	-	57,729
76,083	4,501	-	-	-	89,724
-	-	-	-	-	2,143,974
-	-	-	80,851	-	80,851
-	-	44,087	-	-	44,087
-	-	-	-	961,250	961,250
102,308	4,501	44,087	80,851	961,250	3,377,615
(4,059)	5,895	16,371	(53,534)	(33,703)	(106,072)
-	-	-	2,400	-	8,900
-	-	(8,000)	-	-	(8,000)
-	-	(8,000)	2,400	-	900
(4,059)	5,895	8,371	(51,134)	(33,703)	(105,172)
177,668	13,791	156,116	150,753	490	1,377,384
<b>\$ 173,609</b>	<b>\$ 19,686</b>	<b>\$ 164,487</b>	<b>\$ 99,619</b>	<b>\$ (33,213)</b>	<b>\$ 1,272,212</b>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds Major Streets Fund Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>	\$ -	\$ -	\$ -	\$ -
State-shared revenue and grants	795,000	795,000	802,672	7,672
Other revenue	38,500	38,500	43,369	4,869
Total	833,500	833,500	846,041	12,541
<b>Expenditures - Current - Public works</b>				
Street construction	95,828	98,328	70,382	27,946
Routine maintenance	329,689	327,189	305,443	21,746
Winter maintenance	20,400	20,400	8,892	11,508
Traffic services	5,500	5,500	816	4,684
Administration	149,091	149,091	148,049	1,042
Fringe benefits	232,992	232,992	201,917	31,075
Total expenditures	833,500	833,500	735,499	98,001
<b>Net Change in Fund Balance</b>	-	-	110,542	110,542
<b>Fund Balance - Beginning of year</b>	383,986	383,986	383,986	-
<b>Fund Balance - End of year</b>	<u>\$ 383,986</u>	<u>\$ 383,986</u>	<u>\$ 494,528</u>	<u>\$ 110,542</u>

# City of Grosse Pointe Woods, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Solid Waste Fund Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 1,318,745	\$ 1,318,745	\$ 1,267,092	\$ (51,653)
Investment income	2,000	2,000	2,583	583
Other revenue - Other miscellaneous income	1,000	1,000	771	(229)
Total revenue	1,321,745	1,321,745	1,270,446	(51,299)
<b>Expenditures - Current - Public works</b>				
Rubbish disposal	1,451,928	1,451,928	1,287,970	163,958
Other public works activities # 1	143,163	143,163	120,505	22,658
Total expenditures	1,595,091	1,595,091	1,408,475	186,616
<b>Net Change in Fund Balance</b>	(273,346)	(273,346)	(138,029)	135,317
<b>Fund Balance - Beginning of year</b>	442,075	442,075	442,075	-
<b>Fund Balance - End of year</b>	<u>\$ 168,729</u>	<u>\$ 168,729</u>	<u>\$ 304,046</u>	<u>\$ 135,317</u>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds Act 302 Training Fund Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 7,500	\$ 7,500	\$ 5,622	\$ (1,878)
Other revenue	500	500	240	(260)
Total revenue	8,000	8,000	5,862	(2,138)
<b>Expenditures - Current - Public safety</b>	10,300	10,300	9,140	1,160
<b>Net Change in Fund Balance</b>	(2,300)	(2,300)	(3,278)	(978)
<b>Fund Balance - Beginning of year</b>	51,777	51,777	51,777	-
<b>Fund Balance - End of year</b>	<u>\$ 49,477</u>	<u>\$ 49,477</u>	<u>\$ 48,499</u>	<u>\$ (978)</u>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds Grants Fund Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue - Federal grants</b>	\$ 7,000	\$ 48,848	\$ 25,227	\$ (23,621)
<b>Expenditures - Current - General government</b>	7,000	48,848	31,504	17,344
<b>Excess of Expenditures Over Revenue</b>	-	-	(6,277)	(6,277)
<b>Other Financing Sources - Transfers in</b>	-	-	6,500	6,500
<b>Net Change in Fund Balance</b>	-	-	223	223
<b>Fund Balance - Beginning of year</b>	728	728	728	-
<b>Fund Balance - End of year</b>	<u>\$ 728</u>	<u>\$ 728</u>	<u>\$ 951</u>	<u>\$ 223</u>



# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds 911 Emergency Service Fund Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue - Other revenue</b>	\$ 52,500	\$ 52,500	\$ 98,249	\$ 45,749
<b>Expenditures - Current</b>				
General government	33,357	33,357	26,225	7,132
Public safety	67,500	67,500	76,083	(8,583)
Total expenditures	<u>100,857</u>	<u>100,857</u>	<u>102,308</u>	<u>(1,451)</u>
<b>Net Change in Fund Balance</b>	(48,357)	(48,357)	(4,059)	44,298
<b>Fund Balance - Beginning of year</b>	<u>177,668</u>	<u>177,668</u>	<u>177,668</u>	-
<b>Fund Balance - End of year</b>	<u><u>\$ 129,311</u></u>	<u><u>\$ 129,311</u></u>	<u><u>\$ 173,609</u></u>	<u><u>\$ 44,298</u></u>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds Drug Enforcement Fund Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue - Other revenue</b>	\$ 1,000	\$ 1,000	\$ 10,396	\$ 9,396
<b>Expenditures - Current - Public safety</b>	4,500	4,500	4,501	(1)
<b>Net Change in Fund Balance</b>	(3,500)	(3,500)	5,895	9,395
<b>Fund Balance - Beginning of year</b>	13,791	13,791	13,791	-
<b>Fund Balance - End of year</b>	<u>\$ 10,291</u>	<u>\$ 10,291</u>	<u>\$ 19,686</u>	<u>\$ 9,395</u>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds Parkway Beautification Fund Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ 3,550	\$ 3,550	\$ 680	\$ (2,870)
Other revenue	46,800	46,800	59,778	12,978
Total revenue	50,350	50,350	60,458	10,108
<b>Expenditures</b> - Current - Recreation and culture	50,350	50,350	44,087	6,263
<b>Other Financing Uses</b> - Transfers out	-	(8,000)	(8,000)	-
<b>Net Change in Fund Balance</b>	-	(8,000)	8,371	16,371
<b>Fund Balance</b> - Beginning of year	156,116	156,116	156,116	-
<b>Fund Balance</b> - End of year	<u>\$ 156,116</u>	<u>\$ 148,116</u>	<u>\$ 164,487</u>	<u>\$ 16,371</u>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Capital Projects Fund Municipal Improvement Fund Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Other revenue	\$ 27,140	\$ 27,140	\$ 27,317	\$ 177
<b>Expenditures</b> - Current - Community and economic development	82,084	120,984	80,851	40,133
<b>Excess of Expenditures Over Revenue</b>	(54,944)	(93,844)	(53,534)	40,310
<b>Other Financing Sources</b> - Transfers in	50,000	52,400	2,400	(50,000)
<b>Net Change in Fund Balance</b>	(4,944)	(41,444)	(51,134)	(9,690)
<b>Fund Balance</b> - Beginning of year	150,753	150,753	150,753	-
<b>Fund Balance</b> - End of year	<u>\$ 145,809</u>	<u>\$ 109,309</u>	<u>\$ 99,619</u>	<u>\$ (9,690)</u>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Budgetary Funds Local Streets Fund Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 320,000	\$ 320,000	\$ 329,017	\$ 9,017
Investment income	100	100	-	(100)
Other revenue	67,000	67,000	38,721	(28,279)
Total revenue	387,100	387,100	367,738	(19,362)
<b>Expenditures - Current</b>				
Public works:				
Routine maintenance	258,111	258,111	223,802	34,309
Traffic services	24,000	16,500	3,836	12,664
Winter maintenance	38,600	38,600	32,390	6,210
Administration	174,267	174,267	170,467	3,800
Fringe benefits	211,673	211,673	168,767	42,906
Total public works	706,651	699,151	599,262	99,889
Municipal improvement	101,500	109,000	91,086	17,914
Total expenditures	808,151	808,151	690,348	117,803
<b>Excess of Expenditures Over Revenue</b>	(421,051)	(421,051)	(322,610)	98,441
<b>Other Financing Sources - Transfers in</b>	115,000	115,000	115,000	-
<b>Net Change in Fund Balance</b>	(306,051)	(306,051)	(207,610)	98,441
<b>Fund Balance - Beginning of year</b>	749,252	749,252	749,252	-
<b>Fund Balance - End of year</b>	<u>\$ 443,201</u>	<u>\$ 443,201</u>	<u>\$ 541,642</u>	<u>\$ 98,441</u>

Note - As a result of GASB Statement No. 54, the Local Streets Fund is now merged with the General Fund for reporting purposes but is budgeted as a separate fund.

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Budgetary Funds Cable Franchise Fund Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - Investment income	\$ 3,500	\$ 3,500	\$ 3,585	\$ 85
<b>Net Change in Fund Balance</b>	3,500	3,500	3,585	85
<b>Fund Balance</b> - Beginning of year	537,541	537,541	537,541	-
<b>Fund Balance</b> - End of year	<u>\$ 541,041</u>	<u>\$ 541,041</u>	<u>\$ 541,126</u>	<u>\$ 85</u>

Note - As a result of GASB Statement No. 54, the Cable Franchise Fund is now merged with the General Fund for reporting purposes but is budgeted as a separate fund.

