

# CITY OF GROSSE POINTE WOODS, MICHIGAN

## POPULAR ANNUAL FINANCIAL REPORT



*Grosse Pointe Woods Municipal Complex*



*Memorial Day Observance*



*Cook School House*

**FISCAL YEAR ENDED JUNE 30, 2018**



**Popular Annual Financial Report  
City of Grosse Pointe Woods, Michigan  
As of June 30, 2018**

**A Message to the City of Grosse Pointe Woods**

**Elected Officials**

**Robert E. Novitke, Mayor**

**City Council**

**Arthur W. Bryant**

**Victoria A. Granger**

**George R. McMullen, Jr.**

**Michael Koester**

**Todd A. McConaghy**

**Richard Shetler, Jr.**

**Administrative Staff**

**City Administrator**

**Bruce Smith**

**City Clerk**

**Lisa Hathaway**

**Treasurer/Comptroller**

**Cathrene Behrens**

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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, 2018. The information included in this report is the General Fund and Enterprise Funds financial data and is derived from the 2018 Certificate of Achievement for Excellence in Financial Reporting (CAFR). 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 2018 CAFR.

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 five (5) consecutive fiscal years ending 2013-2017. 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).

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

Sincerely,

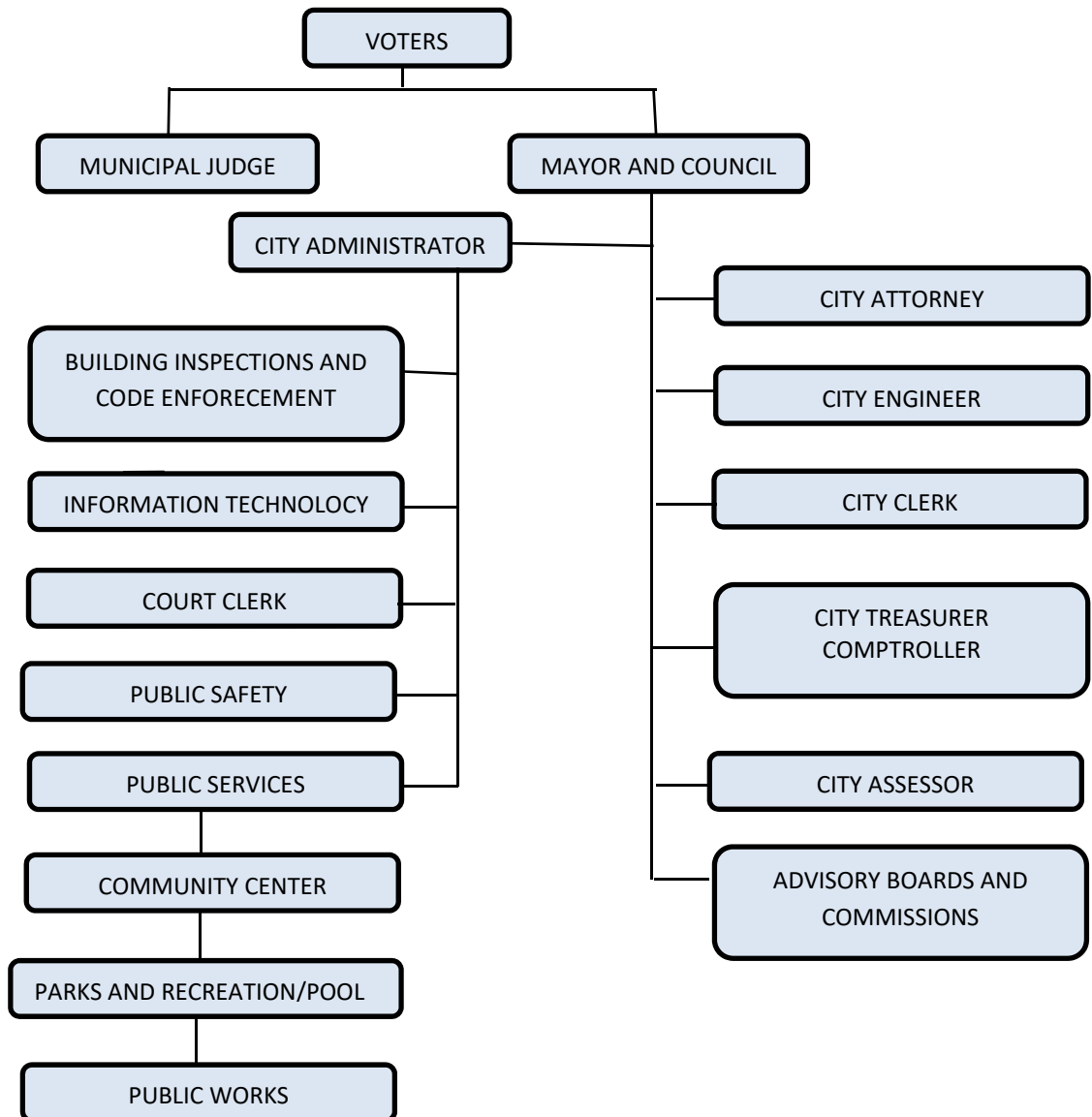
Robert E. Novitke  
Mayor

**The City of Grosse Pointe Woods**

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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.

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### **City of Grosse Pointe Woods-Community Events**



**Annual Easter Egg Hunt**



**Annual Fire Open House**



**Annual Woods Aglow-Visit  
with Santa Claus**

**Senior Holiday Social**



**Beautification Commission  
Annual Flower Sale**



**Annual City Picnic  
Lakefront Park Pool**

**Residents enjoying lunch at  
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**Annual Labor Day Bridge  
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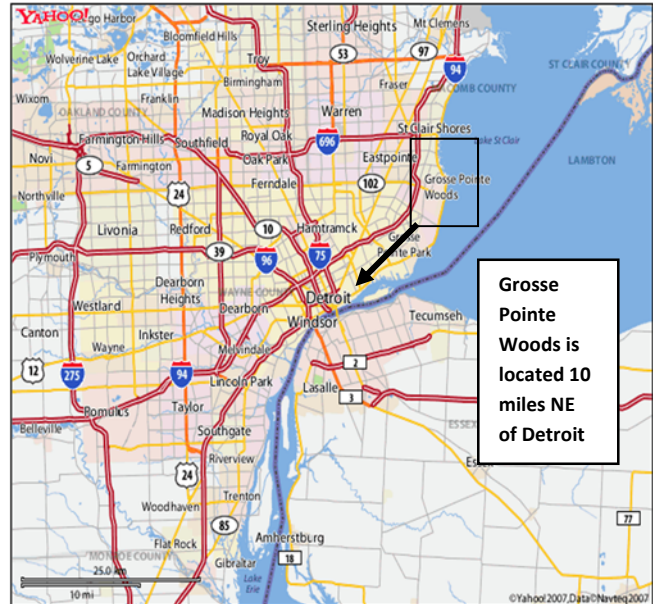
## Demographics

### City of Grosse Pointe Woods

Numbers at a Glance

Area: 3.28 Square Miles  
 Population: 16,135 (2010 Census)  
 Median Household Income: \$ 92,014  
 Median Age: 45  
 Median Home Value: \$260,455  
 Equalized Assessed Value: 2017  
 659,449,995  
 Total Housing Units: 6,819  
 Total Full-Time Employees: 77

Sources: 2010 US Census Bureau, 2018 CAFR



### City of Grosse Pointe Woods Major Taxpayers

Taxpayer	Type	Taxable Value
Michigan Cons. Gas Co.	Utility	15,072,000
DRSN Real Estate GP LLC	Apartment Complex	13,308,600
Health Care Reit Inc	Assisted Living	7,032,406
Pointe Plaza	Office Building	4,965,085
Detroit Edison	Utility	4,142,149
Lochmoor Club	Private Club	1,642,700
A H Peters Funeral Home	Mortuary	1,476,183
Cook Road 2017 LLC	Private Club	1,355,000
Comerica	Bank	1,332,832
Kroger Co. of Michigan	Grocery	1,225,200
		<u>51,552,155</u>

### City of Grosse Pointe Woods Principal Employers

Taxpayer	Type	Employees
GP Public School	School	384
Van Elslander Center	Medical	250
Kroger	Grocery	159
Sunrise Assisted Living	Medical	130
University of Liggett	School	128
Great Lakes Cancer Mgt Special	Medical	103
Lochmoor Club	Country Club	100
St. John I.T. & Desktop Support	Medical Business	100
Grosse Pointe Hunt Club	Private Club	80
City of Grosse Pointe Woods	Municipal	78

**Total Employed in Grosse Pointe Woods 3,539**

## **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 efficiencies, expanding community partnerships and alternative funding sources keep our City financially strong and maintain our desirability as one of the premier communities in southeast Michigan to live, work and play. Excess reserve funds have been budgeted throughout the course of fiscal year 2017 – 2018 to accomplish numerous projects that include:

- Road repair and construction continued to be a priority for the City. With the completion of the 2017-2018 road program, funded through the issuance of a road debt bond in 2015, the City has approved additional road projects in fiscal year 2018-2019. The road project includes resurfacing of Anita, Brys, Lochmoor and Stanhope and the joint repair on Cook Road. Total project cost is \$2.46 million with funding of 1.73 million from the General Fund balance and 725,000 from the Water and Sewer Fund balance.
- The public safety dispatch and police lockup services project has been funded through a \$500,000 CGAP (Competitive Grant Assistance Program) grant and will be completed in the fall of 2018. The grant provided for equipment and retrofitting of the Grosse Pointe Woods public safety department to accommodate the partnership between Grosse Pointe Woods and the Village of Grosse Pointe Shores. Construction updates include the demolition, replacement and expansion of our cell block area and the re-design of the Public Safety garage that includes a secure area for the movement and transportation of individuals in police custody. In addition, the dispatch center has been re-designed and an E-911 system was purchased to update aging equipment.
- The City has realized a large growth in our General Fund balance in fiscal year 2017-2018. Actual revenues exceeded actual expenditures by \$1.5 million.
- Numerous public parking lots throughout the city were re-surfaced during fiscal year 2017- 2018. Parking fund reserves were allocated during the fiscal year to fully fund the public parking lots located throughout the City and general fund reserve dollars were utilized for lots not accessible to the general public. Re-surfacing included the following locations: City Hall employee lot, the Community Center public parking lot, the Department of Public Works employee and public parking lot, the Ghesquiere Park Jackson lot, the Ghesquiere Park Bramcaster lot, the Broadstone lot and the north and south Ridgemont lots.
- 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 look for funding opportunities, cost containment initiatives, community partnerships and potential grants to fund and maintain the high level of public services provided to our community.
- Through the generosity of local businesses, city vendors and our residents, the City continues to support community events including Music on the Lawn, Fall Fest and Winterfest. Hosting these wonderful events support the sense of community that Grosse Pointe Woods residents enjoy.

