

CITY OF GROSSE POINTE WOODS, MICHIGAN

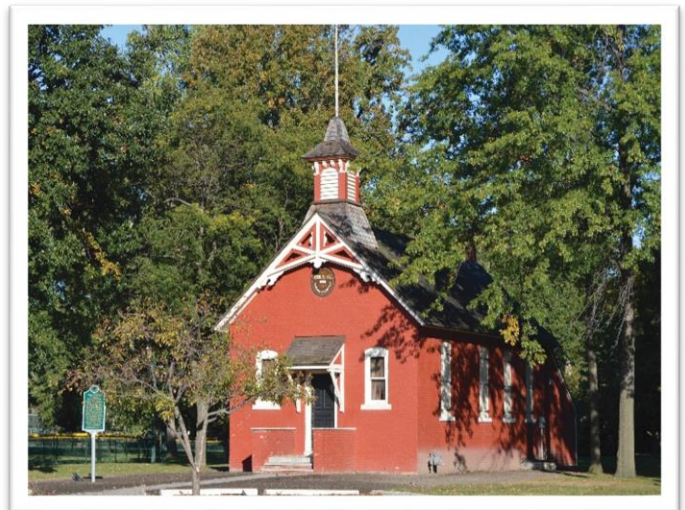
POPULAR ANNUAL FINANCIAL REPORT



Grosse Pointe Woods Robert E. Novitke Municipal Complex



9-11 Remembrance



Cook School House

FISCAL YEAR ENDED JUNE 30, 2021



**Popular Annual Financial Report
City of Grosse Pointe Woods, Michigan
As of June 30, 2021**

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

Bruce Smith

City Clerk

Lisa Hathaway

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, 2021. 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 14, 16 and 17 of the 2021 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, 2021 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 eight (8) consecutive fiscal years ending 2013 - 2020. 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 48th 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, 2020. 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 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,