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Debt Service Fund 2015 Road Bond Debt Service Fund Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue - Property taxes</b>	\$ 976,800	\$ 976,800	\$ 927,547	\$ (49,253)
<b>Expenditures - Current - Debt service</b>	960,250	960,250	961,250	(1,000)
<b>Net Change in Fund Balance</b>	16,550	16,550	(33,703)	(50,253)
<b>Fund Balance - Beginning of year</b>	490	490	490	-
<b>Fund Balance - End of year</b>	<u>\$ 17,040</u>	<u>\$ 17,040</u>	<u>\$ (33,213)</u>	<u>\$ (50,253)</u>

# City of Grosse Pointe Woods, Michigan

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## Other Supplemental Information Local Streets Fund Fund-based Balance Sheet June 30, 2017

### Assets

Cash and cash equivalents	\$ 495,376
Receivables	63,645
Prepaid expenses and other assets	<u>5,193</u>
Total assets	564,214

### Liabilities

Accounts payable	6,168
Accrued liabilities and other	10,946
Provision for claims	<u>5,458</u>
Total liabilities	<u>22,572</u>

**Fund Balance - Committed** \$ 541,642

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



# **City of Grosse Pointe Woods, Michigan**

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## **Other Supplemental Information Nonmajor Enterprise Funds Fund Descriptions**

**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 the City of Grosse Pointe Woods on an annual basis. Boat launch ramps and other watercraft 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 Position Nonmajor Enterprise Funds June 30, 2017

	Parking Meter Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Total
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 1,524,858	\$ 496,160	\$ 87,988	\$ 2,109,006
Accrued interest receivable	2,419	244	-	2,663
Due from other funds	-	-	50,000	50,000
Prepaid expenses and other assets	1,702	-	-	1,702
Total current assets	1,528,979	496,404	137,988	2,163,371
Noncurrent assets - Depreciable capital assets - Capital assets				
	199,885	141,620	-	341,505
Total assets	1,728,864	638,024	137,988	2,504,876
<b>Deferred Outflows of Resources -</b>				
Deferred outflows related to pensions	49,525	-	-	49,525
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	687	577	-	1,264
Due to other funds	-	11,117	-	11,117
Accrued liabilities and other	4,639	1,485	-	6,124
Compensated absences	10,761	-	-	10,761
Total current liabilities	16,087	13,179	-	29,266
Noncurrent liabilities:				
Compensated absences	3,326	-	-	3,326
Net pension liability	121,736	-	-	121,736
Other postemployment benefit obligations	434,376	-	-	434,376
Total noncurrent liabilities	559,438	-	-	559,438
Total liabilities	575,525	13,179	-	588,704
<b>Deferred Inflows of Resources -</b>				
Deferred inflows related to pensions	30,785	-	-	30,785
<b>Net Position</b>				
Net investment in capital assets	199,885	141,620	-	341,505
Unrestricted	972,194	483,225	137,988	1,593,407
Total net position	<u>\$ 1,172,079</u>	<u>\$ 624,845</u>	<u>\$ 137,988</u>	<u>\$ 1,934,912</u>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended June 30, 2017

	Parking Meter Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Total
<b>Operating Revenue</b>				
Fees and violations	\$ 442,865	\$ -	\$ -	\$ 442,865
Dockings and launching fees	-	142,843	-	142,843
Commodity sales	-	-	27,679	27,679
Other revenue	3,778	-	-	3,778
Total operating revenue	446,643	142,843	27,679	617,165
<b>Operating Expenses</b>				
Operation and maintenance	17,644	52,125	35,713	105,482
General and administrative	89,629	5,000	-	94,629
Depreciation	28,784	32,051	-	60,835
Total operating expenses	136,057	89,176	35,713	260,946
<b>Operating Income</b>	310,586	53,667	(8,034)	356,219
<b>Nonoperating Revenue</b>	6,179	763	-	6,942
<b>Change in Net Position</b>	316,765	54,430	(8,034)	363,161
<b>Net Position - Beginning of year</b>	855,314	570,415	146,022	1,571,751
<b>Net Position - End of year</b>	<b>\$ 1,172,079</b>	<b>\$ 624,845</b>	<b>\$ 137,988</b>	<b>\$ 1,934,912</b>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2017

	Parking Meter Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 446,643	\$ 142,843	\$ 27,679	\$ 617,165
Payments to suppliers	(4,979)	(29,710)	(35,713)	(70,402)
Payments to employees	(139,920)	(29,035)	-	(168,955)
Internal activity - Payments to other funds	(25,000)	(1,183)	-	(26,183)
Net cash provided by (used in) operating activities	276,744	82,915	(8,034)	351,625
<b>Cash Flows from Noncapital Financing Activities</b> - Transfers from other funds	-	-	(50,000)	(50,000)
<b>Cash Flows from Investing Activities</b> - Interest received on investments	6,281	592	-	6,873
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	283,025	83,507	(58,034)	308,498
<b>Cash and Cash Equivalents</b> - Beginning of year	1,241,833	412,653	146,022	1,800,508
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 1,524,858</u>	<u>\$ 496,160</u>	<u>\$ 87,988</u>	<u>\$ 2,109,006</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 310,586	\$ 53,667	\$ (8,034)	\$ 356,219
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	28,784	32,051	-	60,835
Changes in assets and liabilities:				
Prepays	(114)	-	-	(114)
Accounts payable	(4,865)	(1,965)	-	(6,830)
Due to others	-	(1,183)	-	(1,183)
Accrued and other liabilities	(57,647)	345	-	(57,302)
Net cash provided by (used in) operating activities	<u>\$ 276,744</u>	<u>\$ 82,915</u>	<u>\$ (8,034)</u>	<u>\$ 351,625</u>

# City of Grosse Pointe Woods, Michigan

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## Other Supplemental Information Internal Service Funds Fund Descriptions

**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.

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Combining Statement of Net Position Internal Service Funds June 30, 2017

	Motor Vehicle Fund	Workers' Compensation Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ 2,300,803	\$ 283,832	\$ 2,584,635
Accrued interest receivable	1,588	819	2,407
Prepaid expenses and other assets	3,583	52,476	56,059
Total current assets	<u>2,305,974</u>	<u>337,127</u>	<u>2,643,101</u>
Noncurrent assets - Depreciable capital assets	<u>1,189,149</u>	<u>-</u>	<u>1,189,149</u>
Total assets	<u>3,495,123</u>	<u>337,127</u>	<u>3,832,250</u>
<b>Deferred Outflows of Resources</b> - Deferred outflows related to pensions			
	311,651	-	311,651
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	15,391	1,566	16,957
Accrued liabilities and other	6,174	-	6,174
Compensated absences	25,497	-	25,497
Provision for claims	1,772	247,457	249,229
Current portion of long-term debt	<u>235,660</u>	<u>-</u>	<u>235,660</u>
Total current liabilities	<u>284,494</u>	<u>249,023</u>	<u>533,517</u>
Noncurrent liabilities:			
Net pension liability	804,422	-	804,422
Other postemployment benefit obligations	655,787	-	655,787
Long-term debt	<u>303,926</u>	<u>-</u>	<u>303,926</u>
Total noncurrent liabilities	<u>1,764,135</u>	<u>-</u>	<u>1,764,135</u>
Total liabilities	<u>2,048,629</u>	<u>249,023</u>	<u>2,297,652</u>
<b>Deferred Inflows of Resources</b> - Deferred inflows related to pensions			
	<u>206,415</u>	<u>-</u>	<u>206,415</u>
<b>Net Position</b>			
Net investment in capital assets	649,563	-	649,563
Unrestricted	<u>902,167</u>	<u>88,104</u>	<u>990,271</u>
Total net position	<u>\$ 1,551,730</u>	<u>\$ 88,104</u>	<u>\$ 1,639,834</u>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2017

	Motor Vehicle Fund	Workers' Compensation Fund	Total
<b>Operating Revenue</b>			
Other revenue	\$ 2,000	\$ -	\$ 2,000
Charges to other funds	614,700	118,847	733,547
Total operating revenue	616,700	118,847	735,547
<b>Operating Expenses</b>			
Cost of insurance claims	5,443	276,258	281,701
Vehicle operation and maintenance	424,717	-	424,717
General and administrative	324,786	74,370	399,156
Depreciation	215,895	-	215,895
Total operating expenses	970,841	350,628	1,321,469
<b>Operating Loss</b>	(354,141)	(231,781)	(585,922)
<b>Nonoperating Revenue (Expense)</b>			
Investment income	10,718	2,193	12,911
Interest expense	(16,967)	-	(16,967)
Loss on sale of assets	(3,052)	-	(3,052)
Total nonoperating (expense) revenue	(9,301)	2,193	(7,108)
<b>Change in Net Position</b>	(363,442)	(229,588)	(593,030)
<b>Net Position - Beginning of year</b>	1,915,172	317,692	2,232,864
<b>Net Position - End of year</b>	<b>\$ 1,551,730</b>	<b>\$ 88,104</b>	<b>\$ 1,639,834</b>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2017

	Motor Vehicle Fund	Workers' Compensation Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 2,000	\$ -	\$ 2,000
Receipts from interfund services and reimbursements	614,759	118,970	733,729
Payments to suppliers	(293,389)	(983)	(294,372)
Payments to employees	(432,447)	(76,420)	(508,867)
Claims paid	(3,724)	(172,514)	(176,238)
Other receipts	129,169	-	129,169
Net cash provided by (used in) operating activities	16,368	(130,947)	(114,579)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Debt proceeds	123,610	-	123,610
Proceeds from sales of capital assets	30,876	-	30,876
Purchase of capital assets	(148,119)	-	(148,119)
Principal and interest paid on capital debt	(249,804)	-	(249,804)
Net cash used in capital and related financing activities	(243,437)	-	(243,437)
<b>Cash Flows from Investing Activities</b> - Interest received on investments	10,639	2,245	12,884
<b>Net Decrease in Cash and Cash Equivalents</b>	(216,430)	(128,702)	(345,132)
<b>Cash and Cash Equivalents</b> - Beginning of year	2,517,233	412,534	2,929,767
<b>Cash and Cash Equivalents</b> - End of year	<u>\$ 2,300,803</u>	<u>\$ 283,832</u>	<u>\$ 2,584,635</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b> - Cash and investments	<u>\$ 2,300,803</u>	<u>\$ 283,832</u>	<u>\$ 2,584,635</u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (354,141)	\$ (231,781)	\$ (585,922)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	215,895	-	215,895
Changes in assets and liabilities:			
Due from others	59	123	182
Prepays	(258)	-	(258)
Accounts payable	(13,786)	(983)	(14,769)
Estimated claims liability	1,719	101,694	103,413
Accrued and other liabilities	166,880	-	166,880
Net cash provided by (used in) operating activities	<u>\$ 16,368</u>	<u>\$ (130,947)</u>	<u>\$ (114,579)</u>



# City of Grosse Pointe Woods, Michigan

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## Other Supplemental Information Fiduciary Funds Fund Descriptions

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

**Agency Funds** - These funds account for the deposit of monies 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 Statement of Net Position Fiduciary Funds June 30, 2017

