

City of Grosse Pointe Woods, Michigan

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

Prepared by the Office of the City's Finance Department

City of Grosse Pointe Woods, Michigan

Contents

Introductory Section

| | |
|---------------------------------|------|
| Letter of Transmittal | i-vi |
| Organizational Chart | vii |
| GFOA Certificate of Achievement | viii |
| List of Principal Officers | ix |
| Fund Organizational Chart | x |

Financial Section

| | |
|---|-------|
| Report Letter | 1-2 |
| Management's Discussion and Analysis | 3-10 |
| Basic Financial Statements | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 11 |
| Statement of Activities | 12-13 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 14 |
| Reconciliation of the Balance Sheet to the Statement of Net Position | 15 |
| Statement of Revenue, Expenditures, and Changes in Fund Balances | 16 |
| Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 17 |
| Proprietary Funds: | |
| Statement of Net Position | 18 |
| Statement of Revenue, Expenses, and Changes in Net Position | 19 |
| Statement of Cash Flows | 20 |
| Fiduciary Funds: | |
| Statement of Fiduciary Net Position | 21 |
| Statement of Changes in Fiduciary Net Position | 22 |
| Notes to Financial Statements | 23-57 |

City of Grosse Pointe Woods, Michigan

Contents (Continued)

| | |
|--|-------|
| Required Supplemental Information | 58 |
| Budgetary Comparison Schedule - General Fund | 59-60 |
| Budgetary Comparison Schedule - Major Special Revenue Funds | 61-63 |
| Pension Trust Fund - Schedule of Changes in the City Net Pension Liability and Related Ratios | 64 |
| Pension Trust Fund - Schedule of Investment Returns | 65 |
| Schedule of City Contributions - Pension Trust Fund | 66 |
| Supplemental Annuity - Schedule of Changes in the City Net Position Liability and Related Ratios | 67 |
| Schedule of Investment Returns - Supplemental Annuity | 68 |
| Supplemental Annuity - Schedule of City Contributions | 69 |
| Note to Required Supplemental Information | 70 |
| Other Postemployment Benefits - Schedule of Funding Progress | 71 |

City of Grosse Pointe Woods, Michigan

Contents (Continued)

| | |
|---|-------|
| Other Supplemental Information | 72 |
| Budgetary Comparison Schedule - Major Governmental Fund - Grosse-Gratiot Drain Fund | 73 |
| Nonmajor Governmental Funds: | |
| Fund Descriptions | 74-75 |
| Combining Balance Sheet | 76-77 |
| Combining Statement of Revenue, Expenditures, and Changes in Fund Balances | 78-79 |
| Budgetary Comparison Schedules | 80-89 |
| Fund Based Balance Sheet | 90 |
| Nonmajor Enterprise Funds: | |
| Fund Descriptions | 91 |
| Combining Statement of Net Position | 92 |
| Combining Statement of Revenue, Expenses, and Changes in Net Position | 93 |
| Combining Statement of Cash Flows | 94 |
| Internal Service Funds: | |
| Fund Descriptions | 95 |
| Combining Statement of Net Position | 96 |
| Combining Statement of Revenue, Expenses, and Changes in Net Position | 97 |
| Combining Statement of Cash Flows | 98 |
| Fiduciary Funds: | |
| Fund Descriptions | 99 |
| Statement of Net Position | 100 |
| Combining Statement of Changes in Fiduciary Net Position | 101 |
| Agency Funds - Combining Statement of Assets and Liabilities | 102 |
| Agency Funds - Schedule of Changes in Assets and Liabilities | 103 |

City of Grosse Pointe Woods, Michigan

Contents (Continued)

| | |
|---|---------|
| <u>Statistical Section</u> | 104 |
| <u>Statistical and Continuing Disclosure Contents</u> | 105-106 |
| Financial Trend Information: | |
| Net Assets by Component | 107-108 |
| Changes in Governmental Activities, Business-type Activities, and Primary Government Net Position | 109-112 |
| Fund Balances of Governmental Funds | 113-114 |
| Changes in Fund Balances of Governmental Funds | 115-116 |
| Revenue Capacity Information: | |
| General Government Revenue History | 117 |
| Property Tax Levies and Collections | 118 |
| Assessed Value and Actual Value of Taxable Property | 119 |
| Direct and Overlapping Property Tax Rates | 120-121 |
| Principal Property Taxpayers (Major Taxpayers) | 122 |
| Debt Capacity Information: | |
| Ratios of Outstanding Debt by Type | 123-124 |
| Pledged-revenue Coverage | 125 |
| Ratios of General Bonded Debt Outstanding | 126 |
| Direct and Overlapping Debt | 127 |
| Legal Debt Margin | 128-129 |
| Demographic and Economic Information: | |
| Demographic and Economic Statistics | 130 |
| Principal Employers | 131 |
| Operating Information: | |
| Full-time Equivalent Government Employees by Function | 132 |
| Operating Indicators by Function | 133-134 |
| Capital Asset Statistics by Function | 135 |
| Continuing Disclosure: | |
| State-shared revenue | 136 |
| Gas and Weight Taxes | 137 |
| Labor Agreements | 138 |
| Water and Sewer Customers and Consumption | 139 |
| Historical Net Earnings, Cash Flow, and Debt Service Coverage | 140 |
| Water Usage and Revenue of the Ten Largest Customers | 141 |
| Metered Water Rates | 142 |



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 (C.A.F.R.) of the City of Grosse Pointe Woods, Michigan for the fiscal year ended June 30, 2016 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

November 15, 2016

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 are 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, requires that an annual independent audit of the City's financial records of accounts and transactions be performed. The opinion by the City's independent auditor, Plante & Moran, PLLC, dated November 15, 2016, 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

November 15, 2016

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 42.2 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 50 percent of reserves to balance our structural deficit over the next five years. We are ever cognizant of our operating expenses and continue to look for efficiencies.

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

November 15, 2016

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. We expect construction to continue through fiscal year 2017-2018. In conjunction with this project, the City has replaced many streetlights with a more energy-efficient LED light. The cost recovery for the lights is estimated at one and one-half years.
- b. Through the Department of Justice, the City was awarded a small grant to assist with the purchase of new vests for our Public Safety Officers. The City has been awarded this grant for a number of years.
- c. The Cities of Grosse Pointe Woods, Shores, and Farms were awarded a 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 all three cities. This project is currently in the planning stages.
- d. 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.
- e. The City will continue with cost containment initiatives as reflected in the current budget approved by City Council.

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, which was financed by low-cost loans from the State of Michigan Drinking Water Revolving Fund (DWRF) and Sewer Revolving Fund (SRF). The City is on the list for consideration of a Storm Water Asset 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.

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

November 15, 2016

Economic Conditions

The City's most pressing financial concern is the low inflation rate multiplier used to calculate taxable value. The low inflation rate will have a significant effect on property tax revenues in 2017. We remain hopeful that new development will 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 14.0492 mills. The 2016 millage rate was 14.0263.

The General Fund fund balance has an unassigned balance of \$4.99 million and \$538,000 assigned to the Cable Fund. The fund balance will be used to balance the budget over the next several years.

Administrative Summary

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

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This is the 47th consecutive year that the City of Grosse Pointe Woods received this prestigious award. In fact, our City is the longest standing recipient in GFOA's history.

In 2015, 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.

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

November 15, 2016

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,



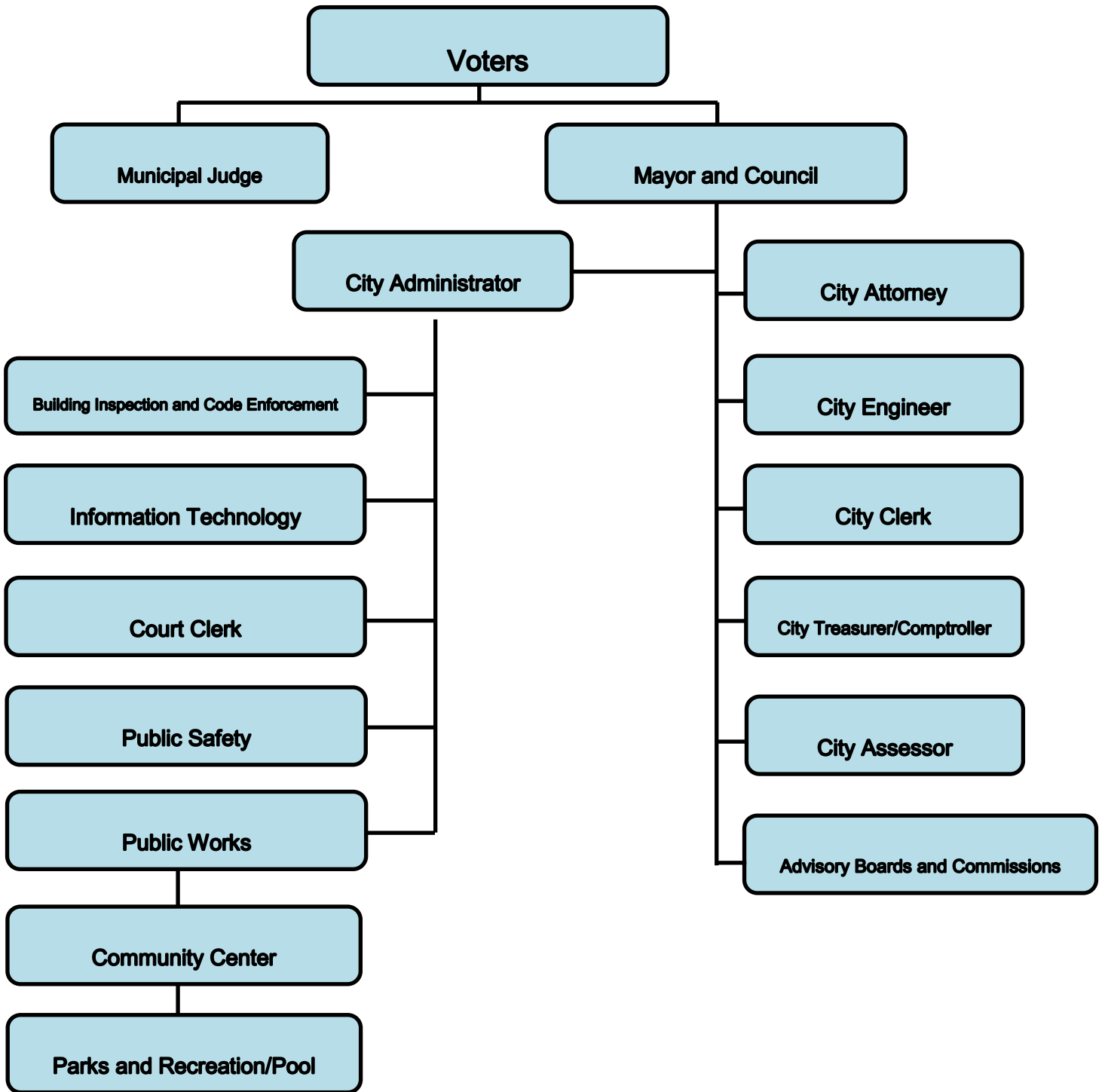
Bruce Smith
City Administrator



Shawn Murphy
Deputy 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, 2015

Executive Director/CEO

City of Grosse Pointe Woods, Michigan

List of Principal Officers Year Ended June 30, 2016

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

Thomas Colombo

Clerk's Office

Clerk

Lisa K. Hathaway

City Treasurer/Comptroller's Office

Treasurer

Dee Ann Irby

City Attorney

City Attorney
City Attorney

Don R. Berschback
Chip Berschback

City of Grosse Pointe Woods, Michigan

Fund Organizational Chart Year Ended June 30, 2016

| <u>Fund Name</u> | <u>Fund Number</u> |
|---|--------------------|
| <u>GOVERNMENTAL FUNDS</u> | |
| General Fund | 101 |
| Special Revenue Funds | |
| Major Streets Fund | 202 |
| Local Streets Fund | 203 |
| Parkway Beautification Fund | 205 |
| Cable Franchise Fund | 206 |
| Ambulance Fund | 210 |
| Act 302 Training Fund | 211 |
| Solid Waste Disposal | 226 |
| Grants Fund | 245 |
| 911 Emergency Service | 261 |
| Drug Enforcement | 265 |
| Debt Service Funds | |
| 2015 Road Bond Debt Service Fund | 304 |
| Grosse-Gratiot Drain Fund | 365 |
| Capital Projects Funds | |
| Municipal Improvement Fund | 401 |
| 2015 Road Bond Construction | 406 |
| <u>PROPRIETARY FUNDS</u> | |
| Enterprise Funds | |
| Parking Utility Fund | 585 |
| Water and Sewer Utility Fund | 592 |
| Boat Dock Rental Fund | 594 |
| Commodity Sales Fund | 598 |
| Internal Service Funds | |
| Workers' Compensation Fund | 632 |
| Motor Vehicle Fund | 640 |
| <u>FIDUCIARY FUNDS</u> | |
| Trust and Agency Funds | |
| 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 City Council
City of Grosse Pointe Woods

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, 2016 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, 2016 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 City Council
City of Grosse Pointe Woods

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

November 15, 2016

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, 2016. 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, 2016:

- 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. Although the millage rate is essentially at the Headlee cap, the general operating property tax revenue increased approximately \$300,000 over fiscal year 2014-2015. This increase is a result of increased taxable value. Future tax increases will depend upon new development.
- Revenue sharing from the State of Michigan remains our second largest revenue source, showing a slight decrease of \$1,179 under fiscal year 2014-2015. The City is committed to meeting all requirements of accountability and transparency in order to receive full payments.
- The City received \$209,544 from the State of Michigan related to the recent changes in personal property taxes. This was the first year of state reimbursement and this funding is meant to offset the reduction in personal property tax revenue collected by the City as a result of the change in personal property taxation.
- Although there were fluctuations in the various revenue categories, overall, the General Fund's revenue increased approximately \$648,000 over fiscal year 2014-2015.
- General Fund department expenditures came in under budget by approximately 8 percent. In total, actual General Fund expenditures decreased \$274,000 over fiscal year 2014-2015.
- As a result of departmental cost containment, the General Fund's fund balance, exclusive of the Cable Franchise and Local Street Funds, increased \$930,000. It is important to mention that the fiscal forecast shows the use of fund balance as a balancing tool for future budgets.

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.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|---------|--------------------------|---------|---------|---------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| Assets | | | | | | |
| Current assets | \$ 18.3 | \$ 16.9 | \$ 9.0 | \$ 10.9 | \$ 27.3 | \$ 27.8 |
| Noncurrent assets: | | | | | | |
| Restricted assets | - | - | 0.3 | 0.3 | 0.3 | 0.3 |
| Capital assets | 27.8 | 32.3 | 28.7 | 28.0 | 56.5 | 60.3 |
| Total assets | 46.1 | 49.2 | 38.0 | 39.2 | 84.1 | 88.4 |
| Deferred Outflows of Resources - | | | | | | |
| Deferred outflows related to pensions | 7.0 | 13.4 | 0.6 | 1.0 | 7.6 | 14.4 |
| Liabilities | | | | | | |
| Current liabilities | 2.3 | 4.2 | 1.4 | 1.4 | 3.7 | 5.6 |
| Long-term liabilities | 44.0 | 56.1 | 13.1 | 13.3 | 57.1 | 69.4 |
| Total liabilities | 46.3 | 60.3 | 14.5 | 14.7 | 60.8 | 75.0 |
| Deferred Inflows of Resources - | | | | | | |
| Deferred inflows related to pensions | 0.3 | 0.7 | 0.1 | 0.1 | 0.4 | 0.8 |
| Net Position | | | | | | |
| Net investment in capital assets | 27.6 | 25.0 | 18.2 | 18.1 | 45.8 | 43.1 |
| Restricted | 7.5 | 3.0 | 0.3 | 0.3 | 7.8 | 3.3 |
| Unrestricted | (28.6) | (26.4) | 5.5 | 7.0 | (23.1) | (19.4) |
| Total net position | \$ 6.5 | \$ 1.6 | \$ 24.0 | \$ 25.4 | \$ 30.5 | \$ 27.0 |

Current assets in the governmental activities group decreased \$1.4 million over the prior year and capital assets increased by \$4.5 million primarily due to the City's continued investment in road improvement projects 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 actuarial assumption have reduced the overall funding of the plans.

Business-type net position increased \$1.4 million over the prior year. The increase was primarily due to an increase water and sewer revenue in the current year.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the City's major revenue and expenses as a whole for both the governmental and business-type activities (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 | | Business-type | | Total | |
|------------------------------------|-----------------|-----------------|---------------|---------------|-----------------|-----------------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 |
| Revenue | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 0.9 | \$ 0.9 | \$ 6.9 | \$ 7.9 | \$ 7.8 | \$ 8.8 |
| Operating grants and contributions | 1.1 | 1.0 | - | - | 1.1 | 1.0 |
| General revenue: | | | | | | |
| Property taxes | 12.1 | 13.5 | - | - | 12.1 | 13.5 |
| State-shared revenue | 1.6 | 1.6 | - | - | 1.6 | 1.6 |
| Unrestricted investment earnings | - | - | - | - | - | - |
| Cable franchise fees | 0.3 | 0.4 | - | - | 0.3 | 0.4 |
| Other miscellaneous revenue | 0.5 | 0.7 | - | - | 0.5 | 0.7 |
| Total revenue | 16.5 | 18.1 | 6.9 | 7.9 | 23.4 | 26.0 |
| Program Expenses | | | | | | |
| General government | 2.5 | 3.6 | - | - | 2.5 | 3.6 |
| Public safety | 7.8 | 9.3 | - | - | 7.8 | 9.3 |
| Public works | 6.1 | 6.4 | - | - | 6.1 | 6.4 |
| Solid waste | 1.1 | 1.1 | - | - | 1.1 | 1.1 |
| Recreation and culture | 1.8 | 1.8 | - | - | 1.8 | 1.8 |
| Municipal improvements | 0.6 | 0.6 | - | - | 0.6 | 0.6 |
| Interest on long-term debt | - | 0.2 | - | - | - | 0.2 |
| Water and sewer | - | - | 5.9 | 6.1 | 5.9 | 6.1 |
| Parking | - | - | 0.3 | 0.3 | 0.3 | 0.3 |
| Boat dock | - | - | 0.1 | 0.1 | 0.1 | 0.1 |
| Commodity sales | - | - | - | - | - | - |
| Total program expenses | 19.9 | 23.0 | 6.3 | 6.5 | 26.2 | 29.5 |
| Change in Net Position | \$ (3.4) | \$ (4.9) | \$ 0.6 | \$ 1.4 | \$ (2.8) | \$ (3.5) |

Governmental Activities

The City's governmental revenue totaled approximately \$18.1 million, with the greatest revenue source being property taxes. Total revenue for governmental activities increased \$1.6 million as compared to fiscal year 2014-2015. A majority of this increase related to a \$1.4 million increase in property tax revenue. The increase was primarily due to an increase in the Grosse Gratiot Drain millage. The drain millage rate was increased by 1.4 mills to cover increased drain maintenance costs.

Property taxes make up approximately 74 percent of total governmental revenue. That percentage is up by 1 percent, from approximately 73 percent of total governmental revenue in fiscal year 2014-2015. The City experienced a slight increase in taxable value for 2015-2016 and remains hopeful that new development continues into the next fiscal year.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

Total governmental expenses for the City were approximately \$23 million. This is up \$3.1 million as compared to fiscal year 2014-2015. Overall expenses increased this year due to additional costs for road projects and other capital investments. The increase was primarily due to an increase in the city pension expense due to the implementation of GASB 68.

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 \$1 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 2015-2016 include the General Fund, the Major Streets Fund, the Solid Waste 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.

General Fund

The General Fund pays for most of the City's governmental services. The two largest services funded by the General Fund are public safety (combined police and fire services) and public works. The General Fund transferred approximately \$0.5 million to the Local Streets Fund and \$0.3 million to the Municipal Improvement Fund.

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.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

In fiscal year 2015-2016, the General Fund's fund balance increased by approximately \$930,000. 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 Local Streets Fund added \$192,000 to the General Fund's fund balance, due to increased state funding and overall cost containment. GASB Statement No. 54 requires that the Local Streets and Cable Funds are now shown as part of the General Fund.

The City's General Fund year-end fund balance is approximately \$6.5 million; \$1.5 million is committed, assigned, and non-spendable, leaving \$5.0 million unassigned. The unassigned amount represents approximately 42.2 percent of fiscal year 2015-2016 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.

Major Streets Fund

The Major Streets Fund accounts for the maintenance and replacement of all major streets within the City. Financing is provided by distribution of gas tax proceeds. Major revenue includes approximately \$36,000 from the City's business occupancy permits and approximately \$698,000 in gas and weight tax revenue. Current year expenditures were approximately \$25,000 higher than fiscal year 2014-2015, due to increased maintenance costs. The Major Streets Fund's expenditures exceeded revenue by approximately \$11,000. The fund balance at year end is \$383,986.

Solid Waste Fund

The Solid Waste Fund is used to account for the collection, disposal, and recycling of all residential and commercial waste within the City. The special millage for fiscal year 2015-2016 was 2.0251 mills, the same as the previous four years. The millage generated \$1.27 million in revenue. Net expenses in 2015-2016 were \$1.21 million and a decrease of \$17,000 as compared to the previous year. The fund balance at year end is \$442,075.

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 2015, the City sold \$6.6 million in bonds for the first round of construction. During fiscal year 2015-2016, there was \$4.6 million in construction activity. Construction is expected to continue in fiscal year 2016-2017. Thereafter, the City Council will authorize the sale of \$3.4 million in bonds to finish the initial construction project.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

Grosse-Gratiot Drain Fund

The Grosse-Gratiot Drain Fund is used to accumulate resources for payment of operations and maintenance costs as well as the Grosse-Gratiot Drain improvements financed by issuance of debt. The fund derived revenue from property taxes of approximately \$2.6 million in fiscal year 2015-2016. Expenditures are primarily related to drain operations and maintenance provided by Wayne County.

This Grosse-Gratiot Drain Fund's fund balance increased approximately \$917,379; the reserves at year end are \$1,457,343 and will be used to cover future costs.