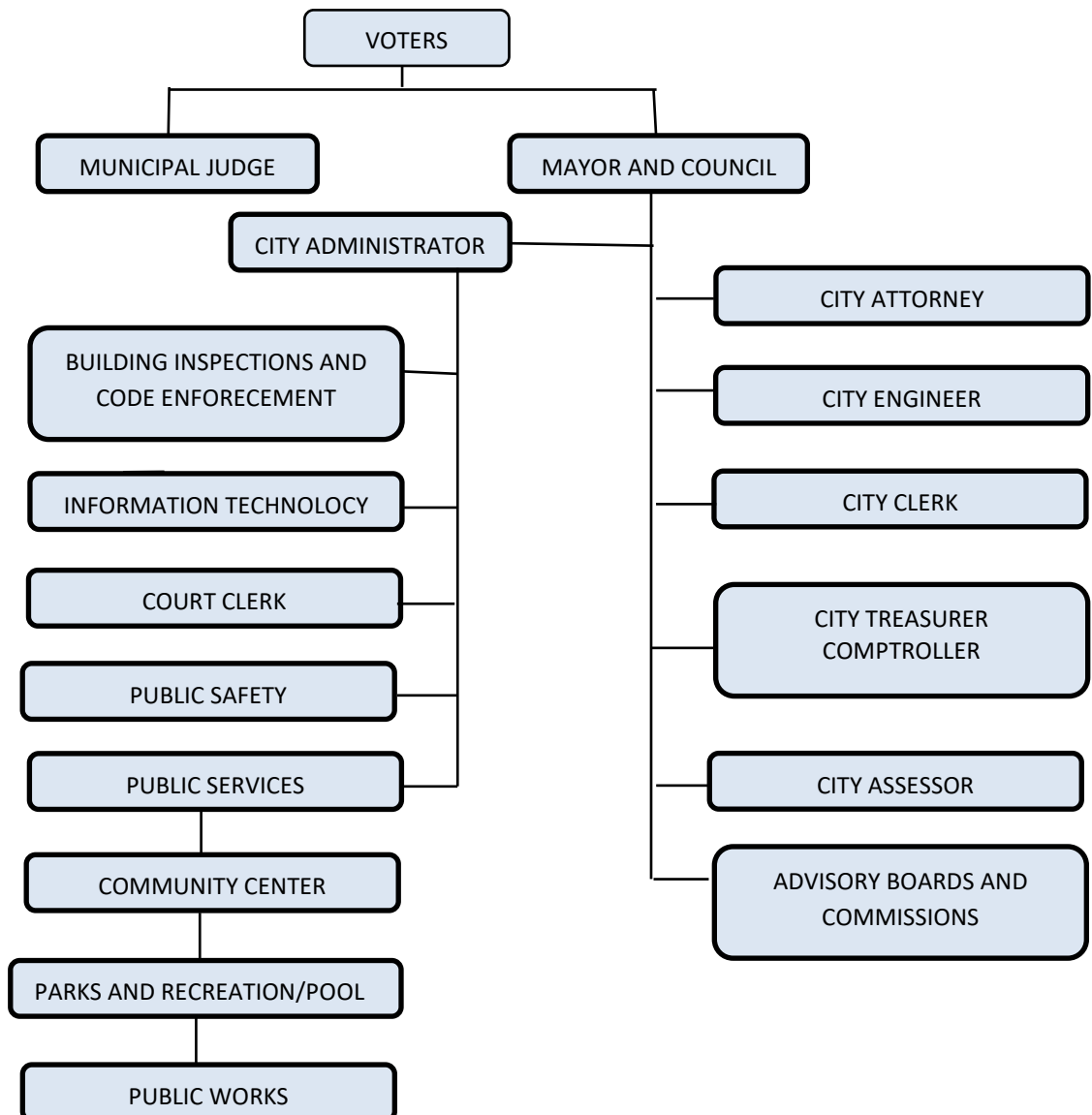
Arthur W. Bryant
Mayor

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. The City 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.

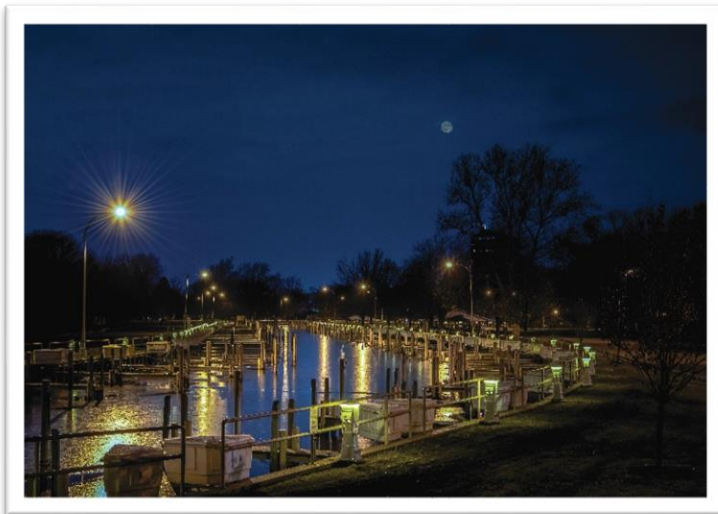
City of Grosse Pointe Woods Organizational Chart



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-Community Events



Lake Front Park Marina

**Residents enjoying
Miniature Golf at Lake
Front Park**





Winterfest Activities

**Annual Public Safety
Open House**

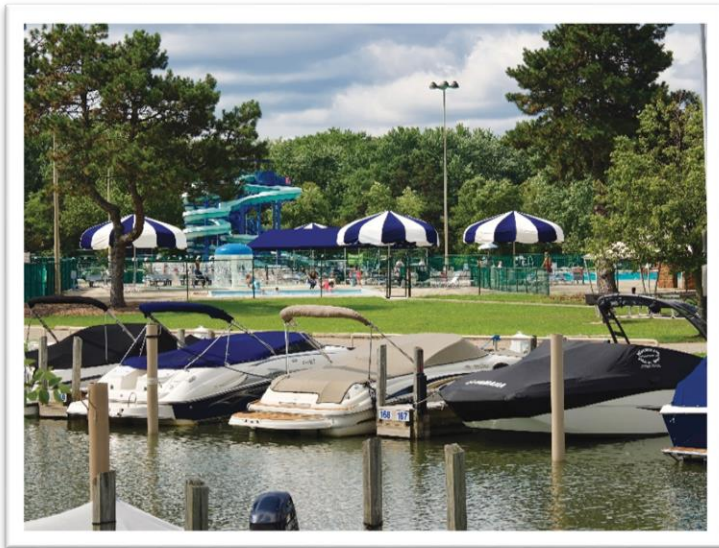


Public Safety Open House



Lake Front Park Pool

**Perch Derby at Lake
Front Park**



Lake Front Park Marina



Senior Ice Cream Social



Music on the Lawn



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

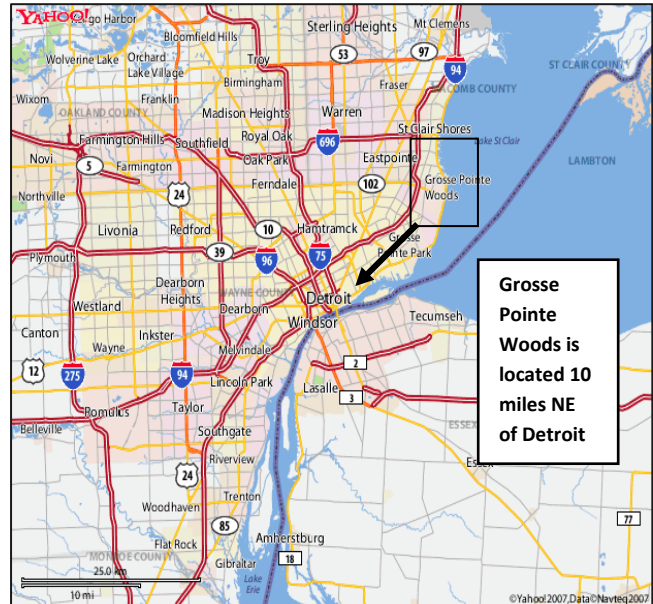
Demographics

City of Grosse Pointe Woods

Numbers at a Glance

Area: 3.3 Square Miles
 Population: 15,332
 Median Household Income: \$104,848
 Median Age: 45
 Median Home Value: \$244,500
 Equalized Assessed Value: 2020
 746,000,000
 Total Housing Units: 6,874
 Total Full-Time Employees: 81

