

CITY OF GROSSE POINTE WOODS, MICHIGAN

POPULAR ANNUAL FINANCIAL REPORT



Grosse Pointe Woods Robert E. Novitke Municipal Complex



9-11 Remembrance



Cook School House

FISCAL YEAR ENDED JUNE 30, 2023



**Popular Annual Financial Report
City of Grosse Pointe Woods, Michigan
As of June 30, 2023**

A Message to the City of Grosse Pointe Woods

Elected Officials

Arthur W. Bryant, Mayor

City Council

Angela Coletti Brown

Kenneth Gafa

Victoria A. Granger

Michael Koester

Todd A. McConaghy

Thomas S. Vaughn

Administrative Staff

City Administrator

Frank Schulte

City Clerk

Paul Antolin

Treasurer/Comptroller

Shawn Murphy

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On behalf of our City Council and Administration, I am pleased to present you with the City of Grosse Pointe Woods Popular Annual Financial Report (PAFR) for fiscal year ended June 30, 2023. The information included in this report is the General Fund and Enterprise Funds. The financial data is derived from the Fund Financial Statements found on pages 15-19 of the 2023 Annual Comprehensive Financial Report (ACFR). The complete financial data for the City was audited by Plante & Moran, PLLC, prepared in accordance with generally accepted accounting principles (GAAP) and can be viewed in its entirety in the June 30, 2023 ACFR.

The PAFR is an unaudited document that provides an analysis of our annual financial and operating information that conforms to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Grosse Pointe Woods has received a Popular Award for the last ten (10) consecutive fiscal years ending 2013 - 2022. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the Government Finance Officers Association (GFOA).

The City also received its 50th consecutive Certificate of Achievement for Excellence in Financial Reporting, from the Government Finance Officers Association of the United States and Canada for fiscal year ended June 30, 2022. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. A Certificate of Achievement is valid for a period of one year only. We believe our current ACFR continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The ACFR and the PAFR are available to view on the City's website at <http://www.gpwmi.us>.

Grosse Pointe Woods is one of the most desired areas to live in the State of Michigan. The City provides excellence in public safety, public works, recreational opportunities, and also promotes a true sense of community. We are proud of our Lake Front Park, which provides the largest outdoor swimming complex in the Midwest, and all of our recreational programs and community events. We consider these "core" services essential to maintain a stable and vibrant community for current and future generations.

We are proud to serve the citizens of Grosse Pointe Woods and to provide this report to our residents.