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 to cover the cost of fee increases imposed by the Great Lakes Water Authority and sewerage system and payments 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 2015-2016 with continued concessions from three 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. Total General Fund revenue was \$930,000 over expenses primarily due to modest increases in revenue and cost containment efforts. The City's long-term fiscal forecast predicts the City will use fund balance to balance the budget for the next several years.

City of Grosse Pointe Woods, Michigan

Management's Discussion and Analysis (Continued)

Local Streets Activity

The Local Streets Fund accounts for the maintenance and replacement of all local streets within the City. Financing is provided by distribution of gas tax proceeds. The primary sources of revenue are a transfer from General Fund, in the amount of \$472,000, and approximately \$286,000 in gas and weight tax revenue. In addition, the City received a Local Agency Disbursement from the State of Michigan for road repairs in the amount of \$149,000. Revenue plus transfers in fiscal year 2015-2016 is \$42,000 greater than the previous year. The department receives a small amount of its revenue from fees, other state funding, special assessment, and interest on investments. Expenditures for fiscal year 2015-2016 increased by \$82,000 due to an increase in maintenance expenses.

The Local Streets Fund's fund balance increased approximately \$192,000 with a year-end balance of \$749,252. 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 approximately \$538,000 and is reported in the General Fund as "assigned."

Capital Asset and Debt Administration

The City did not issue any new debt in the current year except for \$555,154 of installment purchase agreements to finance vehicle purchases. 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.

Economic Factors

Property tax values increased slightly in fiscal year 2015-2016, resulting in an increase in property tax revenue. The City remains hopeful that the rebound from the 2007 decline in taxable values continues. Prudent fiscal management continues to be a top priority, as the City continues to implement cost savings measures. Reducing discretionary spending, evaluating and prioritizing capital projects, and the elimination of vacant positions continue. In addition, city employees have accepted a reduction in benefits over the last several years.

City of Grosse Pointe Woods, Michigan

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 cities of Grosse Pointe Woods, Shores, and Farms. This grant will provide for equipment and retrofitting of the Grosse Pointe Woods dispatch center to house the operations of all three cities. This partnership is currently in the planning stages.

The City was awarded a Storm Water Asset Management and Wastewater (SAW Grant) program/plan. 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. Funding is expected in fiscal year 2016-2017.

Contacting the City's Management

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

City of Grosse Pointe Woods, Michigan

Statement of Net Position June 30, 2016

| | Primary Government | | |
|--|--------------------|---------------|---------------|
| | Governmental | Business-type | Total |
| | Activities | Activities | |
| Assets | | | |
| Cash and investments (Note 3) | \$ 16,011,377 | \$ 9,215,320 | \$ 25,226,697 |
| Receivables: | | | |
| Customers | - | 1,713,527 | 1,713,527 |
| Accrued interest | 12,936 | 18,103 | 31,039 |
| Other | 3,528 | - | 3,528 |
| Due from other governmental units | 702,307 | 17,405 | 719,712 |
| Internal balances | 11,370 | (11,370) | - |
| Prepaid expenses | 145,387 | 7,820 | 153,207 |
| Restricted assets | - | 256,000 | 256,000 |
| Investment in Grosse Pointes-Clinton Refuse Disposal Authority (Note 13) | 55,628 | - | 55,628 |
| Capital assets (Note 4): | | | |
| Nondepreciable capital assets | 6,810,923 | - | 6,810,923 |
| Depreciable capital assets - Net | 25,502,253 | 27,969,744 | 53,471,997 |
| Total assets | 49,255,709 | 39,186,549 | 88,442,258 |
| Deferred Outflows of Resources - | | | |
| Deferred outflows related to pensions | 13,405,157 | 1,015,066 | 14,420,223 |
| Liabilities | | | |
| Accounts payable | 1,859,882 | 475,354 | 2,335,236 |
| Accrued liabilities and other: | | | |
| Accrued salaries and wages | 161,510 | 19,443 | 180,953 |
| Payroll taxes and withholdings | 33,518 | 4,766 | 38,284 |
| Accrued interest payable | 58,385 | 57,179 | 115,564 |
| Accrued other | 483,235 | 3,611 | 486,846 |
| Noncurrent liabilities (Note 6): | | | |
| Due within one year: | | | |
| Compensated absences | 593,382 | 48,939 | 642,321 |
| Provision for claims | 47,685 | 160 | 47,845 |
| Current portion of long-term debt | 1,003,158 | 745,000 | 1,748,158 |
| Due in more than one year: | | | |
| Compensated absences | 183,697 | 22,995 | 206,692 |
| Provision for claims | 99,998 | - | 99,998 |
| Net OPEB obligation | 20,050,546 | 1,999,829 | 22,050,375 |
| Net pension liability - Greater than 1 year | 29,064,054 | 2,251,613 | 31,315,667 |
| Long-term debt | 6,717,677 | 9,070,207 | 15,787,884 |
| Total liabilities | 60,356,727 | 14,699,096 | 75,055,823 |
| Deferred Inflows of Resources - | | | |
| Deferred inflows related to pensions | 692,465 | 86,313 | 778,778 |
| Net Position | | | |
| Net investment in capital assets | 25,064,363 | 18,154,537 | 43,218,900 |
| Restricted for: | | | |
| Roads | 2,378,324 | - | 2,378,324 |
| Debt service | 490 | 256,000 | 256,490 |
| Fireworks | 59,325 | - | 59,325 |
| Public safety | 65,568 | - | 65,568 |
| Solid waste | 442,075 | - | 442,075 |
| Community development | 728 | - | 728 |
| Unrestricted | (26,399,199) | 7,005,669 | (19,393,530) |
| Total net position | \$ 1,611,674 | \$ 25,416,206 | \$ 27,027,880 |

City of Grosse Pointe Woods, Michigan

| Functions/Programs | Expenses | Program Revenue | |
|---|----------------------|----------------------|------------------------------------|
| | | Charges for Services | Operating Grants and Contributions |
| Primary government: | | | |
| Governmental activities: | | | |
| General government | \$ 3,586,605 | \$ 401,218 | \$ 25,474 |
| Public safety | 9,321,147 | 379,099 | - |
| Public works | 6,431,753 | - | 984,035 |
| Solid waste | 1,126,483 | - | - |
| Municipal improvements | 575,094 | - | - |
| Recreation and culture | 1,855,328 | 116,383 | - |
| Interest on long-term debt | 207,605 | - | - |
| Total governmental activities | 23,104,015 | 896,700 | 1,009,509 |
| Business-type activities: | | | |
| Water/Sewer | 6,053,295 | 7,202,849 | - |
| Parking | 304,826 | 439,720 | - |
| Boat dock | 104,778 | 150,625 | - |
| Commodity sales | 23,940 | 30,392 | - |
| Total business-type activities | 6,486,839 | 7,823,586 | - |
| Total primary government | \$ 29,590,854 | \$ 8,720,286 | \$ 1,009,509 |
| General revenue: | | | |
| Property taxes | | | |
| State-shared revenue (unrestricted) | | | |
| Unrestricted investment earnings | | | |
| Franchise taxes | | | |
| Other miscellaneous income | | | |
| Gain on sale of capital assets | | | |
| Total general revenue | | | |
| Change in Net Position | | | |
| Net Position - Beginning of year | | | |
| Net Position - End of year | | | |

**Statement of Activities
Year Ended June 30, 2016**

| Net (Expense) Revenue and Changes in Net Position | | |
|--|-----------------------------|----------------------|
| Primary Government | | |
| Governmental Activities | Business-type Activities | Total |
| \$ (3,159,913) | \$ - | \$ (3,159,913) |
| (8,942,048) | - | (8,942,048) |
| (5,447,718) | - | (5,447,718) |
| (1,126,483) | - | (1,126,483) |
| (575,094) | - | (575,094) |
| (1,738,945) | - | (1,738,945) |
| (207,605) | - | (207,605) |
| (21,197,806) | - | (21,197,806) |
| - | 1,149,554 | 1,149,554 |
| - | 134,894 | 134,894 |
| - | 45,847 | 45,847 |
| - | 6,452 | 6,452 |
| - | 1,336,747 | 1,336,747 |
| (21,197,806) | 1,336,747 | (19,861,059) |
| 13,450,544 | - | 13,450,544 |
| 1,640,461 | - | 1,640,461 |
| 82,738 | 50,129 | 132,867 |
| 427,964 | - | 427,964 |
| 627,485 | - | 627,485 |
| 23,684 | - | 23,684 |
| 16,252,876 | 50,129 | 16,303,005 |
| (4,944,930) | 1,386,876 | (3,558,054) |
| 6,556,604 | 24,029,330 | 30,585,934 |
| \$ 1,611,674 | \$ 25,416,206 | \$ 27,027,880 |

City of Grosse Pointe Woods, Michigan

Governmental Funds Balance Sheet June 30, 2016

| | General Fund | Special Revenue Funds | | | Debt Service Fund | | Total |
|--|---------------------|-----------------------|----------------------|-----------------------------|-----------------------------|-------------------|----------------------|
| | | Major Streets Fund | Solid Waste Disposal | 2015 Road Bond Construction | Grosse - Gratiot Drain Fund | Nonmajor Funds | |
| Assets | | | | | | | |
| Cash and investments (Note 3) | \$ 6,789,990 | \$ 278,689 | \$ 498,932 | \$ 3,247,400 | \$ 1,506,369 | \$ 760,230 | \$ 13,081,610 |
| Receivables: | | | | | | | |
| Accrued interest receivable | 9,879 | - | 502 | - | - | 175 | 10,556 |
| Accrued interest | - | 3,528 | - | - | - | - | 3,528 |
| Due from other governmental units | 535,717 | 114,784 | - | - | - | 51,806 | 702,307 |
| Due from other funds (Note 5) | 12,522 | - | 308 | - | - | 2,301 | 15,131 |
| Prepays | 79,148 | 6,434 | 1,970 | - | - | 2,034 | 89,586 |
| Total assets | \$ 7,427,256 | \$ 403,435 | \$ 501,712 | \$ 3,247,400 | \$ 1,506,369 | \$ 816,546 | \$ 13,902,718 |
| Liabilities | | | | | | | |
| Accounts payable | \$ 295,543 | \$ 6,489 | \$ 22,544 | \$ 1,241,292 | \$ - | \$ 262,288 | \$ 1,828,156 |
| Due to other funds (Note 5) | 3,721 | - | - | - | - | 222 | 3,943 |
| Accrued liabilities and other: | | | | | | | |
| Accrued salaries and wages | 147,257 | 8,105 | 1,936 | - | - | 1,117 | 158,415 |
| Payroll taxes and withholdings | 29,510 | 2,136 | 520 | - | - | 304 | 32,470 |
| Accrued other liabilities | 394,153 | 2,505 | 34,584 | - | 49,026 | 1,265 | 481,533 |
| Provision for claims | 1,575 | 214 | 53 | - | - | 27 | 1,869 |
| Total liabilities | 871,759 | 19,449 | 59,637 | 1,241,292 | 49,026 | 265,223 | 2,506,386 |
| Deferred Inflows of Resources - | | | | | | | |
| Unavailable revenue | 23,865 | - | - | - | - | - | 23,865 |
| Fund Balances | | | | | | | |
| Nonspendable - Prepays | 79,148 | 6,434 | 1,970 | - | - | 2,034 | 89,586 |
| Restricted: | | | | | | | |
| Roads | - | 365,782 | - | 2,006,108 | - | - | 2,371,890 |
| Debt service | - | - | - | - | - | 490 | 490 |
| Solid waste | - | - | 440,105 | - | - | - | 440,105 |
| Public safety | - | - | - | - | - | 65,568 | 65,568 |
| Community development | - | - | - | - | - | 728 | 728 |
| Fireworks | - | - | - | - | - | 58,325 | 58,325 |
| Committed: | | | | | | | |
| Local streets | 749,252 | - | - | - | - | 5,000 | 754,252 |
| Repairs and equipment | 2,700 | 11,770 | - | - | - | - | 14,470 |
| Assigned: | | | | | | | |
| Subsequent year's budget | 170,369 | - | - | - | - | - | 170,369 |
| Debt service | - | - | - | - | 1,457,343 | - | 1,457,343 |
| Public safety | - | - | - | - | - | 176,634 | 176,634 |
| Capital projects | - | - | - | - | - | 145,753 | 145,753 |
| Parkway beautification | - | - | - | - | - | 96,791 | 96,791 |
| Cable | 537,541 | - | - | - | - | - | 537,541 |
| Unassigned | 4,992,622 | - | - | - | - | - | 4,992,622 |
| Total fund balances | 6,531,632 | 383,986 | 442,075 | 2,006,108 | 1,457,343 | 551,323 | 11,372,467 |
| Total liabilities and fund balances | \$ 7,427,256 | \$ 403,435 | \$ 501,712 | \$ 3,247,400 | \$ 1,506,369 | \$ 816,546 | \$ 13,902,718 |

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, 2016

| | |
|--|----------------------------|
| Fund Balance Reported in Governmental Funds | \$ 11,372,467 |
| 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 | 31,022,323 |
| Investments in joint ventures are not financial resources and are not reported in the funds | 55,628 |
| Net pension liability is not due and payable in the current period and is not reported in the funds | (28,085,929) |
| 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 | 12,964,337 |
| 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 | (655,124) |
| Deferred inflows for unavailable revenue are reported in the funds but not in the governmental activities | 23,865 |
| Long-term liabilities are not due and payable in the current period and are not reported in the funds | (6,600,000) |
| Unamortized bond premium is not due and payable in the current period and is not reported in the funds | (472,022) |
| Net OPEB obligation does not present a claim on current financial resources. Therefore, it is not reported as a fund liability | (19,448,019) |
| Accrued interest is not due and payable in the current period and is not reported in the funds | (58,385) |
| 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 | (740,331) |
| Internal service funds are included as part of governmental activities | <u>2,232,864</u> |
| Net Position of Governmental Activities | <u>\$ 1,611,674</u> |

City of Grosse Pointe Woods, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2016

| | Special Revenue Funds | | | | Debt Service Fund | | Total |
|--|-----------------------|--------------------|-------------------|-----------------------------|---------------------------|-------------------|----------------------|
| | General Fund | Major Streets Fund | Solid Waste Fund | 2015 Road Bond Construction | | Nonmajor Funds | |
| | | | | Grosse-Gratiot Drain Fund | Grosse-Gratiot Drain Fund | | |
| Revenue | | | | | | | |
| Property taxes | \$ 9,362,734 | \$ - | \$ 1,269,795 | \$ - | \$ 2,609,920 | \$ 208,095 | \$ 13,450,544 |
| Licenses and permits | 825,131 | - | - | - | - | - | 825,131 |
| State and local sources | 1,945,686 | 697,972 | - | - | - | 6,312 | 2,649,970 |
| Charges for services | 225,434 | - | - | - | - | - | 225,434 |
| Fines and forfeitures | 379,099 | - | - | - | - | - | 379,099 |
| Investment income | 55,250 | - | 5,807 | 8,022 | - | 1,427 | 70,506 |
| Other revenue | 394,849 | 36,019 | 1,261 | - | - | 195,356 | 627,485 |
| Total revenue | 13,188,183 | 733,991 | 1,276,863 | 8,022 | 2,609,920 | 411,190 | 18,228,169 |
| Expenditures - Current: | | | | | | | |
| General government | 2,577,304 | - | - | - | - | 25,805 | 2,603,109 |
| Public safety | 5,241,913 | - | - | - | - | 80,655 | 5,322,568 |
| Public works | 2,585,589 | 744,886 | 1,206,483 | 4,584,429 | 1,692,541 | - | 10,813,928 |
| Municipal improvement | 112,141 | - | - | - | - | 339,794 | 451,935 |
| Parks and recreation | 1,317,785 | - | - | - | - | 49,572 | 1,367,357 |
| Interest on long-term debt | - | - | - | - | - | 207,605 | 207,605 |
| Total expenditures | 11,834,732 | 744,886 | 1,206,483 | 4,584,429 | 1,692,541 | 703,431 | 20,766,502 |
| Excess of Revenue Over (Under) Expenditures | 1,353,451 | (10,895) | 70,380 | (4,576,407) | 917,379 | (292,241) | (2,538,333) |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers in | 67,593 | - | - | - | - | 296,570 | 364,163 |
| Transfers out | (296,570) | - | - | - | - | (67,593) | (364,163) |
| Net Change in Fund Balances | 1,124,474 | (10,895) | 70,380 | (4,576,407) | 917,379 | (63,264) | (2,538,333) |
| Fund Balances - Beginning of year | 5,407,158 | 394,881 | 371,695 | 6,582,515 | 539,964 | 614,587 | 13,910,800 |
| Fund Balances - End of year | \$ 6,531,632 | \$ 383,986 | \$ 442,075 | \$ 2,006,108 | \$ 1,457,343 | \$ 551,323 | \$ 11,372,467 |

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, 2016

| | |
|--|------------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (2,538,333) |
| 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 | 5,252,241 |
| Depreciation expense | (1,105,216) |
| 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 | 5,742 |
| Change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities | (1,198) |
| Other postemployment benefit obligation expense is recognized in the statement of activities, but not in the governmental funds | (1,919,986) |
| Change in investment in a joint Grosse Pointes-Clinton Refuse Disposal Authority is not recorded in the funds | (3,311) |
| 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 | (4,443,712) |
| Amortization of bond premium is recorded in the statement of activities | 52,447 |
| Interest expense is recorded when incurred in the statement of activities | (8,420) |
| Internal service funds are included as part of the governmental activities | <u>(235,184)</u> |
| Change in Net Position of Governmental Activities | <u>\$ (4,944,930)</u> |

City of Grosse Pointe Woods, Michigan

Proprietary Funds Statement of Net Position June 30, 2016

| | Enterprise Funds | | | Governmental Activities |
|--|--|------------------------------|---------------------------|----------------------------|
| | Major Enterprise Fund - Water and Sewer Fund | Nonmajor Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
| | | | | |
| Assets | | | | |
| Current assets: | | | | |
| Cash and investments (Note 3) | \$ 7,414,812 | \$ 1,800,508 | \$ 9,215,320 | \$ 2,929,767 |
| Receivables: | | | | |
| Customers | 1,713,527 | - | 1,713,527 | - |
| Accrued interest receivable | 15,509 | 2,594 | 18,103 | 2,380 |
| Due from other governmental units | 17,405 | - | 17,405 | - |
| Due from other funds (Note 5) | 930 | - | 930 | 182 |
| Prepaid expenses and other assets | 6,232 | 1,588 | 7,820 | 55,801 |
| Total current assets | <u>9,168,415</u> | <u>1,804,690</u> | <u>10,973,105</u> | <u>2,988,130</u> |
| Noncurrent assets: | | | | |
| Restricted assets (Note 1) | 256,000 | - | 256,000 | - |
| Capital assets - Assets subject to depreciation (Note 4) | 27,567,404 | 402,340 | 27,969,744 | 1,290,853 |
| Total noncurrent assets | <u>27,823,404</u> | <u>402,340</u> | <u>28,225,744</u> | <u>1,290,853</u> |
| Total assets | <u>36,991,819</u> | <u>2,207,030</u> | <u>39,198,849</u> | <u>4,278,983</u> |
| Deferred Outflows of Resources - | | | | |
| Deferred outflows related to pensions | 863,617 | 151,449 | 1,015,066 | 440,820 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 467,260 | 8,094 | 475,354 | 31,726 |
| Due to other funds (Note 5) | - | 12,300 | 12,300 | - |
| Accrued liabilities and other | 80,331 | 4,668 | 84,999 | 5,845 |
| Compensated absences - Less than 1 year | 41,173 | 7,766 | 48,939 | 36,748 |
| Provision for claims - Less than 1 year | 160 | - | 160 | 45,816 |
| Current portion of long-term debt | 745,000 | - | 745,000 | 200,711 |
| Total current liabilities | <u>1,333,924</u> | <u>32,828</u> | <u>1,366,752</u> | <u>320,846</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences - Greater than 1 year | 18,646 | 4,349 | 22,995 | - |
| Provision for claims - Greater than 1 year | - | - | - | 99,998 |
| Pension liability (Note 7) | 1,915,472 | 336,141 | 2,251,613 | 978,125 |
| Other postemployment benefit obligation (Note 8) | 1,599,430 | 400,399 | 1,999,829 | 602,527 |
| Long-term debt (Note 6) | 9,070,207 | - | 9,070,207 | 448,102 |
| Total noncurrent liabilities | <u>12,603,755</u> | <u>740,889</u> | <u>13,344,644</u> | <u>2,128,752</u> |
| Total liabilities | <u>13,937,679</u> | <u>773,717</u> | <u>14,711,396</u> | <u>2,449,598</u> |
| Deferred Inflows of Resources - | | | | |
| Deferred inflows related to pensions | 73,302 | 13,011 | 86,313 | 37,341 |
| Restricted - Debt Service | | | | |
| Net investment in capital assets | 17,752,197 | 402,340 | 18,154,537 | 642,040 |
| Restricted-debt service | 256,000 | - | 256,000 | - |
| Unrestricted | 5,836,258 | 1,169,411 | 7,005,669 | 1,590,824 |
| Total net position | <u>\$ 23,844,455</u> | <u>\$ 1,571,751</u> | <u>25,416,206</u> | <u>\$ 2,232,864</u> |
| Net Position of Business-type Activities | | | <u>\$ 25,416,206</u> | |