### **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 also gives 2017 data and displays the change in revenue from fiscal year 2017 to fiscal year 2018. There were fluctuations in the various revenue categories, resulting in an increase in General Fund revenue of \$1,388,393.

<b>Revenue</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>Property Taxes</b>	\$ 10,237,999	\$ 9,152,538	\$ 1,085,461
<b>Franchise Fees</b>	362,235	379,362	(17,127)
<b>Licenses and Permits</b>	445,813	481,578	(35,765)
<b>State and Local Sources</b>	2,116,510	1,915,553	200,957
<b>Charges for Service</b>	253,676	259,340	(5,664)
<b>Fines and Forfeitures</b>	397,502	364,232	33,270
<b>Interest Income</b>	113,792	20,935	92,857
<b>Other Revenue</b>	581,918	547,514	34,404
<b>Total Revenue</b>	\$ 14,509,445	\$ 13,121,052	\$ 1,388,393

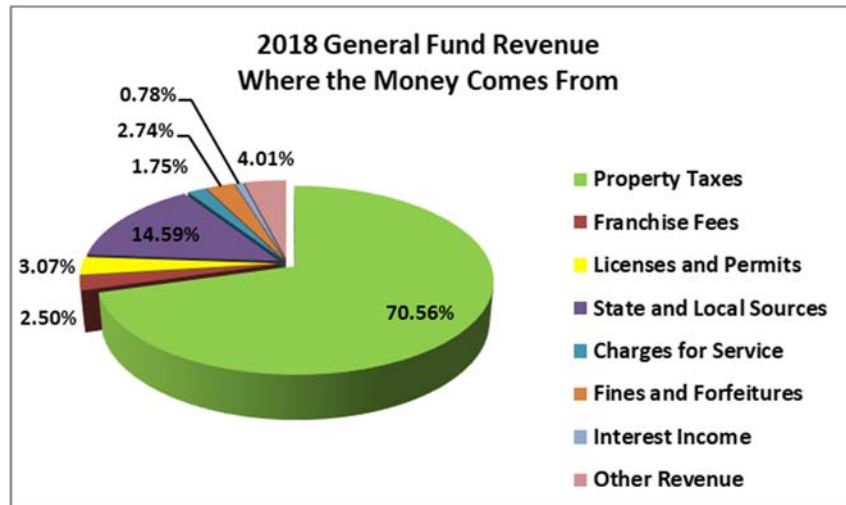
Property taxes continue to be the City’s largest source of revenue; however, like most communities in Michigan, the taxable value of property is slow to rebound after the 2007 decline. Fiscal year 2017-2018 property tax revenue increased by approximately \$1,085,461 over fiscal year 2016-2017. The increase is a result of the City receiving payment of delinquent tax revenue from Wayne County on one of the City’s largest tax payers for fiscal years 2014-2015 and 2015-2016 and also an increase in property tax revenue due to the 1.21% increase in taxable value.

Revenue sharing from the State of Michigan remains our second largest revenue source. During fiscal year 2017-2018, revenue from State and Local Sources increased \$200,957 from fiscal year 2016-2017. This is the result of the City receiving increased funding from the state related to personal property taxes and revenue sharing.

License and permit revenue decreased by \$35,765 from fiscal year 2016-2017. This is the result of a decline in building permits issued and collection of permit fees.

Revenue from District Court fees and fines increased by \$33,270 from fiscal year 2016-2017. This is a result of an increase the number of violations being processed.

Interest Income increased \$92,857 from fiscal year 2016-2017. This is a result of changing to a pooled cash interest bearing bank account.



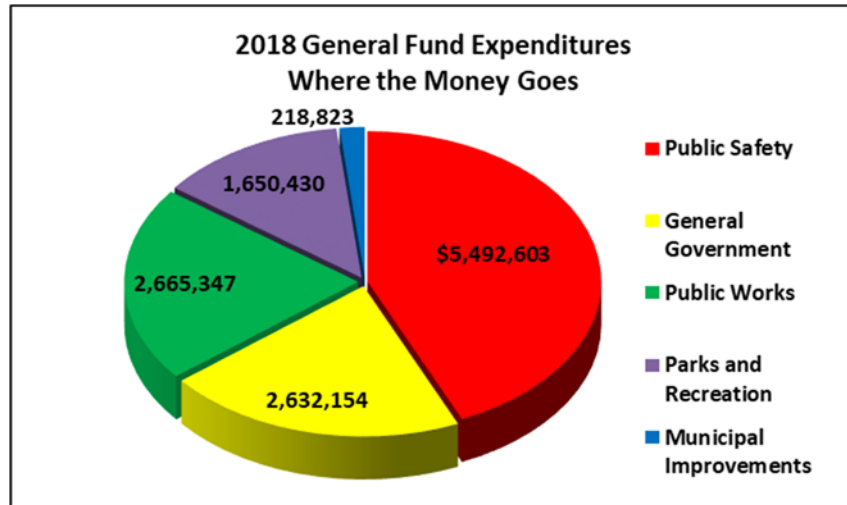
### General Fund Expenditures

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. 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 also gives 2017 data and displays the change in expenditures from fiscal year 2017 to fiscal year 2018.

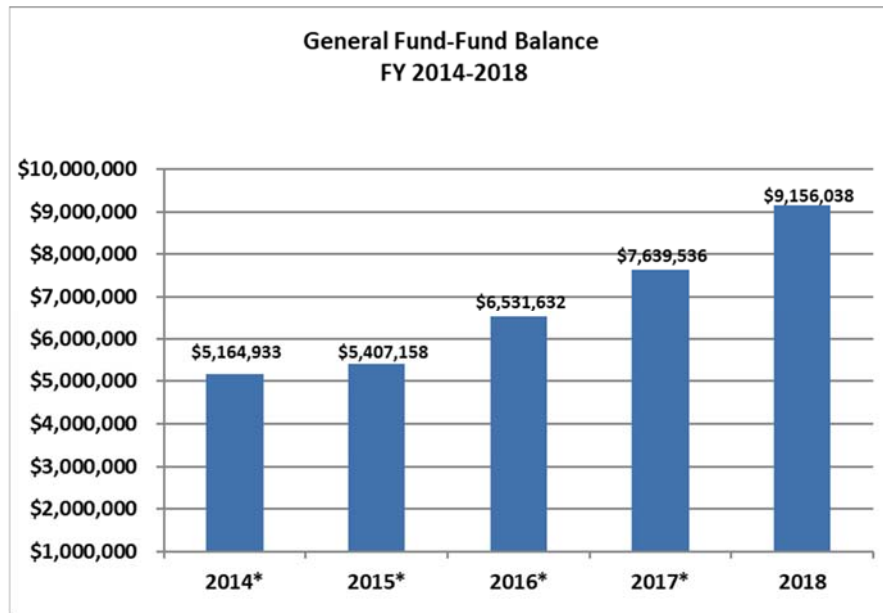
General Fund expenditures for fiscal year 2017-2018 increased \$647,109 from fiscal year 2016-2017. The increase is due to a slight increase in personnel costs, pool maintenance and operating expenses.

Expenditures	2018	2017	Change
	Public Safety	\$ 5,492,603	\$ 5,377,622
General Government	2,632,154	\$ 2,587,860	44,294
Public Works	2,665,347	\$ 2,536,139	129,208
Parks and Recreation	1,650,430	\$ 1,419,541	230,889
Municipal Improvements	218,823	\$ 91,086	127,737
<b>Total Expenditures</b>	<b>\$ 12,659,357</b>	<b>\$ 12,012,248</b>	<b>\$ 647,109</b>

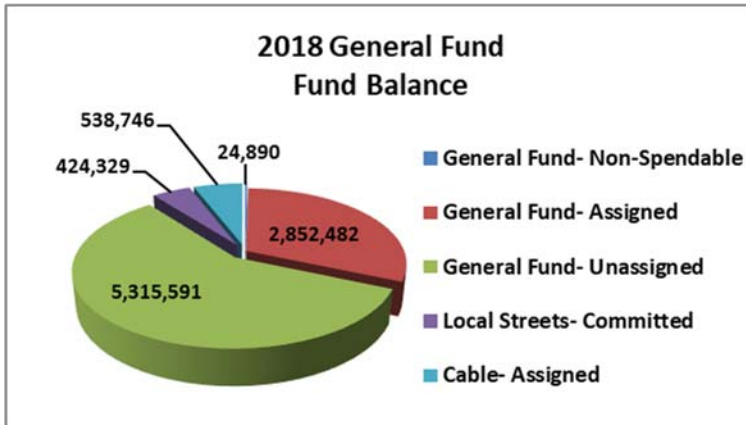


**General Fund-Fund Balance**

The City’s total General Fund year-end fund balance is approximately \$9.15 million. This is an increase of 1.5 million from fiscal year 2016-2017.