	Pension Trust Funds				
	Pension Fund	Supplemental Annuity Fund	Other		Total Pension Trust Funds
			Postemployment		
			Benefit Trust Fund		
<b>Assets</b>					
Cash and cash equivalents	\$ 767,760	\$ 32,852	\$ 582,594		\$ 1,383,206
Investments:					
Stocks	19,965,815	854,659	-		20,820,474
Corporate bonds	7,245,739	-	-		7,245,739
Pooled investments	9,635,253	722,610	-		10,357,863
Receivables - Accrued interest receivable	297	13	-		310
Total assets	37,614,864	1,610,134	582,594		39,807,592
<b>Liabilities</b> - Accounts payable	10	-	-		10
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 37,614,854</b>	<b>\$ 1,610,134</b>	<b>\$ 582,594</b>		<b>\$ 39,807,582</b>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 2017

	Pension Fund	Supplemental Annuity Fund	Other Postemployment Benefit Trust Fund	Total
<b>Additions</b>				
Investment income:				
Interest and dividends	\$ 503,034	\$ 20,088	\$ 1,190	\$ 524,312
Net increase in fair market value	3,501,943	141,640	3,025	3,646,608
Net investment income	4,004,977	161,728	4,215	4,170,920
Contributions:				
Employer	1,076,052	290,000	1,472,713	2,838,765
Employee	243,096	-	64,057	307,153
Net contributions	1,319,148	290,000	1,536,770	3,145,918
Total additions	5,324,125	451,728	1,540,985	7,316,838
<b>Deductions</b>				
Benefit payments	3,217,569	257,534	1,422,713	4,897,816
Administrative expenses	35,374	3,307	39	38,720
Total deductions	3,252,943	260,841	1,422,752	4,936,536
<b>Net Increase in Net Position Held in Trust</b>	2,071,182	190,887	118,233	2,380,302
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	35,543,672	1,419,247	464,361	37,427,280
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<b>\$ 37,614,854</b>	<b>\$ 1,610,134</b>	<b>\$ 582,594</b>	<b>\$ 39,807,582</b>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Combining Statement of Assets and Liabilities Agency Funds June 30, 2017

	Wayne County Tax Fund	Cash Bond Escrow Fund	Total
<b>Assets - Cash and cash equivalents</b>	<b>\$ 41,148</b>	<b>\$ 21,358</b>	<b>\$ 62,506</b>
<b>Liabilities</b>			
Due to other governmental units	\$ 41,148	\$ -	\$ 41,148
Court bonds payable	-	21,358	21,358
Total liabilities	<b>\$ 41,148</b>	<b>\$ 21,358</b>	<b>\$ 62,506</b>

# City of Grosse Pointe Woods, Michigan

## Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2017

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017
<b><u>Wayne County Tax Fund</u></b>				
<b>Assets - Cash and investments</b>	<b>\$ 22,210</b>	<b>\$ 27,782,329</b>	<b>\$ (27,763,391)</b>	<b>\$ 41,148</b>
<b>Liabilities - Due to other governmental units</b>	<b>\$ 22,210</b>	<b>\$ 27,782,329</b>	<b>\$ (27,763,391)</b>	<b>\$ 41,148</b>
<b><u>Cash Bond Escrow Fund</u></b>				
<b>Assets - Cash and investments</b>	<b>\$ 5,618</b>	<b>\$ 143,876</b>	<b>\$ (128,136)</b>	<b>\$ 21,358</b>
<b>Liabilities - Court bonds payable</b>	<b>\$ 5,618</b>	<b>\$ 143,876</b>	<b>\$ (128,136)</b>	<b>\$ 21,358</b>
<b><u>Agency Funds</u></b>				
<b>Assets - Cash and cash equivalents</b>	<b>\$ 27,828</b>	<b>\$ 27,926,205</b>	<b>\$ (27,891,527)</b>	<b>\$ 62,506</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 22,210	\$ 27,782,329	\$ (27,763,391)	\$ 41,148
Court bonds payable	5,618	21,740	(6,000)	21,358
Total liabilities	<b>\$ 27,828</b>	<b>\$ 27,804,069</b>	<b>\$ (27,769,391)</b>	<b>\$ 62,506</b>

## **Statistical Section**

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# 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.

#### 1. **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 Position by Component	115-116
Changes in Governmental Activities, Business-type Activities, and Primary Government Net Position	117-120
Fund Balances of Governmental Funds	121-122*
Changes in Fund Balances of Governmental Funds	123-124

#### 2. **Revenue Capacity Information**

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

General Governmental Revenue History	125
Property Tax Levies and Collections	126*
Assessed Value and Actual Value of Taxable Property	127*
Direct and Overlapping Property Tax Rates	128-129*
Principal Property Taxpayers (Major Taxpayers)	130*

#### 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	131-132
Pledged-revenue Coverage	133
Ratios of General Bonded Debt Outstanding	134*
Direct and Overlapping Debt	135
Legal Debt Margin	136-137

#### 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	138
Principal Employers	139*

# City of Grosse Pointe Woods, Michigan

## Statistical and Continuing Disclosure Contents (Continued)

### 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	140
Operating Indicators by Function	141-142
Capital Asset Statistics by Function	143

### 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.

State-shared Revenue	144
Gas and Weight Taxes	145
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Water and Sewer Customers and Consumption	147
Historical Net Earnings, Cash Flow, and Debt Service Coverage	148
Water Usage and Revenue of the Ten Largest Customers	149
Metered Water Rates	150
State Equalized Value and Taxable Value by Class and Use - Metered Water Rates	151

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



# City of Grosse Pointe Woods, Michigan

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 24,238,535	\$ 25,835,044	\$ 26,744,399	\$ 26,918,168	\$ 26,908,007
Restricted	2,018,840	782,422	727,050	772,268	923,644
Unrestricted	4,549,297	1,596,786	64,083	(2,595,090)	(4,608,002)
Total net position	<b>\$ 30,806,672</b>	<b>\$ 28,214,252</b>	<b>\$ 27,535,532</b>	<b>\$ 25,095,346</b>	<b>\$ 23,223,649</b>
<b>Business-type Activities</b>					
Invested in capital assets -					
Net of related debt	\$ 18,626,103	\$ 18,921,503	\$ 18,573,221	\$ 18,345,231	\$ 18,585,076
Restricted	453,789	453,789	453,789	425,500	397,500
Unrestricted	1,484,347	1,191,484	1,802,604	2,461,914	3,213,270
Total net position	<b>\$ 20,564,239</b>	<b>\$ 20,566,776</b>	<b>\$ 20,829,614</b>	<b>\$ 21,232,645</b>	<b>\$ 22,195,846</b>
<b>Primary Government in Total</b>					
Invested in capital assets -					
Net of related debt	\$ 42,864,638	\$ 44,756,547	\$ 45,317,620	\$ 45,263,399	\$ 45,493,083
Restricted	2,472,629	1,236,211	1,180,839	1,197,768	1,321,144
Unrestricted	6,033,644	2,788,270	1,866,687	(133,176)	(1,394,732)
Total net position	<b>\$ 51,370,911</b>	<b>\$ 48,781,028</b>	<b>\$ 48,365,146</b>	<b>\$ 46,327,991</b>	<b>\$ 45,419,495</b>

Source: City annual financial statements

**Financial Trend Information**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

		Fiscal Year							
		2013	2014	2015	2016	2017			
\$	27,096,926	\$	26,303,935	\$	27,569,120	\$	25,064,363	\$	22,206,276
	924,572		835,294		7,500,582		2,946,510		3,380,839
	(6,341,023)		(7,745,764)		(28,560,231)		(26,399,199)		(26,770,331)
<b>\$</b>	<b><u>21,680,475</u></b>	<b>\$</b>	<b><u>19,393,465</u></b>	<b>\$</b>	<b><u>6,509,471</u></b>	<b>\$</b>	<b><u>1,611,674</u></b>	<b>\$</b>	<b><u>(1,183,216)</u></b>
\$	18,451,087	\$	18,458,605	\$	18,185,073	\$	18,154,537	\$	18,507,826
	349,500		319,000		306,500		256,000		223,500
	4,232,956		5,465,819		5,537,757		7,005,669		9,036,011
<b>\$</b>	<b><u>23,033,543</u></b>	<b>\$</b>	<b><u>24,243,424</u></b>	<b>\$</b>	<b><u>24,029,330</u></b>	<b>\$</b>	<b><u>25,416,206</u></b>	<b>\$</b>	<b><u>27,767,337</u></b>
\$	45,548,013	\$	44,762,540	\$	45,754,193	\$	43,218,900	\$	40,714,102
	1,274,072		1,154,294		7,807,082		3,202,510		3,604,339
	(2,108,067)		(2,279,945)		(23,022,474)		(19,393,530)		(17,734,320)
<b>\$</b>	<b><u>44,714,018</u></b>	<b>\$</b>	<b><u>43,636,889</u></b>	<b>\$</b>	<b><u>30,538,801</u></b>	<b>\$</b>	<b><u>27,027,880</u></b>	<b>\$</b>	<b><u>26,584,121</u></b>

# City of Grosse Pointe Woods, Michigan

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Expenses</b>					
Governmental activities:					
General government	\$ 2,924,641	\$ 4,609,178	\$ 3,042,077	\$ 3,422,593	\$ 3,092,280
Public safety	5,990,280	7,525,431	7,899,396	7,912,560	7,153,532
Public works	4,128,878	5,027,700	5,215,575	5,655,876	6,016,942
Solid waste	1,473,425	1,366,272	1,315,293	1,087,987	1,121,417
Municipal improvement	270,819	386,989	59,724	130,849	191,180
Recreation and culture	2,040,528	2,370,954	2,181,206	1,967,708	1,717,327
Interest on long-term debt	238,813	153,736	113,653	72,814	40,214
Total governmental activities expenses	17,067,384	21,440,260	19,826,924	20,250,387	19,332,892
Business-type activities:					
Water/Sewer	5,230,033	5,239,746	4,853,312	5,044,337	5,059,715
Parking	293,746	316,991	241,562	198,866	237,150
Boat dock	146,403	121,541	85,257	73,870	74,172
Commodity sales	46,518	45,185	68,571	30,689	26,018
Total business-type activities expenses	5,716,700	5,723,463	5,248,702	5,347,762	5,397,055
Total primary government expenses	22,784,084	27,163,723	25,075,626	25,598,149	24,729,947
<b>Program Revenue</b>					
Governmental activities:					
Charges for services:					
Municipal court	805,958	831,454	894,768	774,390	909,241
Building inspections and related	-	-	-	-	-
Recreation and culture	-	-	69,507	102,037	120,304
Other activities	872,235	675,914	826,085	435,796	541,545
Total charges for services	1,678,193	1,507,368	1,790,360	1,312,223	1,571,090
Operating and capital grants and contributions	943,139	908,512	873,343	886,569	907,211
Total governmental activities program revenue	2,621,332	2,415,880	2,663,703	2,198,792	2,478,301
<b>Business-type Activities</b>					
Charges for services:					
Water/Sewer	4,594,730	4,878,913	4,856,083	5,405,036	5,976,950
Parking	293,453	242,765	221,657	201,166	193,812
Boat dock	162,468	146,872	141,338	132,715	130,778
Commodity sales	-	48,410	45,560	40,225	40,918
Capital grants and contributions	731,943	146,962	-	-	-
Total business-type program revenue	5,782,594	5,463,922	5,264,638	5,779,142	6,342,458
Total primary government program revenue	8,403,926	7,879,802	7,928,341	7,977,934	8,820,759
<b>Net (Expense) Revenue</b>					
Governmental activities	(14,446,052)	(19,024,380)	(17,163,221)	(18,051,595)	(16,854,591)
Business-type activities	65,894	(259,541)	15,936	431,380	945,403
Total primary government net expense	<u>\$ (14,380,158)</u>	<u>\$ (19,283,921)</u>	<u>\$ (17,147,285)</u>	<u>\$ (17,620,215)</u>	<u>\$ (15,909,188)</u>