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

City of Grosse Pointe Woods, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2016

| | Enterprise Funds | | | Governmental Activities |
|---|--|------------------------------|---------------------------|----------------------------|
| | Major Enterprise Fund - Water and Sewer Fund | Nonmajor Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
| Operating Revenue | | | | |
| Water sales and charges for services | \$ 7,007,703 | \$ - | \$ 7,007,703 | \$ - |
| Penalties | 111,419 | - | 111,419 | - |
| Fees and violations | - | 436,720 | 436,720 | - |
| Docking and launching fees | - | 150,625 | 150,625 | - |
| Commodity sales | - | 30,392 | 30,392 | - |
| Other revenue | 55,456 | 3,000 | 58,456 | 10,000 |
| Charges to other funds | - | - | - | 866,479 |
| Total operating revenue | 7,174,578 | 620,737 | 7,795,315 | 876,479 |
| Operating Expenses | | | | |
| Cost of water and disposal | 3,702,122 | - | 3,702,122 | - |
| Insurance expenses and contractual services | - | - | - | 107,381 |
| Operation and maintenance | 236,615 | 204,105 | 440,720 | 434,559 |
| General and administrative | 1,014,765 | 161,414 | 1,176,179 | 411,678 |
| Charges from internal service funds | 50,000 | 6,000 | 56,000 | - |
| Depreciation | 801,863 | 62,025 | 863,888 | 186,949 |
| Total operating expenses | 5,805,365 | 433,544 | 6,238,909 | 1,140,567 |
| Operating Income (Loss) | 1,369,213 | 187,193 | 1,556,406 | (264,088) |
| Nonoperating Revenue (Expenses) | | | | |
| Interest income | 45,010 | 5,119 | 50,129 | 12,388 |
| Revenue from joint venture | 13,140 | - | 13,140 | - |
| Interest expense | (261,070) | - | (261,070) | (7,168) |
| Gain on sale of assets | - | - | - | 23,684 |
| Amortization of debt premium | 28,271 | - | 28,271 | - |
| Total nonoperating (expenses) revenue | (174,649) | 5,119 | (169,530) | 28,904 |
| Change in Net Position | 1,194,564 | 192,312 | 1,386,876 | (235,184) |
| Net Position - Beginning of year | 22,649,891 | 1,379,439 | 24,029,330 | 2,468,048 |
| Net Position - End of year | <u>\$ 23,844,455</u> | <u>\$ 1,571,751</u> | <u>\$ 25,416,206</u> | <u>\$ 2,232,864</u> |

City of Grosse Pointe Woods, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2016

| | Enterprise Funds | | | Governmental |
|---|--------------------------------|---------------------|---------------------|---------------------|
| | Major Enterprise | Nonmajor | Total Enterprise | Activities |
| | Fund - Water and Sewer Fund | | | Enterprise Funds |
| Cash Flows from Operating Activities | | | | |
| Receipts from customers | \$ 6,767,653 | \$ 620,737 | \$ 7,388,390 | \$ 10,000 |
| Receipts for interfund services and reimbursements | - | - | - | 942,299 |
| Payments to suppliers | (3,554,284) | (1,827) | (3,556,111) | (3,691) |
| Payments to employees | (615,504) | (178,896) | (794,400) | (558,408) |
| Internal activity - Payments to other funds | - | (24,883) | (24,883) | - |
| Claims paid | (6,234) | - | (6,234) | (22,177) |
| Other payments | (380,572) | (67,153) | (447,725) | (179,974) |
| Net cash provided by operating activities | 2,211,059 | 347,978 | 2,559,037 | 188,049 |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Debt proceeds | 26,725 | - | 26,725 | 555,154 |
| Proceeds from sales of capital assets | - | - | - | 23,684 |
| Purchase of capital assets | (111,807) | - | (111,807) | (517,029) |
| Principal and interest paid on capital debt | (1,013,789) | - | (1,013,789) | (186,067) |
| Debt service charge | 28,271 | - | 28,271 | - |
| Net cash used in capital and related financing activities | (1,070,600) | - | (1,070,600) | (124,258) |
| Cash Flows from Investing Activities | | | | |
| Interest received on investments | 37,472 | 2,838 | 40,310 | 16,674 |
| Gain on joint venture | 13,140 | - | 13,140 | - |
| Net cash provided by investing activities | 50,612 | 2,838 | 53,450 | 16,674 |
| Net Increase in Cash and Cash Equivalents | 1,191,071 | 350,816 | 1,541,887 | 80,465 |
| Cash and Cash Equivalents - Beginning of year | 6,479,741 | 1,449,692 | 7,929,433 | 2,849,302 |
| Cash and Cash Equivalents - End of year | \$ 7,670,812 | \$ 1,800,508 | \$ 9,471,320 | \$ 2,929,767 |
| Balance Sheet Classification of Cash and Cash Equivalents | | | | |
| Cash and investments | \$ 7,414,812 | \$ 1,800,508 | \$ 9,215,320 | \$ 2,929,767 |
| Restricted cash | 256,000 | - | 256,000 | - |
| Total cash and cash equivalents | \$ 7,670,812 | \$ 1,800,508 | \$ 9,471,320 | \$ 2,929,767 |
| Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities | | | | |
| Operating income (loss) | \$ 1,369,213 | \$ 187,193 | \$ 1,556,406 | \$ (264,088) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | | |
| Depreciation and amortization | 801,863 | 62,025 | 863,888 | 186,949 |
| Changes in assets and liabilities: | | | | |
| Receivables | (407,016) | - | (407,016) | 34,757 |
| Due from others | 48 | - | 48 | - |
| Prepays | 1,933 | 492 | 2,425 | 4,802 |
| Accounts payable | 179,826 | 51,886 | 231,712 | 67,327 |
| Due to other funds | - | 117 | 117 | - |
| Estimated claims liability | (6,234) | - | (6,234) | 85,204 |
| Accrued and other liabilities | 651,998 | 113,418 | 765,416 | 73,053 |
| Other assets | (380,572) | (67,153) | (447,725) | 45 |
| Net cash provided by operating activities | \$ 2,211,059 | \$ 347,978 | \$ 2,559,037 | \$ 188,049 |

Noncash Activity - There were no noncash transactions for the year ended June 30, 2016.

City of Grosse Pointe Woods, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2016

| | Pension and Other Employee Benefits | Agency Funds |
|---|--|--------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,494,422 | \$ 27,828 |
| Investments: | | |
| Stocks | 19,303,239 | - |
| Corporate bonds | 3,899,746 | - |
| Pooled investments | 13,001,618 | - |
| Receivables: | | |
| Accrued interest receivable | 127 | - |
| Other receivables | 8,175 | - |
| Total assets | 37,707,327 | \$ 27,828 |
| Liabilities | | |
| Accounts payable | 280,047 | \$ - |
| Due to other governmental units | - | 22,210 |
| Court bonds payable | - | 5,618 |
| Total liabilities | 280,047 | \$ 27,828 |
| Net Position Held in Trust for Pension and Other Employee Benefits | \$ 37,427,280 | |

City of Grosse Pointe Woods, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2016

| | Pension and Other Employee Benefits |
|---|---|
| Additions | |
| Investment income: | |
| Interest and dividends | \$ 973,584 |
| Net decrease in fair market value | (2,308,046) |
| Contributions: | |
| Employer | 1,273,043 |
| Employee | 320,582 |
| Total contributions | <u>1,593,625</u> |
| Total additions - Net | 259,163 |
| Deductions | |
| Benefit payments | 3,451,227 |
| Administrative expenses | 51,765 |
| Total deductions | <u>3,502,992</u> |
| Net Decrease | (3,243,829) |
| Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year | <u>40,671,109</u> |
| Net Position Held in Trust for Pension and Other Employee Benefits - End of year | <u><u>\$ 37,427,280</u></u> |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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 (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

Notes to Financial Statements June 30, 2016

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.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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 Major Streets Fund accounts for the maintenance and replacement of all major streets within the City. Funding is provided by distribution of gas tax proceeds.
- The Solid Waste Fund is used to account for the collection, disposal, and recycling of all residential and commercial waste within the City. Financing is provided by a separate tax millage.
- The 2015 Road Bond Construction Fund is used to account for the proceeds and expenditures related to road repairs. Financing is provided through bonds issues by the City.
- The Grosse-Gratiot Drain Fund accounts for revenue received and used to pay principal and interest on the Grosse-Gratiot Drain long-term debt. Funding is provided by a specific property tax millage.

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.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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

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

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.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Further, 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.

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 \$256,000 at June 30, 2016. 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:

| <u>Capital Asset Class</u> | <u>Lives</u> |
|----------------------------|--------------|
| Infrastructure | 10-50 years |
| Buildings | 25 years |
| Vehicles | 3-7 years |
| Equipment | 5 years |
| Land improvement | 10-40 years |

Note I - Summary of Significant Accounting Policies (Continued)

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.

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 reimbursement for election expenses 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.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The 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 adoption of an ordinance 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 adoption of an ordinance 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 December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

The City's 2015 tax is levied and collectible on December 1, 2015 and is recognized as revenue in the year ended June 30, 2016 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the City totaled \$638 million, on which ad valorem taxes levied consisted of 14.0263 mills for operating purposes, 0.0788 mills for public relations, 2.0251 mills for solid waste disposal, 0.3280 mills for road bond debt, and 4.1509 mills for the Grosse-Gratiot Drain. This resulted in \$8.9 million for operating, \$.05 million for public relations, \$1.29 million for solid waste disposal, \$0.2 million for road bond debt, and \$2.6 million for the Grosse-Gratiot Drain. These amounts are recognized in the respective General, special revenue, and debt service fund financial statements as tax revenue.

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.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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.

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, 2015 | \$ (616,266) |
| Current year building permit revenue | 393,148 |
| Related expense - Direct costs | <u>431,380</u> |
| Current year shortfall | <u>(38,232)</u> |
| Cumulative shortfall at June 30, 2016 | <u>\$ (654,498)</u> |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments

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

The 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 \$13,599,731 of bank deposits (certificates of deposit and checking and savings accounts). Of that amount, \$1,218,033 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, 2016

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:

| Primary Government | Fair Value | 0-5 Years | 5-15 Years | 15 Years and More |
|--|---------------|---------------|---------------|----------------------|
| U.S. government agencies and securities: | | | | |
| U.S. Treasury notes | \$ 2,004,930 | \$ 2,004,930 | \$ - | \$ - |
| Negotiable certificates of deposit | 3,160,294 | 3,160,294 | - | - |
| Federal Home Loan Mortgage Corporation | 934,793 | 934,793 | - | - |
| Federal National Mortgage Association | 1,802,241 | 1,802,241 | - | - |
| Federal Home Loan Bank | 1,350,573 | 1,350,573 | - | - |
| Federal Farm Credit Bank | 1,785,039 | 1,785,039 | - | - |
| Total | \$ 11,037,870 | \$ 11,037,870 | \$ - | \$ - |
| Fiduciary Funds | Fair Value | 0-5 Years | 5-15 Years | 15 Years and More |
| Loomis Sayles Bond Fund | \$ 3,899,746 | \$ 3,899,746 | \$ - | \$ - |
| | \$ 3,899,746 | \$ 3,899,746 | \$ - | \$ - |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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 | \$ 3,160,294 | Not rated | N/A |
| Federal Home Loan Mortgage Corporation | 934,793 | AAA | Moody's |
| Federal National Mortgage Association | 1,552,171 | AAA | Moody's |
| Federal National Mortgage Association Fixed Rate | 250,070 | AAA | Moody's |
| Federal Home Loan Bank | 300,147 | AAA | Moody's |
| Federal Home Loan Bank Fixed Rate | 1,050,426 | AAA | Moody's |
| Federal Farm Credit Bank | 1,785,039 | AAA | Moody's |
| Municipal bonds | 552,800 | AA | Moody's |
| Bank investment pools | 197,246 | Not rated | N/A |
| U.S. Treasury notes | 2,004,930 | AAA | Moody's |
| Fiduciary funds - Loomis Sayles Bond Fund | 3,899,746 | 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 | 15.29 % |
| Federal Farm Credit Bank | 15.14 % |
| Federal Home Loan Bank | 11.46 % |
| Federal Home Loan Mortgage Corporation | 7.93 % |
| Fiduciary funds: | |
| iShares | 30.23 % |
| DFA Emerging Markets | 11.49 % |
| Boston Partners Long | 10.11 % |
| American Fund Europacific | 10.01 % |
| John Hancock Global Absolute | 9.67 % |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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, 2016:

Assets Measured at Fair Value on a Recurring Basis

| | Balance at June 30, 2016 | 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 | \$ 3,899,746 | \$ 3,899,746 | \$ - | \$ - |
| Equity securities: | | | | |
| Money market funds | 268,943 | 268,943 | - | - |
| Equity funds | 32,354,990 | 32,354,990 | - | - |
| Total equity securities | 32,623,933 | 32,623,933 | - | - |
| Governmental securities: | | | | |
| U.S. Treasury Securities | 2,004,930 | - | 2,004,930 | - |
| U.S. governmental bonds | 5,872,646 | - | 5,872,646 | - |
| Municipal bonds | 552,800 | - | 552,800 | - |
| Total governmental securities | 8,430,376 | - | 8,430,376 | - |
| Certificates of deposit | 3,160,294 | - | 3,160,294 | - |
| Total investments by fair value level | \$ 48,114,349 | \$ 36,523,679 | \$ 11,590,670 | \$ - |

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, 2016

Note 3 - Deposits and Investments (Continued)

The fair value of governmental securities and certificates of deposit at June 30, 2016 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:

| Governmental Activities | Balance July 1, 2015 | Reclassifications | Additions | Disposals and Adjustments | Balance June 30, 2016 |
|---------------------------------------|-------------------------|-------------------|--------------|------------------------------|--------------------------|
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,547,967 | \$ - | \$ - | \$ - | \$ 1,547,967 |
| Construction in progress | 1,872,275 | (1,330,556) | 4,721,237 | - | 5,262,956 |
| Subtotal | 3,420,242 | (1,330,556) | 4,721,237 | - | 6,810,923 |
| Capital assets being depreciated: | | | | | |
| Infrastructure | 27,687,723 | 1,330,556 | 248,078 | - | 29,266,357 |
| Buildings | 9,160,897 | - | 6,332 | 47,131 | 9,214,360 |
| Equipment and vehicles | 7,571,724 | - | 578,225 | (253,656) | 7,896,293 |
| Land improvements | 282,840 | - | 215,397 | - | 498,237 |
| Subtotal | 44,703,184 | 1,330,556 | 1,048,032 | (206,525) | 46,875,247 |
| Accumulated depreciation: | | | | | |
| Infrastructure | 8,263,913 | - | 604,886 | - | 8,868,799 |
| Buildings | 4,709,468 | - | 307,088 | - | 5,016,556 |
| Equipment and vehicles | 7,161,854 | - | 360,317 | (253,656) | 7,268,515 |
| Land improvements | 199,250 | - | 19,874 | - | 219,124 |
| Subtotal | 20,334,485 | - | 1,292,165 | (253,656) | 21,372,994 |
| Net capital assets being depreciated | 24,368,699 | 1,330,556 | (244,133) | 47,131 | 25,502,253 |
| Net governmental funds capital assets | \$ 27,788,941 | \$ - | \$ 4,477,104 | \$ 47,131 | \$ 32,313,176 |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

Note 4 - Capital Assets (Continued)

| Business-type Activities | Balance July 1, 2015 | Reclassifications | Additions | Disposals and Adjustments | Balance June 30, 2016 |
|--|-------------------------|-------------------|--------------|------------------------------|--------------------------|
| Capital assets not being depreciated - Construction in progress | \$ 2,915,009 | \$ (2,915,009) | \$ - | \$ - | \$ - |
| Capital assets being depreciated: | | | | | |
| Water and sewer lines | 38,009,587 | 2,915,009 | 151,359 | (39,552) | 41,036,403 |
| Land improvements | 1,914,692 | - | - | - | 1,914,692 |
| Subtotal | 39,924,279 | 2,915,009 | 151,359 | (39,552) | 42,951,095 |
| Accumulated depreciation: | | | | | |
| Water and sewer lines | 12,667,136 | - | 801,863 | - | 13,468,999 |
| Land improvements | 1,450,327 | - | 62,025 | - | 1,512,352 |
| Subtotal | 14,117,463 | - | 863,888 | - | 14,981,351 |
| Net capital assets being depreciated | 25,806,816 | 2,915,009 | (712,529) | (39,552) | 27,969,744 |
| Net business-type capital assets | \$ 28,721,825 | \$ - | \$ (712,529) | \$ (39,552) | \$ 27,969,744 |

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

Governmental activities:

| | |
|-------------------------------|---------------------|
| General government | \$ 79,250 |
| Public safety | 57,209 |
| Public works | 658,854 |
| Recreation and culture | 309,903 |
| Internal service funds | 186,949 |
| Total governmental activities | <u>\$ 1,292,165</u> |

Business-type activities:

| | |
|--------------------------------|-------------------|
| Water and sewer | \$ 801,863 |
| Parking utility | 29,974 |
| Boat dock | 32,051 |
| Total business-type activities | <u>\$ 863,888</u> |

Construction Commitments - The City has active construction projects at year end. At year end the City has spent \$5,100,422 in connection with active road construction projects and the City's commitment with contractors was \$6,333,576.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Interfund Receivables, Payables, and Transfers

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

| Receivable Fund | Payable Fund | Amount |
|--------------------------------|-----------------------------|------------------|
| Due to/from Other Funds | | |
| General Fund | Nonmajor governmental funds | \$ 222 |
| | Nonmajor enterprise funds | 12,300 |
| | Total General Fund | 12,522 |
| Solid Waste Disposal Fund | General Fund | 308 |
| Nonmajor governmental funds | General Fund | 2,301 |
| Water and Sewer Fund | General Fund | 930 |
| Internal service funds | General Fund | 182 |
| | Total | <u>\$ 16,243</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 | \$ 296,570 |
| Nonmajor governmental funds | General Fund | 67,593 |

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, 2016

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 |
|---|----------------------------|---------------------------------|----------------------|--------------|---------------|----------------|------------------------|
| Governmental Activities | | | | | | | |
| Installment loan - Comerica Vehicle Loans | 2.6% | \$30,800-\$211,343 | \$ 272,558 | \$ 555,154 | \$ (178,899) | \$ 648,813 | \$ 200,711 |
| General obligation bonds - 2015 Road Construction bonds: | | | | | | | |
| Amount of issue - \$6,600,000 | 2.000% - 4.000% | \$500,000 - \$1,000,000 | 6,600,000 | - | - | 6,600,000 | 750,000 |
| Maturing through 2025 | | | 524,469 | - | (52,447) | 472,022 | 52,447 |
| Reoffering premium | | | | | | | |
| Total debt | | | 7,397,027 | 555,154 | (231,346) | 7,720,835 | 1,003,158 |
| Long-term obligations: | | | | | | | |
| Employee compensated absences | | | 770,908 | 558,385 | (552,214) | 777,079 | 593,382 |
| Estimated liability for workers' compensation and health claims (Note 12) | | | 237,337 | 1,324,459 | (1,414,113) | 147,683 | 47,685 |
| Total governmental activities | | | \$ 8,405,272 | \$ 2,437,998 | \$(2,197,673) | \$ 8,645,597 | \$ 1,644,225 |
| Business-type Activities | | | | | | | |
| Revenue bonds: | | | | | | | |
| 2013 Revenue Refunding Bond: | | | | | | | |
| Amount of refunding - \$3,190,000 | 2.00% - 4.00% | \$320,000 - \$415,000 | \$ 2,880,000 | \$ - | \$ (320,000) | \$ 2,560,000 | \$ 325,000 |
| Maturing through 2023 | | | | | | | |
| 2010 Drinking Water Revolving Fund Bond-7301-01: | | | | | | | |
| Amount of issue - \$1,915,991 | | \$95,000 - \$135,000 | 1,645,606 | - | (90,000) | 1,555,606 | 100,000 |
| Maturing through 2030 | 2.50% | | | | | | |
| 2010 Drinking Water Revolving Fund - 7332-01: | | | | | | | |
| Amount of issue - \$60,497 | | \$170,000 - \$250,000 | 3,051,192 | - | (170,000) | 2,881,192 | 175,000 |
| Maturing through 2029 | 2.50% | | | | | | |
| 2012 State Revolving Fund Bond - 5365-01: | | | | | | | |
| Amount of issue - \$3,525,000 | | \$140,000 - \$220,000 | 2,733,788 | 26,725 | (140,000) | 2,620,513 | 145,000 |
| Maturing through 2033 | 2.50% | | 226,166 | - | (28,270) | 197,896 | - |
| Bond premium | | | | | | | |
| Total revenue bonds | | | 10,536,752 | 26,725 | (748,270) | 9,815,207 | 745,000 |
| Other long-term obligations: | | | | | | | |
| Employee compensated absences | | | 66,585 | 40,164 | (42,686) | 64,063 | 48,939 |
| Estimated liability for workers' compensation and health claims (Note 12) | | | 6,395 | 160 | (6,395) | 160 | 160 |
| Total business-type activities | | | \$ 10,609,732 | \$ 67,049 | \$(797,351) | \$ 9,879,430 | \$ 794,099 |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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 \$2,917,500. During the current year, net revenue of the system was \$1,664,422 compared to the annual debt requirements of \$404,500.