Sources: 2010 US Census Bureau, 2021 ACFR



City of Grosse Pointe Woods Major Taxpayers

Taxpayer	Type	Taxable Value
DRSN Real Estate GP LLC	Apartment Complex	14,081,355
Michigan Cons. Gas Co.	Utility	12,465,300
Health Care Reit Inc	Assisted Living	6,914,790
Pointe Plaza	Office Building	5,200,220
Detroit Edison	Utility	4,427,300
Briarcliff 2014	Private Club	1,931,200
VDG Mack Ave LLC	Office Building	1,811,105
Lochmoor Club	Private Club	1,625,515
Comerica	Bank	1,403,858
A H Peters Funeral Home	Mortuary	1,359,100
Kroger Co. of Michigan	Grocery	1,296,339
St John Health System	Hospital	1,271,687
		53,787,769

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
City of Grosse Pointe Woods	Municipal	81
Gateway Pediatric Therapy	Medical	50
Total People Employed in City		3,514

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.

- The City continues its commitment to the local street repair and maintenance program that began in 2015. The reconstruction of Oxford Road (Mack to Holiday) and asphalt patching of Lochmoor (Fairway to Morningside) were included in the road program for fiscal year 2020-2021. Project costs totaling \$729,000 were funded through a transfer from General Fund balance.
- The City continues to maintain and improve water and sewer infrastructure. Capital outlay totaling \$3.4 million that includes construction and engineering oversight came from water and sewer reserves to fund the following projects in fiscal year 2020-2021:
 - Replacement of water mains on Hollywood (Goethe to Marter), Severn (Mack to Hollywood and Christine Court).
 - Sewer rehabilitation that includes open cut repair and cured in place pipe lining repair and maintenance.
- Maintaining Lake Front Park also continues to be a priority for the City, the vehicular bridge was replaced during fiscal year 2020-2021. Capital outlay totaling \$799,000 that includes construction and engineering oversight was funded from General Fund balance.
- Replacing the City's aging vehicles and equipment have also been a priority for the City. During fiscal year 2020-2021, the City invested over \$1.6 million in capital outlay that includes three (3) new vehicles and an E-One Fire Apparatus in the Department of Public Safety, four (4) new trucks in the Department of Public Works and one (1) new vehicle for Administration.
- The City's general fund balance continues to maintain a sound financial state at fiscal year 2020-2021. Prior year reserves totaling just over \$1.0 million were used to fund capital projects and purchase of vehicles and equipment. Total Unassigned General Fund balance at fiscal year 2020-2021 is just over \$5.1 million.
- 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 global COVID-19 pandemic continued to have an operating impact during fiscal year June 30, 2021. The City continues to adhere to COVID-19 safety guidelines; providing personal protective equipment, maintaining social barriers and continuing remote work when necessary.

- Community events that include; Music on the Lawn, Fall Fest, Annual Flower Sale and the Annual City Picnic were brought back in fiscal year 2021, keeping the safety of our residents the number one priority.

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, 2020 and 2019 and displays the change from fiscal year 2020 to 2021. There were slight fluctuations in the various revenue categories, resulting in an increase in General Fund revenue of \$73,734.

Revenue	2021	2020	2019	Change from 2020 to 2021
Property Taxes	\$ 10,424,701	\$ 10,241,873	\$ 10,008,480	\$ 182,828
Franchise Fees	341,918	369,566	336,174	(27,648)
Federal Grants	495,545	-	-	495,545
State and Local Sources	2,361,584	2,093,809	2,261,179	267,775
Charges for Service	622,309	600,775	662,376	21,534
Fines and Forfeitures	232,067	253,797	305,384	(21,730)
Interest Income	16,425	195,494	285,176	(179,069)
Other Revenue	262,415	927,916	511,294	(665,501)
Total Revenue	\$ 14,756,964	\$ 14,683,230	\$ 14,370,063	\$ 73,734
*Other Revenue Includes Other Financing Sources-Insurance Recoveries				

Property taxes continue to be the City’s largest source of revenue; slow but steady increases have been realized for the last three fiscal years. After the 2007 housing market decline, the City has had incremental increases with a CPI of 1.4 percent for fiscal year 2020-2021. Although the millage rate is essentially at the Headlee cap, the general operating property tax revenue increased \$182,828 from fiscal year 2019-2020.