Source: City annual financial statements

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

		Fiscal Year							
		2013	2014	2015	2016	2017			
\$	3,207,643	\$	3,130,925	\$	2,494,362	\$	3,586,605	\$	3,508,241
	6,869,020		6,553,852		7,777,514		9,321,147		8,318,311
	5,841,495		6,091,819		6,126,373		6,431,753		6,720,230
	1,152,236		1,150,743		1,193,308		1,126,483		1,108,370
	63,982		307,290		554,163		575,094		260,432
	1,827,426		1,554,898		1,773,961		1,855,328		1,905,019
	17,369		830,255		-		207,605		158,803
	<u>18,979,171</u>		<u>19,619,782</u>		<u>19,919,681</u>		<u>23,104,015</u>		<u>21,979,406</u>
	5,432,429		5,420,387		5,919,315		6,053,295		5,897,189
	207,597		195,791		246,050		304,826		136,057
	69,894		97,519		96,733		104,778		89,176
	40,085		-		36,955		23,940		35,713
	<u>5,750,005</u>		<u>5,713,697</u>		<u>6,299,053</u>		<u>6,486,839</u>		<u>6,158,135</u>
	<u>24,729,176</u>		<u>25,333,479</u>		<u>26,218,734</u>		<u>29,590,854</u>		<u>28,137,541</u>
	667,782		593,962		455,417		401,218		489,299
	-		-		-		-		-
	119,399		107,161		111,904		116,383		146,619
	<u>639,214</u>		<u>614,984</u>		<u>321,151</u>		<u>379,099</u>		<u>364,232</u>
	1,426,395		1,316,107		888,472		896,700		1,000,150
	<u>912,762</u>		<u>943,540</u>		<u>1,091,214</u>		<u>1,009,509</u>		<u>1,306,687</u>
	2,339,157		2,259,647		1,979,686		1,906,209		2,306,837
	6,144,410		6,339,551		6,241,351		7,202,849		7,818,095
	301,696		292,825		454,533		439,720		446,643
	129,805		126,052		140,986		150,625		142,843
	37,922		34,214		33,075		30,392		27,679
	-		-		-		-		-
	<u>6,613,833</u>		<u>6,792,642</u>		<u>6,869,945</u>		<u>7,823,586</u>		<u>8,435,260</u>
	8,952,990		9,052,289		8,849,631		9,729,795		10,742,097
	(16,640,014)		(17,360,135)		(17,939,995)		(21,197,806)		(19,672,569)
	<u>863,828</u>		<u>1,078,945</u>		<u>570,892</u>		<u>1,336,747</u>		<u>2,277,125</u>
<b>\$</b>	<b><u>(15,776,186)</u></b>	<b>\$</b>	<b><u>(16,281,190)</u></b>	<b>\$</b>	<b><u>(17,369,103)</u></b>	<b>\$</b>	<b><u>(19,861,059)</u></b>	<b>\$</b>	<b><u>(17,395,444)</u></b>

# City of Grosse Pointe Woods, Michigan

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>General Revenue</b>					
Governmental activities:					
Property taxes	\$ 15,551,944	\$ 14,468,721	\$ 15,002,660	\$ 13,536,960	\$ 12,817,647
State-shared revenue	1,667,431	1,645,722	1,391,898	1,420,431	1,482,102
Investment earnings	733,693	153,512	44,655	63,272	63,694
Donations	-	-	-	-	-
Franchise fees	238,054	271,953	295,688	320,426	262,837
Other	-	-	-	234,820	368,060
Gain on sale of fixed assets	-	-	-	-	-
Transfers	(802,000)	(218,060)	(250,400)	35,500	(11,446)
Total governmental activities	17,389,122	16,321,848	16,484,501	15,611,409	14,982,894
Business-type activities:					
Unrestricted investment earnings	79,589	21,534	11,960	7,151	6,352
Other	-	-	-	-	-
Transfers	802,000	218,060	250,400	(35,500)	11,446
Total business-type activities	881,589	239,594	262,360	(28,349)	17,798
Total primary government	18,270,711	16,561,442	16,746,861	15,583,060	15,000,692
<b>Change in Net Position</b>					
Governmental activities	2,943,070	(2,702,532)	(678,720)	(2,440,186)	(1,871,697)
Business-type activities	947,483	(19,947)	278,296	403,031	963,201
Total primary government	\$ 3,890,553	\$ (2,722,479)	\$ (400,424)	\$ (2,037,155)	\$ (908,496)

Source: City annual financial statements

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

		Fiscal Year							
		2013	2014	2015	2016	2017			
\$	12,869,618	\$	12,971,861	\$	12,089,662	\$	13,450,544	\$	14,229,532
	1,500,662		1,521,267		1,568,207		1,640,461		1,564,983
	27,817		46,301		43,238		82,738		38,764
	-		-		-		-		-
	380,964		340,268		315,723		427,964		379,362
	287,779		301,260		507,807		627,485		665,038
	-		-		7,850		23,684		-
	30,000		(107,832)		-		-		-
	<u>15,096,840</u>		<u>15,073,125</u>		<u>14,532,487</u>		<u>16,252,876</u>		<u>16,877,679</u>
	3,869		21,104		28,735		50,129		74,006
	-		2,000		-		-		-
	<u>(30,000)</u>		<u>107,832</u>		<u>-</u>		<u>-</u>		<u>-</u>
	<u>(26,131)</u>		<u>130,936</u>		<u>28,735</u>		<u>50,129</u>		<u>74,006</u>
	<u>15,070,709</u>		<u>15,204,061</u>		<u>14,561,222</u>		<u>16,303,005</u>		<u>16,951,685</u>
	(1,543,174)		(2,287,010)		(3,407,508)		(4,944,930)		(2,794,890)
	<u>837,697</u>		<u>1,209,881</u>		<u>599,627</u>		<u>1,386,876</u>		<u>2,351,131</u>
<b>\$</b>	<b><u>(705,477)</u></b>	<b>\$</b>	<b><u>(1,077,129)</u></b>	<b>\$</b>	<b><u>(2,807,881)</u></b>	<b>\$</b>	<b><u>(3,558,054)</u></b>	<b>\$</b>	<b><u>(443,759)</u></b>

# City of Grosse Pointe Woods, Michigan

	Fiscal Year				
	2008	2009	2010	2011*	2012*
<b>General Fund</b>					
Nonspendable	\$ -	\$ 37,750	\$ 99,767	\$ 6,111	\$ 4,325
Committed	-	-	-	125,329	143,811
Assigned	-	-	-	949,395	1,198,046
Unassigned	-	-	-	3,896,333	3,853,739
Unreserved:					
Designated	673,600	-	-	-	-
Undesignated	<u>2,367,734</u>	<u>2,311,090</u>	<u>3,205,975</u>	-	-
Total General Fund	3,041,334	2,348,840	3,305,742	4,977,168	5,199,921
<b>All Other Governmental Funds</b>					
Designated:					
Special Revenue Funds	77,609	247,647	320,417	-	-
Capital Project Funds	19,060	63,850	-	-	-
Nonspendable	-	-	-	-	19,390
Restricted	-	-	-	765,921	905,950
Committed	-	-	-	-	14,850
Assigned	-	-	-	447,234	313,424
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special Revenue Funds	2,390,161	1,223,726	1,124,603	-	-
Capital Project Funds	210,272	167,083	116,162	-	-
Debt Service Funds	<u>1,176,240</u>	<u>1,180,314</u>	<u>763,214</u>	-	-
Total General Fund and all other governmental funds	<u>\$ 6,914,676</u>	<u>\$ 5,231,460</u>	<u>\$ 5,630,138</u>	<u>\$ 6,190,323</u>	<u>\$ 6,453,535</u>

Source: City annual financial statements

\* Fund balance classifications were changed as a result of implementation of GASB Statement No. 54.