Sincerely,

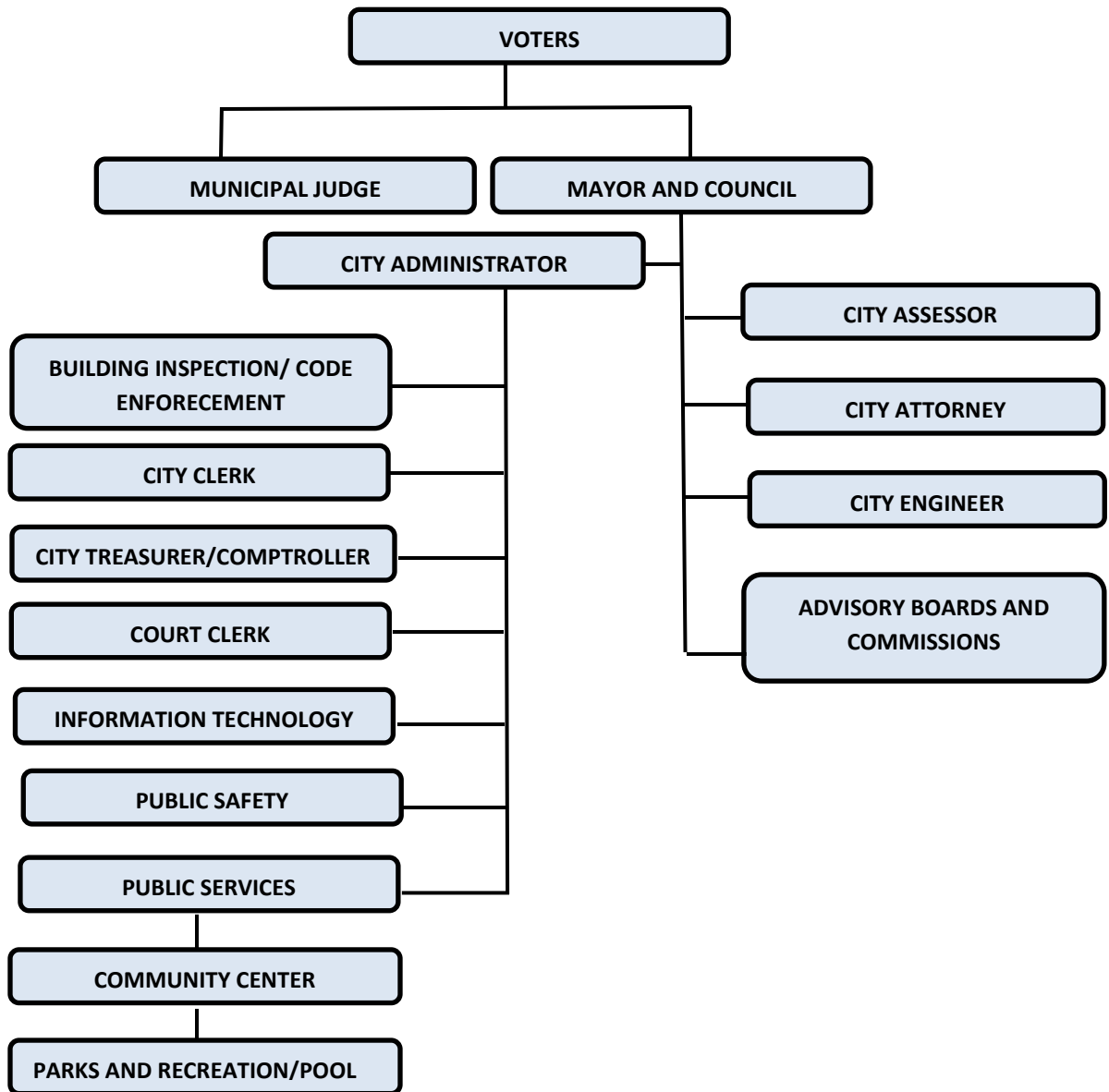
Arthur W. Bryant
Mayor

The City of Grosse Pointe Woods

Originally incorporated in 1927, Grosse Pointe Woods was known as the Village of Lochmoor. In 1939, the Village of Lochmoor became the Village of Grosse Pointe Woods and on December 11, 1950 it was incorporated as the City of Grosse Pointe Woods, a Home Rule City. The City covers an area of 3.28 square miles, is located approximately 10 miles northeast of downtown Detroit and is over 97 percent residential.

Grosse Pointe Woods operates under a Council-Manager form of government, established by the City Charter and adopted by voters in 1950. This efficient format divides government into policy-making and administrative functions, and has an organizational structure similar to a business.

**City of Grosse Pointe Woods
Organizational Chart**



The residents of the city are the highest government authority. They delegate this authority to representatives they elect every four years. Similar to a board of directors of a corporation, the City Council, composed of the mayor and six council members, is responsible for determining policies and adopting ordinances needed to maintain the health, safety, and welfare of the citizens.

Input provided by various advisory boards and commissions is a valuable resource. Citizens show interest in the community not only by voting, but also by taking an active part in the policy-making process. More than 100 volunteers dedicate their time and talents to the City's boards, commissions, and committees that foster and support a true "sense of community."

City of Grosse Pointe Woods-Attractions and Community Events



Lake Front Park Marina

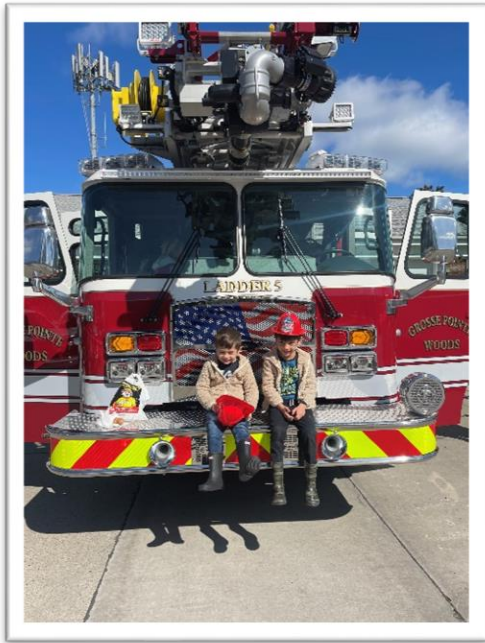
Lake Front Park Pool





Spring Fest Celebration

Annual City Picnic

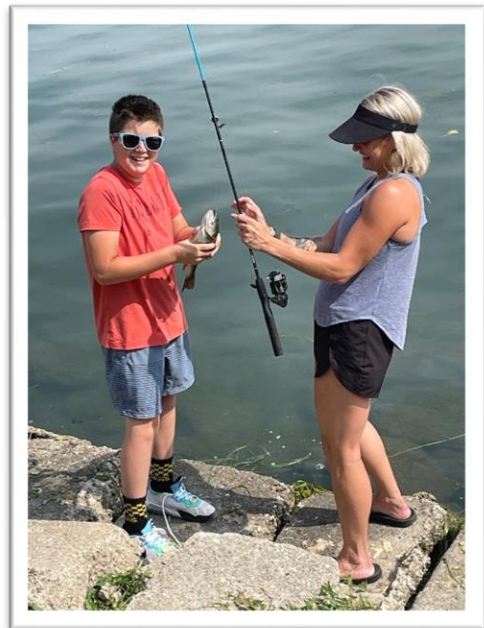


Public Safety Open House



**Park Ribbon Cutting
Celebration**

**Fishing Derby at Lake
Front Park**



**2023 Labor Day
Community Bridge Walk**





Annual Woods Aglow

Fun Times at Winterfest



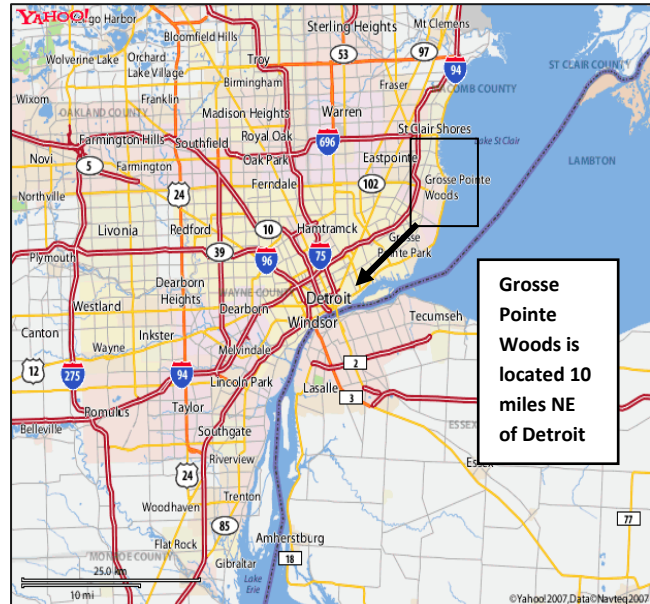
Demographics

City of Grosse Pointe Woods

Numbers at a Glance

Area: 3.3 Square Miles
 Population: 16,487
 Median Household Income: \$115,247
 Median Age: 45
 Median Home Value: \$274,000
 2022 Taxable Value: \$807 Million
 Total Housing Units: 6,874
 Total Full-Time Employees: 79