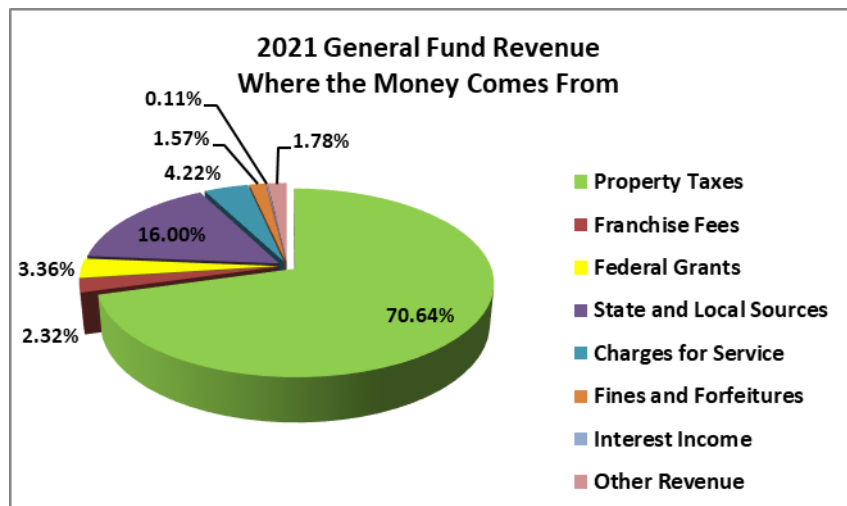
Revenue sharing from the State of Michigan remains our second largest revenue source. The City continues to meet all requirements of accountability and transparency with the State and received 100 percent of state-shared revenue allocation in 2020-2021. During fiscal year 2020-2021, revenue from State and Local sources increased \$267,775 from fiscal year 2019-2020.

Federal Grant revenue received was \$495,545, this is the result of COVID-19 grant revenue received related to Public Safety and Public Health Payroll reimbursement, First Responder hazard pay premium, Michigan Coronavirus Relief Fund and COVID-19 Election reimbursement.

Revenue from District Court fees and fines decreased by \$21,730 from fiscal year 2019-2020. This is a result of a decrease in the number of violations being issued.

Interest Income decreased \$179,069 from fiscal year 2019-2020. This is a result of a decrease in interest rates from investments and our pooled cash interest bearing account.

Other Revenue decreased by \$665,501 from fiscal year 2019-2020. This is a result of a decrease in insurance proceeds from water damages to the municipal offices.



General Fund Expenditures

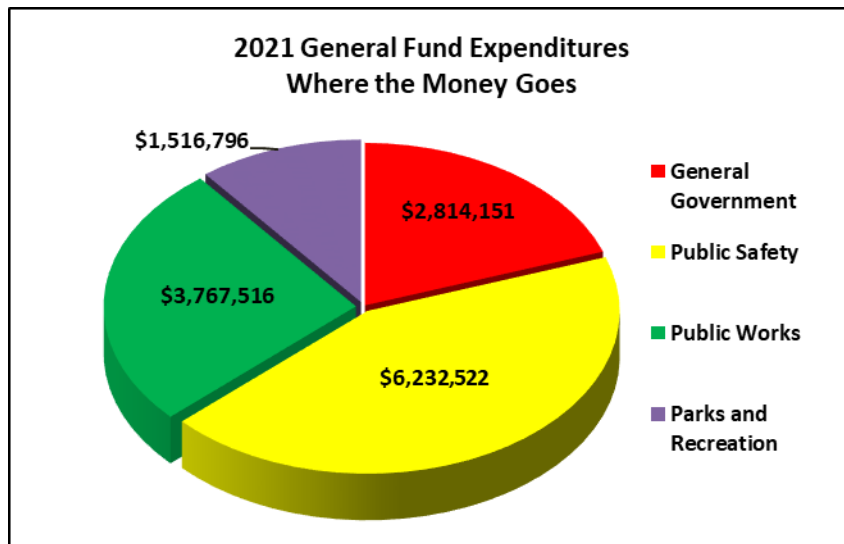
The General Fund is the City’s primary operating fund and supports the majority of the City’s governmental services. The two largest services funded by General Fund are public safety (combined police and fire services) and public works which account for \$10 million in expenditures. In addition, the 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, 2020 and 2019 and displays the change in expenditures from fiscal year 2020 to 2021.