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

		Fiscal Year							
		2013*	2014*	2015*	2016*	2017*			
\$	121,380	\$	138,757	\$	104,203	\$	79,148	\$	94,419
	207,961		317,432		558,479		751,952		541,642
	1,751,490		953,821		1,027,515		707,910		748,464
	3,435,761		3,754,923		3,716,961		4,992,622		6,255,011
	-		-		-		-		-
	-		-		-		-		-
	5,516,592		5,164,933		5,407,158		6,531,632		7,639,536
	-		-		-		-		-
	-		-		-		-		-
	-		17,002		13,365		10,438		11,153
	924,572		829,037		7,488,572		2,937,106		5,816,063
	17,750		33,500		66,700		16,770		23,158
	375,123		1,152,784		935,005		1,876,521		231,432
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		-
	-		-		-		-		(33,213)
<b>\$</b>	<b><u>6,834,037</u></b>	<b>\$</b>	<b><u>7,197,256</u></b>	<b>\$</b>	<b><u>13,910,800</u></b>	<b>\$</b>	<b><u>11,372,467</u></b>	<b>\$</b>	<b><u>13,688,129</u></b>



# City of Grosse Pointe Woods, Michigan

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Revenue</b>					
Property taxes	\$ 15,082,641	\$ 14,093,330	\$ 14,471,027	\$ 13,525,921	\$ 12,816,628
State and local sources	2,481,832	2,382,912	2,197,887	2,209,151	2,220,847
Intergovernmental taxes	-	-	-	-	-
Delinquent interest and collection fee income	395,910	293,797	511,840	-	-
Federal financial assistance	-	31,646	11,090	8,083	7,621
Other revenue	2,193,987	1,986,433	2,153,729	1,968,095	2,363,851
Investment income	731,478	143,074	43,829	54,524	54,762
Donations	-	-	-	-	-
<b>Total revenue</b>	<b>20,885,848</b>	<b>18,931,192</b>	<b>19,389,402</b>	<b>17,765,774</b>	<b>17,463,709</b>
<b>Expenditures</b>					
Current:					
General government	3,749,368	3,764,577	2,580,898	2,728,228	2,726,596
Public safety	4,717,501	4,866,702	5,640,372	6,067,173	5,723,312
Public works	964,247	887,819	950,521	5,618,581	5,824,444
Recreation and culture	1,686,488	1,784,052	1,682,472	1,581,537	1,353,885
Miscellaneous	7,197,683	5,467,476	5,529,332	-	-
Capital outlay	270,819	1,526,933	677,778	247,983	209,044
Debt administration:					
Principal	2,823,747	1,552,022	1,539,247	1,152,522	1,185,797
Interest	260,502	157,014	117,379	72,597	43,949
<b>Total expenditures</b>	<b>21,670,355</b>	<b>20,006,595</b>	<b>18,717,999</b>	<b>17,468,621</b>	<b>17,067,027</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(784,507)</b>	<b>(1,075,403)</b>	<b>671,403</b>	<b>297,153</b>	<b>396,682</b>
<b>Other Financing Sources (Uses)</b>					
Debt issuance/proceeds from sale of cap assets	-	-	-	-	500
Transfers in	3,170,034	2,325,500	1,753,164	1,525,287	1,012,880
Transfers out	(3,972,034)	(3,031,190)	(2,038,124)	(1,384,779)	(1,024,326)
<b>Total other financing (uses) sources</b>	<b>(802,000)</b>	<b>(705,690)</b>	<b>(284,960)</b>	<b>140,508</b>	<b>(10,946)</b>
<b>Net Change in Fund Balances</b>	<b>(1,586,507)</b>	<b>(1,781,093)</b>	<b>386,443</b>	<b>437,661</b>	<b>385,736</b>
<b>Fund Balances - Beginning of year - As restated</b>	<b>8,501,183 *</b>	<b>7,024,788</b>	<b>5,243,695</b>	<b>5,630,138</b>	<b>6,067,799</b>
<b>Fund Balances - End of year</b>	<b>\$ 6,914,676</b>	<b>\$ 5,243,695</b>	<b>\$ 5,630,138</b>	<b>\$ 6,067,799</b>	<b>\$ 6,453,535</b>
Debt service as a percentage of noncapital expenditures	16.10%	9.08%	9.16%	7.16%	7.30%

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

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

		Fiscal Year							
		2013	2014	2015	2016	2017			
\$	12,868,677	\$	12,971,026	\$	12,089,662	\$	13,450,544	\$	13,942,867
	2,263,244		2,328,022		2,389,342		2,649,970		2,723,847
	-		-		-		-		-
	-		-		-		-		-
	6,800		6,483		7,693		-		25,227
	2,166,176		2,088,772		1,903,267		2,057,149		2,272,146
	21,988		34,791		26,214		70,506		27,286
	-		-		-		-		-
	<u>17,326,885</u>		<u>17,429,094</u>		<u>16,416,178</u>		<u>18,228,169</u>		<u>18,991,373</u>
	2,884,058		2,773,796		2,864,850		2,603,109		2,645,589
	5,453,295		5,480,645		5,397,800		5,322,568		5,467,346
	5,905,623		6,202,883		6,465,890		10,813,928		8,840,961
	1,421,895		1,337,255		1,373,591		1,367,357		1,463,628
	124,082		334,617		498,095		451,935		171,937
	1,173,754		828,847		226,874		-		750,000
	14,676		-		-		207,605		211,250
	<u>16,977,383</u>		<u>16,958,043</u>		<u>16,827,100</u>		<u>20,766,502</u>		<u>19,550,711</u>
	349,502		471,051		(410,922)		(2,538,333)		(559,338)
	1,000		-		7,124,466		-		2,875,000
	385,501		660,919		231,416		364,163		16,900
	(355,501)		(768,751)		(231,416)		(364,163)		(16,900)
	<u>31,000</u>		<u>(107,832)</u>		<u>7,124,466</u>		<u>-</u>		<u>2,875,000</u>
	380,502		363,219		6,713,544		(2,538,333)		2,315,662
	<u>6,453,535</u>		<u>6,834,037</u>		<u>7,197,256</u>		<u>13,910,800</u>		<u>11,372,467</u>
<b>\$</b>	<b><u>6,834,037</u></b>	<b>\$</b>	<b><u>7,197,256</u></b>	<b>\$</b>	<b><u>13,910,800</u></b>	<b>\$</b>	<b><u>11,372,467</u></b>	<b>\$</b>	<b><u>13,688,129</u></b>
	7.09%		5.01%		1.44%		1.34%		5.90%

# 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
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
2010	14,471,027	2,197,887	511,840	11,090	2,153,729	43,829	19,389,402
2011	13,525,921	2,217,234	609,115	-	108,795	1,304,709	17,765,774
2012	12,816,628	2,220,847	647,537	7,621	124,203	1,646,873	17,463,709
2013	12,868,677	2,263,244	875,743	6,800	121,379	1,191,042	17,326,885
2014	12,971,026	2,328,022	847,839	6,483	114,559	1,161,165	17,429,094
2015	12,089,662	2,389,342	762,903	7,693	200,141	966,437	16,416,178
2016	13,450,544	2,649,970	825,131	-	225,434	1,077,090	18,228,169
2017	13,942,867	2,723,847	860,940	25,227	259,340	1,179,152	18,991,373

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
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
2010	14,465,586	13,993,400	96.74	472,187	14,465,587	100.00
2011	12,964,347	12,565,830	96.93	398,518	12,964,347	100.00
2012	12,178,436	11,860,159	97.39	318,277	12,178,436	100.00
2013	11,994,577	11,722,371	97.73	272,206	11,994,577	100.00
2014	12,364,679	12,083,808	97.73	280,870	12,364,678	100.00
2015	11,986,716	11,460,229	95.61	526,487	11,986,716	100.00
2016	13,131,261	12,483,896	95.07	647,365	13,131,261	100.00
2017	14,037,134	13,307,362	94.80	726,581	14,033,943	99.98

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

(2) Prior to 2004, the amount reported is adjusted for delinquent taxes collected for that year 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)	State Equalized Value	Estimated Actual Value	Taxable Value as a Percentage of Total
2008	\$ 772,678,570	\$ 61,718,263	\$ 95,125	\$ 14,187,800	\$ 848,679,758	16.7917	\$ 925,563,656	\$ 1,851,127,312	45.85%
2009	703,687,882	63,418,163	99,310	13,775,117	780,980,472	18.5417	800,477,026	1,600,954,052	48.78%
2010	622,799,835	61,345,908	99,012	15,022,091	699,266,846	18.5417	725,639,050	1,451,278,100	48.18%
2011	539,673,504	63,125,634	100,695	14,263,900	617,163,733	19.7082	636,476,684	1,272,953,368	48.48%
2012	523,811,319	64,481,399	103,413	15,534,000	603,930,131	20.4542	623,040,680	1,246,081,360	48.47%
2013	523,323,200	62,355,800	105,800	15,577,600	601,362,400	20.6834	638,890,901	1,277,781,802	47.06%
2014	534,100,330	71,785,000	107,400	12,500,000	618,492,730	18.8883	681,439,327	1,362,878,654	45.38%
2015	552,991,973	72,042,025	109,177	12,808,700	637,951,875	20.6091	742,311,865	1,484,623,730	42.97%
2016	563,473,469	72,936,601	109,445	14,693,500	651,213,015	21.5685	793,579,200	1,587,158,400	41.03%
2017	578,864,599	66,717,419	110,430	13,757,547	659,449,995	20.0671	842,847,660	1,685,695,320	39.12%

(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 revenue in the subsequent fiscal year.

Source: Comptroller's office

# City of Grosse Pointe Woods, Michigan

Tax Year	Millage Rates - Direct City Taxes (1)						Overlapping Taxes		
	General Operating	Voted EMS	Voted Park Bond	Voted Road Bond	Statutory Solid Waste	Ch 20/21 Milk River Drain	Total Direct Taxes	County	H.C.M.A.
2008	10.1847	0.3578	0.5665	-	1.8807	3.9986	16.9883	8.5120	0.2146
2009	11.2957	0.3578	0.5665	-	1.8807	2.6320	16.7327	8.5120	0.2146
2010	12.5012	0.3578	0.5665	-	1.8807	3.8050	19.1112	8.5120	0.2146
2011	13.0012	0.3578	-	-	1.8807	4.4685	19.7082	8.5120	0.2146
2012	13.5432	0.3578	-	-	2.0251	4.5281	20.4542	8.7120	0.2146
2013	13.5212	0.5280	-	-	2.0251	4.5281	20.6024	8.7120	0.2146
2014	14.1063	-	-	-	2.0251	2.7340	18.8654	9.1220	0.2146
2015	14.1051	-	-	0.3280	2.0251	4.1509	20.6091	9.1220	0.2146
2016	13.8925	-	-	1.5000	2.0251	4.1509	21.5685	9.1220	0.2146
2017	13.9732	-	-	1.5300	2.0251	2.6070	19.5953	9.1220	0.2141

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

(2) Previously termed homestead and nonhomestead

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

2006	15.0469	0.4476	0.6100	2.6859	n/a
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Source: Comptroller's office