Sources: 2020 US Census Bureau, 2023 ACFR



City of Grosse Pointe Woods Major Taxpayers

Taxpayer	Type	Taxable Value
DRSN Real Estate GP LLC	Apartment Complex	15,273,340
Michigan Cons. Gas Co.	Utility	10,961,400
Detroit Edison	Utility	7,104,500
Health Care Reit Inc	Assisted Living	6,837,335
Pointe Plaza	Office Building	5,640,418
VDG Mack Ave LLC	Office Building	2,826,345
Legacy Oaks	Multi-Residential Housing	2,094,675
Lochmoor Club	Private Club	1,707,521
Comerica	Bank	1,522,691
SCI Michigan Funeral Service	Mortuary	1,438,400
Kroger Co. of Michigan	Grocery	1,406,073
St John Health System	Hospital	1,379,311
		<u>58,192,009</u>

City of Grosse Pointe Woods Principal Employers

Taxpayer	Type	Employees
GP Public School	School	384
Van Elslander Center	Medical	250
Kroger	Grocery	159
University of Liggett	School	128
Sunrise Assisted Living	Medical	130
Great Lakes Cancer Mgt Special	Medical	103
Lochmoor Club	Country Club	100
St. John I.T. & Desktop Support	Medical Business	100
City of Grosse Pointe Woods	Municipal	79
Gateway Pediatric Therapy	Medical	50
Total People Employed in City		3,472

Fiscal Policies and Major Initiatives

The City's long-term financial stability is the result of a strong and continuous commitment to fundamental principles of fiscal integrity. As a result, the City's overall bond 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 City's current administration, Mayor and City Council continue to look for cost containment initiatives, expanding community partnerships and alternative funding sources to maintain the high level of public services provided by our community.

- Road repair and reconstruction continue to be priorities for the City. A major street project included in fiscal year 2022-2023 was the resurfacing of Hampton Road. (Mack to east city limit) Project costs totaling \$660,000 were funded through transportation revenue from the State of Michigan (ACT 51) and prior year reserves. In addition, maintenance of City roads included: asphalt patching, concrete maintenance and sidewalk repair. Project costs totaling \$572,000 were funded through transportation revenue from the State of Michigan (ACT 51), a transfer from the General Fund balance and prior year reserves.
- Maintaining and improving water and sewer infrastructure is a priority for the City. Projects included in fiscal year 2022-2023 are the Hampton Road sewer maintenance project, (Mack to east city limit) and sewer open cut repair and cured in place pipe lining repair and maintenance. Project costs totaling \$1.2 million were funded from capital improvement revenue and water and sewer reserves.
- Park Improvements in the City included the renovation of Chene Trombley Park. The City received donations totaling \$195,000 for the purchase ADA compliant playground equipment that was installed in the new tot lot section of the park. The City also budgeted an additional \$382,000 for Chene Trombley Park renovations. These funds were used to construct a restroom, install a covered picnic area, new fencing, walking path, new landscaping and security cameras. The park improvements will be completed in the fall of 2023.
- Replacement of the City's aging vehicles and equipment is a priority for the City. The City invested \$160,000 in vehicles and equipment during fiscal year 2022-2023. This included, a John Deere compact utility tractor, Turf Tiger riding mower, two John Deere Gators and a Brush Bandit Wood Chipper.
- The City has realized an increase in its General Fund balance of approximately \$1.5 million exclusive of the Cable Franchise and Local Street funds. The increase in fund balance is a result of \$1.6 million in revenue received from the State and Local Fiscal Recovery Funds (SLFRF), established by the American Rescue Plan Act (ARPA) of 2021. The funds were allocated to governmental services-specifically for Public Safety wages.

- The City remains vigilant with property maintenance enforcement to ensure properties are maintained. Maintaining property values and minimizing the decline through an effective property maintenance and rental inspection program is an important component to our overall financial plan and maintaining the quality of life within our community.
- The City continues to host community events that include; Spring Fest, Music on the Lawn, Fall Fest, Annual Flower Sale, Annual City Picnic, Polar Express and Woods Aglow. These events bring our community together and are enjoyed by all who attend.

General Fund Revenue

The following chart shows the dollar amounts collected for each of the City of Grosse Pointe Woods sources of revenue. The table includes revenue for fiscal year 2021-2023 and displays the change from fiscal year 2022 to 2023. Total General Fund revenue increased by \$2,565,789 from fiscal year 2021-2022. The majority of the increase is due to the \$1.6 million in revenue received from the State and Local Fiscal Recovery Funds (SLFRF), established by the American Rescue Plan Act (ARPA) of 2021.