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 |
| 2017 | \$ 950,711 | \$ 227,217 | \$ 1,177,928 | \$ 745,000 | \$ 281,243 | \$ 1,026,243 |
| 2018 | 955,958 | 191,970 | 1,147,928 | 760,000 | 264,217 | 1,024,217 |
| 2019 | 961,344 | 156,585 | 1,117,929 | 785,000 | 246,892 | 1,031,892 |
| 2020 | 530,800 | 126,060 | 656,860 | 810,000 | 225,455 | 1,035,455 |
| 2021 | 500,000 | 105,250 | 605,250 | 835,000 | 203,317 | 1,038,317 |
| 2022-2026 | 3,350,000 | 181,375 | 3,531,375 | 3,295,000 | 582,408 | 3,877,408 |
| 2027-2031 | - | - | - | 2,366,798 | 130,000 | 2,496,798 |
| 2032-2033 | - | - | - | 20,513 | 526 | 21,039 |
| Total | <u>\$ 7,248,813</u> | <u>\$ 988,457</u> | <u>\$ 8,237,270</u> | <u>\$ 9,617,311</u> | <u>\$ 1,934,058</u> | <u>\$11,551,369</u> |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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 |
|--|-----------------------|-------------------------------|--------------------|
| <u>Statement of Net Position</u> | | | |
| Cash and cash equivalents | \$ 966,949 | \$ 63,112 | \$ 464,361 |
| Investments: | | | |
| Stocks | 17,925,685 | 1,377,554 | - |
| Corporate bonds | 3,899,746 | - | - |
| Bond index funds | 13,001,618 | - | - |
| Real estate investment trust | - | - | - |
| Accrued interest receivable | 127 | - | - |
| Contributions receivable | 8,175 | - | - |
| Accounts payable | (258,628) | (21,419) | - |
| | <u>\$ 35,543,672</u> | <u>\$ 1,419,247</u> | <u>\$ 464,361</u> |
| Net position held in trust for pension and other employee benefits | <u>\$ 35,543,672</u> | <u>\$ 1,419,247</u> | <u>\$ 464,361</u> |
| | Pension Trust Fund | Supplementary Annuity Fund | OPEB Trust Fund |
| <u>Statement of Changes in Net Position</u> | | | |
| Additions: | | | |
| Investment income (loss): | | | |
| Interest and dividends | \$ 973,471 | \$ - | \$ 113 |
| Net increase in fair market value | (2,333,401) | 3,963 | 21,392 |
| Total investment income | (1,359,930) | 3,963 | 21,505 |
| Contributions: | | | |
| Employer | 925,683 | 297,360 | 50,000 |
| Employee | 252,579 | - | 68,003 |
| Total contributions | 1,178,262 | 297,360 | 118,003 |
| Deductions - Pension payments | 3,187,512 | 263,715 | - |
| Administrative expenses | 51,765 | - | - |
| Net (decrease) increase in net assets held in trust | (3,420,945) | 37,608 | 139,508 |
| Net position held in trust for pension and other employee benefits: | | | |
| Beginning of year | 38,964,617 | 1,381,639 | 324,853 |
| End of year | <u>\$ 35,543,672</u> | <u>\$ 1,419,247</u> | <u>\$ 464,361</u> |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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, 184 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, 2016, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2013. 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) | \$ 3,767,017 |
| Interest on the prior year's net OPEB obligation | 695,718 |
| Less adjustment to the annual required contribution | <u>(613,747)</u> |
| Annual OPEB cost | 3,848,988 |
| Amounts contributed | <u>(1,675,660)</u> |
| Increase in net OPEB obligation | 2,173,328 |
| Net OPEB obligation - Beginning of year | <u>19,877,047</u> |
| Net OPEB obligation - End of year | <u>\$ 22,050,375</u> |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

Note 8 - Other Postemployment Benefits (Continued)

| Fiscal Year Ended | Actuarial Valuation Date | Annual OPEB Costs | Employer Contributions | | Net OPEB Obligation |
|-------------------|--------------------------|-------------------|------------------------|------------|---------------------|
| | | | OPEB Costs Contributed | Percentage | |
| 6/30/11 | 6/30/07 | \$ 5,373,634 | 33.1 | | \$ 9,899,408 |
| 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 | 50.3 | | 22,050,375 |

| 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 |
|--------------------------|-------------------------------|-------------------------------|---------------------------|------------------------------|---------------------|---|
| 6/30/07 | \$ - | \$ 60,894,963 | \$ 60,894,963 | - | \$ - | \$ - |
| 6/30/10 | - | 57,033,150 | 57,033,150 | - | 5,454,568 | 1,045.6 |
| 6/30/13 | - | 52,414,605 | 52,414,605 | - | 5,003,250 | 1,047.6 |

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

Notes to Financial Statements June 30, 2016

Note 8 - Other Postemployment Benefits (Continued)

In the June 30, 2013 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, 2016, employees who had elected to participate in the Plan had total assets of \$4,891,383.

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, 2016

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 City Council, a resident appointed by the City Council, 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, 2016, the following employees were covered by the benefit terms:

| | |
|---|-------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 98 |
| Inactive plan members entitled to but not yet receiving benefits | 11 |
| Active plan members | <u>76</u> |
| Total employees covered by the plan | <u><u>185</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, 2016, 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 17 percent for general employees and 19 percent for public safety of annual payroll.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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, 2016:

| Asset Class | Target Allocation |
|-----------------------------------|----------------------|
| U.S. Large Cap Equity | 11 % |
| U.S. Mid Cap Equity | 4 % |
| U.S. Small Cap Equity | 6 % |
| International Developed Equity | 10 % |
| International Developed Small Cap | 5 % |
| International Emerging Markets | 15 % |
| Hedged Equity | 10 % |
| U.S. Core Bonds | 10 % |
| Public Real Estate (REITS) | 3 % |
| High Yield Bonds | 10 % |
| Commodities | 3 % |
| Energy/MLPs | 3 % |
| Liquid Diversifying Strategies | 10 % |

Rate of Return - For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was negative 3.53 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 | \$ 64,896,392 |
| Plan fiduciary net position | <u>(35,543,672)</u> |
| City's net pension liability | <u>\$ 29,352,720</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 54.8 % |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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

The City has chosen to use June 30, 2016 as its measurement date for the net pension liability. The June 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of June 30, 2016. The June 30, 2016 total pension liability was determined by an actuarial valuation performed as of June 30, 2016.

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 |
| Balance at June 30, 2015 | \$ 56,897,642 | \$ 38,964,617 | \$ 17,933,025 |
| Service cost | 893,380 | - | 893,380 |
| Interest | 3,802,189 | - | 3,802,189 |
| Differences between expected and actual experience | (509,341) | - | (509,341) |
| Changes in assumptions | 7,000,034 | - | 7,000,034 |
| Contributions - Employer | - | 925,683 | (925,683) |
| Contributions - Employee | - | 252,579 | (252,579) |
| Net investment income | - | (1,359,930) | 1,359,930 |
| Benefit payments, including refunds | (3,187,512) | (3,187,512) | - |
| Administrative expenses | - | (51,765) | 51,765 |
| Net changes | 7,998,750 | (3,420,945) | 11,419,695 |
| Balance at June 30, 2016 | <u>\$ 64,896,392</u> | <u>\$ 35,543,672</u> | <u>\$ 29,352,720</u> |

Assumption Changes - Mortality rates were updated to be based on the RP 2014 Healthy Annuitant Mortality Table.

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of \$5,865,125. At June 30, 2016, the City reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ 2,978,460 | \$ (390,890) |
| Changes in assumptions | 5,634,685 | - |
| Net difference between projected and actual earnings on pension plan investments | 5,146,254 | - |
| Total | <u>\$ 13,759,399</u> | <u>\$ (390,890)</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 |
|-------------------------|--------------|
| 2017 | \$ 4,405,099 |
| 2018 | 4,405,099 |
| 2019 | 3,226,543 |
| 2020 | 1,331,768 |

Actuarial Assumptions - The total pension liability in the June 30, 2016 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, 2016

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

Discount Rate - The discount rate used to measure the total pension liability was 5.83 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 2.68. The source of that bond rate was the Standard and Poor Municipal Bond 20-year high grade index as of June 30, 2016. The resulting Single Discount Rate is 5.83 percent. The long-term expected rate of return was applied to projected benefit payments from July 1, 2016 through July 1, 2113.

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 | 6.00 % |
| International Developed Equity | 6.50 % |
| International Small Cap | 7.00 % |
| International Emerging Markets | 9.75 % |
| Hedged Equity | 5.00 % |
| U.S. Core Bonds | 2.50 % |
| Public Real Estate (REITS) | 5.00 % |
| High Yield Bonds | 6.50 % |
| Commodities | 5.00 % |
| Energy/MLPs | 10.00 % |
| Liquid Diversifying Strategies | 4.00 % |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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 5.83 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 (4.83 percent) or 1 percentage point higher (6.83 percent) than the current rate:

| | 1% Decrease (4.83%) | Current Discount Rate (5.83%) | 1% Increase (6.83%) |
|-----------------------------------|------------------------|-------------------------------------|------------------------|
| Net pension liability of the City | \$ 38,826,101 | \$ 29,352,721 | \$ 21,637,642 |

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 negotiaion 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 City Council, a resident appointed by City Council, 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, 2016, the following employees were covered by the benefit terms:

| | |
|---|-------------------|
| Inactive plan members or beneficiaries currently receiving benefits | 57 |
| Active plan members | <u>47</u> |
| Total employees covered by the plan | <u><u>104</u></u> |

Benefits Provided - The pension plan provides retirement, disability, and death benefits. Benefits 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, 2016

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, 2016:

| Asset Class | Target Allocation |
|-----------------|-------------------|
| Domestic equity | 70.00 % |
| Fixed income | 30.00 % |

Rate of Return - For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was negative 3.53 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2016 were as follows:

| | |
|--|---------------------|
| Total pension liability | \$ 3,382,193 |
| Plan fiduciary net position | <u>(1,419,247)</u> |
| City's net pension liability | <u>\$ 1,962,946</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 42.0 % |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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

The City has chosen to use June 30, 2016 as its measurement date for the net pension liability. The June 30, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of June 30, 2016. The June 30, 2016 total pension liability was determined by an actuarial valuation performed as of June 30, 2016.

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 |
| Balance at June 30, 2015 | \$ 3,485,286 | \$ 1,381,639 | \$ 2,103,647 |
| Service cost | 37,233 | - | 37,233 |
| Interest | 269,224 | - | 269,224 |
| Differences between expected and actual experience | (232,788) | - | (232,788) |
| Changes in assumptions | 86,953 | - | 86,953 |
| Contributions - Employer | - | 297,360 | (297,360) |
| Net investment income | - | (17,456) | 17,456 |
| Benefit payments, including refunds | (263,715) | (242,296) | (21,419) |
| Net changes | (103,093) | 37,608 | (140,701) |
| Balance at June 30, 2016 | \$ 3,382,193 | \$ 1,419,247 | \$ 1,962,946 |

Assumption Changes - Mortality rates were updated to be 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, 2016

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, 2016, the City recognized pension expense of \$309,209. At June 30, 2016, 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 | \$ - | \$ (387,888) |
| Changes in assumptions | 502,162 | - |
| Net difference between projected and actual earnings on pension plan investments | <u>158,662</u> | <u>-</u> |
| Total | <u>\$ 660,824</u> | <u>\$ (387,888)</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 |
|-------------------------|------------|
| 2017 | \$ 114,593 |
| 2018 | 114,593 |
| 2019 | 32,341 |
| 2020 | 11,409 |

Actuarial Assumptions - The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 3.5 % |
| Salary increases | 0 % 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, 2016

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. 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, 2109.

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 | 6.00 % |
| International Developed Equity | 6.50 % |
| International Small Cap | 7.00 % |
| International Emerging Markets | 9.75 % |
| Hedged Equity | 5.00 % |
| U.S. Core Bonds | 2.50 % |
| Public Real Estate (REITS) | 5.00 % |
| High Yield Bonds | 6.50 % |
| Commodities | 5.00 % |
| Energy/MLPs | 10.00 % |
| Liquid Diversifying Strategies | 4.00 % |

City of Grosse Pointe Woods, Michigan

Notes to Financial Statements June 30, 2016

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 (6.71 percent) or 1 percentage point higher (8.71 percent) than the current rate:

| | 1% Decrease (6.71%) | Current Discount Rate (7.71%) | 1% Increase (8.71%) |
|-----------------------------------|------------------------|-------------------------------------|------------------------|
| Net pension liability of the City | \$ 2,322,369 | \$ 1,962,946 | \$ 1,659,379 |

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, 2016

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:

| | <u>Workers' Compensation</u> | | <u>Medical Claims</u> | |
|---|------------------------------|-------------------|-----------------------|--------------------|
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| Estimated liability - Beginning of year | \$ 158,479 | \$ 112,565 | \$ 85,253 | \$ 208,971 |
| Estimated claims incurred, including changes in estimates | 101,922 | 148,944 | 1,222,697 | 1,150,758 |
| Claim payments | <u>(114,638)</u> | <u>(103,030)</u> | <u>(1,305,870)</u> | <u>(1,274,476)</u> |
| Estimated liability - End of year | <u>\$ 145,763</u> | <u>\$ 158,479</u> | <u>\$ 2,080</u> | <u>\$ 85,253</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 \$55,628 at June 30, 2016 and is reported as part of the governmental activities in the statement of net position. The City is unaware of any circumstances, including potential environmental remediation, that would cause an additional burden to the participating municipalities in the near future. Complete financial statements for the Authority can be obtained from its administrative offices at 27941 Harper Avenue, Suite 106, St. Clair Shores, MI 48081.

Note 14 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas 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 supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

Required Supplemental Information

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|--|--------------------------------|----------------------------------|--------------|------------------------------------|
| Revenue | | | | |
| Property taxes | \$ 9,348,036 | \$ 9,348,036 | \$ 9,362,734 | \$ 14,698 |
| Licenses and permits | 603,750 | 603,750 | 825,131 | 221,381 |
| State-shared revenue and grants | 1,352,200 | 1,460,700 | 1,659,623 | 198,923 |
| Charges for services: | | | | |
| Charges to other funds | 105,000 | 105,000 | 105,000 | - |
| Charges for services to external parties | 130,010 | 130,010 | 120,434 | (9,576) |
| Fines and forfeitures | 347,500 | 347,500 | 379,099 | 31,599 |
| Investment income | 35,000 | 35,000 | 52,208 | 17,208 |
| Other revenue | 297,589 | 297,589 | 246,071 | (51,518) |
| Total revenue | 12,219,085 | 12,327,585 | 12,750,300 | 422,715 |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| City Council | 69,330 | 69,330 | 66,941 | 2,389 |
| City Comptroller | 365,370 | 375,370 | 365,027 | 10,343 |
| Commission | 20,145 | 20,145 | 11,527 | 8,618 |
| Municipal court | 399,955 | 399,955 | 352,165 | 47,790 |
| City assessor | 120,938 | 120,938 | 88,605 | 32,333 |
| City clerk | 367,099 | 367,099 | 312,318 | 54,781 |
| Buildings inspection | 468,634 | 468,634 | 431,378 | 37,256 |
| City attorney | 191,515 | 301,515 | 235,371 | 66,144 |
| Administration | 219,034 | 219,034 | 227,886 | (8,852) |
| Fringe benefits | 245,168 | 245,168 | 294,006 | (48,838) |
| Other services and charges | 220,713 | 206,192 | 192,080 | 14,112 |
| Total general government | 2,687,901 | 2,793,380 | 2,577,304 | 216,076 |
| Public safety: | | | | |
| Police service | 3,168,900 | 3,237,400 | 3,048,908 | 188,492 |
| Fire prevention and inspection | 43,285 | 49,285 | 35,383 | 13,902 |
| Fringe benefits | 1,417,306 | 1,461,806 | 1,414,949 | 46,857 |
| Support services | 154,203 | 154,203 | 131,604 | 22,599 |
| Administration | 316,249 | 316,249 | 326,951 | (10,702) |
| Other services and charges | 345,413 | 345,413 | 284,118 | 61,295 |
| Total public safety | 5,445,356 | 5,564,356 | 5,241,913 | 322,443 |

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|---|--------------------------------|----------------------------------|---------------------|------------------------------------|
| Expenditures (Continued) | | | | |
| Current (Continued): | | | | |
| Public works: | | | | |
| Street maintenance | \$ 173,867 | \$ 173,867 | \$ 149,402 | \$ 24,465 |
| Management information system | 358,328 | 358,328 | 347,259 | 11,069 |
| Forestry services | 114,470 | 114,470 | 103,697 | 10,773 |
| Other services and charges | 996,850 | 996,850 | 960,470 | 36,380 |
| Supervision and engineering | 77,864 | 78,864 | 76,001 | 2,863 |
| Fringe benefits | 211,828 | 211,828 | 197,004 | 14,824 |
| City building and grounds | 145,754 | 147,754 | 149,020 | (1,266) |
| Total public works | 2,078,961 | 2,081,961 | 1,982,853 | 99,108 |
| Recreation and culture: | | | | |
| Other services and charges | 63,596 | 63,596 | 63,735 | (139) |
| Supervision and engineering | 14,421 | 14,421 | 11,238 | 3,183 |
| Lake Front Park | 1,218,536 | 1,213,786 | 929,743 | 284,043 |
| Fringe benefits | 98,414 | 98,414 | 93,886 | 4,528 |
| Community center | 267,499 | 229,499 | 180,532 | 48,967 |
| City parks | 44,038 | 44,038 | 38,651 | 5,387 |
| Total parks and recreation | 1,706,504 | 1,663,754 | 1,317,785 | 345,969 |
| Transfers out | 768,379 | 768,379 | 768,379 | - |
| Total expenditures | 12,687,101 | 12,871,830 | 11,888,234 | 983,596 |
| Other Financing Sources - | | | | |
| Transfers in | - | 33,500 | 67,593 | 34,093 |
| Net Change in Fund Balance | (468,016) | (510,745) | 929,659 | 1,440,404 |
| Fund Balance - Beginning of year | 4,315,180 | 4,315,180 | 4,315,180 | - |
| Fund Balance - End of year | <u>\$ 3,847,164</u> | <u>\$ 3,804,435</u> | <u>\$ 5,244,839</u> | <u>\$ 1,440,404</u> |

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Fund Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|---|--------------------------------|----------------------------------|-------------------|------------------------------------|
| Revenue | | | | |
| State-shared revenue and grants | \$ 625,000 | \$ 625,000 | \$ 697,972 | \$ 72,972 |
| Other revenue | 38,500 | 38,500 | 36,019 | (2,481) |
| Total revenue | 663,500 | 663,500 | 733,991 | 70,491 |
| Expenditures - Current - Public works: | | | | |
| Street construction | 79,500 | 79,500 | 83,258 | (3,758) |
| Routine maintenance | 329,871 | 329,871 | 288,192 | 41,679 |
| Winter maintenance | 20,400 | 20,400 | 14,541 | 5,859 |
| Traffic services | 2,600 | 2,600 | 1,564 | 1,036 |
| Administration | 168,386 | 168,386 | 156,422 | 11,964 |
| Fringe benefits | 205,630 | 205,630 | 200,909 | 4,721 |
| Total expenditures | 806,387 | 806,387 | 744,886 | 61,501 |
| Net Change in Fund Balance | (142,887) | (142,887) | (10,895) | 131,992 |
| Fund Balance - Beginning of year | 394,881 | 394,881 | 394,881 | - |
| Fund Balance - End of year | <u>\$ 251,994</u> | <u>\$ 251,994</u> | <u>\$ 383,986</u> | <u>\$ 131,992</u> |

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Solid Waste Disposal Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|---|--------------------------------|----------------------------------|-------------------|------------------------------------|
| Revenue | | | | |
| Property taxes | \$ 1,283,253 | \$ 1,283,253 | \$ 1,269,795 | \$ (13,458) |
| Investment income | 2,000 | 2,000 | 5,807 | 3,807 |
| Other revenue | 1,000 | 1,000 | 1,261 | 261 |
| Total revenue | 1,286,253 | 1,286,253 | 1,276,863 | (9,390) |
| Expenditures - Current - Public works: | | | | |
| Solid waste | 1,162,126 | 1,162,126 | 1,082,431 | 79,695 |
| Fringe benefits | 125,748 | 125,748 | 124,052 | 1,696 |
| Total expenditures | 1,287,874 | 1,287,874 | 1,206,483 | 81,391 |
| Net Change in Fund Balance | (1,621) | (1,621) | 70,380 | 72,001 |
| Fund Balance - Beginning of year | 371,695 | 371,695 | 371,695 | - |
| Fund Balance - End of year | \$ 370,074 | \$ 370,074 | \$ 442,075 | \$ 72,001 |

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds 2015 Road Bond Construction Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|--|--------------------------------|----------------------------------|---------------------|------------------------------------|
| Revenue - Investment income | \$ - | \$ - | \$ 8,022 | \$ 8,022 |
| Expenditures - Current - Street - Construction | <u>6,408,575</u> | <u>6,408,575</u> | <u>4,584,429</u> | <u>1,824,146</u> |
| Net Change in Fund Balance | (6,408,575) | (6,408,575) | (4,576,407) | 1,832,168 |
| Fund Balance - Beginning of year | <u>6,582,515</u> | <u>6,582,515</u> | <u>6,582,515</u> | - |
| Fund Balance - End of year | <u>\$ 173,940</u> | <u>\$ 173,940</u> | <u>\$ 2,006,108</u> | <u>\$ 1,832,168</u> |

