

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, 2022



**Popular Annual Financial Report
City of Grosse Pointe Woods, Michigan
As of June 30, 2022**

A Message to the City of Grosse Pointe Woods

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, 2022. 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 2022 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, 2022 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 nine (9) consecutive fiscal years ending 2013 - 2021. 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 49th 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, 2021. 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.gpwwi.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

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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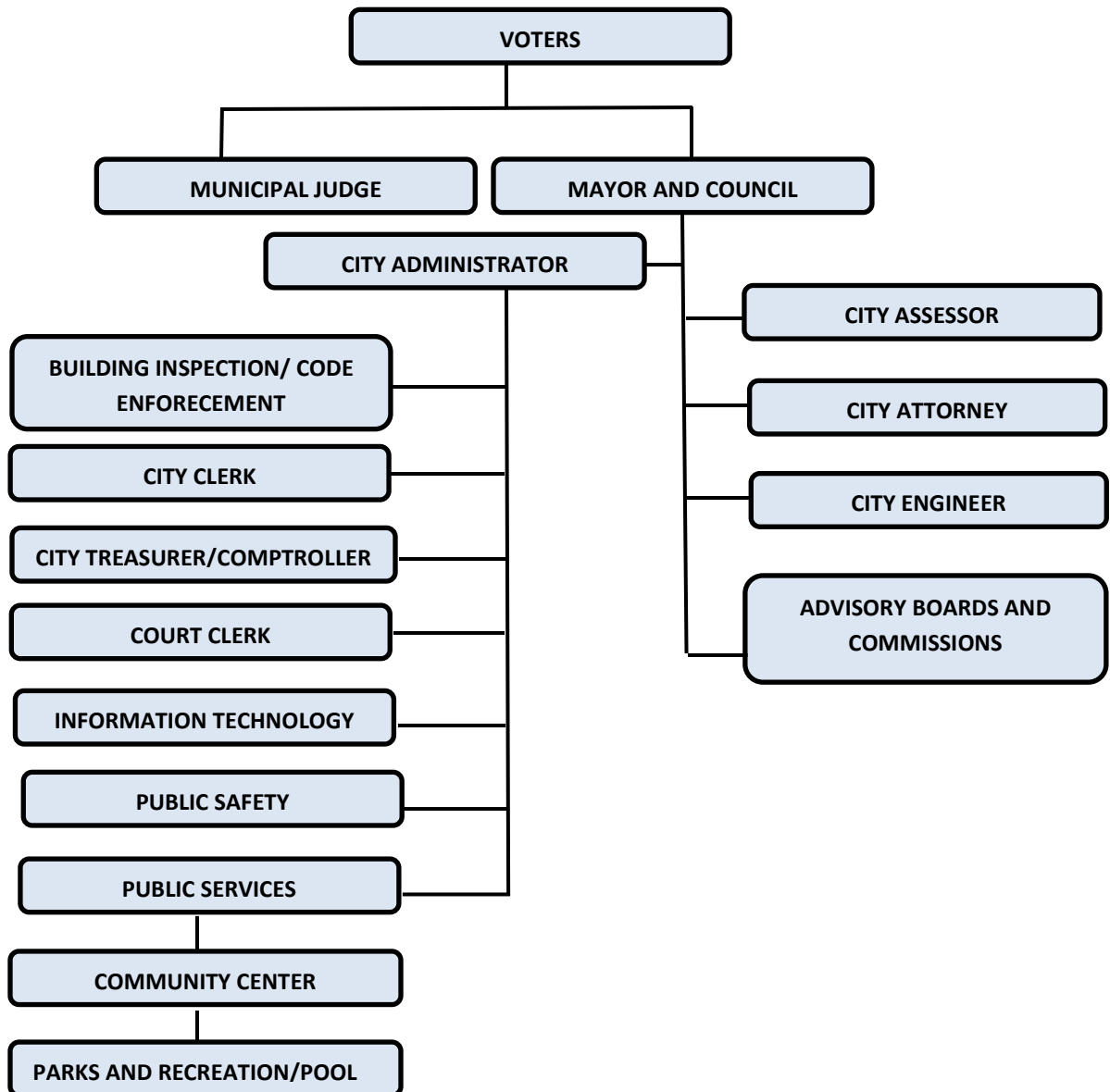
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The City of Grosse Pointe Woods