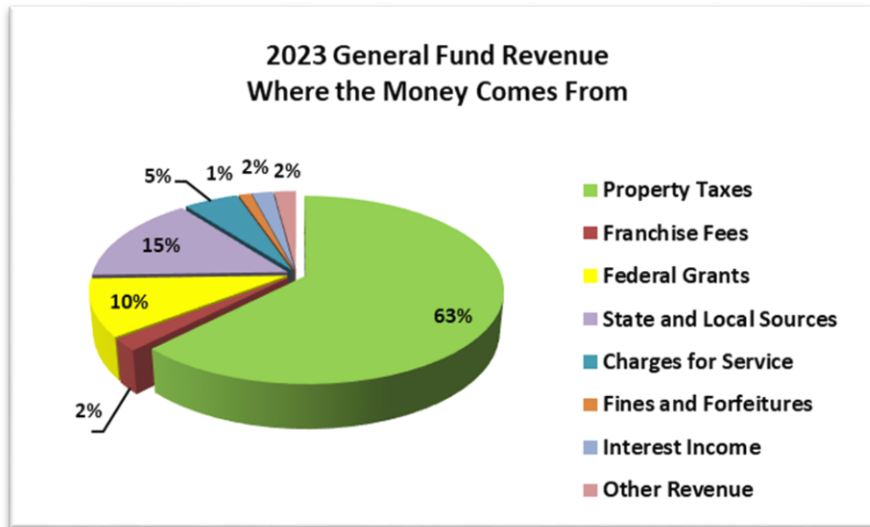
Revenue	2021	2022	2023	Change from 2022 to 2023
Property Taxes	\$ 10,424,701	\$ 10,824,984	\$ 11,019,489	\$ 194,505
Franchise Fees	341,918	370,999	376,482	\$ 5,483
Federal Grants	495,545	158	1,634,140	\$ 1,633,982
State and Local Sources	2,361,584	2,568,146	2,639,881	\$ 71,735
Charges for Service	622,309	722,004	919,111	\$ 197,107
Fines and Forfeitures	232,067	221,400	211,957	\$ (9,443)
Interest Income	16,425	(106,770)	354,451	\$ 461,221
Other Revenue	262,415	356,210	367,409	\$ 11,199
Total Revenue	\$ 14,756,964	\$ 14,957,131	\$ 17,522,920	\$ 2,565,789

Property taxes continue to be the City’s largest source of revenue; slow but steady increases have been realized for the last several years. The City has had incremental increases, with a CPI of 5.0 percent (maximum allowed) for tax year 2023, up from 3.3 percent in tax year 2022. The general operating property tax revenue increased approximately \$194,505 from fiscal year 2021-2022.

Revenue sharing from the State of Michigan remains our second largest revenue source. The City continues to meet all requirements of accountability and transparency with the State and received 100 percent of state-shared revenue allocation in 2022-2023. During fiscal year 2022-2023, revenue from State and Local sources increased \$71,735 from fiscal year 2021-2022.

Revenue from District Court fees and fines decreased by \$9,443 from fiscal year 2021-2022. This is a result of a decrease in the number of violations being issued.

Interest Income increased by \$461,221 from fiscal year 2021-2022. This is a result of an increase in interest rates from investments and the City’s pooled cash interest bearing account.



General Fund Expenditures

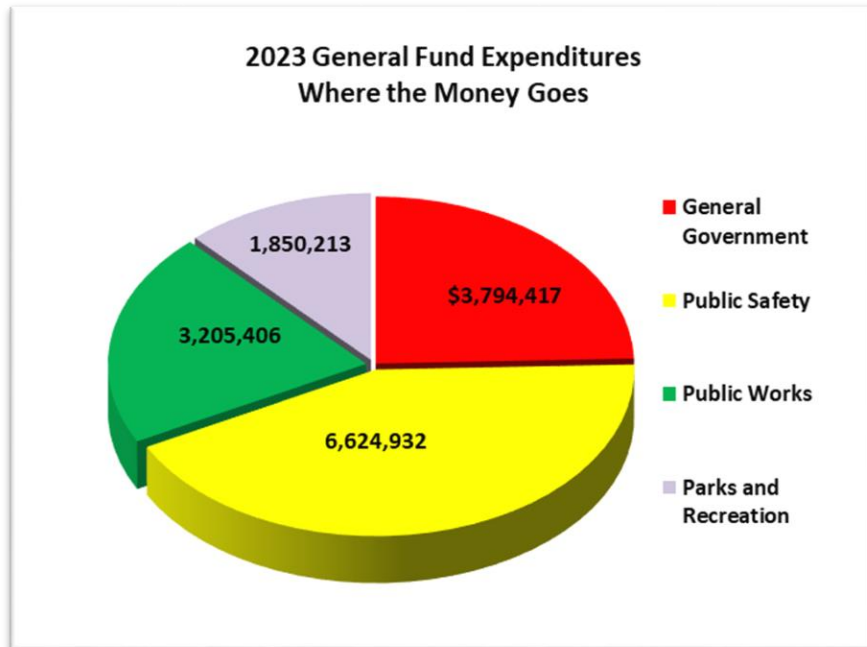
The General Fund is the City’s primary operating fund and supports the majority of the City’s governmental services. The two largest services funded by General Fund are public safety (combined police and fire services) and public works which account for \$9.8 million in expenditures. In addition, the other major activities included in General Fund are parks and recreation and all general government administrative and service operations. Some of these activities are supported by fees for services that help offset costs, but the majority of these activities rely on property taxes and state shared revenue to fund their operations.

The following chart shows expenditures for each governmental service for the City of Grosse Pointe Woods. The table includes expenditures for fiscal year 2021-2023 and displays the change in expenditures from fiscal year 2022 to 2023.