As the chart below indicates, \$3.84 million is committed, assigned and unspendable, leaving \$5.31 million unassigned. The unassigned amount represents approximately 42 percent of fiscal year 2017-2018 actual expenditures. This level of fund balance exceeds the recommended level of between 10 percent 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)

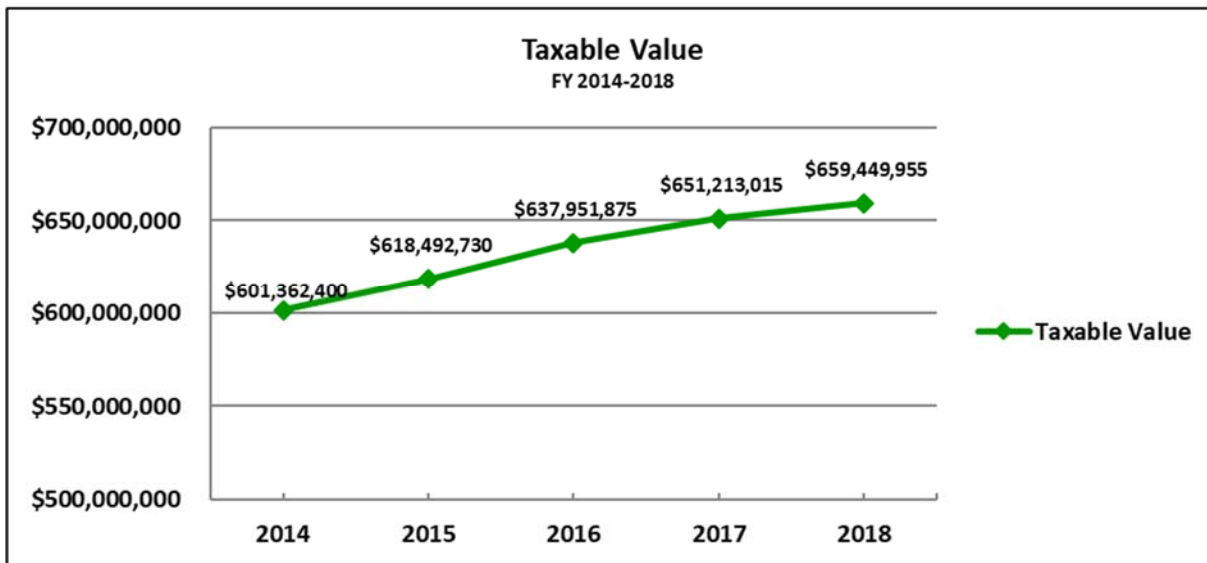
**Assigned:** Intent to spend resources on specific purposes expressed by Council (Cable Fund)

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

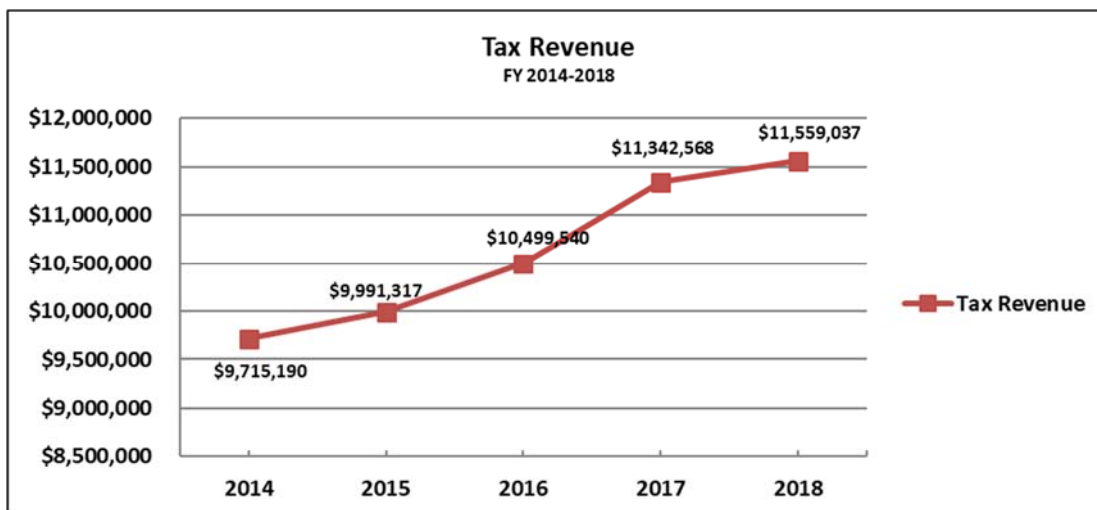
**Taxable Value**

The City’s most pressing financial concern is the condition of the residential housing market and the negative effect it has had on property tax revenue since 2007. Fiscal year 2017-2018 total taxable value increased 1.26% from fiscal year 2016-2017.

The chart below shows the taxable value increasing 9.7% from fiscal year 2014 to 2018. The steady increase in taxable value, indicates positive things are happening in the housing market in the City.

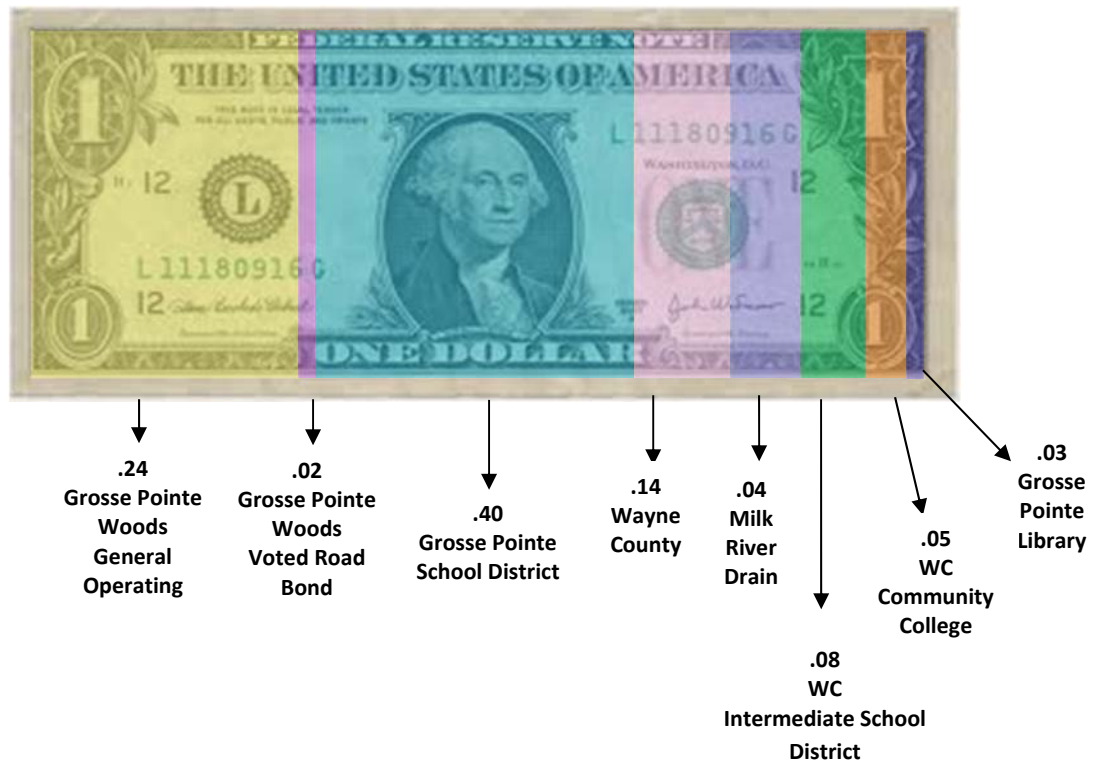


Property taxes continue to be the City’s largest source of revenue, steady increases have been realized for the last three fiscal years. This is a direct result from the increase in taxable value and the increase in the millage rates that include the road bond debt that was approved by voters in 2014.