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-Attractions and Community Events



Lake Front Park Marina

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





Spring Fest Celebration

**Spring Fest-Enjoying the
Animals**



Public Safety Open House



Lake Front Park Pool

**Perch Derby at Lake
Front Park**



Lake Front Park Marina



**Annual Woods Aglow
A Visit with Santa**

**Residents Enjoying
Fall Fest**



**Residents Enjoying
Music on the Lawn**

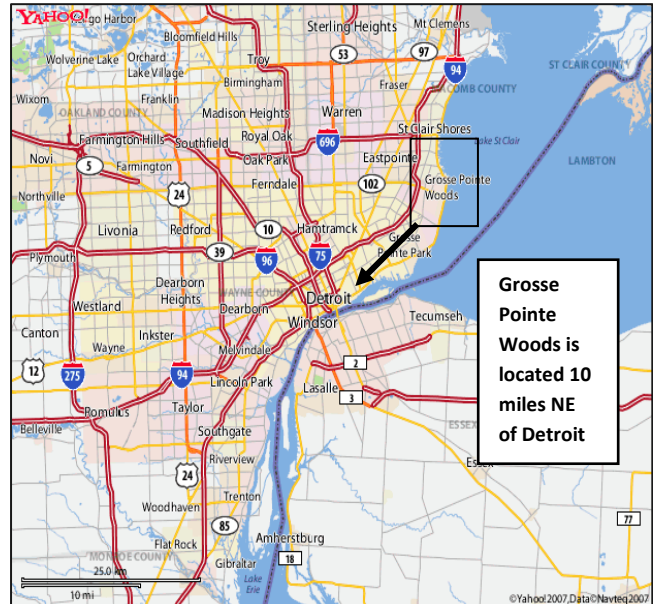
Demographics

City of Grosse Pointe Woods

Numbers at a Glance

Area: 3.3 Square Miles
 Population: 16,487
 Median Household Income: \$111,392
 Median Age: 45
 Median Home Value: \$259,600
 2021 Taxable Value: \$767 Million
 Total Housing Units: 6,874
 Total Full-Time Employees: 81

Sources: 2020 US Census Bureau, 2022 ACFR



City of Grosse Pointe Woods Major Taxpayers

Taxpayer	Type	Taxable Value
DRSN Real Estate GP LLC	Apartment Complex	14,546,039
Michigan Cons. Gas Co.	Utility	11,638,600
Health Care Reit Inc	Assisted Living	6,514,400
Pointe Plaza	Office Building	5,371,827
Detroit Edison	Utility	4,998,800
VDG Mack Ave LLC	Office Building	2,691,760
Briarcliff 2014	Private Club	1,994,929
Lochmoor Club	Private Club	1,653,378
A H Peters Funeral Home	Mortuary	1,468,650
Comerica	Bank	1,450,183
Kroger Co. of Michigan	Grocery	1,339,118
St John Health System	Hospital	1,313,642
		54,981,326

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	81
Gateway Pediatric Therapy	Medical	50
Total People Employed in City		3,534

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 a priority for the City. Road projects included in fiscal year 2021-2022 are the reconstruction of Allard Road (Chester to West City Limit) and asphalt patching on portions of Lochmoor, Lennon and Bramcaster Roads. Project costs totaling \$780,000 were funded through a transfer from the Major Road fund balance and Local Road fund balance.
- Maintaining and improving water and sewer infrastructure is a priority for the City. Projects included in fiscal year 2021-2022 are the replacement of a water main on Vernier Road. (Mack to West City Limit) Sewer rehabilitation included open cut repair and cured in place pipe lining repair and maintenance. Project costs totaling \$1.4 million were funded from water and sewer reserves.
- The City also invested in a Sewer System Evaluation Strategy project. The purpose of the project is to evaluate how the Grosse Pointe Sewer System reacts to large rainfalls. Project costs for year one total \$455,000 and were funded through water and sewer reserves.
- Repair and maintenance of Lake Front Park is a priority for the City. Renovations during fiscal year 2021-2022 included replacement of the filter room catwalk, tennis court resurfacing and guard shack roof replacement. Project costs totaled \$52,000.
- Replacing the City's aging vehicles and equipment have also been a priority for the City. During fiscal year 2021-2022, the City invested over \$360,000 in vehicles and equipment. This included two (2) new police vehicles, a utility tractor and street sweeper.
- The City's general fund balance continues to maintain a sound financial state at fiscal year 2021-2022. The City realized an increase in its General Fund balance of approximately \$577,000 exclusive of the Cable Franchise and Local Street funds. Total Unassigned General Fund balance at fiscal year 2021-2022 is just over \$5.7 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 City continues to adhere to COVID-19 safety guidelines; providing personal protective equipment, maintaining social barriers and continuing remote work when necessary.