Expenditures	2021	2022	2023	Change from 2022 to 2023
General Government	\$ 2,814,151	\$ 3,064,776	\$ 3,794,417	\$ 729,641
Public Safety	6,232,522	6,503,536	6,624,932	\$ 121,396
Public Works	3,767,516	3,562,977	3,205,406	\$ (357,571)
Parks and Recreation	1,516,796	1,729,531	1,850,213	\$ 120,682
Total Expenditures	\$ 14,330,985	\$ 14,860,820	\$ 15,474,968	\$ 614,148

General Government expenses increased by \$729,641, this is due a reclassification of Public Works expenses to General Government and an increase in building inspection services. Overall there was an

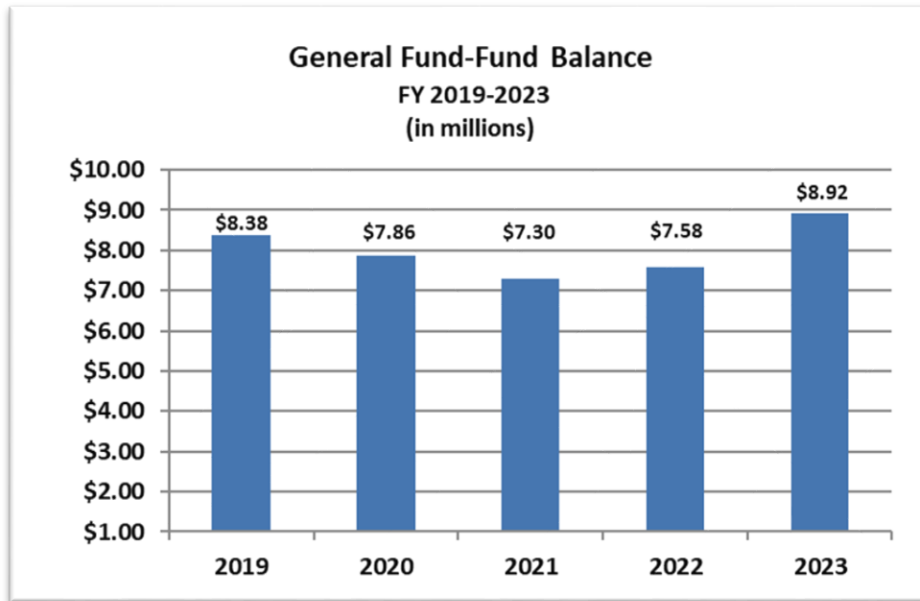
increase in General Fund expenditures of \$614,148, this is attributed to the overall increases in personnel costs related to pension and health care costs.



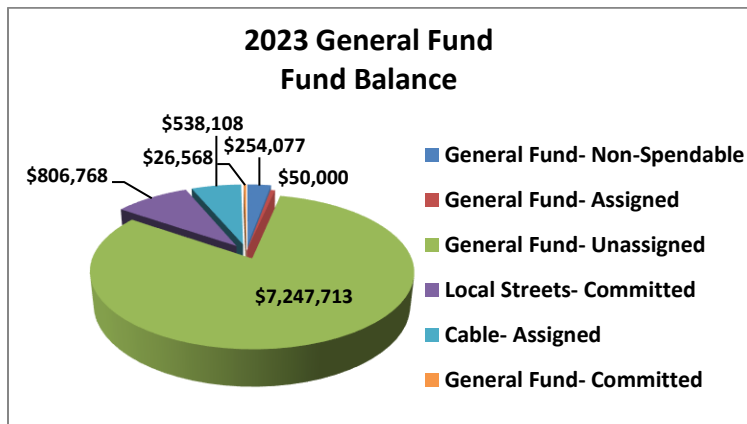
General Fund-Fund Balance

The last decade has been challenging, but through cost cutting initiatives and better efficiencies the City has maintained a strong cash reserve. As the chart indicates below, the City’s total General Fund year-end fund balance is approximately \$8.9 million. This includes the Local Road fund balance of \$806,768 and Cable fund balance of \$538,108. This is an increase of \$1,343,213 from fiscal year 2021-2022.





As the chart below indicates, the 2023 General fund balance is comprised of the following; \$1.7 million is committed, assigned and unspendable, leaving \$7.2 million unassigned. The unassigned amount represents approximately 47 percent of fiscal year 2022-2023 actual expenditures. This level of fund balance exceeds the recommended level of between 10 and 15 percent of annual expenditures.



- Non-Spendable:** Funds that are not in spendable form or are legally required to be maintained intact (Prepays)

- Restricted:** Reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties (Special Revenue Funds)

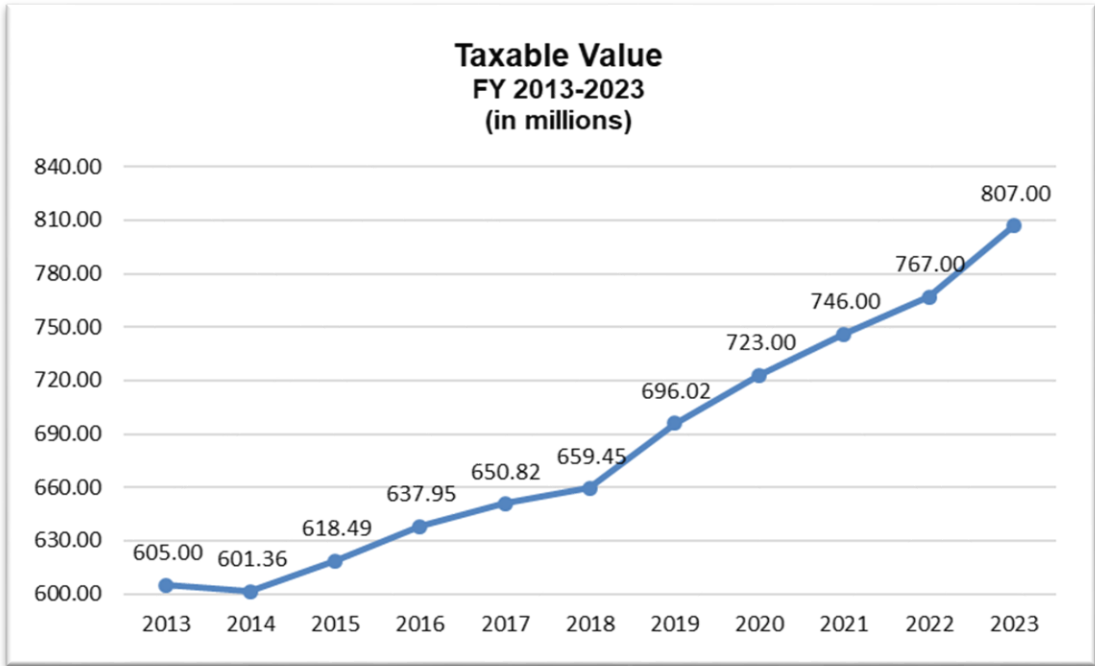
- Committed:** Funds that have been formally set aside by Council to be used for a specific purpose (Local Streets)