General Government, Public Safety and Parks and Recreation experienced an increase in expenses of \$1.025 million. The majority of this is the result of an overall increase in personnel costs, retiree pension

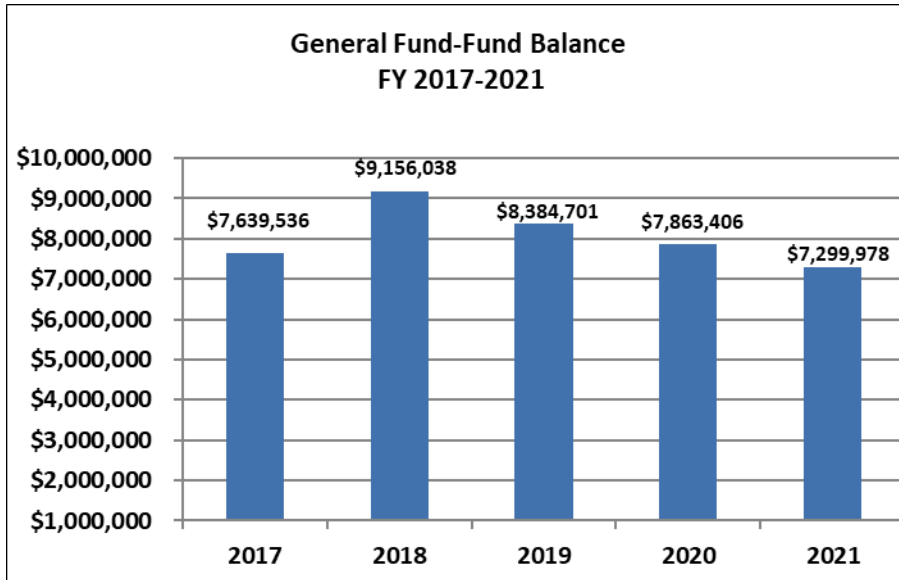
and healthcare costs. In addition, body cameras costing approximately \$180,000 were purchased for our Public Safety Officers. The Department of Public Works saw an overall decrease in expenses of \$1.1 million, this is due to a decrease in road infrastructure projects in fiscal year 2020-2021. Overall there was a decrease in General Fund expenditures of \$72,337.

Expenditures	2021	2020	2019	Change from 2020 to 2021
General Government	\$ 2,814,151	\$ 2,537,974	\$ 2,877,606	\$ 276,177
Public Safety	6,232,522	5,502,349	5,620,888	\$ 730,173
Public Works	3,767,516	4,864,890	4,542,048	\$ (1,097,374)
Parks and Recreation	1,516,796	1,498,109	1,739,511	\$ 18,687
Total Expenditures	\$ 14,330,985	\$ 14,403,322	\$ 14,780,053	\$ (72,337)

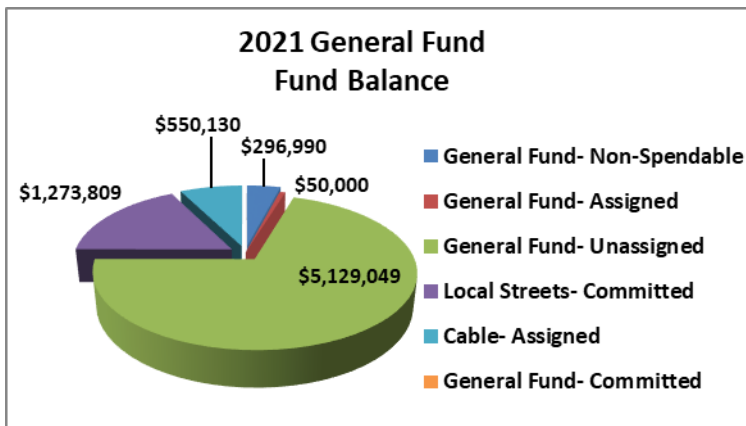


General Fund-Fund Balance

The last decade has been challenging, but through cost cutting initiatives and better efficiencies the City has built a strong cash reserve during fiscal years 2017-2021. The City’s total General Fund year-end fund balance is approximately \$7.3 million. This includes the Local Road fund balance of \$1.273 million and Cable fund balance of \$550,130. This is a decrease of \$563,428 from fiscal year 2019-2020. The decrease in fund balance is the result of utilizing fund balance to support local road maintenance and construction projects.



As the chart below indicates, the 2021 General fund balance is comprised of the following; \$2.2 million is committed, assigned and unspendable, leaving \$5.1 million unassigned. The unassigned amount represents approximately 36 percent of fiscal year 2020-2021 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)