City of Grosse Pointe Woods, Michigan

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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|----------------------|----------------------|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Pension Liability | | | | | | | | | | |
| Service cost | \$ 893,380 | \$ 692,961 | \$ 675,799 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 3,802,189 | 3,521,128 | 3,499,326 | - | - | - | - | - | - | - |
| Changes in benefit terms | - | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | (509,341) | 501,262 | (579,977) | - | - | - | - | - | - | - |
| Changes in assumptions | 7,000,034 | 5,686,156 | - | - | - | - | - | - | - | - |
| Benefit payments, including refunds | (3,187,512) | (3,315,548) | (3,092,014) | - | - | - | - | - | - | - |
| Net change in total pension liability | 7,998,750 | 7,085,959 | 503,134 | - | - | - | - | - | - | - |
| Total pension liability - Beginning of year | 56,897,642 | 49,811,683 | 49,308,549 | - | - | - | - | - | - | - |
| Total pension liability - End of year | <u>\$ 64,896,392</u> | <u>\$ 56,897,642</u> | <u>\$ 49,811,683</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Contributions - Employer | \$ 925,683 | \$ 889,829 | \$ 888,696 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions - Member | 252,579 | 258,967 | 275,808 | - | - | - | - | - | - | - |
| Net investment income | (1,359,930) | 15,073 | 6,669,874 | - | - | - | - | - | - | - |
| Administrative expenses | (51,765) | (69,537) | (44,753) | - | - | - | - | - | - | - |
| Benefit payments, including refunds | (3,187,512) | (3,315,548) | (3,092,015) | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - |
| Net change in plan fiduciary net position | (3,420,945) | (2,221,216) | 4,697,610 | - | - | - | - | - | - | - |
| Plan fiduciary net position - Beginning of year | 38,964,617 | 41,185,833 | 36,488,223 | - | - | - | - | - | - | - |
| Plan fiduciary net position - End of year | <u>\$ 35,543,672</u> | <u>\$ 38,964,617</u> | <u>\$ 41,185,833</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's Net Pension Liability - Ending | <u>\$ 29,352,720</u> | <u>\$ 17,933,025</u> | <u>\$ 8,625,850</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 55.02 % | 68.48 % | 82.69 % | - % | - % | - % | - % | - % | - % | - % |
| Covered Employee Payroll | \$ 4,592,611 | \$ 4,651,563 | \$ 4,411,702 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's Net Pension Liability as a Percentage of Covered Employee Payroll | 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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|--------|-------|-------|------|------|------|------|------|------|------|
| Annual money-weighted rate of return, net of investment expense | (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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---------------------|---------------------|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Pension Liability | | | | | | | | | | |
| Service cost | \$ 37,233 | \$ 28,387 | \$ 33,212 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 269,224 | 234,285 | 236,533 | - | - | - | - | - | - | - |
| Changes in benefit terms | - | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience | (232,788) | (399,452) | (42,908) | - | - | - | - | - | - | - |
| Changes in assumptions | 86,953 | 831,276 | - | - | - | - | - | - | - | - |
| Benefit payments, including refunds | (263,715) | (247,158) | (257,888) | - | - | - | - | - | - | - |
| Net change in total pension liability | (103,093) | 447,338 | (31,051) | - | - | - | - | - | - | - |
| Total pension liability - Beginning of year | 3,485,286 | 3,037,948 | 3,068,999 | - | - | - | - | - | - | - |
| Total pension liability - End of year | \$ 3,382,193 | \$ 3,485,286 | \$ 3,037,948 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Plan Fiduciary Net Position | | | | | | | | | | |
| Contributions - Employer | \$ 297,360 | \$ 286,439 | \$ 277,776 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions - Member | - | - | - | - | - | - | - | - | - | - |
| Net investment income | 3,963 | (9,093) | 230,642 | - | - | - | - | - | - | - |
| Administrative expenses | - | (22,140) | - | - | - | - | - | - | - | - |
| Benefit payments, including refunds | (263,715) | (247,158) | (257,888) | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - |
| Net change in plan fiduciary net position | 37,608 | 8,048 | 250,530 | - | - | - | - | - | - | - |
| Plan fiduciary net position - Beginning of year | 1,381,639 | 1,373,591 | 1,123,061 | - | - | - | - | - | - | - |
| Plan fiduciary net position - End of year | \$ 1,419,247 | \$ 1,381,639 | \$ 1,373,591 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's Net Pension Liability | \$ 1,962,946 | \$ 2,103,647 | \$ 1,664,357 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 41.96 % | 40.28 % | 54.78 % | - % | - % | - % | - % | - % | - % | - % |
| Covered Employee Payroll | \$ 2,347,151 | \$ 2,358,679 | \$ 2,196,932 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's Net Pension Liability as a Percentage of Covered Employee Payroll | 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

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | (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 City Contributions Last Ten Fiscal Years

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution | \$ 297,360 | \$ 286,439 | \$ 277,776 | \$ 245,862 | \$ 238,579 | \$ 227,345 | \$ 213,202 | \$ 246,823 | \$ 248,038 | \$ 248,556 |
| Contributions in relation to the actuarially determined contribution | 297,360 | 286,439 | 277,776 | 245,862 | 238,579 | 227,345 | 213,202 | 246,823 | 248,038 | 248,556 |
| Contribution deficiency | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Covered employee payroll | \$ 2,347,151 | \$ 2,358,679 | \$ 2,196,932 | \$ 2,376,609 | \$ 2,636,547 | \$ 2,769,200 | \$ 3,085,293 | \$ 3,407,360 | \$ 3,127,089 | \$ 3,009,545 |
| Contributions as a percentage of covered employee payroll | 12.7 % | 12.1 % | 12.6 % | 10.3 % | 9.0 % | 8.2 % | 6.9 % | 7.2 % | N/A | N/A |

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age |
| Amortization method | Level dollar, open as of June 30, 2014 |
| Remaining amortization period | 10 years |
| Asset valuation method | Market value |
| Inflation | 3.5% |
| Salary increases | 0.0% |
| Investment rate of return | 7.75%, net of pension plan investment expense, including inflation |
| Mortality | RP 2014 Mortality Table effective with the June 30, 2015 actuarial valuation |

City of Grosse Pointe Woods, Michigan

Note to Required Supplemental Information Year Ended June 30, 2016

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.

| | <u>Total Revenue</u> | <u>Total Expenditures</u> |
|--|----------------------|---------------------------|
| Amounts per operating statement | \$ 13,188,183 | \$ 11,834,732 |
| Local Streets Fund budgeted separately from the General Fund | (434,841) | (714,877) |
| Cable franchise funds budgeted separately from the General Fund | (3,042) | - |
| Operating transfers budgeted as revenue and expenditures | <u>-</u> | <u>768,379</u> |
| Amounts per budget statement | <u>\$ 12,750,300</u> | <u>\$ 11,888,234</u> |

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.

City of Grosse Pointe Woods, Michigan

Required Supplemental Information Other Postemployment Benefits - Schedule of Funding Progress Year Ended June 30, 2016

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 |

Other Supplemental Information

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Major Governmental Fund - Grosse-Gratiot Drain Fund Budgetary Comparison Schedule Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|---|--------------------------------|----------------------------------|----------------------------|------------------------------------|
| Revenue - Property taxes | \$ 1,732,465 | \$ 2,540,317 | \$ 2,609,920 | \$ 69,603 |
| Expenditures | | | | |
| Current - Public works | 1,732,465 | 1,656,067 | 1,692,541 | (36,474) |
| Debt service | - | 884,250 | - | 884,250 |
| Total expenditures | <u>1,732,465</u> | <u>2,540,317</u> | <u>1,692,541</u> | <u>847,776</u> |
| Net Change in Fund Balance | - | - | 917,379 | 917,379 |
| Fund Balance - Beginning of year | <u>539,964</u> | <u>539,964</u> | <u>539,964</u> | - |
| Fund Balance - End of year | <u><u>\$ 539,964</u></u> | <u><u>\$ 539,964</u></u> | <u><u>\$ 1,457,343</u></u> | <u><u>\$ 917,379</u></u> |

City of Grosse Pointe Woods, Michigan

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.

Ambulance Fund - This fund accounts for the operations and maintenance of the City-owned ambulance. Financing is a portion of the general city millage.

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

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

911 Emergency Service Fund - This fund accounts for monies expended to maintain and operate an emergency response system. Monies are received from the AT&T and WOW Phone companies, which levy 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 Fund

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

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 | | | | | |
|--|-----------------------|-----------------------|---------------|----------------------------|-----------------------|-----------------------------|
| | Ambulance Fund | Act 302 Training Fund | Grants Fund | 911 Emergency Service Fund | Drug Enforcement Fund | Parkway Beautification Fund |
| Assets | | | | | | |
| Cash and investments | \$ - | \$ 51,777 | \$ 728 | \$ 124,954 | \$ 14,013 | \$ 156,359 |
| Accounts receivable and other assets | - | - | - | 51,806 | - | 175 |
| Due from other funds | - | - | - | 2,301 | - | - |
| Prepaid expenses and other assets | - | - | - | 1,034 | - | 1,000 |
| Total assets | \$ - | \$ 51,777 | \$ 728 | \$ 180,095 | \$ 14,013 | \$ 157,534 |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 514 | \$ - | \$ 1,418 |
| Due to other funds | - | - | - | - | 222 | - |
| Accrued liabilities and other | - | - | - | 1,886 | - | - |
| Provision for claims | - | - | - | 27 | - | - |
| Total liabilities | - | - | - | 2,427 | 222 | 1,418 |
| Fund Balances | | | | | | |
| Nonspendable - Prepays | - | - | - | 1,034 | - | 1,000 |
| Restricted: | | | | | | |
| Debt service | - | - | - | - | - | - |
| Public safety | - | 51,777 | - | - | 13,791 | - |
| Community development | - | - | 728 | - | - | - |
| Fireworks | - | - | - | - | - | 58,325 |
| Committed - Local streets | - | - | - | - | - | - |
| Assigned: | | | | | | |
| Public safety | - | - | - | 176,634 | - | - |
| Capital projects | - | - | - | - | - | - |
| Parkway beautification | - | - | - | - | - | 96,791 |
| Total fund balances | - | 51,777 | 728 | 177,668 | 13,791 | 156,116 |
| Total liabilities and fund balances | \$ - | \$ 51,777 | \$ 728 | \$ 180,095 | \$ 14,013 | \$ 157,534 |

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016**

| Capital Projects Funds | Debt Service Funds | Total |
|----------------------------------|--|-----------------------------------|
| Municipal Improvement Fund | 2015 Road Bond Debt Service Fund | Nonmajor Governmental Funds |
| \$ 411,109 | \$ 1,290 | \$ 760,230 |
| - | - | 51,981 |
| - | - | 2,301 |
| - | - | 2,034 |
| \$ 411,109 | \$ 1,290 | \$ 816,546 |
| \$ 260,356 | \$ - | \$ 262,288 |
| - | - | 222 |
| - | 800 | 2,686 |
| - | - | 27 |
| 260,356 | 800 | 265,223 |
| - | - | 2,034 |
| - | 490 | 490 |
| - | - | 65,568 |
| - | - | 728 |
| - | - | 58,325 |
| 5,000 | - | 5,000 |
| - | - | 176,634 |
| 145,753 | - | 145,753 |
| - | - | 96,791 |
| 150,753 | 490 | 551,323 |
| \$ 411,109 | \$ 1,290 | \$ 816,546 |

City of Grosse Pointe Woods, Michigan

| | Special Revenue Funds | | | |
|--|-----------------------|--------------------------|-------------|----------------------------------|
| | Ambulance Fund | Act 302 Training Fund | Grants Fund | 911 Emergency Service Fund |
| Revenue | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| State and local sources | - | 6,312 | - | - |
| Investment income | - | - | - | - |
| Other revenue | - | 376 | - | 89,123 |
| Total revenue | - | 6,688 | - | 89,123 |
| Expenditures - Current: | | | | |
| General government | - | - | - | 25,805 |
| Public safety | - | 4,954 | - | 68,248 |
| Community and economic development | - | - | - | - |
| Recreation and culture | - | - | - | - |
| Debt service | - | - | - | - |
| Total expenditures | - | 4,954 | - | 94,053 |
| Excess of Revenue Over (Under) | | | | |
| Expenditures | - | 1,734 | - | (4,930) |
| Other Financing Sources | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (33,593) | - | - | - |
| Total other financing sources | (33,593) | - | - | - |
| Net Change in Fund Balances | (33,593) | 1,734 | - | (4,930) |
| Fund Balances - Beginning of year | 33,593 | 50,043 | 728 | 182,598 |
| Fund Balances - End of year | \$ - | \$ 51,777 | \$ 728 | \$ 177,668 |

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

| Special Revenue Funds | | Capital Projects Fund | Debt Service Fund | Total Nonmajor Governmental Funds |
|-----------------------------|-----------------------------------|----------------------------------|--|--|
| Drug Enforcement Fund | Parkway Beautification Fund | Municipal Improvement Fund | 2015 Road Bond Debt Service Fund | |
| \$ - | \$ - | \$ - | \$ 208,095 | \$ 208,095 |
| - | - | - | - | 6,312 |
| - | 1,427 | - | - | 1,427 |
| 11,415 | 68,976 | 25,466 | - | 195,356 |
| 11,415 | 70,403 | 25,466 | 208,095 | 411,190 |
| - | - | - | - | 25,805 |
| 7,453 | - | - | - | 80,655 |
| - | - | 339,794 | - | 339,794 |
| - | 49,572 | - | - | 49,572 |
| - | - | - | 207,605 | 207,605 |
| 7,453 | 49,572 | 339,794 | 207,605 | 703,431 |
| 3,962 | 20,831 | (314,328) | 490 | (292,241) |
| - | - | 296,570 | - | 296,570 |
| - | (34,000) | - | - | (67,593) |
| - | (34,000) | 296,570 | - | 228,977 |
| 3,962 | (13,169) | (17,758) | 490 | (63,264) |
| 9,829 | 169,285 | 168,511 | - | 614,587 |
| \$ 13,791 | \$ 156,116 | \$ 150,753 | \$ 490 | \$ 551,323 |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds - Ambulance Fund Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|--|--------------------------------|----------------------------------|--------------------|------------------------------------|
| Revenue | \$ - | \$ - | \$ - | \$ - |
| Expenditures | - | - | - | - |
| Other Financing Sources (Uses) - Transfers out | - | - | (33,593) | (33,593) |
| Fund Balance - Beginning of year | <u>33,593</u> | <u>33,593</u> | <u>33,593</u> | <u>-</u> |
| Fund Balance - End of year | <u><u>\$ 33,593</u></u> | <u><u>\$ 33,593</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (33,593)</u></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, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|---|--------------------------------|----------------------------------|------------------|------------------------------------|
| Revenue | | | | |
| State-shared revenue and grants | \$ 7,500 | \$ 7,500 | \$ 6,312 | \$ (1,188) |
| Other revenue | 500 | 500 | 376 | (124) |
| Total revenue | 8,000 | 8,000 | 6,688 | (1,312) |
| Expenditures - Current - Public safety | 8,000 | 8,000 | 4,954 | 3,046 |
| Net Change in Fund Balance | - | - | 1,734 | 1,734 |
| Fund Balance - Beginning of year | 50,043 | 50,043 | 50,043 | - |
| Fund Balance - End of year | <u>\$ 50,043</u> | <u>\$ 50,043</u> | <u>\$ 51,777</u> | <u>\$ 1,734</u> |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds - Grants Fund Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|--|--------------------------------|----------------------------------|---------------|------------------------------------|
| Revenue - Federal grants | \$ 7,000 | \$ 7,000 | \$ - | \$ (7,000) |
| Expenditures - Current - General government | 7,000 | 7,000 | - | 7,000 |
| Net Change in Fund Balance | - | - | - | - |
| Fund Balance - Beginning of year | 728 | 728 | 728 | - |
| Fund Balance - End of year | \$ 728 | \$ 728 | \$ 728 | \$ - |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds - 911 Emergency Service Fund Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|---|--------------------------------|----------------------------------|-------------------|------------------------------------|
| Revenue - Other revenue | \$ 52,500 | \$ 52,500 | \$ 89,123 | \$ 36,623 |
| Expenditures - Current: | | | | |
| General government | 30,031 | 30,031 | 25,805 | 4,226 |
| Public safety | 63,431 | 63,431 | 68,248 | (4,817) |
| Total expenditures | 93,462 | 93,462 | 94,053 | (591) |
| Net Change in Fund Balance | (40,962) | (40,962) | (4,930) | 36,032 |
| Fund Balance - Beginning of year | 182,598 | 182,598 | 182,598 | - |
| Fund Balance - End of year | <u>\$ 141,636</u> | <u>\$ 141,636</u> | <u>\$ 177,668</u> | <u>\$ 36,032</u> |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds - Drug Enforcement Fund Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|---|--------------------------------|----------------------------------|------------------|------------------------------------|
| Revenue - Other revenue | \$ 1,000 | \$ 1,000 | \$ 11,415 | \$ 10,415 |
| Expenditures - Current - Public safety | 1,000 | 1,000 | 7,453 | (6,453) |
| Net Change in Fund Balance | - | - | 3,962 | 3,962 |
| Fund Balance - Beginning of year | 9,829 | 9,829 | 9,829 | - |
| Fund Balance - End of year | <u>\$ 9,829</u> | <u>\$ 9,829</u> | <u>\$ 13,791</u> | <u>\$ 3,962</u> |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds - Parkway Beautification Fund Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|--|--------------------------------|----------------------------------|-------------------|------------------------------------|
| Revenue | | | | |
| Investment income | \$ 3,550 | \$ 3,550 | \$ 1,427 | \$ (2,123) |
| Other revenue | 63,800 | 63,800 | 68,976 | 5,176 |
| Total revenue | 67,350 | 67,350 | 70,403 | 3,053 |
| Expenditures - Current - Recreation and culture | 70,275 | 70,275 | 49,572 | 20,703 |
| Other Financing Uses - Transfers out | - | - | (34,000) | (34,000) |
| Net Change in Fund Balance | (2,925) | (2,925) | (13,169) | (10,244) |
| Fund Balance - Beginning of year | 169,285 | 169,285 | 169,285 | - |
| Fund Balance - End of year | <u>\$ 166,360</u> | <u>\$ 166,360</u> | <u>\$ 156,116</u> | <u>\$ (10,244)</u> |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Capital Projects Fund - Municipal Improvement Fund Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|---|--------------------------------|----------------------------------|-------------------|------------------------------------|
| Revenue - Other revenue | \$ 23,500 | \$ 23,500 | \$ 25,466 | \$ 1,966 |
| Expenditures - Current - Community and economic development | 370,070 | 370,070 | 339,794 | 30,276 |
| Excess of Expenditures Over Revenue | (346,570) | (346,570) | (314,328) | 32,242 |
| Other Financing Sources - Transfers in | 296,570 | 296,570 | 296,570 | - |
| Net Change in Fund Balance | (50,000) | (50,000) | (17,758) | 32,242 |
| Fund Balance - Beginning of year | 168,511 | 168,511 | 168,511 | - |
| Fund Balance - End of year | <u>\$ 118,511</u> | <u>\$ 118,511</u> | <u>\$ 150,753</u> | <u>\$ 32,242</u> |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Budgetary Funds - Local Streets Fund Year Ended June 30, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|--|--------------------------------|----------------------------------|-------------------|------------------------------------|
| Revenue | | | | |
| State-shared revenue and grants | \$ 245,000 | \$ 245,000 | \$ 286,063 | \$ 41,063 |
| Investment income | 100 | 100 | - | (100) |
| Other revenue | 35,000 | 35,000 | 148,778 | 113,778 |
| Total revenue | 280,100 | 280,100 | 434,841 | 154,741 |
| Expenditures - Current: | | | | |
| Public works: | | | | |
| Routine maintenance | 222,922 | 239,022 | 214,707 | 24,315 |
| Traffic services | 24,000 | 7,900 | 2,759 | 5,141 |
| Winter maintenance | 38,600 | 38,600 | 36,002 | 2,598 |
| Administration | 202,886 | 202,886 | 187,320 | 15,566 |
| Fringe benefits | 187,001 | 187,001 | 161,948 | 25,053 |
| Total public works | 675,409 | 675,409 | 602,736 | 72,673 |
| Municipal improvement | 101,500 | 101,500 | 112,141 | (10,641) |
| Total expenditures | 776,909 | 776,909 | 714,877 | 62,032 |
| Excess of Expenditures Over Revenue | (496,809) | (496,809) | (280,036) | 216,773 |
| Other Financing Sources - | | | | |
| Transfers in | 471,809 | 471,809 | 471,809 | - |
| Net Change in Fund Balance | (25,000) | (25,000) | 191,773 | 216,773 |
| Fund Balance - Beginning of year | 557,479 | 557,479 | 557,479 | - |
| Fund Balance - End of year | <u>\$ 532,479</u> | <u>\$ 532,479</u> | <u>\$ 749,252</u> | <u>\$ 216,773</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, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|---|--------------------------------|----------------------------------|-------------------|------------------------------------|
| Revenue - Investment income | \$ 3,500 | \$ 3,500 | \$ 3,042 | \$ (458) |
| Net Change in Fund Balance | 3,500 | 3,500 | 3,042 | (458) |
| Fund Balance - Beginning of year | 534,499 | 534,499 | 534,499 | - |
| Fund Balance - End of year | <u>\$ 537,999</u> | <u>\$ 537,999</u> | <u>\$ 537,541</u> | <u>\$ (458)</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, 2016

| | Original Budget (Unaudited) | Amended Budget (Unaudited) | Actual | Variance with Amended Budget |
|--|--------------------------------|----------------------------------|---------------|------------------------------------|
| Revenue - Property taxes | \$ 209,216 | \$ 209,216 | \$ 208,095 | \$ (1,121) |
| Expenditures - Current - Debt service | 207,105 | 207,105 | 207,605 | (500) |
| Net Change in Fund Balance | 2,111 | 2,111 | 490 | (1,621) |
| Fund Balance - Beginning of year | - | - | - | - |
| Fund Balance - End of year | <u>\$ 2,111</u> | <u>\$ 2,111</u> | <u>\$ 490</u> | <u>\$ (1,621)</u> |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Local Street Fund Fund Based Balance Sheet June 30, 2016

Assets

| | | |
|-----------------------------------|----|----------------|
| Cash and cash equivalents | \$ | 683,817 |
| Receivables | | 83,929 |
| Prepaid expenses and other assets | | <u>4,757</u> |
| Total assets | | <u>772,503</u> |

Liabilities

| | | |
|-------------------------------|--|---------------|
| Accounts payable | | 7,477 |
| Accrued liabilities and other | | 15,614 |
| Provision for claims | | <u>160</u> |
| Total liabilities | | <u>23,251</u> |