- Assigned:** Intent to spend resources on specific purposes expressed by Council (Cable Fund)

- Unassigned:** Funds that do not fall into any other category

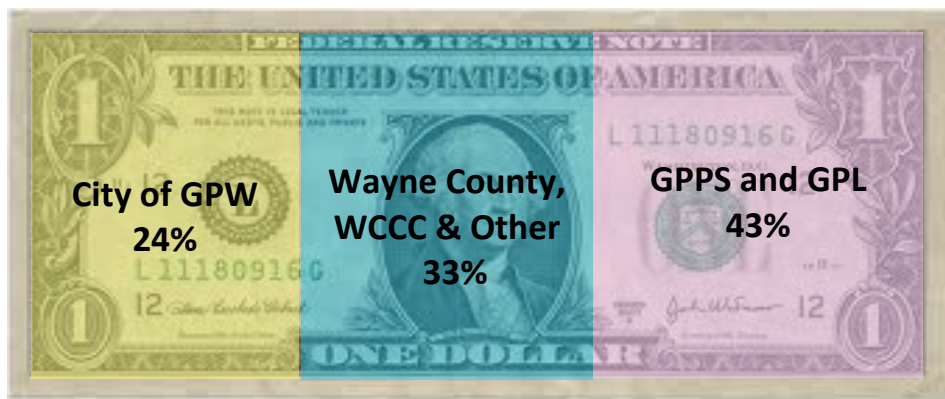
Taxable Value

Property tax values increased pursuant to the Consumer Price Index (CPI) by approximately 5 percent and realized an overall increase of 5.2% in fiscal year 2022-2023. The overall increase is inclusive of all taxable value additions and losses calculated into this final percentage. The City remains optimistic that the rebound from the 2007 decline in taxable value will continue.



City of Grosse Pointe Woods Property Tax Revenue

As indicated on the dollar bill below, the City of Grosse Pointe Woods receives 24 cents for every dollar of property tax revenue collected. These taxes are used to support the general government administrative services, public safety, public works, recreation, and the voter approved road bond. The remaining 76 cents for every dollar of property tax revenue collected is allocated to Grosse Pointe School Public Schools (GPPS), Grosse Pointe Library (GPL), Wayne County, Milk River Drain, Wayne County Intermediate School District and Wayne County Community College.