- 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 2020-2022 and displays the change from fiscal year 2021 to 2022. There were slight fluctuations in the various revenue categories, resulting in an increase in General Fund revenue of \$200,167.

Revenue				
	2020	2021	2022	Change from 2021 to 2022
Property Taxes	\$ 10,241,873	\$ 10,424,701	\$ 10,824,984	\$ 400,283
Franchise Fees	369,566	341,918	370,999	29,081
Federal Grants	-	495,545	158	(495,387)
State and Local Sources	2,093,809	2,361,584	2,568,146	206,562
Charges for Service	600,775	622,309	722,004	99,695
Fines and Forfeitures	253,797	232,067	221,400	(10,667)
Interest Income	195,494	16,425	(106,770)	(123,195)
Other Revenue	927,916	262,415	356,210	93,795
Total Revenue	\$ 14,683,230	\$ 14,756,964	\$ 14,957,131	\$ 200,167
*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 3.3 percent for fiscal year 2021-2022. Although the millage rate is essentially at the Headlee cap, the general operating property tax revenue increased \$400,283 from fiscal year 2021-2022.

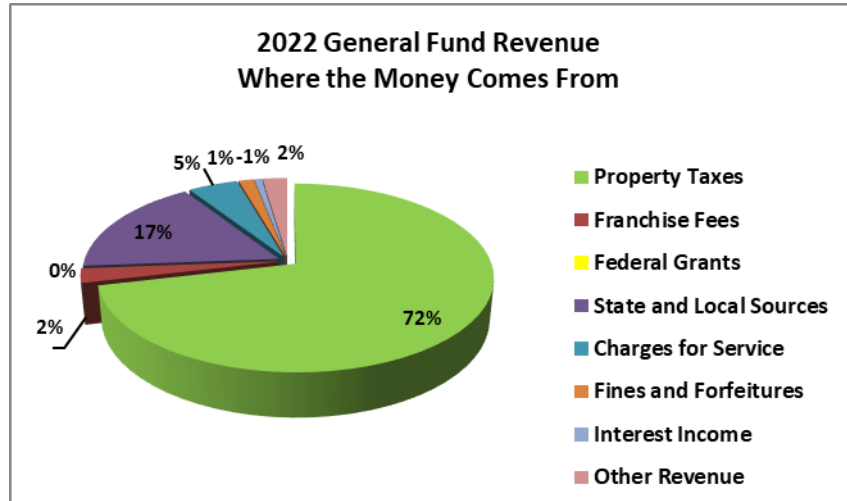
Revenue sharing from the State of Michigan remains our second largest revenue source. The City continues to meet all requirements of accountability and transparency with the State and received 100 percent of state-shared revenue allocation in 2021-2022. During fiscal year 2021-2022, revenue from State and Local sources increased \$206,562 from fiscal year 2020-2021.

The decrease in Federal Grant revenue is the due to the reduction in available grants related to the COVID-19 Pandemic.

Revenue from District Court fees and fines decreased by \$10,667 from fiscal year 2020-2021. This is a result of a decrease in the number of violations being issued.

Interest Income decreased by \$123,195 from fiscal year 2020-2021. This is a result of a decrease in interest rates from investments and the City’s pooled cash interest bearing account.

Other Revenue increased by \$93,795 from fiscal year 2020-2021. This is a result of an increase related to retiree health care account forfeitures and a settlement regarding the Provencal property annexation.