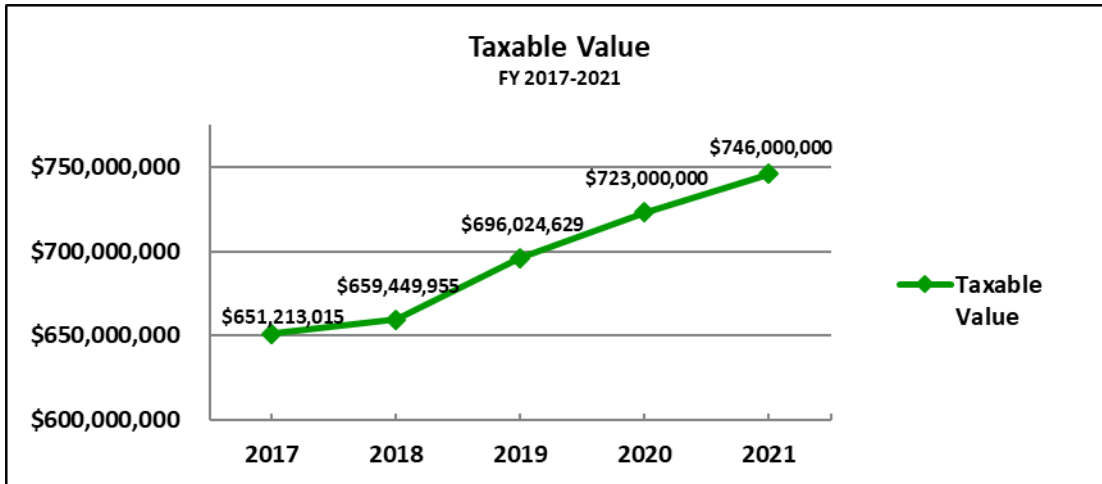
Committed: Funds that have been formally set aside by Council to be used for a specific purpose (Local Streets)

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

Unassigned: Funds that do not fall into any other category

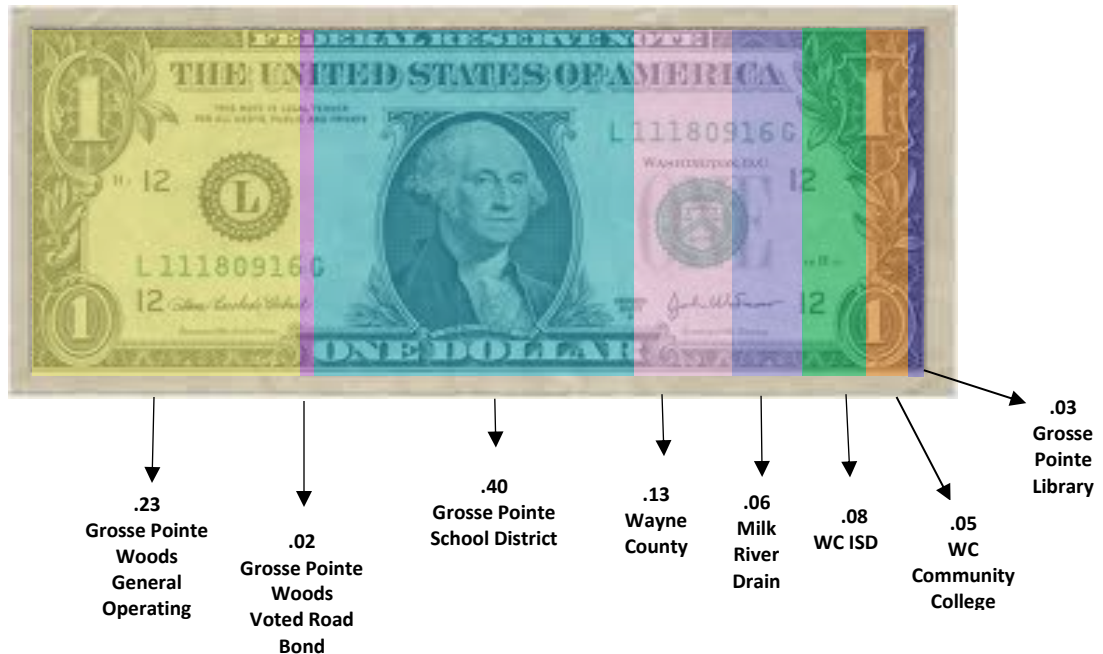
Taxable Value

The City's most pressing financial concern is the condition of the residential housing market. The City has struggled over the last decade as a result of a low inflation rate multiplier used to calculate taxable value on all properties. In tax year 2021, the inflation rate factor was 1.4 percent and the City experienced a 3.2 percent increase in taxable value. The steady increase in taxable value indicates positive things are happening in the housing market in the City.



City of Grosse Pointe Woods Property Tax Revenue

As indicated on the dollar bill below, the City of Grosse Pointe Woods only receives 25 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.