Fund Balance - Committed

\$ 749,252

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

City of Grosse Pointe Woods, Michigan

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, 2016

| | Parking Meter Utility Fund | Boat Dock Rental Fund | Commodity Sales Fund | Total |
|---|-------------------------------|--------------------------|-------------------------|---------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 1,241,833 | \$ 412,653 | \$ 146,022 | \$ 1,800,508 |
| Receivables | 2,521 | 73 | - | 2,594 |
| Prepaid expenses and other assets | 1,588 | - | - | 1,588 |
| Total current assets | 1,245,942 | 412,726 | 146,022 | 1,804,690 |
| Noncurrent assets - Depreciable capital assets - Capital assets | | | | |
| | 228,669 | 173,671 | - | 402,340 |
| Total assets | 1,474,611 | 586,397 | 146,022 | 2,207,030 |
| Deferred Outflows of Resources - | | | | |
| Deferred outflows related to pensions | 151,449 | - | - | 151,449 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 5,552 | 2,542 | - | 8,094 |
| Due to other funds | - | 12,300 | - | 12,300 |
| Accrued liabilities and other | 3,528 | 1,140 | - | 4,668 |
| Compensated absences | 7,766 | - | - | 7,766 |
| Total current liabilities | 16,846 | 15,982 | - | 32,828 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 4,349 | - | - | 4,349 |
| Net pension liability | 336,141 | - | - | 336,141 |
| Other postemployment benefit obligations | 400,399 | - | - | 400,399 |
| Total noncurrent liabilities | 740,889 | - | - | 740,889 |
| Total liabilities | 757,735 | 15,982 | - | 773,717 |
| Deferred Inflows of Resources - | | | | |
| Deferred inflows related to pensions | 13,011 | - | - | 13,011 |
| Net Position | | | | |
| Net investment in capital assets | 228,669 | 173,671 | - | 402,340 |
| Unrestricted | 626,645 | 396,744 | 146,022 | 1,169,411 |
| Total net position | <u>\$ 855,314</u> | <u>\$ 570,415</u> | <u>\$ 146,022</u> | <u>\$ 1,571,751</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, 2016

| | Parking Meter Utility Fund | Boat Dock Rental Fund | Commodity Sales Fund | Total |
|---|-------------------------------|--------------------------|-------------------------|---------------------|
| Operating Revenue | | | | |
| Fees and violations | \$ 436,720 | \$ - | \$ - | \$ 436,720 |
| Dockings and launching fees | - | 150,625 | - | 150,625 |
| Commodity sales | - | - | 30,392 | 30,392 |
| Other revenue | 3,000 | - | - | 3,000 |
| Total operating revenue | 439,720 | 150,625 | 30,392 | 620,737 |
| Operating Expenses | | | | |
| Operation and maintenance | 118,438 | 61,727 | 23,940 | 204,105 |
| General and administrative | 156,414 | 5,000 | - | 161,414 |
| Charges from internal service funds | - | 6,000 | - | 6,000 |
| Depreciation | 29,974 | 32,051 | - | 62,025 |
| Total operating expenses | 304,826 | 104,778 | 23,940 | 433,544 |
| Operating Income | 134,894 | 45,847 | 6,452 | 187,193 |
| Nonoperating Revenue | 4,925 | 194 | - | 5,119 |
| Change in Net Position | 139,819 | 46,041 | 6,452 | 192,312 |
| Net Position - Beginning of year | 715,495 | 524,374 | 139,570 | 1,379,439 |
| Net Position - End of year | <u>\$ 855,314</u> | <u>\$ 570,415</u> | <u>\$ 146,022</u> | <u>\$ 1,571,751</u> |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2016

| | Parking Meter Utility Fund | Boat Dock Rental Fund | Commodity Sales Fund | Total |
|--|-------------------------------|--------------------------|-------------------------|---------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts from customers | \$ 489,556 | \$ 150,625 | \$ 30,392 | \$ 670,573 |
| Payments to suppliers | - | (27,723) | (23,940) | (51,663) |
| Payments to employees | (136,628) | (42,268) | - | (178,896) |
| Internal activity - Receipts (payments) to other funds | (25,000) | 117 | - | (24,883) |
| Other payments | (67,153) | - | - | (67,153) |
| Net cash provided by operating activities | 260,775 | 80,751 | 6,452 | 347,978 |
| Cash Flows from Investing Activities - Interest received on investments | 2,717 | 121 | - | 2,838 |
| Net Increase in Cash and Cash Equivalents | 263,492 | 80,872 | 6,452 | 350,816 |
| Cash and Cash Equivalents - Beginning of year | 978,341 | 331,781 | 139,570 | 1,449,692 |
| Cash and Cash Equivalents - End of year | \$ 1,241,833 | \$ 412,653 | \$ 146,022 | \$ 1,800,508 |
| Reconciliation of Operating Income to Net Cash from Operating Activities | | | | |
| Operating income | \$ 134,894 | \$ 45,847 | \$ 6,452 | \$ 187,193 |
| Adjustments to reconcile operating income to net cash from operating activities: | | | | |
| Depreciation and amortization | 29,974 | 32,051 | - | 62,025 |
| Changes in assets and liabilities: | | | | |
| Prepays | 492 | - | - | 492 |
| Accounts payable | 49,344 | 2,542 | - | 51,886 |
| Due to others | - | 117 | - | 117 |
| Accrued and other liabilities | 113,224 | 194 | - | 113,418 |
| Other assets | (67,153) | - | - | (67,153) |
| Net cash provided by operating activities | \$ 260,775 | \$ 80,751 | \$ 6,452 | \$ 347,978 |

City of Grosse Pointe Woods, Michigan

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, 2016

| | Motor Vehicle Fund | Workers' Compensation Fund | Total |
|--|-----------------------|----------------------------------|---------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Assets | | | |
| Current assets: | | | |
| Cash and investments | \$ 2,517,233 | \$ 412,534 | \$ 2,929,767 |
| Accrued interest receivable | 1,509 | 871 | 2,380 |
| Due from other funds | 59 | 123 | 182 |
| Prepaid expenses and other assets | 3,325 | 52,476 | 55,801 |
| Total current assets | <u>2,522,126</u> | <u>466,004</u> | <u>2,988,130</u> |
| Noncurrent assets - Depreciable capital assets | <u>1,290,853</u> | <u>-</u> | <u>1,290,853</u> |
| Total assets | 3,812,979 | 466,004 | 4,278,983 |
| Deferred Outflows of Resources - | | | |
| Deferred outflows related to pensions | 440,820 | - | 440,820 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 29,177 | 2,549 | 31,726 |
| Accrued liabilities and other | 5,843 | 2 | 5,845 |
| Compensated absences | 36,748 | - | 36,748 |
| Provision for claims | 53 | 45,763 | 45,816 |
| Current portion of long-term debt | <u>200,711</u> | <u>-</u> | <u>200,711</u> |
| Total current liabilities | 272,532 | 48,314 | 320,846 |
| Noncurrent liabilities: | | | |
| Provision for claims | - | 99,998 | 99,998 |
| Net pension liability | 978,125 | - | 978,125 |
| Other postemployment benefit obligations | 602,527 | - | 602,527 |
| Long-term debt | <u>448,102</u> | <u>-</u> | <u>448,102</u> |
| Total noncurrent liabilities | <u>2,028,754</u> | <u>99,998</u> | <u>2,128,752</u> |
| Total liabilities | 2,301,286 | 148,312 | 2,449,598 |
| Deferred Inflows of Resources - | | | |
| Deferred inflows related to pensions | <u>37,341</u> | <u>-</u> | <u>37,341</u> |
| Net Position | | | |
| Net investment in capital assets | 642,040 | - | 642,040 |
| Unrestricted | <u>1,273,132</u> | <u>317,692</u> | <u>1,590,824</u> |
| Total net position | <u>\$ 1,915,172</u> | <u>\$ 317,692</u> | <u>\$ 2,232,864</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, 2016

| | Motor Vehicle Fund | Workers' Compensation Fund | Total |
|---|-----------------------|----------------------------------|---------------------|
| Operating Revenue | | | |
| Other revenue | \$ 10,000 | \$ - | \$ 10,000 |
| Charges to other funds | 866,479 | - | 866,479 |
| Total operating revenue | 876,479 | - | 876,479 |
| Operating Expenses | | | |
| Cost of insurance claims | 5,459 | 101,922 | 107,381 |
| Vehicle operation and maintenance | 422,113 | 12,446 | 434,559 |
| General and administrative | 411,678 | - | 411,678 |
| Depreciation | 186,949 | - | 186,949 |
| Total operating expenses | 1,026,199 | 114,368 | 1,140,567 |
| Operating Loss | (149,720) | (114,368) | (264,088) |
| Nonoperating Revenue (Expense) | | | |
| Investment income | 10,723 | 1,665 | 12,388 |
| Interest expense | (7,168) | - | (7,168) |
| Gain on sale of assets | 23,684 | - | 23,684 |
| Total nonoperating revenue | 27,239 | 1,665 | 28,904 |
| Change in Net Position | (122,481) | (112,703) | (235,184) |
| Net Position - Beginning of year | 2,037,653 | 430,395 | 2,468,048 |
| Net Position - End of year | \$ 1,915,172 | \$ 317,692 | \$ 2,232,864 |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended June 30, 2016

| | Motor Vehicle Fund | Workers' Compensation Fund | Total |
|--|---------------------|-------------------------------|---------------------|
| Cash Flows from Operating Activities | | | |
| Receipts from customers | \$ 10,000 | \$ - | \$ 10,000 |
| Receipts from interfund services and reimbursements | 942,299 | - | 942,299 |
| Payments to suppliers | - | (3,691) | (3,691) |
| Payments to employees | (445,964) | (112,444) | (558,408) |
| Claims paid | (7,537) | (14,640) | (22,177) |
| Other payments | (179,974) | - | (179,974) |
| Net cash provided by (used in) operating activities | 318,824 | (130,775) | 188,049 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Debt proceeds | 555,154 | - | 555,154 |
| Proceeds from sales of capital assets | 23,684 | - | 23,684 |
| Purchase of capital assets | (517,029) | - | (517,029) |
| Principal and interest paid on capital debt | (186,067) | - | (186,067) |
| Net cash used in capital and related financing activities | (124,258) | - | (124,258) |
| Cash Flows from Investing Activities - Interest received on investments | | | |
| | 15,714 | 960 | 16,674 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 210,280 | (129,815) | 80,465 |
| Cash and Cash Equivalents - Beginning of year | 2,306,953 | 542,349 | 2,849,302 |
| Cash and Cash Equivalents - End of year | \$ 2,517,233 | \$ 412,534 | \$ 2,929,767 |
| Balance Sheet Classification of Cash and Cash Equivalents - | | | |
| Cash and investments | \$ 2,517,233 | \$ 412,534 | \$ 2,929,767 |
| Reconciliation of Operating Loss to Net Cash from Operating Activities | | | |
| Operating loss | \$ (149,720) | \$ (114,368) | \$ (264,088) |
| Adjustments to reconcile operating loss to net cash from operating activities: | | | |
| Depreciation and amortization | 186,949 | - | 186,949 |
| Changes in assets and liabilities: | | | |
| Receivables | 34,757 | - | 34,757 |
| Prepays | 2,575 | 2,227 | 4,802 |
| Accounts payable | 73,245 | (5,918) | 67,327 |
| Estimated claims liability | (2,078) | 87,282 | 85,204 |
| Accrued and other liabilities | 173,051 | (99,998) | 73,053 |
| Other | 45 | - | 45 |
| Net cash provided by (used in) operating activities | \$ 318,824 | \$ (130,775) | \$ 188,049 |

City of Grosse Pointe Woods, Michigan

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, 2016

| | Pension Trust Funds | | | | |
|---|----------------------|------------------------------|--|--|------------------------------|
| | Pension Fund | Supplemental Annuity Fund | Other Postemployment Benefit Trust | | Total Pension Trust Funds |
| | | | Fund | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 966,949 | \$ 63,112 | \$ 464,361 | | \$ 1,494,422 |
| Investments: | | | | | |
| Stocks | 17,925,685 | 1,377,554 | - | | 19,303,239 |
| Corporate bonds | 3,899,746 | - | - | | 3,899,746 |
| Bond index funds | 13,001,618 | - | - | | 13,001,618 |
| Receivables - Accrued interest receivable | 8,302 | - | - | | 8,302 |
| Total assets | 35,802,300 | 1,440,666 | 464,361 | | 37,707,327 |
| Liabilities - Accounts payable | 258,628 | 21,419 | - | | 280,047 |
| Net Position Held in Trust for Pension and Other Employee Benefits | \$ 35,543,672 | \$ 1,419,247 | \$ 464,361 | | \$ 37,427,280 |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 2016

| | Pension Fund | Supplemental Annuity Fund | Other Postemployment Benefit Trust Fund | Total |
|---|-----------------------------|------------------------------|--|-----------------------------|
| Additions | | | | |
| Investment income: | | | | |
| Interest and dividends | \$ 973,471 | \$ - | \$ 113 | \$ 973,584 |
| Net (decrease) increase in fair market value | <u>(2,333,401)</u> | <u>3,963</u> | <u>21,392</u> | <u>(2,308,046)</u> |
| Net investment income | (1,359,930) | 3,963 | 21,505 | (1,334,462) |
| Contributions: | | | | |
| Employer | 925,683 | 297,360 | 50,000 | 1,273,043 |
| Employee | <u>252,579</u> | <u>-</u> | <u>68,003</u> | <u>320,582</u> |
| Net contributions | <u>1,178,262</u> | <u>297,360</u> | <u>118,003</u> | <u>1,593,625</u> |
| Total additions | (181,668) | 301,323 | 139,508 | 259,163 |
| Deductions | | | | |
| Benefit payments | 3,187,512 | 263,715 | - | 3,451,227 |
| Administrative expenses | <u>51,765</u> | <u>-</u> | <u>-</u> | <u>51,765</u> |
| Net (Decrease) Increase in Net Assets Held in Trust | (3,420,945) | 37,608 | 139,508 | (3,243,829) |
| Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year | | | | |
| | <u>38,964,617</u> | <u>1,381,639</u> | <u>324,853</u> | <u>40,671,109</u> |
| Net Position Held in Trust for Pension and Other Employee Benefits - End of year | | | | |
| | <u>\$ 35,543,672</u> | <u>\$ 1,419,247</u> | <u>\$ 464,361</u> | <u>\$ 37,427,280</u> |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Combining Statement of Assets and Liabilities Agency Funds June 30, 2016

| | Wayne County Tax Fund | Cash Bond Escrow Fund | Total |
|---|--------------------------|--------------------------|------------------|
| Assets - Cash and cash equivalents | \$ 22,210 | \$ 5,618 | \$ 27,828 |
| Liabilities | | | |
| Due to other governmental units | \$ 22,210 | \$ - | \$ 22,210 |
| Court bonds payable | - | 5,618 | 5,618 |
| Total liabilities | \$ 22,210 | \$ 5,618 | \$ 27,828 |

City of Grosse Pointe Woods, Michigan

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Funds Year Ended June 30, 2016

| | Balance at July 1, 2015 | Additions | Reductions | Balance at June 30, 2016 |
|--|----------------------------|----------------------|------------------------|-----------------------------|
| <u>Wayne County Tax Fund</u> | | | | |
| Assets - Cash and investments | <u>\$ 17,719</u> | <u>\$ 27,408,993</u> | <u>\$ (27,404,502)</u> | <u>\$ 22,210</u> |
| Liabilities - Due to other governmental units | <u>\$ 17,719</u> | <u>\$ 27,408,993</u> | <u>\$ (27,404,502)</u> | <u>\$ 22,210</u> |
| <u>Cash Bond Escrow Fund</u> | | | | |
| Assets - Cash and investments | <u>\$ 12,424</u> | <u>\$ 58,672</u> | <u>\$ (65,478)</u> | <u>\$ 5,618</u> |
| Liabilities - Court bonds payable | <u>\$ 12,424</u> | <u>\$ 58,672</u> | <u>\$ (65,478)</u> | <u>\$ 5,618</u> |
| <u>Agency Funds</u> | | | | |
| Assets - Cash and cash equivalents | <u>\$ 30,143</u> | <u>\$ 27,467,665</u> | <u>\$ (27,469,980)</u> | <u>\$ 27,828</u> |
| Liabilities | | | | |
| Due to other governmental units | \$ 17,719 | \$ 27,408,993 | \$ (27,404,502) | \$ 22,210 |
| Court bonds payable | <u>12,424</u> | <u>58,672</u> | <u>(65,478)</u> | <u>5,618</u> |
| Total liabilities | <u>\$ 30,143</u> | <u>\$ 27,467,665</u> | <u>\$ (27,469,980)</u> | <u>\$ 27,828</u> |

Statistical Section

City of Grosse Pointe Woods, Michigan

Statistical and Continuing Disclosure Contents

Statistical Information

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

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 Assets by Component | 107-108 |
| Changes in Governmental Activities, Business-type Activities, and Primary Government Net Position | 109-112 |
| Fund Balances of Governmental Funds | 113-114* |
| Changes in Fund Balances of Governmental Funds | 115-116 |

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 | 117 |
| Property Tax Levies and Collections | 118* |
| Assessed Value and Actual Value of Taxable Property | 119* |
| Direct and Overlapping Property Tax Rates | 120-121* |
| Principal Property Taxpayers (Major Taxpayers) | 122* |

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 | 123-124 |
| Pledged-revenue Coverage | 125 |
| Ratios of General Bonded Debt Outstanding | 126* |
| Direct and Overlapping Debt | 127 |
| Legal Debt Margin | 128-129 |

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 | 130 |
| Principal Employers | 131* |

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 | 132 |
| Operating Indicators by Function | 133-134 |
| Capital Asset Statistics by Function | 135 |

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 | 136 |
| Gas and Weight Taxes | 137 |
| Labor Agreements | 138 |
| Water and Sewer Customers and Consumption | 139 |
| Historical Net Earnings, Cash Flow, and Debt Service Coverage | 140 |
| Water Usage and Revenue of the Ten Largest Customers | 141 |
| Metered Water Rates | 142 |

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

City of Grosse Pointe Woods, Michigan

| | Fiscal Year | | | | |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Governmental Activities | | | | | |
| Net investment in capital assets | \$ 19,660,463 | \$ 24,238,535 | \$ 25,835,044 | \$ 26,744,399 | \$ 26,918,168 |
| Restricted | 1,935,523 | 2,018,840 | 782,422 | 727,050 | 772,268 |
| Unrestricted | <u>5,897,053</u> | <u>4,549,297</u> | <u>1,596,786</u> | <u>64,083</u> | <u>(2,595,090)</u> |
| Total net assets | <u>\$ 27,493,039</u> | <u>\$ 30,806,672</u> | <u>\$ 28,214,252</u> | <u>\$ 27,535,532</u> | <u>\$ 25,095,346</u> |
| Business-type Activities | | | | | |
| Invested in capital assets - | | | | | |
| Net of related debt | \$ 17,640,281 | \$ 18,626,103 | \$ 18,921,503 | \$ 18,573,221 | \$ 18,345,231 |
| Restricted | 453,789 | 453,789 | 453,789 | 453,789 | 425,500 |
| Unrestricted | <u>1,524,686</u> | <u>1,484,347</u> | <u>1,191,484</u> | <u>1,802,604</u> | <u>2,461,914</u> |
| Total net assets | <u>\$ 19,618,756</u> | <u>\$ 20,564,239</u> | <u>\$ 20,566,776</u> | <u>\$ 20,829,614</u> | <u>\$ 21,232,645</u> |
| Primary Government in Total | | | | | |
| Invested in capital assets - | | | | | |
| Net of related debt | \$ 37,300,744 | \$ 42,864,638 | \$ 44,756,547 | \$ 45,317,620 | \$ 45,263,399 |
| Restricted | 2,389,312 | 2,472,629 | 1,236,211 | 1,180,839 | 1,197,768 |
| Unrestricted | <u>7,421,739</u> | <u>6,033,644</u> | <u>2,788,270</u> | <u>1,866,687</u> | <u>(133,176)</u> |
| Total net assets | <u>\$ 47,111,795</u> | <u>\$ 51,370,911</u> | <u>\$ 48,781,028</u> | <u>\$ 48,365,146</u> | <u>\$ 46,327,991</u> |

Source: City annual financial statements

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

| | | Fiscal Year | | | | | | | |
|-----------|-------------------|-------------|-------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|
| | | 2012 | 2013 | 2014 | 2015 | 2016 | | | |
| \$ | 26,908,007 | \$ | 27,096,926 | \$ | 26,303,935 | \$ | 27,569,120 | \$ | 25,064,363 |
| | 923,644 | | 924,572 | | 835,294 | | 7,500,582 | | 2,946,510 |
| | (4,608,002) | | (6,341,023) | | (7,745,764) | | (28,560,231) | | (26,399,199) |
| \$ | 23,223,649 | \$ | 21,680,475 | \$ | 19,393,465 | \$ | 6,509,471 | \$ | 1,611,674 |
| | | | | | | | | | |
| \$ | 18,585,076 | \$ | 18,451,087 | \$ | 18,458,605 | \$ | 18,185,073 | \$ | 18,154,537 |
| | 397,500 | | 349,500 | | 319,000 | | 306,500 | | 256,000 |
| | 3,213,270 | | 4,232,956 | | 5,465,819 | | 5,537,757 | | 7,005,669 |
| \$ | 22,195,846 | \$ | 23,033,543 | \$ | 24,243,424 | \$ | 24,029,330 | \$ | 25,416,206 |
| | | | | | | | | | |
| \$ | 45,493,083 | \$ | 45,548,013 | \$ | 44,762,540 | \$ | 45,754,193 | \$ | 43,218,900 |
| | 1,321,144 | | 1,274,072 | | 1,154,294 | | 7,807,082 | | 3,202,510 |
| | (1,394,732) | | (2,108,067) | | (2,279,945) | | (23,022,474) | | (19,393,530) |
| \$ | 45,419,495 | \$ | 44,714,018 | \$ | 43,636,889 | \$ | 30,538,801 | \$ | 27,027,880 |