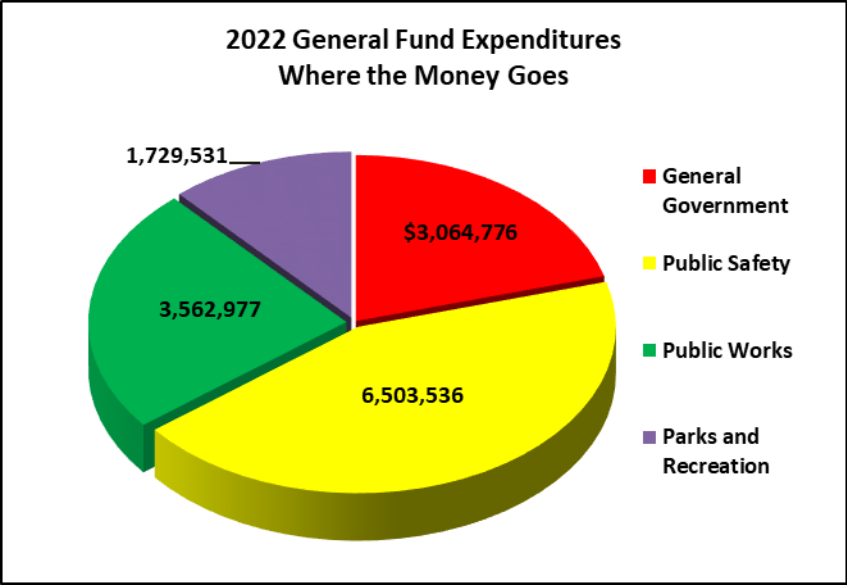
General Fund Expenditures

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 2020-2022 and displays the change in expenditures from fiscal year 2021 to 2022.

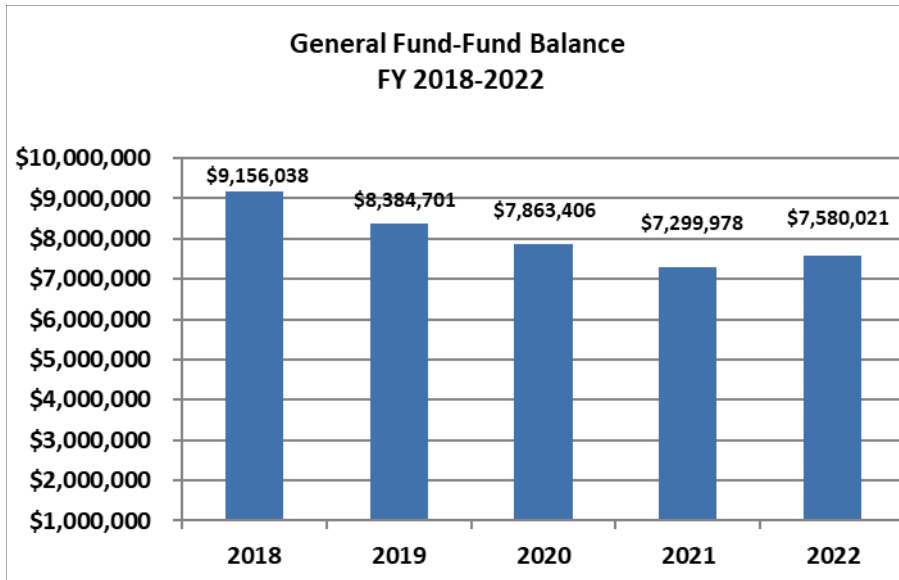
Expenditures	2020	2021	2022	Change from 2021 to 2022
General Government	\$ 2,537,974	\$ 2,814,151	\$ 3,064,776	\$ 250,625
Public Safety	5,502,349	6,232,522	6,503,536	271,014
Public Works	4,864,890	3,767,516	3,562,977	(204,539)
Parks and Recreation	1,498,109	1,516,796	1,729,531	212,735
Total Expenditures	\$ 14,403,322	\$ 14,330,985	\$ 14,860,820	\$ 529,835

General Government, Public Safety and Parks and Recreation experienced an increase in expenses of \$734,374. The majority of this is the result of an increase in personnel costs, pension expenses and healthcare costs. The Department of Public Works saw a decrease in expenses of \$204,500; this is due to a decrease in the allocation personnel costs in 2021-2022. Overall there was an increase in General Fund expenditures of \$529,835.