## City of Grosse Pointe Woods Property Tax Revenue

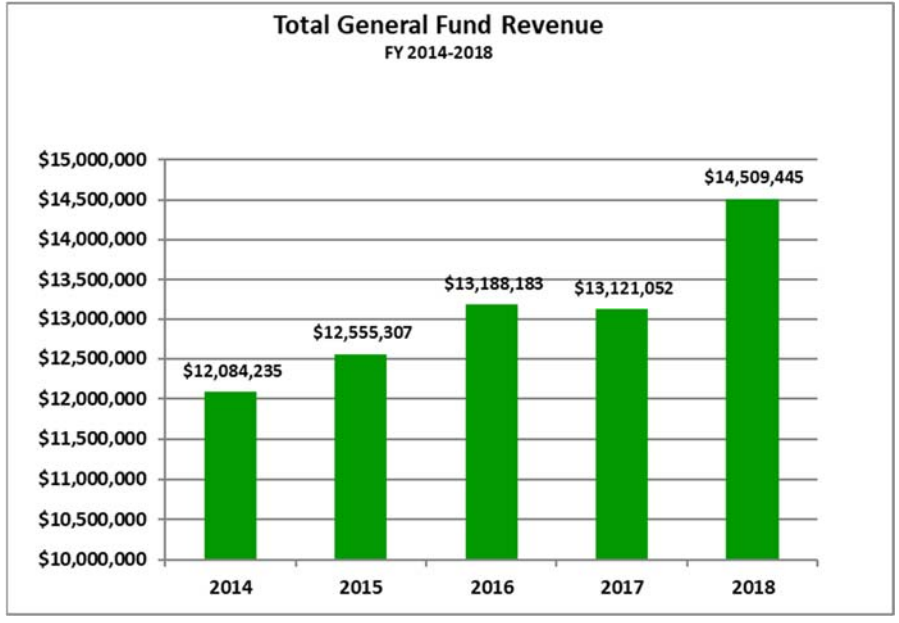
As indicated on the dollar bill below, the City of Grosse Pointe Woods only receives 26 cents for every dollar of property tax revenue collected. These taxes are used to support the general government administrative services, public safety, public works, recreation, and the voter approved road bond.



The remaining 76 cents for every dollar of property tax revenue collected is allocated to Grosse Pointe School District, Wayne County, Grosse Gratiot (Milk River) Drain, Wayne County Intermediate School District, Wayne County Community College, and the Grosse Pointe Library.

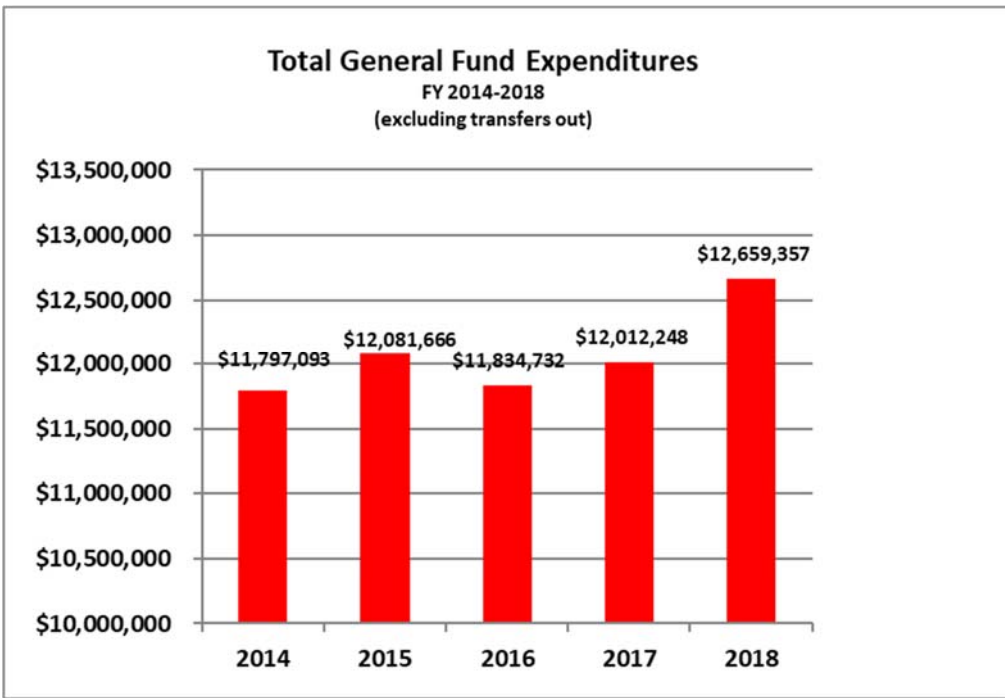
## General Fund-Revenue/Expenditure History

General Fund revenue has experienced steady increases in revenue for fiscal years 2014-2018. These overall increases are from the implementation of Payment in Lieu of Taxes (PILOT), increases in property tax revenue due to new construction and improvement projects, and slight increases in State-shared revenue. The slight decrease seen in 2017 can be attributed to a decrease in funding received from the State of Michigan for personal property tax reimbursement.



The City's General Fund ended fiscal year 2017-2018 with continued concessions from labor unions and nonunion employees. Fiscal year 2014-2017 expenditures had very little fluctuation as a result of budget reductions, elimination of vacant positions, reductions in discretionary spending and capital improvement projects that had been delayed, cancelled or reduced.

Fiscal year 2017-2018 saw a 5% increase expenditures resulting from an increase in personnel costs, pool maintenance and operating expenses.



**Enterprise Funds**

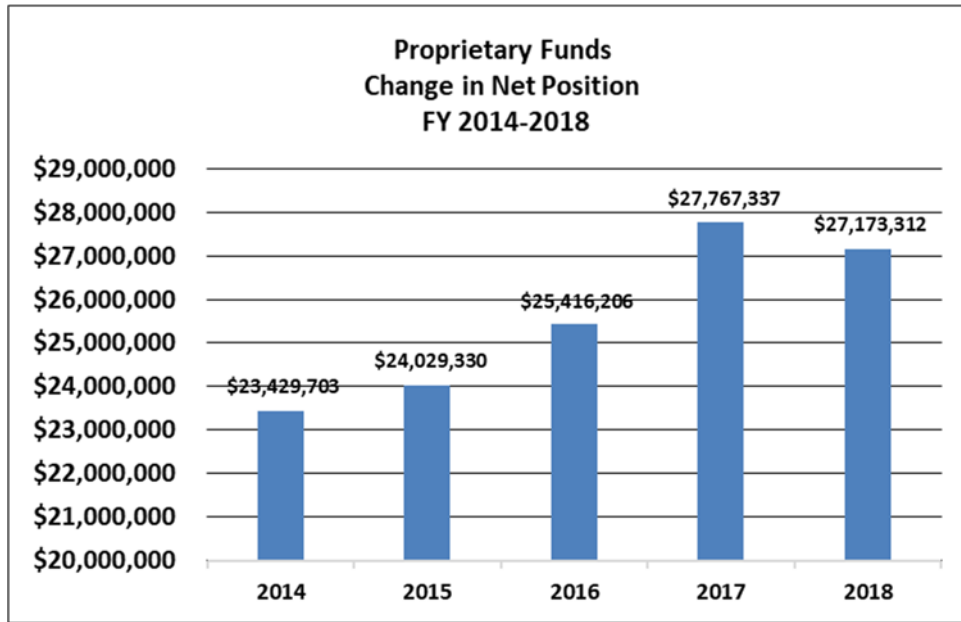
An Enterprise Fund is a fund that accounts for operations and services that are provided to residents and are financed through user charges. The business type activities consist of the funds for water and sewer and the non-major enterprise funds are the parking utility, boat dock, and commodity sales.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

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 increased in the current year to cover increased costs to purchase water and to fund required infrastructure improvements.

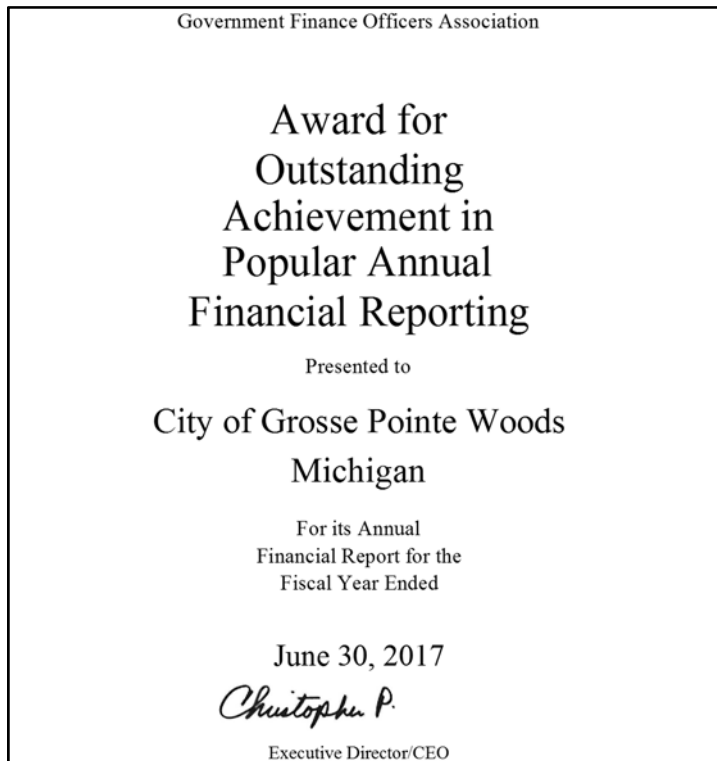
<b>Statement of Revenue, Expenses, and Changes in Net Position</b>			
<b>Fiscal Year 2018 compared to Fiscal Year 2017</b>			
	<b>Total Enterprise Funds FY 2018</b>	<b>Total Enterprise Funds FY 2017</b>	<b>Change</b>
<b>Total Operating Revenue</b>	9,407,500	\$ 8,406,989	\$ 1,000,511
<b>Total Operating Expenses</b>	<u>6,564,945</u>	<u>5,892,131</u>	\$ 672,814
<b>Operating Income</b>	2,842,555	2,514,858	\$ 327,697
<b>Total nonoperating revenue (expenses)</b>	<u>(86,306)</u>	<u>(163,727)</u>	\$ 77,421
<b>Change in Net Position</b>	2,756,249	2,351,131	\$ 405,118
<b>Net Position-Beginning of year</b>	<u>24,417,063</u>	<u>25,416,206</u>	\$ (999,143)
<b>Net Position-End of year</b>	<u>\$ 27,173,312</u>	<u>\$ 27,767,337</u>	\$ (594,025)

The City’s business type activities have experienced a steady increase in net position from 2014-2018. 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 decrease from 2017-2018 is the result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75. A liability for the unfunded portion of the City’s retiree healthcare costs are included in the financial statements.