City of Grosse Pointe Woods, Michigan

| | Fiscal Year | | | | |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| Expenses | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 2,330,401 | \$ 2,924,641 | \$ 4,609,178 | \$ 3,042,077 | \$ 3,422,593 |
| Public safety | 6,506,973 | 5,990,280 | 7,525,431 | 7,899,396 | 7,912,560 |
| Public works | 4,346,770 | 4,128,878 | 5,027,700 | 5,215,575 | 5,655,876 |
| Solid waste | 1,390,686 | 1,473,425 | 1,366,272 | 1,315,293 | 1,087,987 |
| Municipal improvement | 196,696 | 270,819 | 386,989 | 59,724 | 130,849 |
| Recreation and culture | 2,386,985 | 2,040,528 | 2,370,954 | 2,181,206 | 1,967,708 |
| Interest on long-term debt | 207,182 | 238,813 | 153,736 | 113,653 | 72,814 |
| Total governmental activities expenses | <u>17,365,693</u> | <u>17,067,384</u> | <u>21,440,260</u> | <u>19,826,924</u> | <u>20,250,387</u> |
| Business-type activities: | | | | | |
| Water/Sewer | 5,096,980 | 5,230,033 | 5,239,746 | 4,853,312 | 5,044,337 |
| Parking | 325,058 | 293,746 | 316,991 | 241,562 | 198,866 |
| Boat dock | 144,289 | 146,403 | 121,541 | 85,257 | 73,870 |
| Commodity sales | 52,789 | 46,518 | 45,185 | 68,571 | 30,689 |
| Total business-type activities expenses | <u>5,619,116</u> | <u>5,716,700</u> | <u>5,723,463</u> | <u>5,248,702</u> | <u>5,347,762</u> |
| Total primary government expenses | <u>22,984,809</u> | <u>22,784,084</u> | <u>27,163,723</u> | <u>25,075,626</u> | <u>25,598,149</u> |
| Program Revenue | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| Municipal court | 768,596 | 805,958 | 831,454 | 894,768 | 774,390 |
| Building inspections and related | - | - | - | - | - |
| Recreation and culture | 158,763 | - | - | 69,507 | 102,037 |
| Other activities | 509,323 | 872,235 | 675,914 | 826,085 | 435,796 |
| Total charges for services | <u>1,436,682</u> | <u>1,678,193</u> | <u>1,507,368</u> | <u>1,790,360</u> | <u>1,312,223</u> |
| Operating grants and contributions | <u>1,011,171</u> | <u>943,139</u> | <u>908,512</u> | <u>873,343</u> | <u>886,569</u> |
| Total governmental activities program revenue | <u>2,447,853</u> | <u>2,621,332</u> | <u>2,415,880</u> | <u>2,663,703</u> | <u>2,198,792</u> |
| Business-type Activities | | | | | |
| Charges for services: | | | | | |
| Water/Sewer | 4,696,657 | 4,594,730 | 4,878,913 | 4,856,083 | 5,405,036 |
| Parking | 266,067 | 293,453 | 242,765 | 221,657 | 201,166 |
| Boat dock | 164,601 | 162,468 | 146,872 | 141,338 | 132,715 |
| Commodity sales | - | - | 48,410 | 45,560 | 40,225 |
| Capital grants and contributions | <u>125,373</u> | <u>731,943</u> | <u>146,962</u> | <u>-</u> | <u>-</u> |
| Total business-type program revenue | <u>5,252,698</u> | <u>5,782,594</u> | <u>5,463,922</u> | <u>5,264,638</u> | <u>5,779,142</u> |
| Total primary government program revenue | <u>7,700,551</u> | <u>8,403,926</u> | <u>7,879,802</u> | <u>7,928,341</u> | <u>7,977,934</u> |
| Net (Expense) Revenue | | | | | |
| Governmental activities | (14,917,840) | (14,446,052) | (19,024,380) | (17,163,221) | (18,051,595) |
| Business-type activities | <u>(366,418)</u> | <u>65,894</u> | <u>(259,541)</u> | <u>15,936</u> | <u>431,380</u> |
| Total primary government net expense | <u>\$ (15,284,258)</u> | <u>\$ (14,380,158)</u> | <u>\$ (19,283,921)</u> | <u>\$ (17,147,285)</u> | <u>\$ (17,620,215)</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 | | | | |
|-----------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 |
| \$ | 3,092,280 | \$ 3,207,643 | \$ 3,130,925 | \$ 2,494,362 | \$ 3,586,605 |
| | 7,153,532 | 6,869,020 | 6,553,852 | 7,777,514 | 9,321,147 |
| | 6,016,942 | 5,841,495 | 6,091,819 | 6,126,373 | 6,431,753 |
| | 1,121,417 | 1,152,236 | 1,150,743 | 1,193,308 | 1,126,483 |
| | 191,180 | 63,982 | 307,290 | 554,163 | 575,094 |
| | 1,717,327 | 1,827,426 | 1,554,898 | 1,773,961 | 1,855,328 |
| | 40,214 | 17,369 | 830,255 | - | 207,605 |
| | <u>19,332,892</u> | <u>18,979,171</u> | <u>19,619,782</u> | <u>19,919,681</u> | <u>23,104,015</u> |
| | 5,059,715 | 5,432,429 | 5,420,387 | 5,919,315 | 6,053,295 |
| | 237,150 | 207,597 | 195,791 | 246,050 | 304,826 |
| | 74,172 | 69,894 | 97,519 | 96,733 | 104,778 |
| | 26,018 | 40,085 | - | 36,955 | 23,940 |
| | <u>5,397,055</u> | <u>5,750,005</u> | <u>5,713,697</u> | <u>6,299,053</u> | <u>6,486,839</u> |
| | <u>24,729,947</u> | <u>24,729,176</u> | <u>25,333,479</u> | <u>26,218,734</u> | <u>29,590,854</u> |
| | 909,241 | 667,782 | 593,962 | 455,417 | 401,218 |
| | - | - | - | - | - |
| | 120,304 | 119,399 | 107,161 | 111,904 | 116,383 |
| | 541,545 | 639,214 | 614,984 | 321,151 | 379,099 |
| | <u>1,571,090</u> | <u>1,426,395</u> | <u>1,316,107</u> | <u>888,472</u> | <u>896,700</u> |
| | <u>907,211</u> | <u>912,762</u> | <u>943,540</u> | <u>1,091,214</u> | <u>1,009,509</u> |
| | <u>2,478,301</u> | <u>2,339,157</u> | <u>2,259,647</u> | <u>1,979,686</u> | <u>1,906,209</u> |
| | 5,976,950 | 6,144,410 | 6,339,551 | 6,241,351 | 7,202,849 |
| | 193,812 | 301,696 | 292,825 | 454,533 | 439,720 |
| | 130,778 | 129,805 | 126,052 | 140,986 | 150,625 |
| | 40,918 | 37,922 | 34,214 | 33,075 | 30,392 |
| | - | - | - | - | - |
| | <u>6,342,458</u> | <u>6,613,833</u> | <u>6,792,642</u> | <u>6,869,945</u> | <u>7,823,586</u> |
| | <u>8,820,759</u> | <u>8,952,990</u> | <u>9,052,289</u> | <u>8,849,631</u> | <u>9,729,795</u> |
| | (16,854,591) | (16,640,014) | (17,360,135) | (17,939,995) | (21,197,806) |
| | 945,403 | 863,828 | 1,078,945 | 570,892 | 1,336,747 |
| \$ | <u>(15,909,188)</u> | <u>(15,776,186)</u> | <u>(16,281,190)</u> | <u>(17,369,103)</u> | <u>(19,861,059)</u> |

City of Grosse Pointe Woods, Michigan

| | Fiscal Year | | | | |
|----------------------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Revenue | | | | | |
| Governmental activities: | | | | | |
| Property taxes | \$ 15,181,945 | \$ 15,551,944 | \$ 14,468,721 | \$ 15,002,660 | \$ 13,536,960 |
| State-shared revenue | 1,682,742 | 1,667,431 | 1,645,722 | 1,391,898 | 1,420,431 |
| Investment earnings | 238,139 | 733,693 | 153,512 | 44,655 | 63,272 |
| Donations | - | - | - | - | - |
| Franchise fees | 230,453 | 238,054 | 271,953 | 295,688 | 320,426 |
| Other | - | - | - | - | 234,820 |
| Gain on sale of fixed assets | - | - | - | - | - |
| Transfers | (810,000) | (802,000) | (218,060) | (250,400) | 35,500 |
| Total governmental activities | <u>16,523,279</u> | <u>17,389,122</u> | <u>16,321,848</u> | <u>16,484,501</u> | <u>15,611,409</u> |
| Business-type activities: | | | | | |
| Unrestricted investment earnings | 106,012 | 79,589 | 21,534 | 11,960 | 7,151 |
| Other | - | - | - | - | - |
| Transfers | 810,000 | 802,000 | 218,060 | 250,400 | (35,500) |
| Total business-type activities | <u>916,012</u> | <u>881,589</u> | <u>239,594</u> | <u>262,360</u> | <u>(28,349)</u> |
| Total primary government | <u>17,439,291</u> | <u>18,270,711</u> | <u>16,561,442</u> | <u>16,746,861</u> | <u>15,583,060</u> |
| Change in Net Assets | | | | | |
| Governmental activities | 1,605,439 | 2,943,070 | (2,702,532) | (678,720) | (2,440,186) |
| Business-type activities | 549,594 | 947,483 | (19,947) | 278,296 | 403,031 |
| Total primary government | <u>\$ 2,155,033</u> | <u>\$ 3,890,553</u> | <u>\$ (2,722,479)</u> | <u>\$ (400,424)</u> | <u>\$ (2,037,155)</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 (Continued)
(Accrual Basis of Accounting)
(Unaudited)

| | | Fiscal Year | | | | | | | |
|-----------|-------------------------|-------------|-------------------------|-----------|---------------------------|-----------|---------------------------|-----------|---------------------------|
| | | 2012 | 2013 | 2014 | 2015 | 2016 | | | |
| \$ | 12,817,647 | \$ | 12,869,618 | \$ | 12,971,861 | \$ | 12,089,662 | \$ | 13,450,544 |
| | 1,482,102 | | 1,500,662 | | 1,521,267 | | 1,568,207 | | 1,640,461 |
| | 63,694 | | 27,817 | | 46,301 | | 43,238 | | 82,738 |
| | - | | - | | - | | - | | - |
| | 262,837 | | 380,964 | | 340,268 | | 315,723 | | 427,964 |
| | 368,060 | | 287,779 | | 301,260 | | 507,807 | | 627,485 |
| | - | | - | | - | | 7,850 | | 23,684 |
| | (11,446) | | 30,000 | | (107,832) | | - | | - |
| | <u>14,982,894</u> | | <u>15,096,840</u> | | <u>15,073,125</u> | | <u>14,532,487</u> | | <u>16,252,876</u> |
| | 6,352 | | 3,869 | | 21,104 | | 28,735 | | 50,129 |
| | - | | - | | 2,000 | | - | | - |
| | <u>11,446</u> | | <u>(30,000)</u> | | <u>107,832</u> | | <u>-</u> | | <u>-</u> |
| | <u>17,798</u> | | <u>(26,131)</u> | | <u>130,936</u> | | <u>28,735</u> | | <u>50,129</u> |
| | <u>15,000,692</u> | | <u>15,070,709</u> | | <u>15,204,061</u> | | <u>14,561,222</u> | | <u>16,303,005</u> |
| | (1,871,697) | | (1,543,174) | | (2,287,010) | | (3,407,508) | | (4,944,930) |
| | <u>963,201</u> | | <u>837,697</u> | | <u>1,209,881</u> | | <u>599,627</u> | | <u>1,386,876</u> |
| \$ | <u>(908,496)</u> | \$ | <u>(705,477)</u> | \$ | <u>(1,077,129)</u> | \$ | <u>(2,807,881)</u> | \$ | <u>(3,558,054)</u> |

City of Grosse Pointe Woods, Michigan

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011* |
| General Fund | | | | | |
| Nonspendable | \$ - | \$ - | \$ 37,750 | \$ 99,767 | \$ 6,111 |
| Committed | - | - | - | - | 125,329 |
| Assigned | - | - | - | - | 949,395 |
| Unassigned | - | - | - | - | 3,896,333 |
| Unreserved: | | | | | |
| Designated | 500,000 | 673,600 | - | - | - |
| Undesignated | 2,862,514 | 2,367,734 | 2,311,090 | 3,205,975 | - |
| Total General Fund | 3,362,514 | 3,041,334 | 2,348,840 | 3,305,742 | 4,977,168 |
| All Other Governmental Funds | | | | | |
| Designated: | | | | | |
| Special Revenue Funds | 317,247 | 77,609 | 247,647 | 320,417 | - |
| Capital Project Funds | 35,000 | 19,060 | 63,850 | - | - |
| Nonspendable | - | - | - | - | - |
| Restricted | - | - | - | - | 765,921 |
| Assigned | - | - | - | - | 447,234 |
| Committed | - | - | - | - | - |
| Reserved | - | - | - | - | - |
| Unreserved, reported in: | | | | | |
| Special Revenue Funds | 3,395,765 | 2,390,161 | 1,223,726 | 1,124,603 | - |
| Capital Project Funds | 50,033 | 210,272 | 167,083 | 116,162 | - |
| Debt Service Funds | 970,061 | 1,176,240 | 1,180,314 | 763,214 | - |
| Total General Fund and all other governmental funds | <u>\$ 8,130,620</u> | <u>\$ 6,914,676</u> | <u>\$ 5,231,460</u> | <u>\$ 5,630,138</u> | <u>\$ 6,190,323</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 | | | | | | | |
|-----------|------------------|-------------|------------------|-----------|------------------|-----------|-------------------|-----------|-------------------|
| | | 2012* | 2013* | 2014* | 2015* | 2016* | | | |
| \$ | 4,325 | \$ | 121,380 | \$ | 138,757 | \$ | 104,203 | \$ | 79,148 |
| | 143,811 | | 207,961 | | 317,432 | | 558,479 | | 751,952 |
| | 1,198,046 | | 1,751,490 | | 953,821 | | 1,027,515 | | 707,910 |
| | 3,853,739 | | 3,435,761 | | 3,754,923 | | 3,716,961 | | 4,992,622 |
| | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - |
| | 5,199,921 | | 5,516,592 | | 5,164,933 | | 5,407,158 | | 6,531,632 |
| | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - |
| | 19,390 | | - | | 17,002 | | 13,365 | | 10,438 |
| | 905,950 | | 924,572 | | 829,037 | | 7,488,572 | | 2,937,106 |
| | 313,424 | | 375,123 | | 1,152,784 | | 935,005 | | 1,876,521 |
| | 14,850 | | 17,750 | | 33,500 | | 66,700 | | 16,770 |
| | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - |
| | - | | - | | - | | - | | - |
| \$ | 6,453,535 | \$ | 6,834,037 | \$ | 7,197,256 | \$ | 13,910,800 | \$ | 11,372,467 |

City of Grosse Pointe Woods, Michigan

| | Fiscal Year | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2007 | 2008 | 2009 | 2010 |
| Revenue | | | | |
| Property taxes | \$ 14,727,101 | \$ 15,082,641 | \$ 14,093,330 | \$ 14,471,027 |
| State and local sources | 2,565,900 | 2,481,832 | 2,382,912 | 2,197,887 |
| Intergovernmental taxes | - | - | - | - |
| Delinquent interest and collection fee income | 350,413 | 395,910 | 293,797 | 511,840 |
| Federal financial assistance | 20,564 | - | 31,646 | 11,090 |
| Other revenue | 1,929,902 | 2,193,987 | 1,986,433 | 2,153,729 |
| Investment income | 238,678 | 731,478 | 143,074 | 43,829 |
| Donations | - | - | - | - |
| Total revenue | 19,832,558 | 20,885,848 | 18,931,192 | 19,389,402 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 3,013,153 | 3,749,368 | 3,764,577 | 2,580,898 |
| Public safety | 5,042,765 | 4,717,501 | 4,866,702 | 5,640,372 |
| Public works | 906,530 | 964,247 | 887,819 | 950,521 |
| Recreation and culture | 2,936,496 | 1,686,488 | 1,784,052 | 1,682,472 |
| Miscellaneous | 7,800,076 | 7,197,683 | 5,467,476 | 5,529,332 |
| Capital outlay | 196,696 | 270,819 | 1,526,933 | 677,778 |
| Debt administration: | | | | |
| Principal | 1,458,497 | 2,823,747 | 1,552,022 | 1,539,247 |
| Interest | 252,109 | 260,502 | 157,014 | 117,379 |
| Total expenditures | 21,606,322 | 21,670,355 | 20,006,595 | 18,717,999 |
| Excess of Revenue (Under) Over Expenditures | (1,773,764) | (784,507) | (1,075,403) | 671,403 |
| Other Financing Sources (Uses) | | | | |
| Debt issuance / proceeds from sale of cap assets | 1,325,000 | - | - | - |
| Transfers in | 5,091,500 | 3,170,034 | 2,325,500 | 1,753,164 |
| Transfers out | (5,901,500) | (3,972,034) | (3,031,190) | (2,038,124) |
| Total other financing sources (uses) | 515,000 | (802,000) | (705,690) | (284,960) |
| Net Change in Fund Balances | (1,258,764) | (1,586,507) | (1,781,093) | 386,443 |
| Fund Balances - Beginning of year - As restated | 9,389,384 | 8,501,183 * | 7,024,788 | 5,243,695 |
| Fund Balances - End of year | \$ 8,130,620 | \$ 6,914,676 | \$ 5,243,695 | \$ 5,630,138 |
| Debt service as a percentage of noncapital expenditures | 7.99% | 14.41% | 9.25% | 9.18% |

* 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 | | | | | |
|-----------|--|------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| | | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| \$ | | 13,525,921 | \$ 12,816,628 | \$ 12,868,677 | \$ 12,971,026 | \$ 12,089,662 | \$ 13,450,544 |
| | | 2,209,151 | 2,220,847 | 2,263,244 | 2,328,022 | 2,389,342 | 2,649,970 |
| | | - | - | - | - | - | - |
| | | 8,083 | 7,621 | 6,800 | 6,483 | 7,693 | - |
| | | 1,968,095 | 2,363,851 | 2,166,176 | 2,088,772 | 1,903,267 | 2,057,149 |
| | | 54,524 | 54,762 | 21,988 | 34,791 | 26,214 | 70,506 |
| | | - | - | - | - | - | - |
| | | 17,765,774 | 17,463,709 | 17,326,885 | 17,429,094 | 16,416,178 | 18,228,169 |
| | | 2,728,228 | 2,726,596 | 2,884,058 | 2,773,796 | 2,864,850 | 2,603,109 |
| | | 6,067,173 | 5,723,312 | 5,453,295 | 5,480,645 | 5,397,800 | 5,322,568 |
| | | 5,618,581 | 5,824,444 | 5,905,623 | 6,202,883 | 6,465,890 | 10,813,928 |
| | | 1,581,537 | 1,353,885 | 1,421,895 | 1,337,255 | 1,373,591 | 1,367,357 |
| | | 247,983 | 209,044 | 124,082 | 334,617 | 498,095 | 451,935 |
| | | 1,152,522 | 1,185,797 | 1,173,754 | 828,847 | 226,874 | - |
| | | 72,597 | 43,949 | 14,676 | - | - | 207,605 |
| | | 17,468,621 | 17,067,027 | 16,977,383 | 16,958,043 | 16,827,100 | 20,766,502 |
| | | 297,153 | 396,682 | 349,502 | 471,051 | (410,922) | (2,538,333) |
| | | - | 500 | 1,000 | - | 7,124,466 | - |
| | | 1,525,287 | 1,012,880 | 385,501 | 660,919 | 231,416 | 835,972 |
| | | (1,384,779) | (1,024,326) | (355,501) | (768,751) | (231,416) | (835,972) |
| | | 140,508 | (10,946) | 31,000 | (107,832) | 7,124,466 | - |
| | | 437,661 | 385,736 | 380,502 | 363,219 | 6,713,544 | (2,538,333) |
| | | 5,630,138 | 6,067,799 | 6,453,535 | 6,834,037 | 7,197,256 | 13,910,800 |
| \$ | | 6,067,799 | \$ 6,453,535 | \$ 6,834,037 | \$ 7,197,256 | \$ 13,910,800 | \$ 11,372,467 |
| | | 7.54% | 7.76% | 7.53% | 5.14% | 1.37% | 1.01% |

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 |
|-------------|------------------------|----------------------------|----------------------|------------------------------|----------------------|----------------------------|---------------|
| 2007 | \$ 14,727,101 | \$ 2,565,900 | \$ 350,413 | \$ 20,564 | \$ 1,929,902 | \$ 238,678 | \$ 19,832,558 |
| 2008 | 15,082,641 | 2,481,832 | 395,910 | - | 2,193,987 | 731,478 | 20,885,848 |
| 2009 | 14,093,330 | 2,382,912 | 293,797 | 31,646 | 1,986,433 | 143,074 | 18,931,192 |
| 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 |

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 |
|---------------------------------|----------------------|--------------------------------|---------------------------------|---|--------------------------|--|
| 2007 | \$ 14,443,049 | \$ 13,923,377 | 96.40 | \$ 316,822 | \$ 14,240,199 | 98.60 |
| 2008 | 14,931,695 | 14,474,262 | 96.94 | 446,046 | 14,920,308 | 99.92 |
| 2009 | 14,249,802 | 13,789,085 | 96.77 | 460,717 | 14,249,802 | 100.00 |
| 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 |

(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) | Estimated Actual Value | Taxable Value as a Percent of Total |
| 2007 | \$ 791,370,826 | \$ 59,280,398 | \$ 92,987 | \$ 16,723,700 | \$ 867,467,911 | 17.2368 | \$ 2,054,582,340 | 42.22% |
| 2008 | 772,678,570 | 61,718,263 | 95,125 | 14,187,800 | 848,679,758 | 16.7917 | 1,851,127,312 | 45.85% |
| 2009 | 703,687,882 | 63,418,163 | 99,310 | 13,775,117 | 780,980,472 | 18.5417 | 1,561,960,944 | 50.00% |
| 2010 | 622,799,835 | 61,345,908 | 99,012 | 15,022,091 | 699,266,846 | 18.5417 | 1,398,533,692 | 50.00% |
| 2011 | 539,673,504 | 63,125,634 | 100,695 | 14,263,900 | 617,163,733 | 19.7082 | 1,234,327,466 | 50.00% |
| 2012 | 523,811,319 | 64,481,399 | 103,413 | 15,534,000 | 603,930,131 | 20.4542 | 1,207,860,262 | 50.00% |
| 2013 | 523,323,200 | 62,355,800 | 105,800 | 15,577,600 | 601,362,400 | 20.6834 | 1,202,724,800 | 50.00% |
| 2014 | 534,100,330 | 71,785,000 | 107,400 | 12,500,000 | 618,492,730 | 18.8883 | 1,236,985,460 | 50.00% |
| 2015 | 552,991,973 | 72,042,025 | 109,177 | 12,808,700 | 637,951,875 | 20.6091 | 1,275,903,750 | 50.00% |
| 2016 | 563,473,469 | 72,936,601 | 109,445 | 14,693,500 | 651,213,015 | 21.5685 | 1,302,426,030 | 50.00% |

(1) Under Michigan law, the revenue base is referred to as "taxable value." This amount represents assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue in the subsequent fiscal year.