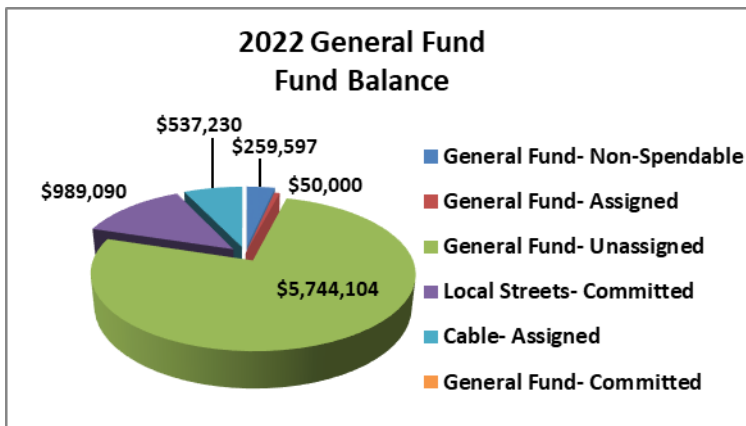


General Fund-Fund Balance

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 \$7.6 million. This includes the Local Road fund balance of \$989,000 and Cable fund balance of \$537,000. This is an increase of \$280,000 from fiscal year 2020-2021.



As the chart below indicates, the 2022 General fund balance is comprised of the following; \$1.9 million is committed, assigned and unspendable, leaving \$5.7 million unassigned. The unassigned amount represents approximately 39 percent of fiscal year 2021-2022 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)

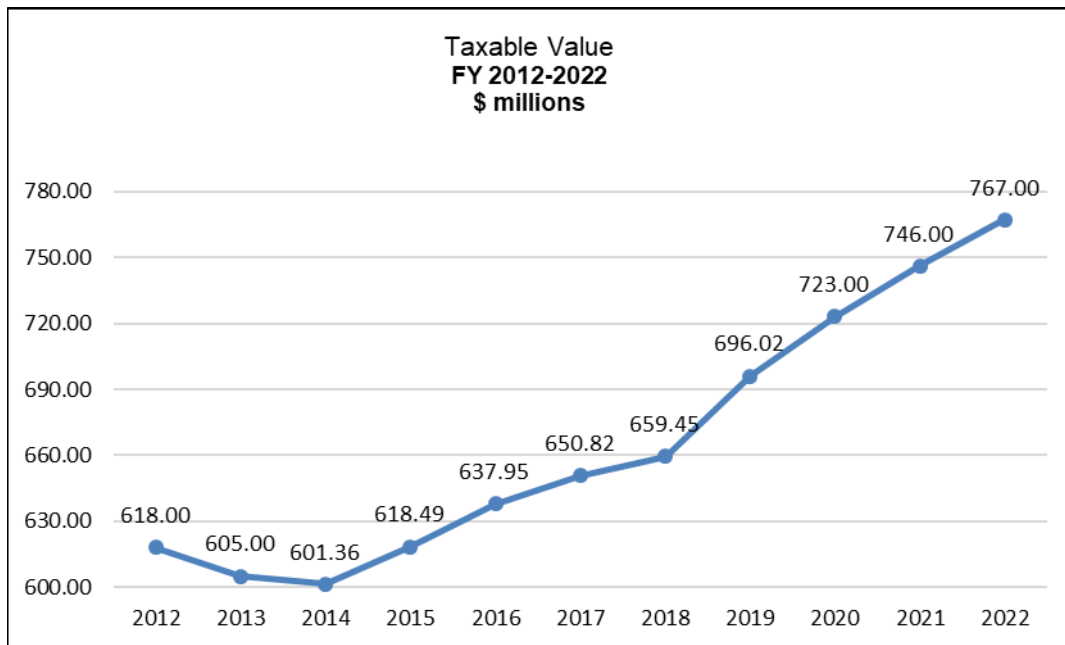
Committed: Funds that have been formally set aside by Council to be used for a specific purpose (Local Streets)