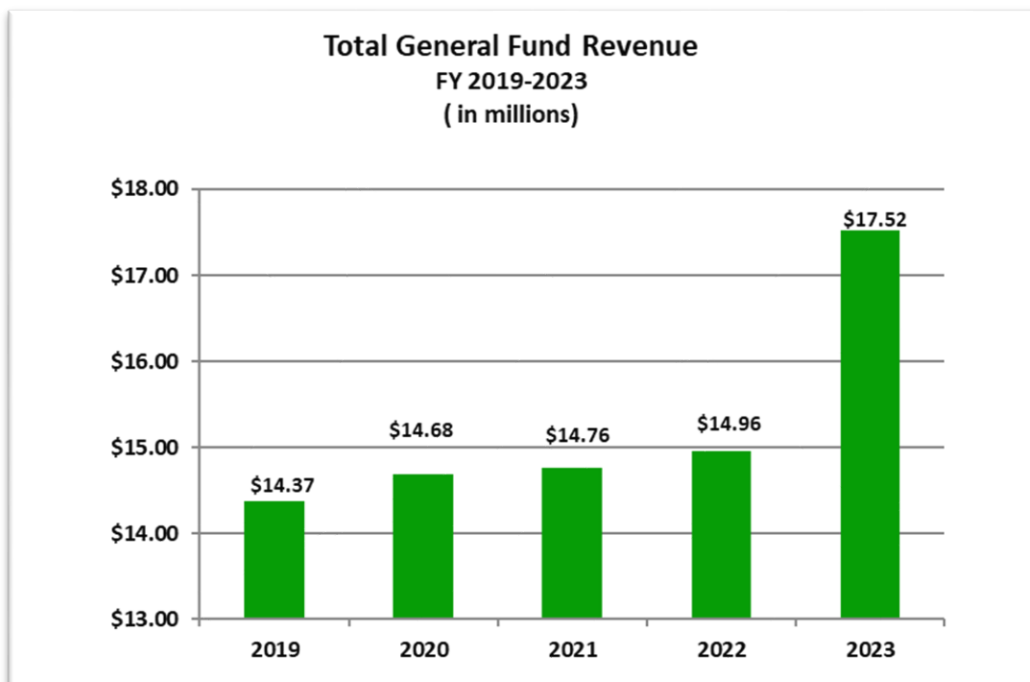


General Fund-Revenue/Expenditure History

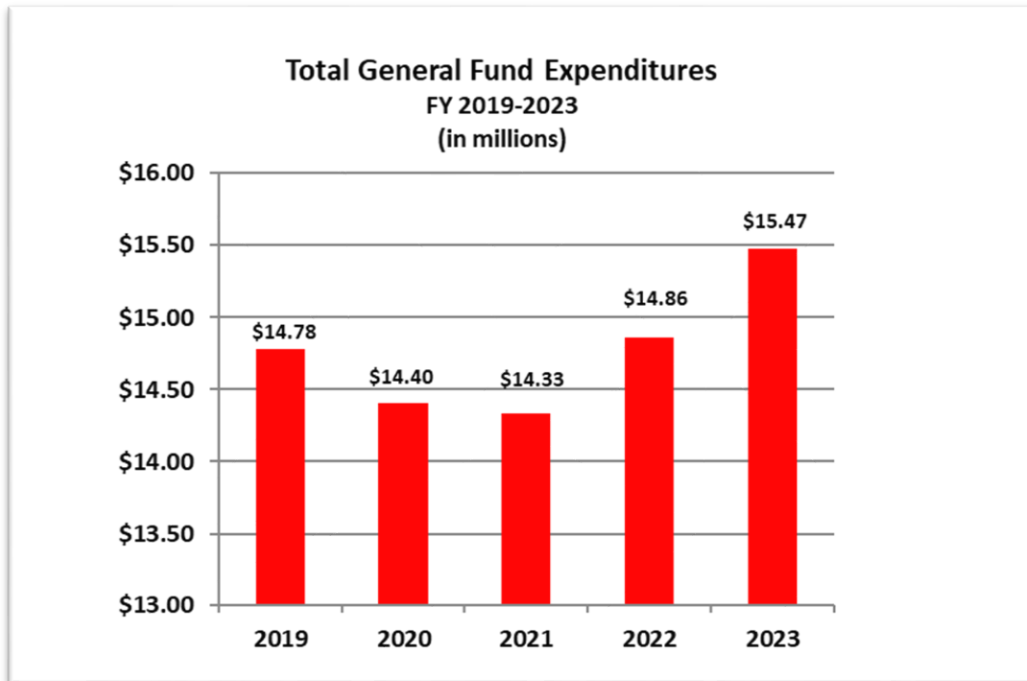
General Fund revenue experienced slight fluctuations over the last five (5) years due to the following:

- General Property Tax Revenue increased approximately 10.1%. This increase is attributable to slow but steady increases in property tax values and the Consumer Price Index that is used to calculate the inflation rate multiplier.
- Charges for Service experienced a 38.8% increase. This is the result of an increase in building permits related to building construction and renovations.
- Intergovernmental Revenue from state sources experience the largest increase of approximately 16.75%.
- Fines and Forfeitures experienced decreases in revenue over the last five (5) years. This is a result of a decrease violations issued.

Overall there was an increase in General Fund Revenue of 22% from 2019 through 2023.



General Fund expenditures experienced fluctuations over the last five years. Fiscal years ending 2019-2023, expenditures increased approximately 5.5%. The increase is the result of easing up on budget restrictions, and an overall increase in personnel costs. In addition, the City continued implementing capital improvement projects related to road reconstruction/maintenance and replacement of vehicles and equipment.



Enterprise Funds

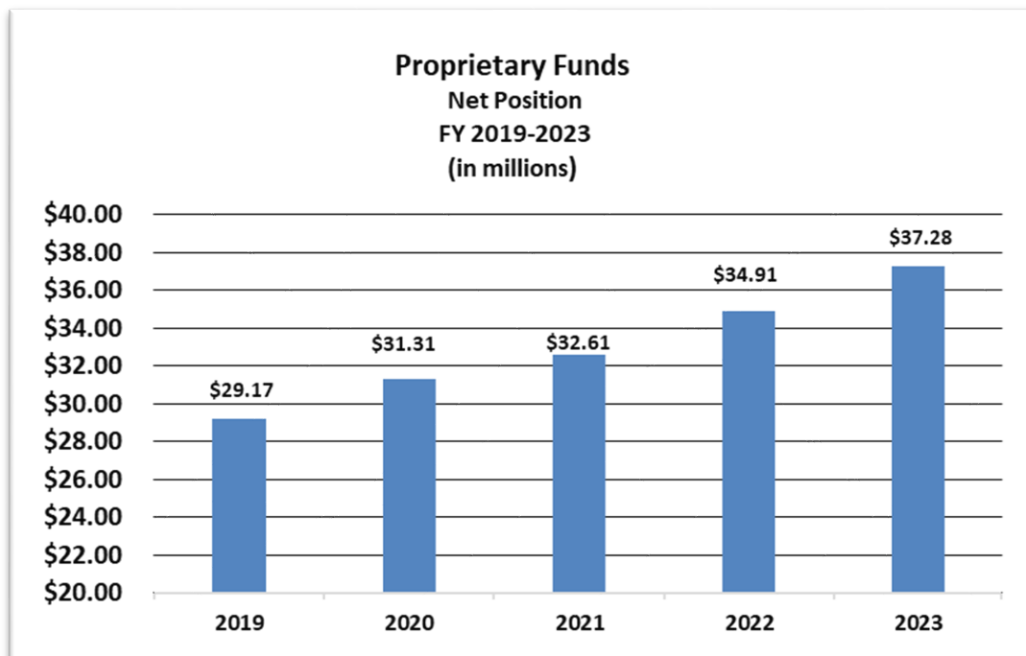
An Enterprise Fund is a fund that accounts for operations and services that are provided to residents and are financed through user charges. The major business type activities consist of the water and sewer fund and the parking fund. The non-major enterprise funds are the boat dock fund, and commodity sales fund.

Fiscal year 2022-2023 operating revenue increased \$404,560 from fiscal year 2021-2022. Water and Sewer revenue experienced a slight increase in user fees, docking/launching fees in the Boat Dock fund were also down slightly from fiscal year 2021-2022 and the Parking Fund experienced a slight increase in operating revenue related to an increase in parking violations issued. Operating expenses decreased by 179,215 from fiscal year 2021-2022, this is the result of a decrease expenses in operations and maintenance costs.