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, 2017. This is the (5<sup>th</sup>) fifth consecutive year the PAFR has been awarded to the City.



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

**City of Grosse Pointe Woods**

[www.gpwmi.us](http://www.gpwmi.us)

**20025 Mack Plaza Drive  
Grosse Pointe Woods, MI 48326**

**Hours: Monday-Friday 8:30am – 5:00pm**

**City Hall: 313-343-2440**



**Popular Annual Financial Report  
City of Grosse Pointe Woods, Michigan  
As of June 30, 2018**

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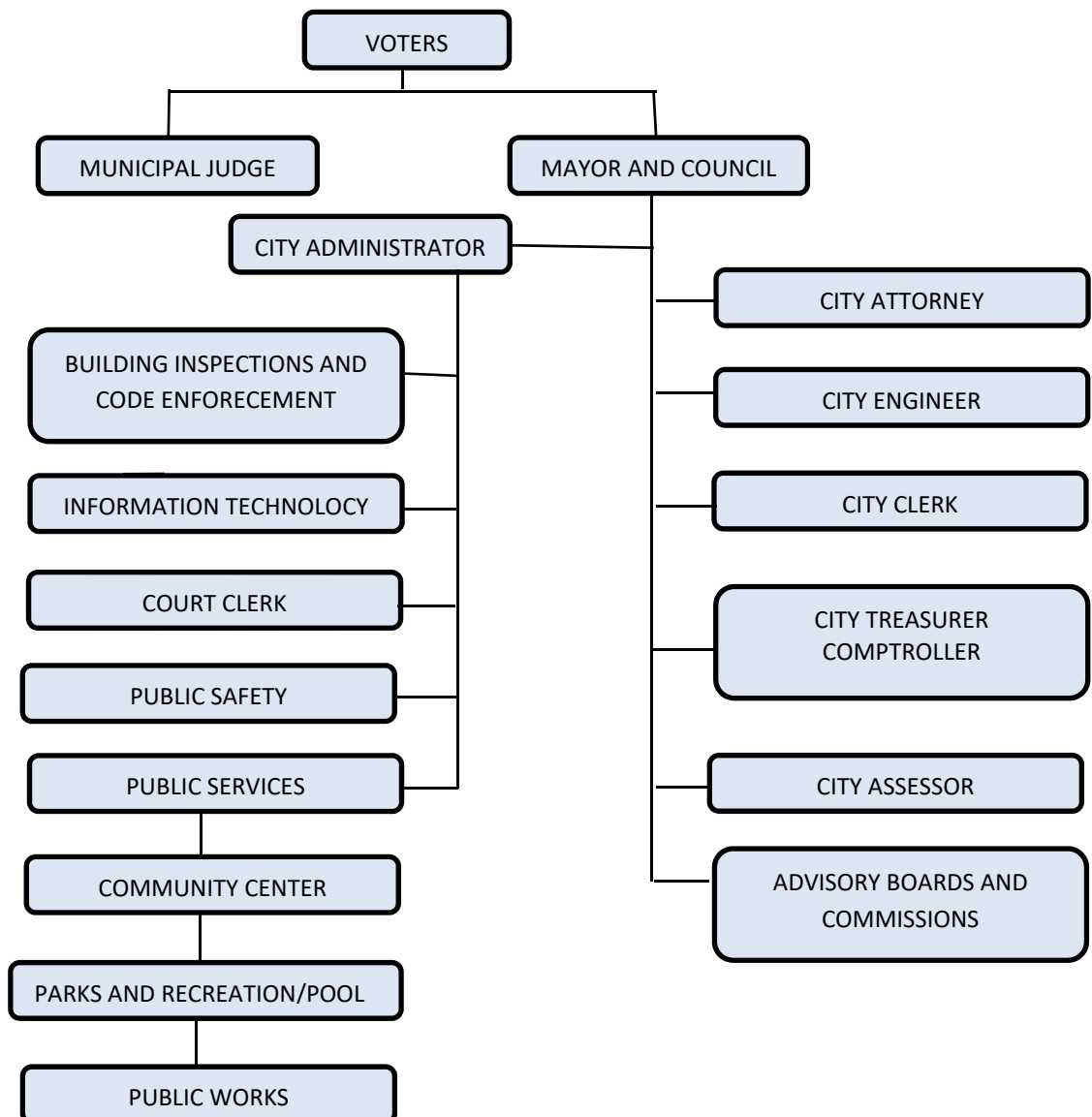
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**Residents enjoying lunch at  
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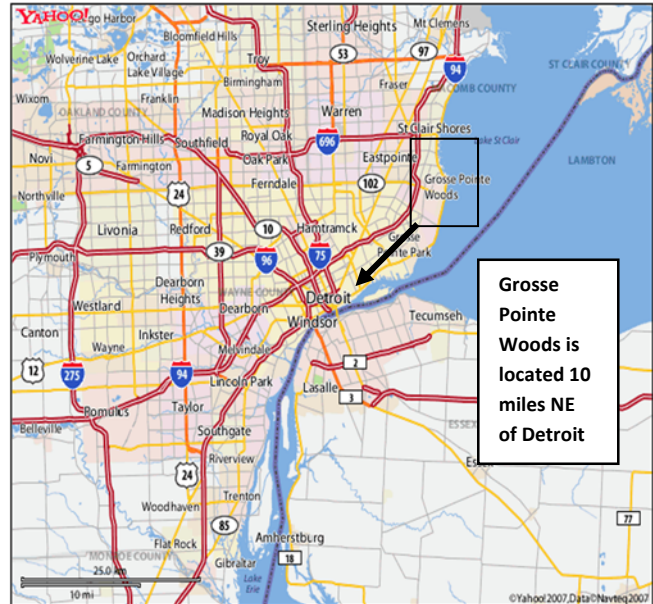
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Michigan Cons. Gas Co.	Utility	15,072,000
DRSN Real Estate GP LLC	Apartment Complex	13,308,600
Health Care Reit Inc	Assisted Living	7,032,406
Pointe Plaza	Office Building	4,965,085
Detroit Edison	Utility	4,142,149
Lochmoor Club	Private Club	1,642,700
A H Peters Funeral Home	Mortuary	1,476,183
Cook Road 2017 LLC	Private Club	1,355,000
Comerica	Bank	1,332,832
Kroger Co. of Michigan	Grocery	1,225,200
		<u>51,552,155</u>

### City of Grosse Pointe Woods Principal Employers

Taxpayer	Type	Employees
GP Public School	School	384
Van Elslander Center	Medical	250
Kroger	Grocery	159
Sunrise Assisted Living	Medical	130
University of Liggett	School	128
Great Lakes Cancer Mgt Special	Medical	103
Lochmoor Club	Country Club	100
St. John I.T. & Desktop Support	Medical Business	100
Grosse Pointe Hunt Club	Private Club	80
City of Grosse Pointe Woods	Municipal	78

**Total Employed in Grosse Pointe Woods 3,539**



## **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 efficiencies, expanding community partnerships and alternative funding sources keep our City financially strong and maintain our desirability as one of the premier communities in southeast Michigan to live, work and play. Excess reserve funds have been budgeted throughout the course of fiscal year 2017 – 2018 to accomplish numerous projects that include:

- Road repair and construction continued to be a priority for the City. With the completion of the 2017-2018 road program, funded through the issuance of a road debt bond in 2015, the City has approved additional road projects in fiscal year 2018-2019. The road project includes resurfacing of Anita, Brys, Lochmoor and Stanhope and the joint repair on Cook Road. Total project cost is \$2.46 million with funding of 1.73 million from the General Fund balance and 725,000 from the Water and Sewer Fund balance.
- The public safety dispatch and police lockup services project has been funded through a \$500,000 CGAP (Competitive Grant Assistance Program) grant and will be completed in the fall of 2018. The grant provided for equipment and retrofitting of the Grosse Pointe Woods public safety department to accommodate the partnership between Grosse Pointe Woods and the Village of Grosse Pointe Shores. Construction updates include the demolition, replacement and expansion of our cell block area and the re-design of the Public Safety garage that includes a secure area for the movement and transportation of individuals in police custody. In addition, the dispatch center has been re-designed and an E-911 system was purchased to update aging equipment.
- The City has realized a large growth in our General Fund balance in fiscal year 2017-2018. Actual revenues exceeded actual expenditures by \$1.5 million.
- Numerous public parking lots throughout the city were re-surfaced during fiscal year 2017- 2018. Parking fund reserves were allocated during the fiscal year to fully fund the public parking lots located throughout the City and general fund reserve dollars were utilized for lots not accessible to the general public. Re-surfacing included the following locations: City Hall employee lot, the Community Center public parking lot, the Department of Public Works employee and public parking lot, the Ghesquiere Park Jackson lot, the Ghesquiere Park Bramcaster lot, the Broadstone lot and the north and south Ridgemont lots.
- 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 look for funding opportunities, cost containment initiatives, community partnerships and potential grants to fund and maintain the high level of public services provided to our community.
- Through the generosity of local businesses, city vendors and our residents, the City continues to support community events including Music on the Lawn, Fall Fest and Winterfest. Hosting these wonderful events support the sense of community that Grosse Pointe Woods residents enjoy.