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

Community College	Overlapping Taxes				Total Tax Rate (2)	
	Grosse Pointe Library	Intermediate School District	School District Principal	School District Nonprincipal	Principal	Nonprincipal
2.4769	1.5412	3.4643	14.0165	26.2499	47.2138	59.4472
2.4769	1.5412	3.4643	14.2900	26.3496	47.2907	59.3503
2.4769	1.5412	3.4643	14.2900	26.3496	49.6102	61.6698
2.2408	1.5412	3.4643	15.5790	26.6750	51.2601	62.3561
2.2408	2.0012	3.4643	16.0882	26.7587	53.1753	63.8458
3.2408	2.0412	3.4643	16.0890	26.7852	54.3643	65.0605
3.2408	2.0512	3.4643	15.9166	26.7550	52.8749	63.7133
3.2408	2.0712	3.4643	15.9166	26.7550	54.6386	65.4770
3.2408	2.0613	3.4643	15.3770	27.3955	55.0485	67.0670
3.2408	2.2186	3.4643	15.3770	27.3955	31.1500	31.1500

# City of Grosse Pointe Woods, Michigan

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

Taxpayer	Type of Business	2017 Taxable Value	Percentage of Total City Value	2007 Taxable Value	Percentage of Total
1 DRSN Real Estate GP LLC	Apartment Complex	\$ 13,037,084	0.020	n/a	0.00000
2 Health Care Reit Inc	Assisted Living	6,888,910	0.010	\$ 5,992,520	0.00691
3 Pointe Plaza	Office Bldg	4,862,963	0.007	4,208,970	0.00485
4 Detroit Edison	Utility	4,215,630	0.006	3,423,370	0.00395
5 Michigan Cons. Gas Co.	Utility	2,690,887	0.004	1,881,500	0.00217
6 Lochmoor Club	Private Club	1,670,000	0.003	5,006,830	0.00577
7 A H Peters Funeral Home	Mortuary	1,476,200	0.002	1,314,030	0.00151
8 Grosse Pointe Hunt Club	Private Club	1,355,000	0.002	1,404,370	0.00162
9 Kroger Co. of Mich.	Grocery	1,200,000	0.002	2,394,619	0.00276
10 St John Health System	Medical	1,177,224	0.002	1,441,000	0.00166
<b>Total</b>		<b>\$ 38,573,898</b>	<b>0.058</b>	<b>\$ 27,067,209</b>	<b>0.03120</b>
<b>Total City Taxable Value</b>		<b>\$ 659,449,995</b>		<b>\$ 867,467,911</b>	

Source: City of Grosse Pointe Woods Assessing Department records



# City of Grosse Pointe Woods, Michigan

	2008	2009	2010	2011	2012
<b>Governmental Activities</b>					
General obligation bonds (GOB)	\$ 880,000	\$ 420,000	\$ -	\$ -	\$ -
GOB installment note	-	-	-	-	-
GOB contract - Wayne County Drain	5,771,683	4,679,661	3,560,414	2,407,892	1,222,095
2015 Road Bonds Issue #1	-	-	-	-	-
2015 Road Bonds Issue #2	-	-	-	-	-
Installment loans - Vehicles	-	-	-	-	-
<b>Total</b>	<b>6,651,683</b>	<b>5,099,661</b>	<b>3,560,414</b>	<b>2,407,892</b>	<b>1,222,095</b>
<b>Business-type Activities</b>					
Installment purchase agreements	-	-	-	-	-
2010 DWRF Bonds	-	-	1,976,488	2,723,141	4,195,364
2012 SRF Bonds	-	-	-	-	-
Revenue bonds	5,050,000	4,795,000	4,530,000	4,255,000	3,975,000
<b>Total</b>	<b>5,050,000</b>	<b>4,795,000</b>	<b>6,506,488</b>	<b>6,978,141</b>	<b>8,170,364</b>
<b>Total debt of the government</b>	<b>\$ 11,701,683</b>	<b>\$ 9,894,661</b>	<b>\$ 10,066,902</b>	<b>\$ 9,386,033</b>	<b>\$ 9,392,459</b>
Total taxable value (1)	\$ 847,756,558	\$ 780,980,472	\$ 699,266,846	\$ 617,163,733	\$ 603,930,131
Ratio of total debt to taxable value	1.38%	1.27%	1.44%	1.52%	1.56%
Total population	17,080	17,080	17,080	16,135	16,135
Total debt per capita	\$ 685	\$ 579	\$ 589	\$ 582	\$ 582

(1) 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**

2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	7,124,469	7,072,022	6,269,575
-	-	-	-	2,875,000
-	-	272,558	648,813	539,586
-	-	7,397,027	7,720,835	9,684,161
-	-	-	-	-
5,170,410	4,951,798	4,696,798	4,436,798	4,166,798
667,763	2,485,726	2,733,788	2,620,513	2,497,065
3,975,000	3,190,000	2,880,000	2,560,000	2,235,000
<u>9,813,173</u>	<u>10,627,524</u>	<u>10,310,586</u>	<u>9,617,311</u>	<u>8,898,863</u>
<b><u>\$ 9,813,173</u></b>	<b><u>\$ 10,627,524</u></b>	<b><u>\$ 17,707,613</u></b>	<b><u>\$ 17,338,146</u></b>	<b><u>\$ 18,583,024</u></b>
\$ 601,362,400	\$ 618,492,730	\$ 637,951,875	\$ 651,213,015	\$ 659,449,995
1.63%	1.72%	2.78%	2.66%	2.82%
16,135	16,135	16,135	16,135	16,135
\$ 608	\$ 659	\$ 1,097	\$ 1,075	\$ 1,152

# City of Grosse Pointe Woods, Michigan

## Debt Capacity Information Pledged-revenue Coverage Last Ten Fiscal Years

Fiscal Years Ended June 30	Gross Revenue (1)	Applicable Expenses (2)	Net Revenue	Debt Service Requirements (3)			
				Principal	Interest	Total	Coverage
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	-	164,167	164,167	2.83
2010	4,856,083	4,031,251	824,832	265,000	160,115	425,115	1.94
2011	5,405,036	4,164,564	1,240,472	275,000	151,741	426,741	2.91
2012	5,976,950	4,116,499	1,860,451	370,000	223,209	593,209	3.14
2013	6,144,410	5,168,865	975,545	290,000	135,279	425,279	2.29
2014	6,311,280	5,029,027	1,282,253	305,000	92,188	397,188	3.23
2015	6,213,080	5,640,641	572,439	310,000	87,850	397,850	1.44
2016	7,174,578	5,805,365	1,369,213	320,000	76,851	396,851	3.45
2017	7,789,824	5,631,186	2,158,638	325,000	74,850	399,850	5.40

### Notes

- (1) Exclusive of nonoperating revenue
- (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: CAFR, Statement of Revenue, Expenses, and Changes in Net Position - Proprietary Funds

# 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
2008	17,080	\$ 847,756,558	\$ 6,651,683	0.78%	\$ 389
2009	17,080	780,980,472	5,099,661	0.65%	299
2010	17,080	699,266,846	3,560,414	0.51%	208
2011	16,135 (1)	617,163,733	2,407,892	0.39%	149
2012	16,135	603,930,131	1,222,095	0.20%	76
2013	16,135	601,362,400	-	0.00%	-
2014	16,135	618,492,730	-	0.00%	-
2015	16,135 (2)	637,951,875	7,124,469	1.12%	442
2016	16,135	651,213,015	7,072,022	1.09%	438
2017	16,135 (3)	659,449,995	9,144,575	1.39%	567

Source: Comptroller's office

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

# City of Grosse Pointe Woods, Michigan

## Debt Capacity Information Direct and Overlapping Debt June 30, 2017

	Debt Outstanding	Percent Applicable to City	Estimated Share of Overlapping Debt
Direct debt, general obligation debt	\$ 8,898,863	100.00	\$ 8,898,863
Overlapping debt:			
Grosse Pointe Public Library	11,300,000	24.86	2,809,180
Grosse Pointe Public Schools	33,165,000	24.86	8,244,819
County of Wayne Building Authority and Debt Fund	284,016,436	1.71	4,856,681
Wayne County Community College	<u>-</u>	2.68	<u>-</u>
Total overlapping debt	<u>328,481,436</u>		<u>15,910,680</u>
Total direct and overlapping debt	<u><b>\$ 337,380,299</b></u>		<u><b>\$ 24,809,543</b></u>

Source: Municipal Advisory Council of Michigan

# City of Grosse Pointe Woods, Michigan

	2008	2009	2010	2011	2012
<b>Calculation of Debt Limit (1)</b>					
Taxable valuation	\$ 847,756,558	\$ 780,980,472	\$ 699,266,846	\$ 617,163,733	\$ 603,930,131
Debt limit (10% of equalized value)	84,775,656	78,098,047	69,926,685	61,716,373	61,716,373
<b>Calculation of Debt Subject to Limit</b>					
Total debt	11,701,684	9,894,661	10,280,414	9,386,033	9,392,459
<b>Less Debt Not Subject to Charter Limitations</b>					
Grosse-Gratiot Drain/Milk River Debt	5,771,684	4,679,661	3,560,414	2,407,892	1,222,097
2010 DWRF Bonds	-	-	1,976,488	2,723,141	4,195,364
2012 SRF Bonds	-	-	-	-	-
Water/Sewer Revenue Bonds 2003	5,050,000	4,795,000	4,530,000	4,255,000	3,975,000
Total debt not subject to Charter limitations	10,821,684	9,474,661	10,066,902	9,386,033	9,392,461
Total net debt (2)	880,000	420,000	213,512	-	(2)
Legal debt margin	<b>\$ 83,895,656</b>	<b>\$ 77,678,047</b>	<b>\$ 69,713,173</b>	<b>\$ 61,716,373</b>	<b>\$ 61,716,375</b>
Net debt subject to limit as percentage of debt limit	1.05%	0.54%	0.31%	0.00%	0.00%

(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**

2013	2014	2015	2016	2017
\$ 601,362,400	\$ 618,492,730	\$ 637,951,875	\$ 651,213,015	\$ 659,449,995
62,331,330	62,331,330	74,231,187	79,357,920	84,284,766
9,333,173	10,627,524	9,617,311	9,617,311	8,898,863
-	-	-	-	-
5,170,410	4,951,798	4,696,798	4,436,798	4,166,798
667,763	2,485,726	2,733,788	2,620,513	2,497,065
<u>3,495,000</u>	<u>3,190,000</u>	<u>2,880,000</u>	<u>2,560,000</u>	<u>2,235,000</u>
<u>9,333,173</u>	<u>10,627,524</u>	<u>10,310,586</u>	<u>9,617,311</u>	<u>8,898,863</u>
-	-	(693,275)	-	-
<b><u>\$ 62,331,330</u></b>	<b><u>\$ 62,331,330</u></b>	<b><u>\$ 74,924,462</u></b>	<b><u>\$ 79,357,920</u></b>	<b><u>\$ 84,284,766</u></b>
0.00%	0.00%	-0.93%	0.00%	0.00%