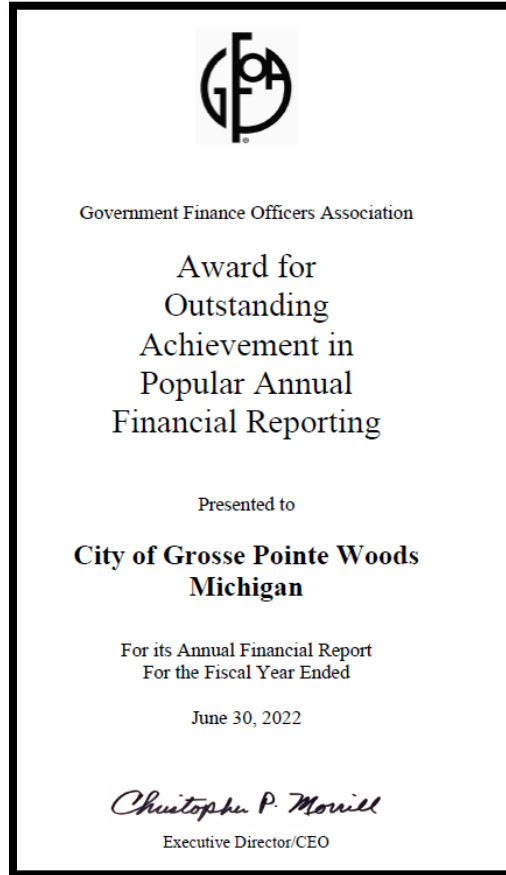
The Water & Sewer Fund has a “AA” bond rating from Standard & Poor’s This allows the City to borrow funds at the lowest possible interest rate to fund infrastructure projects. Water and Sewer rates were did not increase in the current year. Infrastructure projects were funded through capital improvement revenue and water and sewer reserves.

Proprietary Funds			
Statement of Revenue, Expenses, and Changes in Net Position			
Fiscal Year 2023 compared to Fiscal Year 2022			
	Total Enterprise Funds FY 2023	Total Enterprise Funds FY 2022	Change
Total Operating Revenue	8,527,538	8,122,978	\$ 404,560
Total Operating Expenses	<u>6,363,276</u>	<u>6,542,491</u>	\$ (179,215)
Operating Income	2,164,262	1,580,487	\$ 583,775
Total nonoperating revenue (expenses)	<u>207,958</u>	<u>(261,917)</u>	\$ 469,875
Change in Net Position	2,372,220	1,318,570	\$ 1,053,650
Net Position-Beginning of year, as restated	34,905,650	33,587,080	\$ 1,318,570
Net Position-End of year	<u>\$ 37,277,870</u>	<u>\$ 34,905,650</u>	\$ 3,651,215

The City's business type activities have experienced a steady increase in net position from 2019-2023. The increase is primarily the result of water and sewer rate revenue that covers operation and maintenance expenses and infrastructure improvements financed by the issuance of debt.

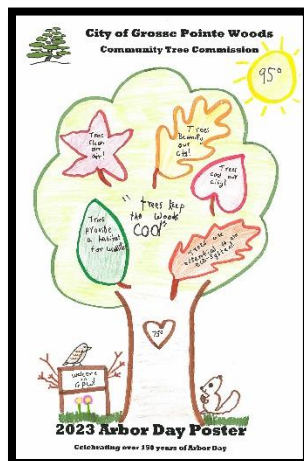
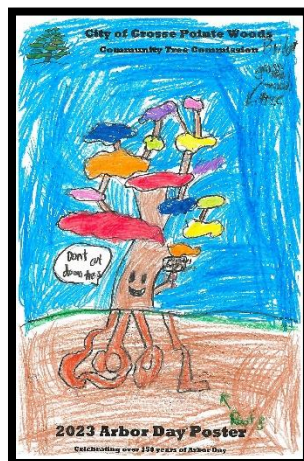
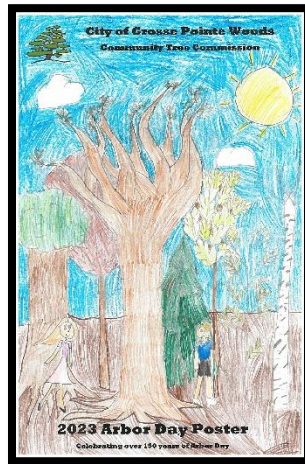
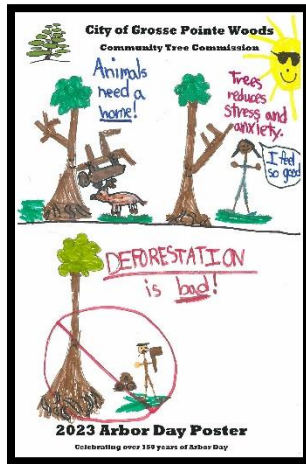


The Government Finance Officers Association (GFOA) of the United States and Canada has awarded the City of Grosse Pointe Woods the Popular Annual Financial Award (PAFR) for fiscal year end June 30, 2022. This is the tenth (10) consecutive year the PAFR has been awarded to the City.



Please visit the City of Grosse Pointe Woods website at www.gpwmi.us Finance Department/Budget & Reports for financial documents that include the ACFR, PAFR, Budgets, Other Postemployment Benefits (OPEB) and Pension Actuarial Reports. If further information is needed, contact the Finance Department at 313-343-2604.

April 2023 Arbor Day Posters



City of Grosse Pointe Woods
20025 Mack Plaza Drive
Grosse Pointe Woods, MI 48326

Hours: Monday-Friday 8:30am – 5:00pm
City Hall: 313-343-2440

<http://www.gpwmi.us>