### **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 also gives 2017 data and displays the change in revenue from fiscal year 2017 to fiscal year 2018. There were fluctuations in the various revenue categories, resulting in an increase in General Fund revenue of \$1,388,393.

<b>Revenue</b>	<b>2018</b>	<b>2017</b>	<b>Change</b>
<b>Property Taxes</b>	\$ 10,237,999	\$ 9,152,538	\$ 1,085,461
<b>Franchise Fees</b>	362,235	379,362	(17,127)
<b>Licenses and Permits</b>	445,813	481,578	(35,765)
<b>State and Local Sources</b>	2,116,510	1,915,553	200,957
<b>Charges for Service</b>	253,676	259,340	(5,664)
<b>Fines and Forfeitures</b>	397,502	364,232	33,270
<b>Interest Income</b>	113,792	20,935	92,857
<b>Other Revenue</b>	581,918	547,514	34,404
<b>Total Revenue</b>	\$ 14,509,445	\$ 13,121,052	\$ 1,388,393

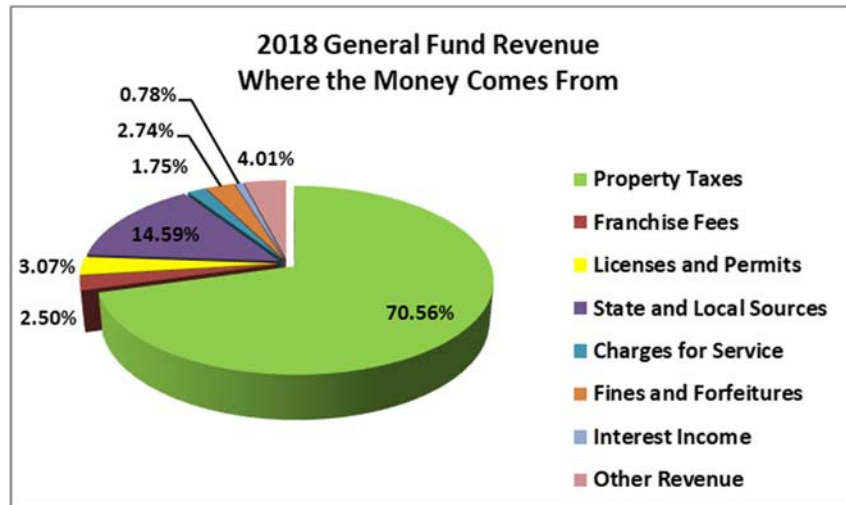
Property taxes continue to be the City’s largest source of revenue; however, like most communities in Michigan, the taxable value of property is slow to rebound after the 2007 decline. Fiscal year 2017-2018 property tax revenue increased by approximately \$1,085,461 over fiscal year 2016-2017. The increase is a result of the City receiving payment of delinquent tax revenue from Wayne County on one of the City’s largest tax payers for fiscal years 2014-2015 and 2015-2016 and also an increase in property tax revenue due to the 1.21% increase in taxable value.

Revenue sharing from the State of Michigan remains our second largest revenue source. During fiscal year 2017-2018, revenue from State and Local Sources increased \$200,957 from fiscal year 2016-2017. This is the result of the City receiving increased funding from the state related to personal property taxes and revenue sharing.

License and permit revenue decreased by \$35,765 from fiscal year 2016-2017. This is the result of a decline in building permits issued and collection of permit fees.

Revenue from District Court fees and fines increased by \$33,270 from fiscal year 2016-2017. This is a result of an increase the number of violations being processed.

Interest Income increased \$92,857 from fiscal year 2016-2017. This is a result of changing to a pooled cash interest bearing bank account.



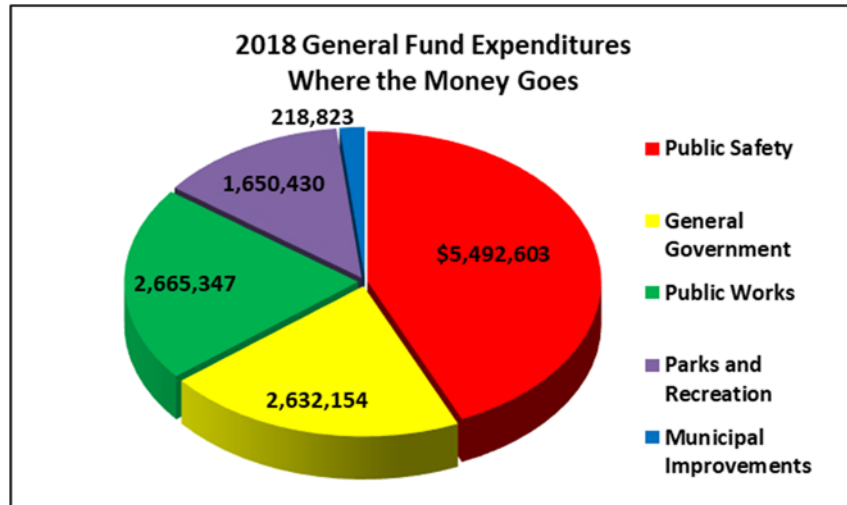
### **General Fund Expenditures**

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. 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 also gives 2017 data and displays the change in expenditures from fiscal year 2017 to fiscal year 2018.

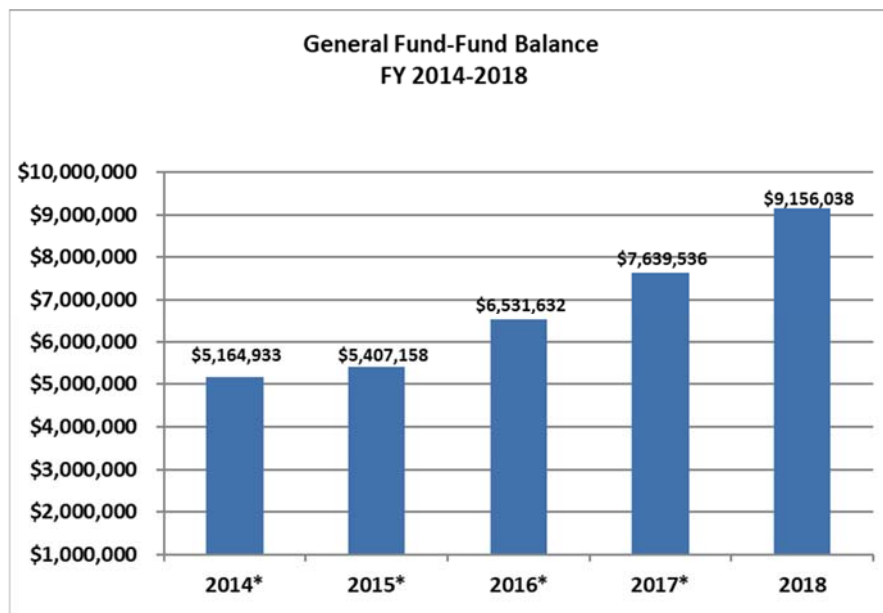
General Fund expenditures for fiscal year 2017-2018 increased \$647,109 from fiscal year 2016-2017. The increase is due to a slight increase in personnel costs, pool maintenance and operating expenses.

Expenditures	2018	2017	Change
	Public Safety	\$ 5,492,603	\$ 5,377,622
General Government	2,632,154	\$ 2,587,860	44,294
Public Works	2,665,347	\$ 2,536,139	129,208
Parks and Recreation	1,650,430	\$ 1,419,541	230,889
Municipal Improvements	218,823	\$ 91,086	127,737
<b>Total Expenditures</b>	<b>\$ 12,659,357</b>	<b>\$ 12,012,248</b>	<b>\$ 647,109</b>

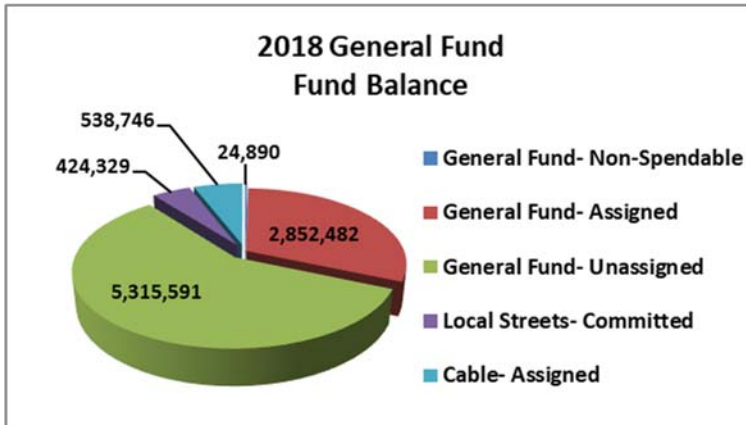


**General Fund-Fund Balance**

The City’s total General Fund year-end fund balance is approximately \$9.15 million. This is an increase of 1.5 million from fiscal year 2016-2017.