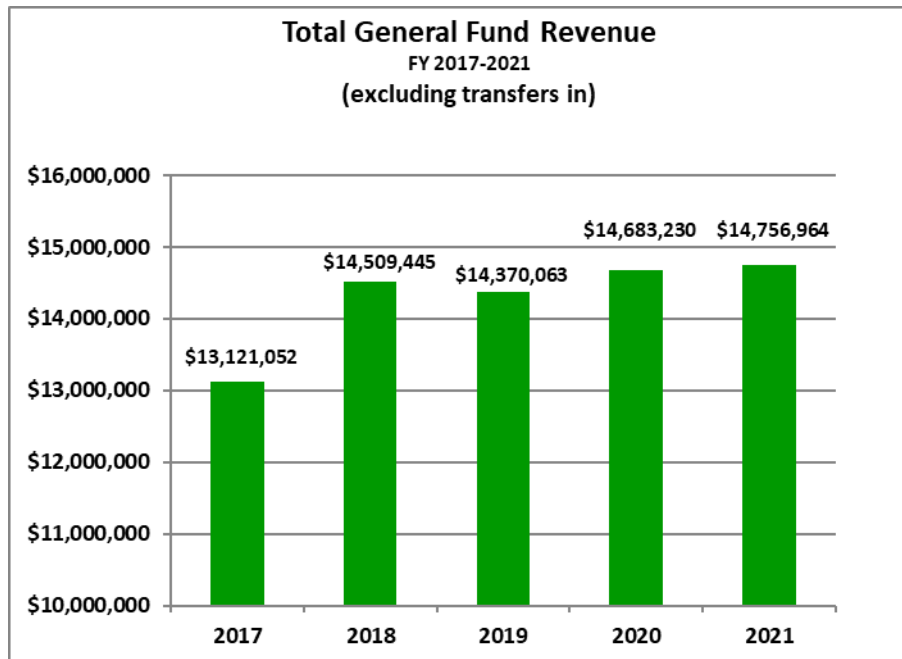
The remaining 75 cents for every dollar of property tax revenue collected is allocated to Grosse Pointe School District, Wayne County, Grosse Gratiot (Milk River) Drain, Wayne County Intermediate School District, Wayne County Community College and the Grosse Pointe Library.

General Fund-Revenue/Expenditure History

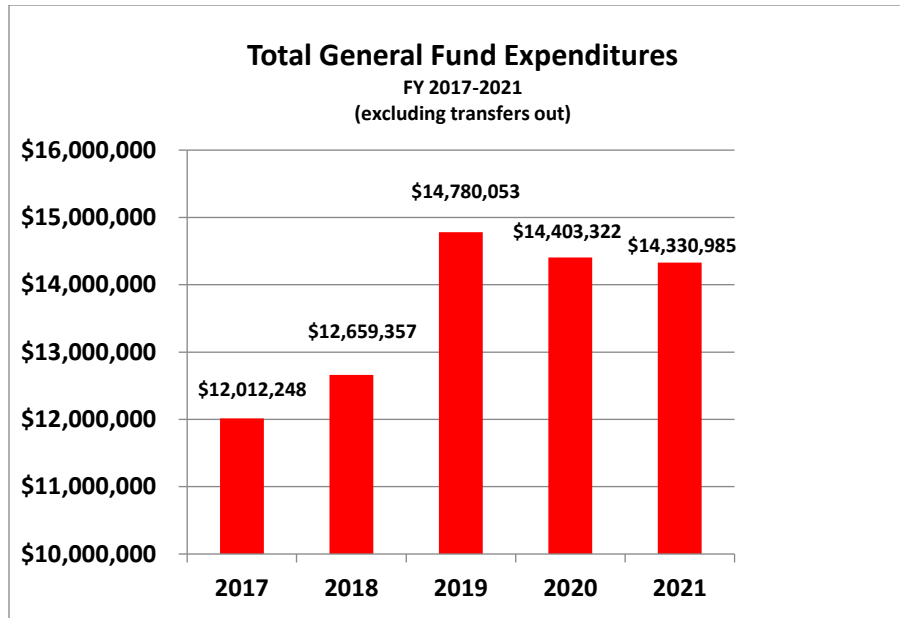
General Fund revenue experienced slight fluctuations over the last five years due to the following:

- Fiscal year end 2018, the City received payment from Wayne County for delinquent property tax revenue that was previously deducted.
- There was a slight increase in overall general fund revenue from fiscal year 2019 to 2021; this is the result of an increase in insurance proceeds from water damages at the municipal offices in 2020 and an increase in federal grant funds received in 2021 that were related to COVID-19.

Overall there was an increase in General Fund Revenue of 12.4% from 2017 through 2021.



General Fund expenditures experienced fluctuations over the last five years. Fiscal years ending 2017-2021, expenditures increased approximately 19%. The increase is the result of easing up on budget restrictions and filling of vacant positions. In addition, the City continued implementing capital improvement projects related to road reconstruction/maintenance and replacement of vehicles and equipment.