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

Unassigned: Funds that do not fall into any other category

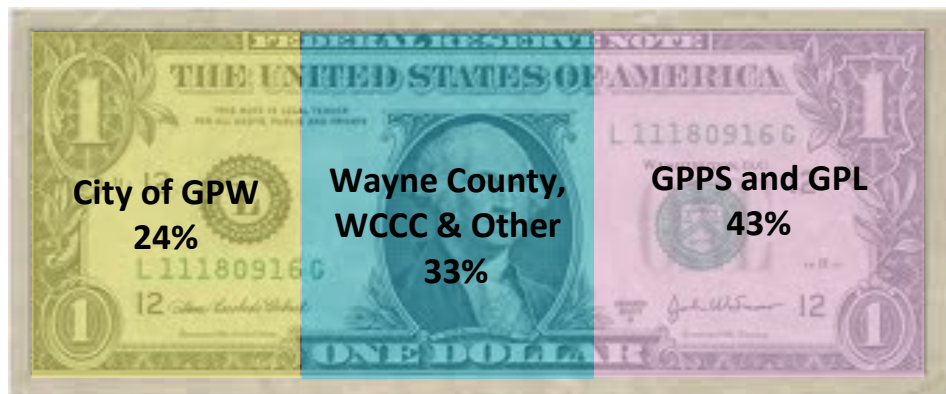
Taxable Value

Property tax values increased pursuant to the Consumer Price Index (CPI) by approximately 3.3 percent and realized an overall increase of 2.8% in fiscal year 2021-2022. 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.

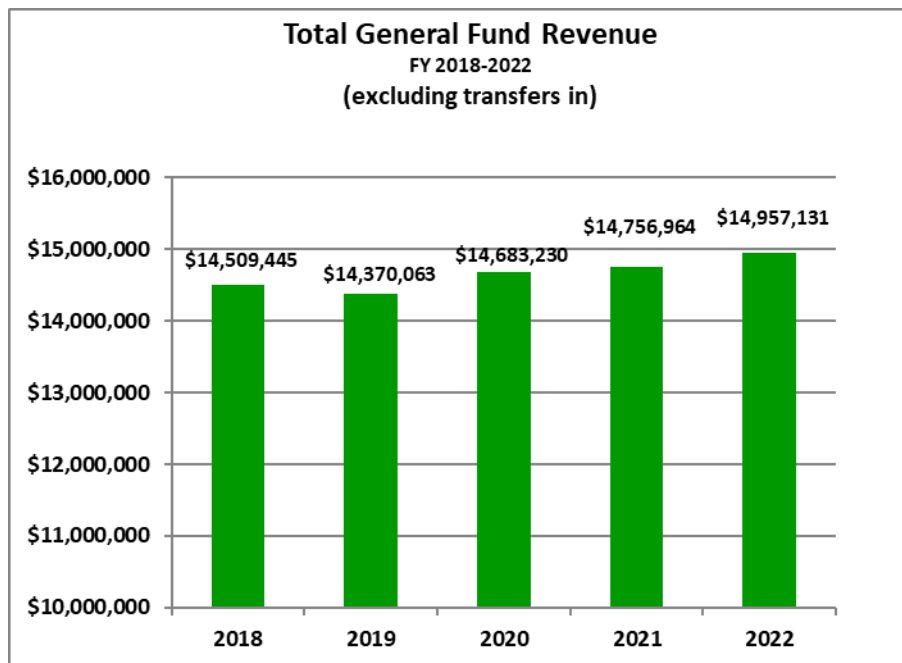


General Fund-Revenue/Expenditure History

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

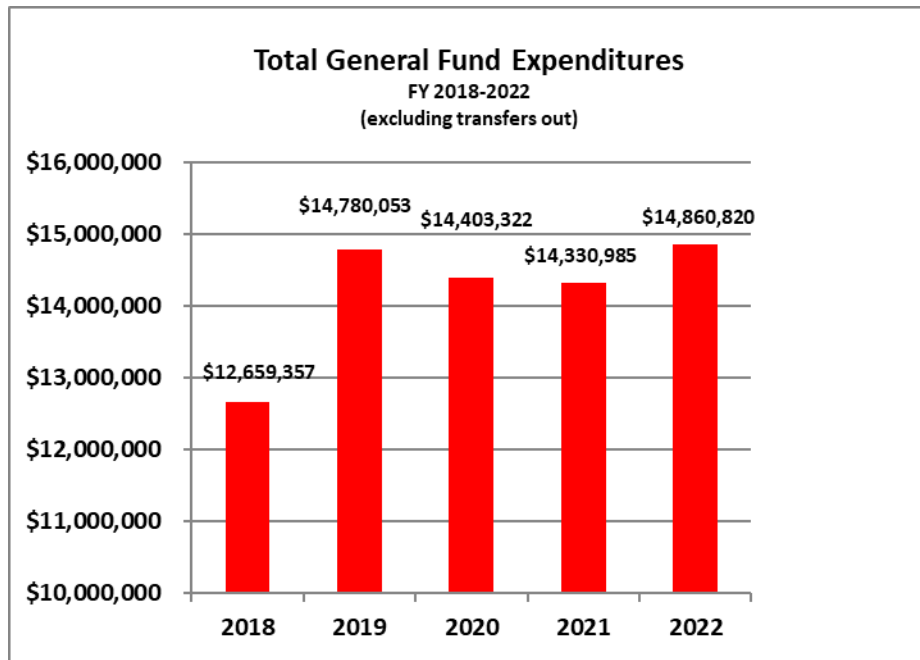
- General Property Tax Revenue increased approximately 5.7%. This increase is attributable to slow but steady increases in property tax values and the Consumer Price Index that is used to calculate the inflation rate multiplier.
- Charges for Service experienced a 3.2% increase. This is the result of an increase in building permits related to building construction and renovations.
- Intergovernmental Revenue from state sources experience the largest increase of approximately 21.3%.
- Interest Income and Fines and Forfeitures experienced decreases in revenue over the last five (5) years. This is a result of a decrease in interest rates and a reduction in violations issued.