As the chart below indicates, \$3.84 million is committed, assigned and unspendable, leaving \$5.31 million unassigned. The unassigned amount represents approximately 42 percent of fiscal year 2017-2018 actual expenditures. This level of fund balance exceeds the recommended level of between 10 percent 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)

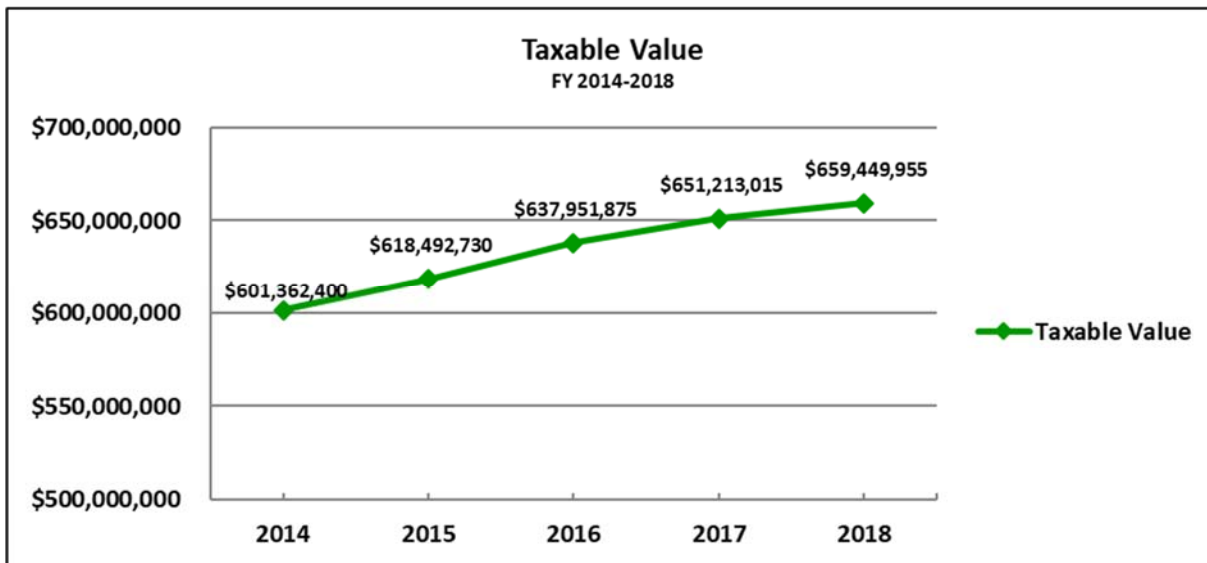
**Assigned:** Intent to spend resources on specific purposes expressed by Council (Cable Fund)

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

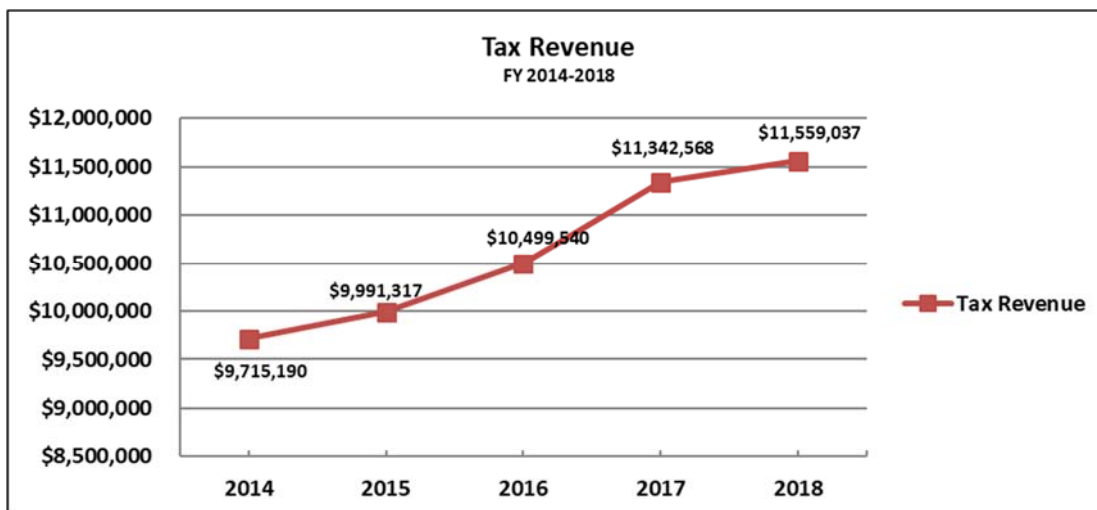
**Taxable Value**

The City’s most pressing financial concern is the condition of the residential housing market and the negative effect it has had on property tax revenue since 2007. Fiscal year 2017-2018 total taxable value increased 1.26% from fiscal year 2016-2017.

The chart below shows the taxable value increasing 9.7% from fiscal year 2014 to 2018. The steady increase in taxable value, indicates positive things are happening in the housing market in the City.

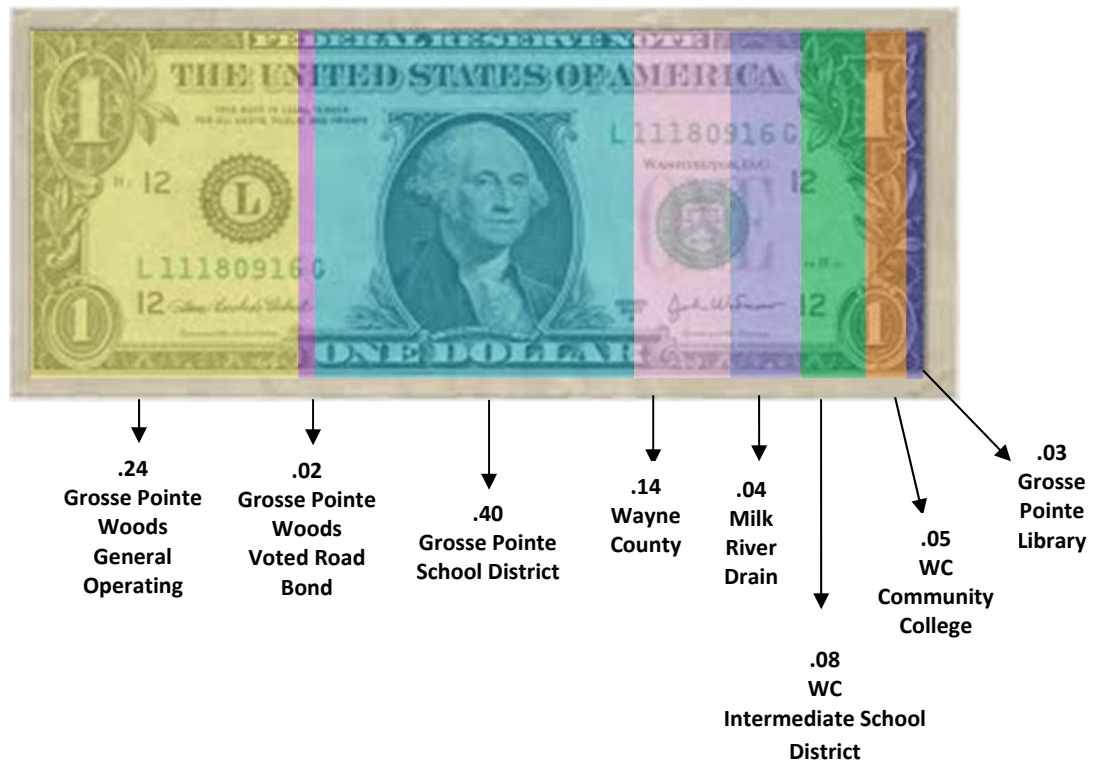


Property taxes continue to be the City’s largest source of revenue, steady increases have been realized for the last three fiscal years. This is a direct result from the increase in taxable value and the increase in the millage rates that include the road bond debt that was approved by voters in 2014.



## City of Grosse Pointe Woods Property Tax Revenue

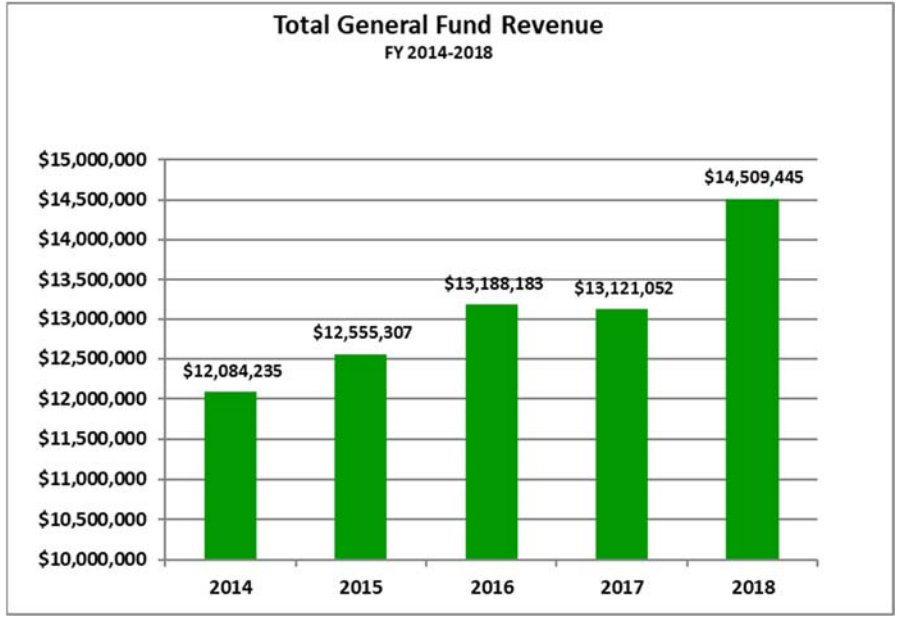
As indicated on the dollar bill below, the City of Grosse Pointe Woods only receives 26 cents for every dollar of property tax revenue collected. These taxes are used to support the general government administrative services, public safety, public works, recreation, and the voter approved road bond.