Source: Comptroller's office

City of Grosse Pointe Woods, Michigan

| Millage Rates - Direct City Taxes (1) | | | | | | | | Overlapping Taxes | |
|---------------------------------------|-------------------|-----------|-----------------|-----------------|-----------------------|---------------------------|--------------------|-------------------|----------|
| Tax Year | 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. |
| 2007 | 10.1847 | 0.3578 | 0.5665 | - | 1.8807 | 4.2471 | 17.2368 | 8.4120 | 0.2146 |
| 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 | 16.7917 | 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 |

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

(2) Previously termed homestead and nonhomestead

(3) 2010 Wayne County millage estimate at 2009 numbers, since no new information available

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 |
|------|---------|--------|--------|--------|-----|

Source: Comptroller's office

* 2015 Wayne County millage estimate at 2014 numbers, since no new information available on 10/9/15--WC rates available in November

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 | Non- principal |
| 2.4769 | 1.5412 | 3.4643 | 14.5498 | 26.2851 | 47.8956 | 59.6309 |
| 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 |

City of Grosse Pointe Woods, Michigan

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

| Taxpayer | Type of Business | 2016 Taxable Value | Percentage of Total City Value | 2006 Taxable Value | Percentage of Total |
|---------------------------------|-------------------|------------------------------|--------------------------------|------------------------------|----------------------|
| 1 DRSN Real Estate GP LLC | Apartment Complex | \$ 19,633,700 | 0.031 | n/a | 0.0000 |
| 2 Health Care Reit Inc | Assisted Living | 7,024,400 | 0.011 | \$ 4,367,620 | 0.0052 |
| 3 Pointe Plaza | Office Bldg | 4,819,587 | 0.008 | 4,074,520 | 0.0049 |
| 4 Detroit Edison | Utility | 4,451,745 | 0.007 | 5,525,200 | 0.0066 |
| 5 Michigan Cons. Gas Co. | Utility | 2,567,700 | 0.004 | 3,486,500 | 0.0042 |
| 6 Lochmoor Club | Private Club | 1,709,266 | 0.003 | 4,849,180 | 0.0030 |
| 7 A H Peters Funeral Home | Mortuary | 1,438,055 | 0.002 | - | 0.0000 |
| 8 GP Hunt Club | Private Club | 1,415,450 | 0.002 | 1,361,050 | 0.0058 |
| 9 Comerica | Bank | 1,387,661 | 0.002 | 2,921,640 | 0.0016 |
| 10 Kroger Co. of Mich. | Grocery | 1,198,083 | 0.002 | 3,056,750 | 0.0036 |
| Total | | <u>\$ 45,645,647</u> | <u>0.072</u> | <u>\$ 29,642,460</u> | <u>0.0349</u> |
| Total City Taxable Value | | <u>\$ 637,951,875</u> | | <u>\$ 838,542,390</u> | |

Source: City of Grosse Pointe Woods Assessing Department records

City of Grosse Pointe Woods, Michigan

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------------------------|----------------------|----------------------|---------------------|----------------------|---------------------|
| Governmental Activities | | | | | |
| General obligation bonds (GOB) | \$ 1,320,000 | \$ 880,000 | \$ 420,000 | \$ - | \$ - |
| GOB installment note | 1,325,000 | - | - | - | - |
| GOB contract - Wayne County Drain | 6,830,430 | 5,771,683 | 4,679,661 | 3,560,414 | 2,407,892 |
| 2015 Road Bonds | - | - | - | - | - |
| Installment loans - Vehicles | - | - | - | - | - |
| Total | 9,475,430 | 6,651,683 | 5,099,661 | 3,560,414 | 2,407,892 |
| Business-type Activities | | | | | |
| Installment purchase agreements | - | - | - | - | - |
| 2010 DWRF Bonds | - | - | - | 1,976,488 | 2,723,141 |
| 2012 SRF Bonds | - | - | - | - | - |
| Revenue bonds | 5,300,000 | 5,050,000 | 4,795,000 | 4,530,000 | 4,255,000 |
| Total | 5,300,000 | 5,050,000 | 4,795,000 | 6,506,488 | 6,978,141 |
| Total debt of the government | \$ 14,775,430 | \$ 11,701,683 | \$ 9,894,661 | \$ 10,066,902 | \$ 9,386,033 |
| Total taxable value (1) | \$ 867,467,911 | \$ 847,756,558 | \$ 780,980,472 | \$ 699,266,846 | \$ 617,163,733 |
| Ratio of total debt to taxable value | 1.70% | 1.38% | 1.27% | 1.44% | 1.52% |
| Total population | 17,080 | 17,080 | 17,080 | 17,080 | 16,135 |
| Total debt per capita | \$ 865 | \$ 685 | \$ 579 | \$ 589 | \$ 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**

| 2012 | 2013 | 2014 | 2015 | 2016 |
|---------------------|---------------------|----------------------|----------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - |
| 1,222,095 | - | - | - | - |
| - | - | - | 7,124,469 | 7,072,022 |
| - | - | - | 272,558 | 648,813 |
| 1,222,095 | - | - | 7,397,027 | 7,720,835 |
| - | - | - | - | - |
| 4,195,364 | 5,170,410 | 4,951,798 | 4,696,798 | 4,436,798 |
| - | 667,763 | 2,485,726 | 2,733,788 | 2,620,513 |
| 3,975,000 | 3,975,000 | 3,190,000 | 2,880,000 | 2,560,000 |
| 8,170,364 | 9,813,173 | 10,627,524 | 10,310,586 | 9,617,311 |
| \$ 9,392,459 | \$ 9,813,173 | \$ 10,627,524 | \$ 17,707,613 | \$ 17,338,146 |
| \$ 603,930,131 | \$ 601,362,400 | \$ 618,492,730 | \$ 637,951,875 | \$ 651,213,015 |
| 1.56% | 1.63% | 1.72% | 2.78% | 2.66% |
| 16,135 | 16,135 | 16,135 | 16,135 | 16,135 |
| \$ 582 | \$ 608 | \$ 659 | \$ 1,097 | \$ 1,075 |

City of Grosse Pointe Woods, Michigan

Debt Capacity Information Pledged-revenue Coverage Last Ten Fiscal Years

Debt Service Requirements (3)

| Fiscal Years Ended June 30 | Gross Revenue (1) | Applicable Expenses (2) | Net Revenue | Principal | Interest | Total | Coverage |
|-------------------------------|----------------------|----------------------------|-------------|------------|------------|------------|----------|
| 2007 | \$ 4,696,657 | \$ 4,310,669 | \$ 385,988 | \$ 210,000 | \$ 172,524 | \$ 382,524 | 1.01 |
| 2008 | 4,594,730 | 4,430,308 | 164,422 | - | 170,079 | 170,079 | 0.97 (4) |
| 2009 | 4,878,913 | 4,414,039 | 464,874 | - | 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 |

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 |
|-------------------------------|-------------------------------------|---|---|---|--------------------|
| 2007 | 17,080 | \$ 867,467,911 | \$ 9,475,430 | 1.09% | \$ 555 |
| 2008 | 17,080 | 847,756,558 | 6,651,683 | 0.78% | 389 |
| 2009 | 17,080 | 780,980,472 | 5,099,661 | 0.65% | 299 |
| 2010 | 17,080 | 699,266,846 | 3,560,414 | 0.51% | 208 |
| 2011 | 16,135 (2) | 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 (3) | 637,951,875 | 7,124,469 | 1.12% | 442 |
| 2016 | 16,135 | 651,213,015 | 7,072,022 | 1.09% | 438 |

Source: Comptroller's office

(2) Based upon 2010 federal census

(3) Road Bonds approved by voters Nov 2014

City of Grosse Pointe Woods, Michigan

Debt Capacity Information Direct and Overlapping Debt June 30, 2016

| | Debt Outstanding | Percent Applicable to City | Estimated Share of Overlapping Debt |
|--|------------------------------|----------------------------------|--|
| Direct debt, general obligation debt | \$ 9,617,311 | 100.00 | \$ 9,617,311 |
| Overlapping debt: | | | |
| Grosse Pointe Public Library | 12,050,000 | 24.86 | 2,995,630 |
| Grosse Pointe Public Schools | 38,010,000 | 24.86 | 9,449,286 |
| County of Wayne Building Authority and Debt Fund | 291,860,814 | 1.71 | 4,990,820 |
| Wayne County Community College | - | 2.68 | - |
| Total overlapping debt | <u>341,920,814</u> | | <u>17,435,736</u> |
| Total direct and overlapping debt | <u>\$ 351,538,125</u> | | <u>\$ 27,053,047</u> |

Source: Municipal Advisory Council of Michigan

City of Grosse Pointe Woods, Michigan

| | 2007 | 2008 | 2009 | 2010 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Calculation of Debt Limit (1) | | | | |
| Taxable valuation | \$ 867,467,911 | \$ 847,756,558 | \$ 780,980,472 | \$ 699,266,846 |
| Debt limit (10% of equalized value) | 86,746,791 | 84,775,656 | 78,098,047 | 69,926,685 |
| Calculation of Debt Subject to Limit | | | | |
| Total debt | 14,775,430 | 11,701,684 | 9,894,661 | 10,280,414 |
| Less Debt Not Subject to Charter Limitations | | | | |
| Grosse-Gratiot Drain/Milk River Debt | 6,830,430 | 5,771,684 | 4,679,661 | 3,560,414 |
| 2010 DWRF Bonds | - | - | - | 1,976,488 |
| 2012 SRF Bonds | - | - | - | - |
| Water/Sewer Revenue Bonds 2003 | <u>5,300,000</u> | <u>5,050,000</u> | <u>4,795,000</u> | <u>4,530,000</u> |
| Total debt not subject to Charter limitations | <u>12,130,430</u> | <u>10,821,684</u> | <u>9,474,661</u> | <u>10,066,902</u> |
| Total net debt (2) | <u>2,645,000</u> | <u>880,000</u> | <u>420,000</u> | <u>213,512</u> |
| Legal debt margin | <u>\$ 84,101,791</u> | <u>\$ 83,895,656</u> | <u>\$ 77,678,047</u> | <u>\$ 69,713,173</u> |
| Net debt subject to limit as percentage of debt limit | 3.14% | 1.05% | 0.54% | 0.31% |

(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

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ 617,163,733 | \$ 603,930,131 | \$ 601,362,400 | \$ 618,492,730 | \$ 637,951,875 | \$ 651,213,015 |
| 61,716,373 | 61,716,373 | 62,331,330 | 62,331,330 | 74,231,187 | 79,357,920 |
| 9,386,033 | 9,392,459 | 9,333,173 | 10,627,524 | 9,617,311 | 9,617,311 |
| 2,407,892 | 1,222,097 | - | - | - | - |
| 2,723,141 | 4,195,364 | 5,170,410 | 4,951,798 | 4,696,798 | 4,436,798 |
| - | - | 667,763 | 2,485,726 | 2,733,788 | 2,620,513 |
| 4,255,000 | 3,975,000 | 3,495,000 | 3,190,000 | 2,880,000 | 2,560,000 |
| <u>9,386,033</u> | <u>9,392,461</u> | <u>9,333,173</u> | <u>10,627,524</u> | <u>10,310,586</u> | <u>9,617,311</u> |
| - | (2) | - | - | (693,275) | - |
| <u>\$ 61,716,373</u> | <u>\$ 61,716,375</u> | <u>\$ 62,331,330</u> | <u>\$ 62,331,330</u> | <u>\$ 74,924,462</u> | <u>\$ 79,357,920</u> |
| 0.00% | 0.00% | 0.00% | 0.00% | -0.93% | 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 | |
|-------------|------------|-----|-----------------------------------|--------------------------------|----------------------------|------------|-------------------|-------------------|-----|
| 2007 | 17,080 | (1) | (5) | 6,420 | \$ (5) | (5) | 4.60% | 8,873 | |
| 2008 | 17,080 | (1) | (5) | (5) | (5) | (5) | 9.30% | 8,900 | (3) |
| 2009 | 17,080 | (1) | (5) | (5) | (5) | (5) | 14.10% | 8,900 | (3) |
| 2010 | 17,080 | (1) | (5) | (5) | (5) | (5) | 14.10% | 8,900 | (3) |
| 2011 | 16,135 | (2) | (5) | 6,396 | (5) | (5) | 12.70% | 8,900 | (3) |
| 2012 | 16,135 | (2) | (5) | 6,416 | (5) | (5) | 11.40% | 8,900 | (3) |
| 2013 | 16,135 | (2) | (5) | 6,819 | (5) | (5) | 11.40% | 8,900 | (3) |
| 2014 | 16,135 | (2) | (5) | 6,819 | (5) | (5) | 11.40% | 8,900 | (3) |
| 2015 | 16,135 | (2) | (5) | 6,819 | (5) | (5) | 11.40% | 8,900 | (3) |
| 2016 | 16,135 | (2) | (5) | 6,819 | (5) | (5) | 11.40% | 8,900 | (3) |

(1) 2000 population from U.S. Census

(2) 2010 population from U.S. Census

(3) Estimate

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

(5) Information not available

City of Grosse Pointe Woods, Michigan

Demographic and Economic Information Principal Employers

| | Taxpayer | Enterprise | 2010 Employees | Percentage of Total Employment | 2000 Employees | 2004 Rank |
|-------------------------------|-----------------------------------|------------------|-------------------|-----------------------------------|-------------------|--------------|
| 1 | GP Public School | School | 384 | 10.74% | (1) | (1) |
| 2 | Van Elslander Center | Medical | 250 | 6.99% | (1) | (1) |
| 3 | Kroger | Grocery | 159 | 4.45% | (1) | (1) |
| 4 | Sunrise Assisted Living | Medical | 130 | 3.64% | (1) | (1) |
| 5 | University of Liggett | School | 128 | 3.58% | (1) | (1) |
| 6 | Great Lakes Cancer Mgt Specialist | Medical | 103 | 2.88% | (1) | (1) |
| 7 | Lochmoor Club | Country Club | 100 | 2.80% | (1) | (1) |
| 8 | St. John I.T. & Desktop Support | Medical Business | 100 | 2.80% | (1) | (1) |
| 9 | Grosse Pointe Hunt Club | Private Club | 80 | 2.24% | (1) | (1) |
| 10 | City of Grosse Pointe Woods | Municipal | 80 | 2.24% | (1) | (1) |
| Total People Employed in City | | 2016 | 3,574 | | | |

(1) 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 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Percent of Total for 2016 |
|--------------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------------------------|
| Supervisor/Administrator | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 0.03 |
| Assessing | 2 | 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 | 5 | 4 | 5 | 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 | 3 | 4 | 4 | 0.05 |
| Parks and Recreation | 4 | 4 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 0.03 |
| Public Safety | 54 | 54 | 52 | 50 | 44 | 43 | 42 | 39 | 35 | 34 | 0.43 |
| Public Works | 25 | 25 | 25 | 28 | 26 | 23 | 22 | 22 | 23 | 23 | 0.30 |
| Total | <u>104</u> | <u>103</u> | <u>99</u> | <u>99</u> | <u>90</u> | <u>86</u> | <u>84</u> | <u>81</u> | <u>78</u> | <u>77</u> | <u>1</u> |

(1) Full-time employees reported only; data is not available for equivalent part-time posit (4)

(2) Data not available

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

(4) 2015 shows the loss of EMTs.

Source: City personnel records

City of Grosse Pointe Woods, Michigan

| Function/Program | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---------|---------|---------|---------|---------|
| Public safety (calendar year Jan 1 - Dec 31): | (3) | | | | |
| Police physical arrests | 805 | 676 | 727 | 486 | 507 |
| Police traffic violations | 4,181 | 4,635 | 5,106 | 3,146 | 3,182 |
| Fire runs | 55 | 71 | 53 | 56 | 62 |
| Fire actual fires | 4 | 14 | 12 | 17 | 12 |
| Fire basic ambulance runs | 424 | 368 | 474 | 543 | 753 |
| Fire Advance Life Support ambulance runs | 328 | 356 | 328 | 359 | 403 |
| Fire inspections | 215 | 180 | 183 | 77 | 144 |
| Parks and recreation (estimated): | | | | | |
| Recreation programs - Lake Front Park | 406 | 426 | 415 | 392 | 362 |
| Community center programs | 24 | 40 | 41 | 41 | 53 |
| Water: | | | | | |
| New connections (calendar year Jan 1 - Dec 31) | 5 | 1 | - | 0 | 0 |
| Water main breaks | (1) | 36 | 19 | 20 | 22 |
| Total consumption (billed to customers - HCF)- FY | 874,908 | 932,395 | 804,221 | 750,096 | 791,987 |

(1) Information not available

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

(3) Information is reported on calendar year.

Source: City Departmental Operational Reports

Operating Information
Operating Indicators by Function
Last Ten Fiscal Years

| 2012 | 2013 | 2014 | 2015 | 2016 |
|---------|---------|---------|---------|---------|
| | (3) | (3) | (3) | (3) |
| 357 | 374 | 337 | 359 | (2) |
| 1,986 | 1,883 | 1,306 | 1,652 | (2) |
| 139 | 242 | 213 | 214 | (2) |
| 15 | 14 | 10 | 20 | (2) |
| 715 | 523 | 458 | 433 | (2) |
| 362 | 361 | 560 | 601 | (2) |
| 78 | 104 | 8 | 19 | (2) |
| 359 | 267 | 261 | 217 | 217 |
| 42 | 67 | 57 | 59 | 59 |
| 0 | 1 | 16 | 5 | 5 |
| 31 | 34 | 23 | 48 | 10 |
| 746,113 | 813,574 | 724,717 | 653,545 | 653,545 |

City of Grosse Pointe Woods, Michigan

Operating Information Capital Asset Statistics by Function (Unaudited)

| Function/Program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------------------------|------|------|------|------|------|------|------|------|------|------|
| 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 | 606 | 603 | 603 | 603 | 603 | 603 | 603 | 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

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> |
|---|---|
| 2007 | \$ 1,570,567 |
| 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 |

Source: Comptroller's office

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Gas and Weight Taxes Last Ten Fiscal Years

| Fiscal Years Ended June 30 | Type of Street | | Total Gas and Weight Tax (Act 51) Receipts |
|-------------------------------|----------------|------------|--|
| | Major | Local | |
| 2007 | \$ 700,767 | \$ 288,920 | \$ 989,687 |
| 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 |

Source: Comptroller's office

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Labor Agreements June 30, 2016

| Bargaining Unit | Expiration Date | 6/30/2016 Number of Employees |
|---|-----------------|-------------------------------------|
| Police Officers Association of Michigan Represents police officers | 6/30/2019 | 21 |
| Command Officers Association of Michigan Represents police corporals, sergeants, and lieutenants | 6/30/2019 | 8 |
| Police Officers Labor Council Represents all dispatchers | 6/30/2019 | 2 |
| Technical, Professional, and Office Workers Assn of MI TPOAM Represents clerical, public works employees, building, and ordinance officers | 6/30/2019 | 27 |
| Nonunion Employees (Full-time) | | |
| City Administrator | N/A | 1 |
| Confidential Secretary to City Administrator | N/A | 1 |
| City Assessor | N/A | 0 |
| Treasurer/Comptroller | N/A | 1 |
| Deputy 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 | 0 |
| 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 Works | N/A | 1 |
| Assistant Director of PW | N/A | 1 |
| Foreman | N/A | 1 |
| Recreation Supervisor | N/A | 1 |
| Confidential Administrative Assistant | N/A | <u>3</u> |
| | | <u>19</u> |

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Water and Sewer Customers and Consumption June 30, 2016

| <u>User Type</u> | <u>Number of Meters</u> | <u>Water Consumption Volume (100 cubic feet)</u> | <u>Percentage of Consumption</u> |
|-----------------------------------|-----------------------------|--|--------------------------------------|
| Residential | 6,559 | 5,883 | 88.21% |
| Commercial | 288 | 553 | 8.29% |
| Churches, schools, and government | 23 | 233 | 3.50% |
| Total | 6,870 | 6,669 | 100% |

Source: Comptroller's office

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Historical Net Earnings, Cash Flow, and Debt Service Coverage June 30, 2016

| 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 |
|----------------------------|-------------------|--|----------------------|-------------------------------|--|--|-----------------|
| 2007 | \$ 4,696,657 | \$ 4,310,669 | \$ 385,988 | \$ 52,093 | \$ 438,081 | \$ 262,789 | 1.67 |
| 2008 | 4,594,730 | 4,430,308 | 164,422 | 26,241 | 190,663 | 420,079 | 0.45 |
| 2009 | 4,878,913 | 4,414,039 | 464,874 | 19,799 | 484,673 | 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 |

(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, 2016

| Customer | Usage in Dollars | Volume of Water Used (in 100 cubic feet) |
|----------------------------------|------------------|---|
| Grosse Pointe Board of Education | \$ 115,018 | 13,600 |
| Lochmoor Club | 41,324 | 4,543 |
| The Rivers Resident Club | 40,702 | 6,584 |
| Shorepointe Condos | 38,104 | 5,420 |
| St John Hospital | 35,567 | 4,840 |
| Sunrise Development | 30,184 | 4,282 |
| Berkshire Condo Association | 24,087 | 3,045 |
| Kroger | 21,910 | 3,044 |
| The Rivers Condo Assn | 18,402 | 1,428 |
| ANK Enterprises | 18,153 | 2,842 |

Source: City of Grosse Pointe Woods financial reports

City of Grosse Pointe Woods, Michigan

Continuing Disclosure Metered Water Rates June 30, 2016

| Meter Size | Residential | Commercial* |
|---------------------------------|-------------|-------------|
| 5/8" | \$ 44.00 | \$ 11.00 |
| 3/4" | 44.00 | 16.50 |
| 1" | 61.60 | 27.50 |
| 1 1/2" | 79.20 | 60.50 |
| 2" | 127.60 | 88.00 |
| 3" | 484.00 | 159.50 |
| 4" | 616.00 | 220.00 |
| 6" | 924.00 | 330.00 |
| 8" | 1,276.00 | |
| 10" | 2,565.20 | 770.00 |
| Billing Charge | 2.00 | 2.00 |
| Water Rate per 100 cubic feet t | 3.13 | 3.13 |
| Sewer Rate per 100 cubic feet t | 2.34 | 2.34 |

*Commercial rate includes churches, schools, and government