Overall there was an increase in General Fund Revenue of 3.1% from 2018 through 2022.



General Fund expenditures experienced fluctuations over the last five years. Fiscal years ending 2018-2022, expenditures increased approximately 17%. 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

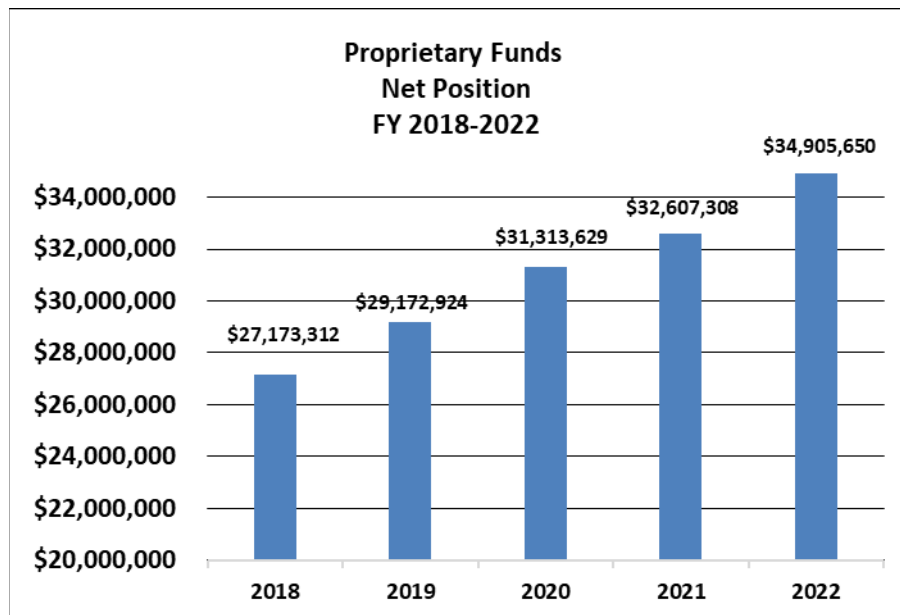
An Enterprise Fund is a fund that accounts for operations and services that are provided to residents and are financed through user charges. The major business type activities consist of the water and sewer fund and the parking fund. The non-major enterprise funds are the boat dock fund, and commodity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

Fiscal year 2021-2022 operating revenue decreased \$246,890 from fiscal year 2020-2021. Water and Sewer revenue experienced a slight decrease in user fees, docking/launching fees in the Boat Dock fund were also down slightly from fiscal year 2020-2021 and the Parking Fund experienced a slight increase in operating revenue related to an increase in parking violations issued. Operating expenses decreased by 397,801 from fiscal year 2020-2021, this is the result of a decrease expenses related to parking lot improvements and water and sewer repair and maintenance costs.