The remaining 76 cents for every dollar of property tax revenue collected is allocated to Grosse Pointe School District, Wayne County, Grosse Gratiot (Milk River) Drain, Wayne County Intermediate School District, Wayne County Community College, and the Grosse Pointe Library.

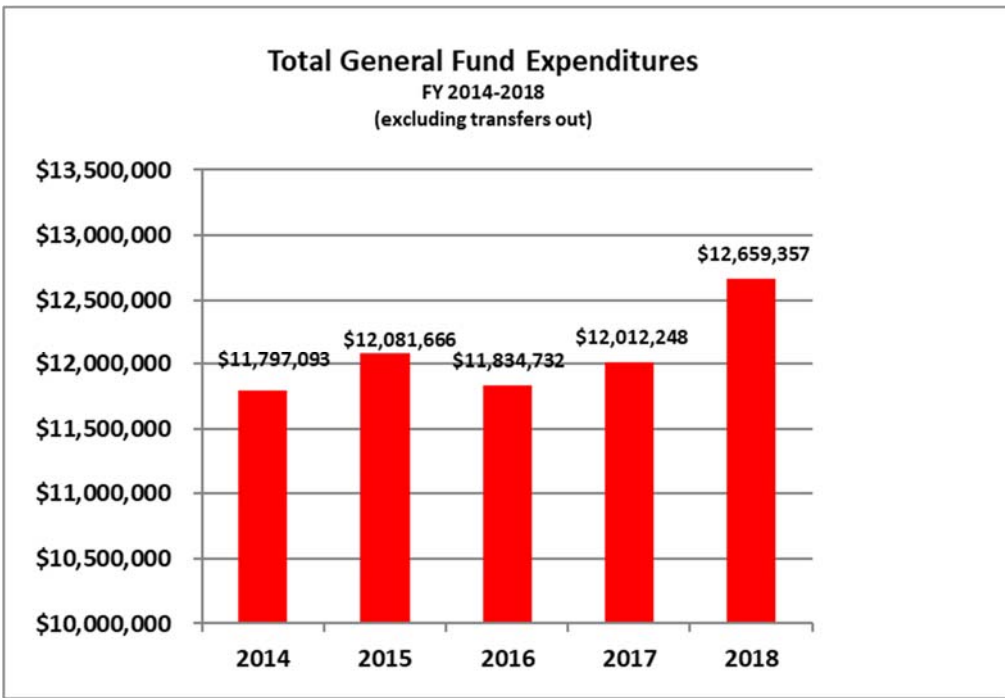
## General Fund-Revenue/Expenditure History

General Fund revenue has experienced steady increases in revenue for fiscal years 2014-2018. These overall increases are from the implementation of Payment in Lieu of Taxes (PILOT), increases in property tax revenue due to new construction and improvement projects, and slight increases in State-shared revenue. The slight decrease seen in 2017 can be attributed to a decrease in funding received from the State of Michigan for personal property tax reimbursement.



The City's General Fund ended fiscal year 2017-2018 with continued concessions from labor unions and nonunion employees. Fiscal year 2014-2017 expenditures had very little fluctuation as a result of budget reductions, elimination of vacant positions, reductions in discretionary spending and capital improvement projects that had been delayed, cancelled or reduced.

Fiscal year 2017-2018 saw a 5% increase expenditures resulting from an increase in personnel costs, pool maintenance and operating expenses.





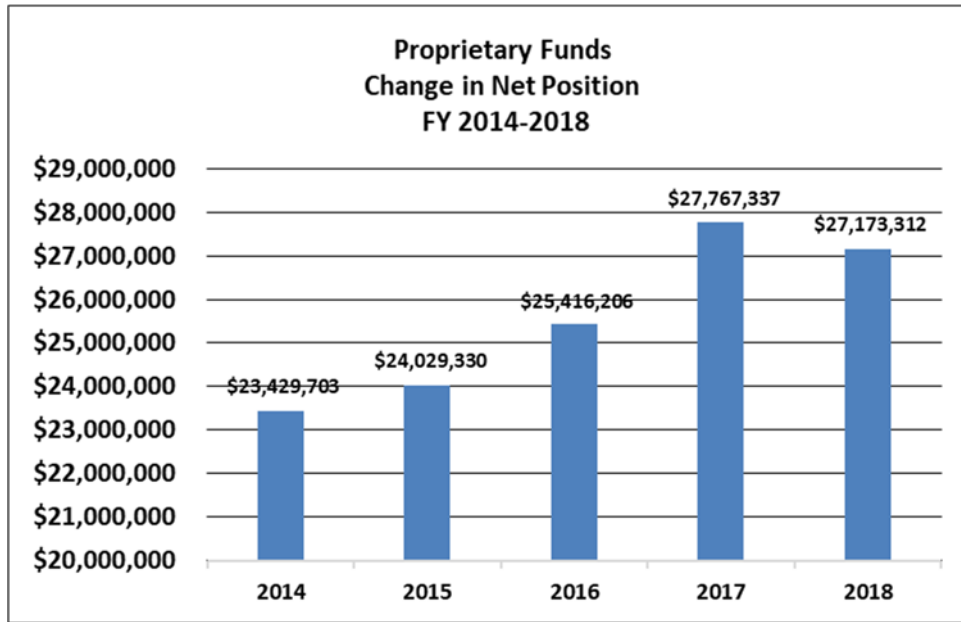
**Enterprise Funds**

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

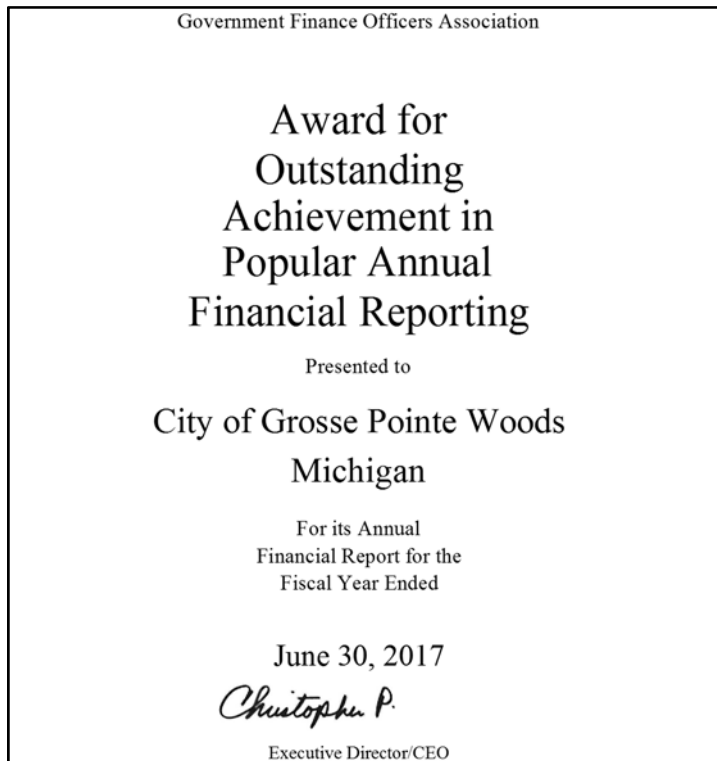
The Water & Sewer Fund has a “AA” bond rating from Standard & Poor’s. This allows the City to borrow funds at the lowest possible interest rate to fund infrastructure projects. Water and Sewer rates were increased in the current year to cover increased costs to purchase water and to fund required infrastructure improvements.

<b>Statement of Revenue, Expenses, and Changes in Net Position</b>			
<b>Fiscal Year 2018 compared to Fiscal Year 2017</b>			
	<b>Total Enterprise Funds FY 2018</b>	<b>Total Enterprise Funds FY 2017</b>	<b>Change</b>
<b>Total Operating Revenue</b>	9,407,500	\$ 8,406,989	\$ 1,000,511
<b>Total Operating Expenses</b>	<u>6,564,945</u>	<u>5,892,131</u>	\$ 672,814
<b>Operating Income</b>	2,842,555	2,514,858	\$ 327,697
<b>Total nonoperating revenue (expenses)</b>	<u>(86,306)</u>	<u>(163,727)</u>	\$ 77,421
<b>Change in Net Position</b>	2,756,249	2,351,131	\$ 405,118
<b>Net Position-Beginning of year</b>	<u>24,417,063</u>	<u>25,416,206</u>	\$ (999,143)
<b>Net Position-End of year</b>	<u>\$ 27,173,312</u>	<u>\$ 27,767,337</u>	\$ (594,025)

The City’s business type activities have experienced a steady increase in net position from 2014-2018. 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 decrease from 2017-2018 is the result of the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75. A liability for the unfunded portion of the City’s retiree healthcare costs are included in the financial statements.



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, 2017. This is the (5<sup>th</sup>) fifth consecutive year the PAFR has been awarded to the City.



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

**City of Grosse Pointe Woods**

[www.gpwmi.us](http://www.gpwmi.us)

**20025 Mack Plaza Drive  
Grosse Pointe Woods, MI 48326**

**Hours: Monday-Friday 8:30am – 5:00pm**

**City Hall: 313-343-2440**