# 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	
2008	17,080	(1)	(4)	(4)	(4)	(4)	9.30%	8,900	(3)
2009	17,080	(1)	(4)	(4)	(4)	(4)	14.10%	8,900	(3)
2010	17,080	(1)	(4)	(4)	(4)	(4)	14.10%	8,900	(3)
2011	16,135	(2)	(4)	6,396	(4)	(4)	12.70%	8,900	(3)
2012	16,135	(2)	(4)	6,416	(4)	(4)	11.40%	8,900	(3)
2013	16,135	(2)	(4)	6,819	(4)	(4)	11.40%	8,900	(3)
2014	16,135	(2)	(4)	6,819	(4)	(4)	11.40%	8,900	(3)
2015	16,135	(2)	(4)	6,819	(4)	(4)	11.40%	8,900	(3)
2016	16,135	(2)	(4)	6,819	(4)	(4)	11.40%	8,900	(3)
2017	16,135	(2)	(4)	6,089	92,014	44.9	5.70%	3,992	(3)

(1) 2000 population from U.S. Census

(2) 2010 population from U.S. Census

(3) Estimate

(4) Information not available



# City of Grosse Pointe Woods, Michigan

## Demographic and Economic Information Principal Employers

Taxpayer	Enterprise	2010 Employees	Percentage of Total Employment	2000 Employees	2004 Rank
1 GP Public School	School	384	10.77%	(I)	(I)
2 Van Elslander Center	Medical	250	7.01%	(I)	(I)
3 Kroger	Grocery	159	4.46%	(I)	(I)
4 Sunrise Assisted Living	Medical	130	3.64%	(I)	(I)
5 University of Liggett	School	128	3.59%	(I)	(I)
6 Great Lakes Cancer Mgt Specialist	Medical	103	2.89%	(I)	(I)
7 Lochmoor Club	Country Club	100	2.80%	(I)	(I)
8 St. John I.T. & Desktop Support	Medical Business	100	2.80%	(I)	(I)
9 Grosse Pointe Hunt Club	Private Club	80	2.24%	(I)	(I)
10 City of Grosse Pointe Woods	Municipal	<u>78</u>	2.19%	(I)	(I)
Total People Employed in City	2017	<u><u>3,567</u></u>			

(I) Data from 2004 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Percent of Total for 2017
Supervisor/Administrator	2	2	2	2	2	2	2	2	2	2	0.03
Assessing	2	2	1	1	1	1	1	-	-	-	0.00
Clerk's Office	3	3	3	3	3	3	3	3	3	3	0.04
Treasurer's Office	5	4	5	4	4	4	4	4	4	4	0.05
Municipal Court	3	3	3	3	3	3	3	3	3	3	0.04
Information Systems	2	2	2	2	2	2	2	2	2	2	0.03
Building	3	3	3	3	3	3	3	4	4	4	0.05
Parks and Recreation	4	3	2	2	2	2	2	2	2	2	0.03
Public Safety	54	52	50	44	43	42	39	35	34	34	0.44
Public Works	25	25	28	26	23	22	22	23	23	24	0.31
<b>Total</b>	<b><u>103</u></b>	<b><u>99</u></b>	<b><u>99</u></b>	<b><u>90</u></b>	<b><u>86</u></b>	<b><u>84</u></b>	<b><u>81</u></b>	<b><u>78</u></b>	<b><u>77</u></b>	<b><u>78</u></b>	<b><u>100%</u></b>

(2)

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

(2) 2015 shows the loss of EMTs.

Source: City personnel records

# City of Grosse Pointe Woods, Michigan

Function/Program	2008	2009	2010	2011	2012
Public safety (calendar year Jan 1 - Dec 31):					
Police physical arrests	676	727	486	507	357
Police traffic violations	4,635	5,106	3,146	3,182	1,986
Fire runs	71	53	56	62	139
Fire actual fires	14	12	17	12	15
Fire basic ambulance runs	368	474	543	753	715
Fire Advance Life Support ambulance runs	356	328	359	403	362
Fire inspections	180	183	77	144	78
Parks and recreation (estimated):					
Recreation programs - Lake Front Park	426	415	392	362	359
Community center programs	40	41	41	53	42
Water:					
New connections (calendar year Jan 1 - Dec 31)	1	-	-	-	-
Water main breaks	36	19	20	22	31
Total consumption (billed to customers - HCF) - FY	932,395	804,221	750,096	791,987	746,113

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

(2) Information is reported on calendar year.

Source: City Departmental Operational Reports

**Operating Information**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

2013	2014	2015	2016	2017
(2)	(2)	(2)	(2)	(2)
374	337	359	309	(1)
1,883	1,306	1,652	1,541	(1)
242	213	214	199	(1)
14	10	20	25	(1)
523	458	433	541	(1)
361	560	601	536	(1)
104	8	19	14	(1)
267	261	217	217	217
67	57	59	59	59
1	16	5	2	(1)
34	23	48	34	(1)
813,574	724,717	653,545	653,901	731,328

# City of Grosse Pointe Woods, Michigan

## Operating Information Capital Asset Statistics by Function (Unaudited)

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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)	63	63	63	63	63	63	63	63	63	63
Fire hydrants	603	603	603	603	603	603	608	608	608	608
Sewer - Miles of sanitary sewers	78	78	78	78	78	78	78	78	78	78

Source: Departmental annual reports

# City of Grosse Pointe Woods, Michigan

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## Continuing Disclosure State-shared Revenue Last Ten Fiscal Years

<u>Fiscal Years Ended June 30</u>	<u>Modified Accrual and Accrual Basis of Accounting</u>
2008	\$ 1,584,047
2009	1,514,040
2010	1,339,744
2011	1,452,878
2012	1,352,529
2013	1,363,026
2014	1,413,776
2015	1,431,780
2016	1,394,687
2017	1,389,170

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
	Major	Local	Gas and Weight Tax (Act 51) Receipts
2008	\$ 636,344	\$ 261,441	\$ 897,785
2009	612,785	251,769	864,554
2010	602,084	247,497	849,581
2011	610,993	251,206	862,199
2012	624,586	255,891	880,477
2013	629,291	257,655	886,946
2014	648,809	265,806	914,615
2015	662,419	271,424	933,843
2016	697,972	433,599	1,131,572
2017	802,672	364,938	1,167,610

Source: Comptroller's office

# City of Grosse Pointe Woods, Michigan

## Continuing Disclosure Labor Agreements June 30, 2017

Bargaining Unit	Expiration Date	6/30/2017 Number of Employees
<b>Police Officers Association of Michigan</b> Represents police officers	6/30/2019	20
<b>Command Officers Association of Michigan</b> Represents police corporals, sergeants, and lieutenants	6/30/2019	9
<b>Police Officers Labor Council</b> Represents all dispatchers	6/30/2019	2
<b>Technical, Professional, and Office Workers Assn of MI TPOAM</b> Represents clerical, public works employees, building, and ordinance officers	6/30/2019	27
<b>Nonunion Employees (Full-time)</b>		
City Administrator	N/A	1
Confidential Secretary to City Administrator	N/A	1
City Assessor	N/A	0
Treasurer/Comptroller	N/A	1
Deputy Treasurer/Comptroller	N/A	1
Utility Billing Manager	N/A	1
City Clerk	N/A	1
Deputy City Clerk	N/A	1
Public Safety Director	N/A	1
Court Clerk	N/A	1
Deputy Court Clerk	N/A	1
Information Technology Manager	N/A	1
Information Systems Technician	N/A	1
Building Official	N/A	1
Director of Public Services	N/A	1
Assistant Director of Public Services	N/A	1
Foreman	N/A	1
Recreation Supervisor	N/A	1
Confidential Administrative Assistant	N/A	<u>3</u>
		<u>20</u>



# City of Grosse Pointe Woods, Michigan

## Continuing Disclosure Water and Sewer Customers and Consumption June 30, 2017

<u>User Type</u>	<u>Number of Meters</u>	<u>Water Consumption Volume (100 cubic feet)</u>	<u>Percentage of Consumption</u>
Residential	6,562	5,979	84.5%
Commercial	289	813	11.5%
Churches, schools, and government	23	287	4.0%
<b>Total</b>	<b>6,874</b>	<b>7,079</b>	<b>100%</b>

Source: Comptroller's office

# City of Grosse Pointe Woods, Michigan

## Continuing Disclosure Historical Net Earnings, Cash Flow, and Debt Service Coverage June 30, 2017

Fiscal Years Ended June 30	Operating Expense	Operating Expenses Exclusive of Depreciation	Net Operating Income	Other Nonoperating Income (I)	Annual Income Available for Debt Service	Annual Revenue Debt Service Requirements	Annual Coverage
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	164,167	2.95
2010	4,856,083	4,031,251	824,832	10,393	835,225	425,115	1.96
2011	4,837,093	4,164,564	672,529	6,192	678,721	426,741	1.59
2012	4,827,454	4,116,499	710,955	5,335	716,290	593,209	1.21
2013	5,168,865	4,447,042	721,823	3,718	725,541	425,279	1.71
2014	5,029,027	4,248,572	780,455	16,430	796,885	397,188	2.01
2015	5,640,641	4,898,622	742,019	25,876	767,895	397,850	1.93
2016	5,805,365	5,003,502	801,863	86,421	888,284	396,851	2.24
2017	5,631,186	4,826,771	804,415	74,058	878,473	399,850	2.20

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

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

# City of Grosse Pointe Woods, Michigan

## Continuing Disclosure Water Usage and Revenue of the Ten Largest Customers June 30, 2017

Customer	Usage in Dollars	Volume of Water Used (in 100 cubic feet)
Lochmoor Club	\$ 88,507	26,446
Grosse Pointe Board of Education	46,156	13,544
The Rivers Resident Club	21,363	6,342
Shorepointe Condos	20,466	5,998
GP University School	17,419	5,142
Sunrise Development	15,039	4,418
Kroger	14,066	4,129
Berkshire Condo Association	11,952	3,527
St. John Hospital	10,067	3,036
ANK Enterprises	9,237	2,702