Enterprise Funds

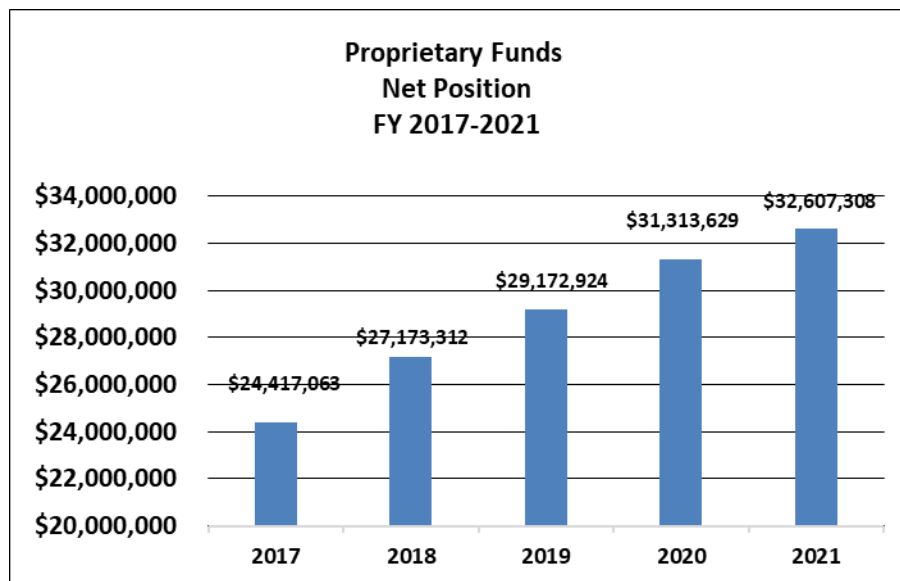
An Enterprise Fund is a fund that accounts for operations and services that are provided to residents and are financed through user charges. The major business type activities consist of the water and sewer fund and the parking fund. The non-major enterprise funds are the boat dock fund, and commodity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

Fiscal year 2020-2021 operating revenue decreased \$470,972 from fiscal year 2019-2020. Water and Sewer revenue experienced a slight increase in user fees and docking/launching fees in the Boat Dock fund were also up slightly from fiscal year 2019-2020. The decrease in operating revenue is related to a reclassification of Pension and OPEB in fiscal year 2020-2021. Operating expenses increased by 146,365 from fiscal year 2019-2020, this is the result of an increase in general and administrative costs that are related to personnel costs.

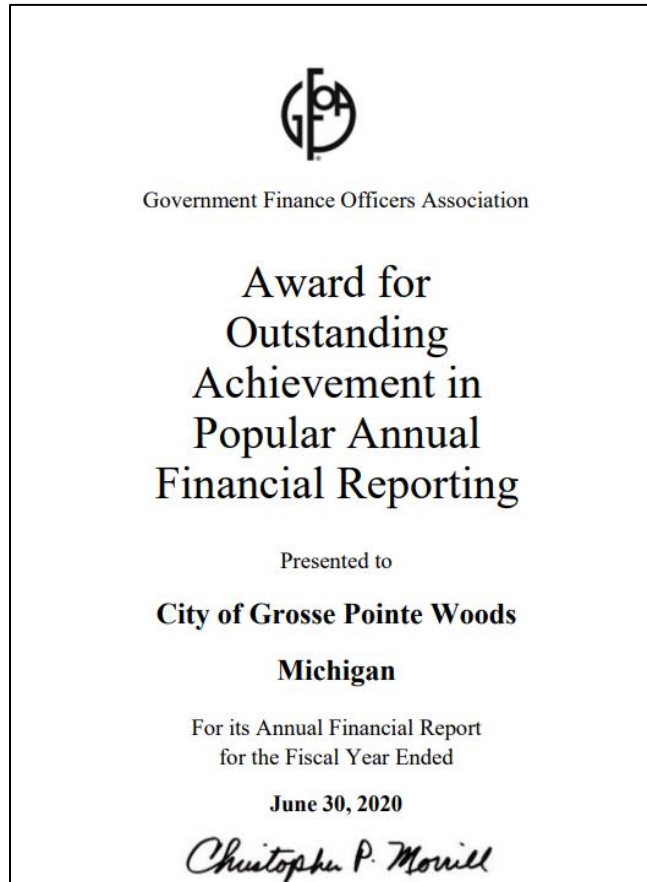
The Water & Sewer Fund has a “AA” bond rating from Standard & Poor’s. This allows the City to borrow funds at the lowest possible interest rate to fund infrastructure projects. Water and Sewer rates were increased in the current year to cover increased costs to purchase water and to fund required infrastructure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

Statement of Revenue, Expenses, and Changes in Net Position			
Fiscal Year 2021 compared to Fiscal Year 2020			
	Total Enterprise Funds FY 2021	Total Enterprise Funds FY 2020	Change
Total Operating Revenue	8,369,868	8,840,840	\$ (470,972)
Total Operating Expenses	<u>6,940,292</u>	<u>6,793,927</u>	\$ 146,365
Operating Income	1,429,576	2,046,913	\$ (617,337)
Total nonoperating revenue (expenses)	<u>(135,897)</u>	<u>93,792</u>	\$ (229,689)
Change in Net Position	1,293,679	2,140,705	\$ (847,026)
Net Position-Beginning of year, as restated	31,313,629	29,172,924	\$ 2,140,705
Net Position-End of year	<u>\$ 32,607,308</u>	<u>\$ 31,313,629</u>	\$ 122,046

The City's business type activities have experienced a steady increase in net position from 2017-2021. 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, 2020. This is the eighth (8) 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.

**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>