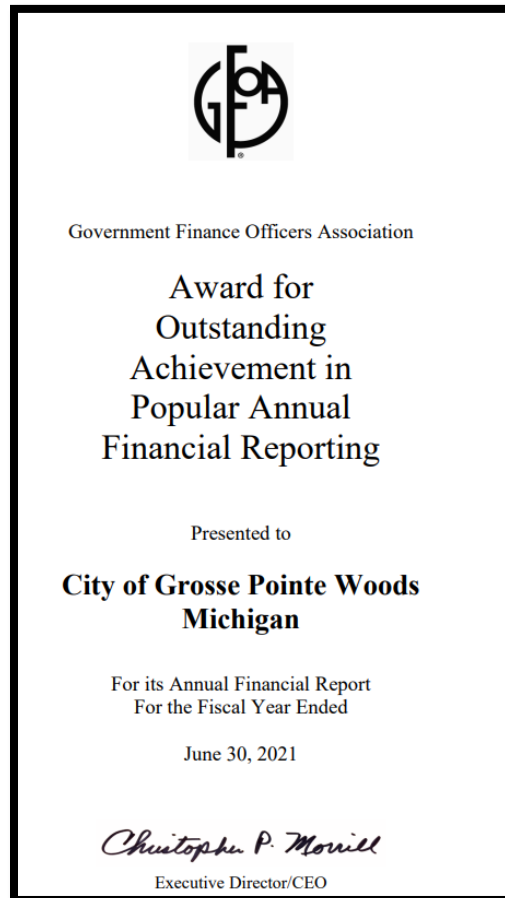
The Water & Sewer Fund has a “AA” bond rating from Standard & Poor’s. This allows the City to borrow funds at the lowest possible interest rate to fund infrastructure projects. Water and Sewer rates were increased in the current year to cover increased costs to purchase water and to fund required infrastructure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

Proprietary Funds			
Statement of Revenue, Expenses, and Changes in Net Position			
Fiscal Year 2022 compared to Fiscal Year 2021			
	Total Enterprise Funds FY 2022	Total Enterprise Funds FY 2021	Change
Total Operating Revenue	8,122,978	8,369,868	\$ (246,890)
Total Operating Expenses	<u>6,542,491</u>	<u>6,940,292</u>	\$ (397,801)
Operating Income	1,580,487	1,429,576	\$ 150,911
Total nonoperating revenue (expenses)	<u>(261,917)</u>	<u>(135,897)</u>	\$ (126,020)
Change in Net Position	1,318,570	1,293,679	\$ 24,891
Net Position-Beginning of year, as restated	33,587,080	31,313,629	\$ 2,273,451
Net Position-End of year	<u>\$ 34,905,650</u>	<u>\$ 32,607,308</u>	\$ 1,678,542

The City's business type activities have experienced a steady increase in net position from 2018-2022. 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.

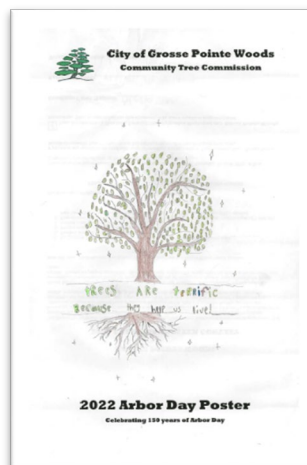
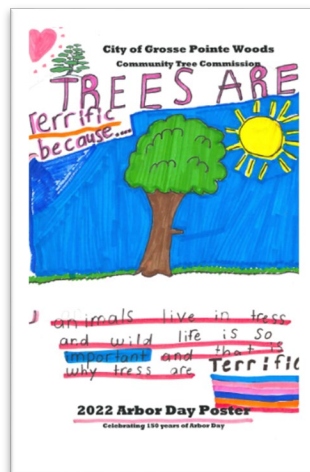
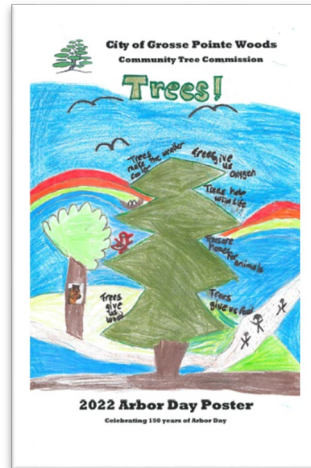


The Government Finance Officers Association (GFOA) of the United States and Canada has awarded the City of Grosse Pointe Woods the Popular Annual Financial Award (PAFR) for fiscal year end June 30, 2021. This is the ninth (9) consecutive year the PAFR has been awarded to the City.



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.

June 2022 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>