Source: City of Grosse Pointe Woods Finance  
Information from B. Meli

# City of Grosse Pointe Woods, Michigan

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## Continuing Disclosure Metered Water Rates June 30, 2017

Meter Size	Residential	Commercial*
5/8"	\$ 45.67	\$ 11.00
3/4"	45.67	16.50
1"	82.21	27.50
1 1/2"	132.44	60.50
2"	210.08	88.00
3"	580.01	159.50
4"	808.36	220.00
6"	1,402.07	330.00
8"	2,100.82	n/a
10"	3,525.72	770.00
Billing Charge	2.00	2.00
Water Rate per 100 cubic feet used	3.13	3.13
Sewer Rate per 100 cubic feet used	2.34	2.34

\*Commercial rate includes churches, schools, and government

# City of Grosse Pointe Woods, Michigan

## State Equalized Value and Taxable Value by Class and Use Metered Water Rates June 30, 2017

### State Equalized Value

	By Class				
	2017	2016	2015	2014	2013
Real Property	\$ 823,997,600	\$ 778,885,700	\$ 728,749,665	\$ 668,939,327	\$ 623,313,301
Personal Property	18,850,060	14,693,500	13,562,200	12,500,000	15,577,600
Total	<b><u>\$ 842,847,660</u></b>	<b><u>\$ 793,579,200</u></b>	<b><u>\$ 742,311,865</u></b>	<b><u>\$ 681,439,327</u></b>	<b><u>\$ 638,890,901</u></b>

	By Use				
	2017	2016	2015	2014	2013
Residential	\$ 753,496,300	\$ 703,530,700	\$ 654,411,965	\$ 587,336,827	\$ 547,824,301
Commercial	70,383,300	75,239,500	74,222,500	81,486,700	75,371,900
Industrial	118,000	115,500	115,200	115,800	117,100
Personal Property	18,850,060	14,693,500	13,562,200	12,500,000	15,577,600
Total	<b><u>\$ 842,847,660</u></b>	<b><u>\$ 793,579,200</u></b>	<b><u>\$ 742,311,865</u></b>	<b><u>\$ 681,439,327</u></b>	<b><u>\$ 638,890,901</u></b>

### Taxable Value

	By Class				
	2017	2016	2015	2014	2013
Real Property	\$ 645,692,448	\$ 636,519,515	\$ 624,389,675	\$ 605,992,730	\$ 585,784,800
Personal Property	13,757,547	14,693,500	13,562,200	12,500,000	15,577,600
Total	<b><u>\$ 659,449,995</u></b>	<b><u>\$ 651,213,015</u></b>	<b><u>\$ 637,951,875</u></b>	<b><u>\$ 618,492,730</u></b>	<b><u>\$ 601,362,400</u></b>

	By Use				
	2017	2016	2015	2014	2013
Residential	\$ 578,864,599	\$ 563,473,469	\$ 552,288,032	\$ 534,100,330	\$ 523,323,200
Commercial	66,717,419	72,936,601	71,992,525	71,785,000	62,355,800
Industrial	110,430	109,445	109,118	107,400	105,800
Personal Property	13,757,547	14,693,500	13,562,200	12,500,000	15,577,600
Total	<b><u>\$ 659,449,995</u></b>	<b><u>\$ 651,213,015</u></b>	<b><u>\$ 637,951,875</u></b>	<b><u>\$ 618,492,730</u></b>	<b><u>\$ 601,362,400</u></b>

Source: Comptroller's office

December 7, 2017

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

We have audited the financial statements of the City of Grosse Pointe Woods, Michigan (the "City") as of and for the year ended June 30, 2017 and have issued our report thereon dated December 7, 2017. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Internal Control Related Matters Identified in an Audit

Section II - Required Communications with Those Charged with Governance

Section III - Legislative and Informational Items

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

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

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

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

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

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

Very truly yours,

**Plante & Moran, PLLC**



William Brickey



Kari Shea

## **Section I - Internal Control Related Matters Identified in an Audit**

In planning and performing our audit of the financial statements of the City as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

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

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

During the audit, we identified various journal entries that were needed to adjust the year-end balances to be in conformity with generally accepted accounting principles. These journal entries were related to net pension liability, net OPEB liability, deferred inflows, debt, capital assets, revenue, and expenses. Failure to properly identify and record year-end journal entries could lead to materially inaccurate financial reporting.

During the audit, we identified that for a portion of the year during staff transitions in the treasurer and comptroller's office, the control for wire transfers did not require separate individuals to initiate and approve the wires. This lack of proper segregation of duties could result in improper payments being made.

## **Section II - Required Communications with Those Charged with Governance**

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated May 18, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

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

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

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters on August 25, 2017.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2017 except for the adoption of GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, and GASB No. 77, *Tax Abatement Disclosures*. GASB No. 74 required additional footnote and RSI disclosures and GASB No. 77 did not impact the City.

We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

The most sensitive estimates affecting the financial statements include the liability and expense associated with pension benefits, the asset associated with other postemployment benefits (OPEB) funding, the liability associated with estimated property tax refunds, unbilled water and sewer charges, estimated true-up for water purchased from the Great Lakes Water Authority, and incurred but not reported liabilities related to self insurance.



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

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

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

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

At year end, the City determined that the Great Lakes Water Authority had underbilled them for water used during the year and recorded an estimated liability in the Water and Sewer Fund. The City estimated the amount using their internal billing registers.

The estimates of the incurred but not reported amounts related to the City's self-insured workers' compensation and health insurance obligations are disclosed in Note 11 to the financial statements. Management's estimate of the various incurred but not reported amounts is based on historical information regarding claims.

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

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

### ***Difficulties Encountered in Performing the Audit***

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

### ***Disagreements with Management***

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

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

### ***Significant Findings or Issues***

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

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

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated December 7, 2017.

### ***Management Consultations with Other Independent Accountants***

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

### **Other Information in Documents Containing Audited Financial Statements**

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

## Section III - Legislative and Informational Items

### Legacy Costs

Legacy costs and the challenge of funding them continues to be a topic of discussion. GASB pronouncements of late have placed even more focus on the net long-term liability arising from these benefit promises. The pension systems are approximately 62 percent funded as of June 30, 2017. To the extent that you have been able to make some gains in terms of your funded status, some changes to assumptions may result in the funding level decreasing, which may result in higher contributions going forward. For example, many plans recently updated their mortality tables that now show that people are living longer. Some plans have decreased the expected rate of return in light of market conditions.

### New Other Postemployment Benefits Standards (Retiree Healthcare Obligations)

In June 2015, the GASB issued new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB, which refers to retiree health care). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees.

Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact this standard will have on the financial statements when adopted. GASB No. 75 is effective for the City's fiscal year ending June 30, 2018.

### Revenue Sharing

The FY 2018 budget recommendation includes \$1.27 billion for revenue sharing broken down as follows:

<b>Description</b>	<b>Final 2017 Budget</b>	<b>Final 2018 Budget</b>
Constitutionally required payments	\$757.9 M	\$798.1 M
CVTRS	243.0 M	243.0 M
CVTRS - One-time payments	5.8 M	5.8 M
County revenue sharing	174.2 M	176.9 M
County incentive program	43.0 M	43.2 M
Fiscally distressed community grants	5.0 M	5.0 M
Supplemental CVTRS	0 M	6.2 M
<b>Total</b>	<b>\$1,228.9 M</b>	<b>\$1,278.2 M</b>

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

After a decline in the constitutionally required payments from 2016 to 2017 as a result of sales tax declines, local units will experience an increase in 2018 as the constitutional payment budget has been increased by \$40.3 million. The new budget for 2018 anticipates an increase of 5.3 percent. The FY 2018 budget also includes the “City, Village, and Township Revenue Sharing” (CVTRS) appropriation which was established in FY 2015 and that number remains flat at \$243 million. Each community’s overall increase will vary as each has a different mix of constitutional and CVTRS.

In order to receive the CVTRS payments in FY 2018, qualified local units will once again need to comply with the same best practices as they did last year:

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

The State has budgeted \$6.2 million for “supplemental CVTRS” payments in FY 2018. Any city, village, or township receiving CVTRS payments will receive an additional payment equal to its population multiplied by \$.081198 (rounded to the nearest dollar).

The “one-time” additional CVTRS payments that were reinstated in the 2017 budget are also part of the 2018 budget.

#### **Updated Uniform Chart of Accounts**

In April 2017, the State released an updated Uniform Chart of Accounts and requires local units of government to comply with the changes beginning with June 30, 2018 year ends. Local units should begin evaluating this new chart of accounts to determine what changes will be necessary and set up a plan to achieve compliance. Some accounting software vendors have already been working with some local units on an automated remapping solution to the extent needed; this could be a possible solution for some. The changes in the chart of accounts are not voluminous, but will require some review. The new chart of accounts can be found at the following link: [http://www.michigan.gov/documents/uniformchart\\_24524\\_7.pdf](http://www.michigan.gov/documents/uniformchart_24524_7.pdf)

#### **New Legislation**

**Trunkline Cost Sharing (Public Act 459 of 2016)** - This legislation was signed into law on January 4, 2017. The effective date is April 5, 2017. The act amends PA 51 of 1951. The main provision is the elimination or reduction of local cost sharing with MDOT for cities and villages of various sizes. The following sets forth the sharing provisions:

<b>Population</b>	<b>Local Share</b>	<b>MDOT Share</b>
<b>50,000+</b>	12.50%	87.50%
<b>40,000 - 49,999</b>	11.25%	88.75%
<b>25,000 - 39,999</b>	8.75%	91.25%
<b>Less than 25,000</b>	None	100%

The act further states that the state transportation commission and the county road commission boards may enter into agreements with townships or private persons for the improvement or widening of trunklines or county roads. The state transportation commission and road commission boards may require full or partial participation in the cost of the improvement by the requesting party, as considered appropriate.

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

#### **Public Act 530 of 2016 - Additional Legacy Cost Reporting**

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

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

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

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

#### **Act 51 Performance Audits No Longer Required**

On October 26, 2017, the Michigan Department of Transportation (MDOT) re-evaluated its decision regarding performance audits. MDOT is no longer requesting these audits be completed and submitted. Any costs incurred related to these performance audits can be submitted to MDOT for reimbursement. Invoices for fees paid for the performance audit and supporting documentation should be submitted to the attention of Patrick McCarthy by email at [mccarthyp@michigan.gov](mailto:mccarthyp@michigan.gov)