

# City of Grosse Pointe Farms, Michigan Comprehensive Annual Financial Report



**For The Year Ended  
June 30, 2017**

# **Comprehensive Annual Financial Report City of Grosse Pointe Farms, Michigan For the Fiscal Year Ended June 30, 2017**

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## **City Council**

James C. Farquhar - Mayor

Therese Joseph

Joe Ricci

Louis Theros

Peter W. Waldmeir

John J. Gillooly

Lev Wood

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Shane L. Reeside - City Manager

Debra Peck - City Controller/Treasurer

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## **Audit Committee**

Louis Theros

James C. Farquhar

Lev Wood

Prepared by the City's Finance Department

# City of Grosse Pointe Farms, Michigan

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## City of Grosse Pointe Farms

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December 22, 2017

To the Honorable Mayor and City Council  
City of Grosse Pointe Farms  
Grosse Pointe Farms, Michigan 48236

With this letter, we transmit the City of Grosse Pointe Farms' Comprehensive Annual Financial Report (CAFR) for the fiscal year which ended June 30, 2017. These statements are in compliance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) section of this report and should be used in conjunction with it. The MD&A immediately follows the report of the independent auditors.

The financial statements have been prepared by the City Controller's Department for the purpose of disclosing the City's financial condition to its residents, elected officials, and other interested parties. Management assumes full responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures.

The City of Grosse Pointe Farms' financial statements have been audited by Plante & Moran, PLLC. The purpose of an independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The audit concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Grosse Pointe Farms' financial statements for the year ended June 30, 2017 are fairly presented in conformity with GAAP. Plante & Moran, PLLC's report is presented as the first component of the financial section of this report.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter and the City's organizational chart. The financial section includes the basic financial statements and the combining and individual fund financial statements and schedules, as well as the auditor's report on the financial statements and schedules.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

This report includes all funds of the City. The City provides a full range of services including police and fire protection, sanitation services, recreational activities, parks, construction and maintenance of streets and infrastructures, community planning, zoning and code enforcement and the operation of a water utility system.

## ECONOMIC CONDITION & OUTLOOK

The City of Grosse Pointe Farms is an affluent, suburban community located in the northeast corner of Wayne County and nestled among its four Grosse Pointe neighbors between the City of Detroit on its west and Lake St. Clair on its east. Its population of 9,479 is distributed among approximately 3,950 households, having a median household income of \$115,918 and an average per capita income of \$57,289. The average value of an owner-occupied residence in the City is \$424,000. The labor force is composed largely of managerial and professional personnel, of which over 70 percent has a bachelor's, graduate or a post graduate degree. The unemployment rate among the City's residents is considerably lower than the rest of the region.

The City is ideally situated in relation to major transportation routes, including I-94 and I-696. Its location along Lake St. Clair provides a scenic and recreational asset of indeterminable value. The reputation for excellence of the Grosse Pointe Public School System is widely recognized and draws families to the community. But more importantly, the City itself is committed to preserving and enhancing the viability of the community, its history and heritage, the quality of its housing stock, the repair and replacement of its infrastructure, the safety and welfare of its citizens and visitors, the aesthetics of its environs, the provision of cost-efficient services, and the special enhancements that make a city a community.

Approximately 6 percent of the City's total revenues come from sales tax that is collected by the State and shared with local units of government. The distribution has stopped declining due to increases in statewide collections of state taxes, but is still far below the amount received at the high point in 2002. The City continues to take a conservative approach in estimating the revenue source. Grosse Pointe Farms' reliance on state-shared revenue is a relatively small portion of the City's budget.

The residential tax base makes up almost 93 percent of the tax roll or 68 percent of the City's total governmental revenue. During the past year and continuing through this fiscal year, there has been a marked improvement in residential property values and a corresponding shorter time that homes are on the market. Under State law, the City does have the ability to levy an additional .7674 mills for general operations.

In conclusion, the economic outlook for the City of Grosse Pointe Farms continues to be better than most cities in the state of Michigan. The City has maintained a strong financial position as a result of cost-cutting measures, consolidating services with surrounding communities and management's prudent budgeting practices. It should be noted that the City has seen an end to the downward trend in home values beginning in 2013, which translates to increases in property tax revenue. This is significant for the City, since over 73 percent of the City's General Fund revenue comes from this source.

## MAJOR INITIATIVES

The City continues to strive to provide excellence in service levels in a cost efficient manner. The following are among the significant initiatives accomplished by the City and in partnerships with the private sector during the past fiscal year:

- The City has invested more than \$1,000,000 in capital outlay that includes new vehicles and equipment for Public Safety and Public Works. As part of the Capital Project Fund, the City continues to set aside \$100,000, in separate reserves, for new firefighting apparatus and City Hall building improvements.
- The City is in the third year of a three-year project to develop an inventory and mapping of the City's combined storm and sanitary sewer system. As part of this project, the City is cleaning and televising critical sewers and making assessments for long-term operations, maintenance and capital improvement needs. This project is being funded through a \$500,000 SAW grant awarded by the Michigan Department of Environmental Quality (MDEQ), which covers 90 percent of the associated expenses.

- Working in close coordination with the City, the utility company, DTE Energy, has begun a gas main replacement program. Over the next two years, virtually every gas main, service line and gas meter within the City will be replaced. A major investment in the City's infrastructure, this program will improve the capacity, reliability and safety of natural gas delivery to our community.
- Similar to the conversion of the second and third floors of Cottage Hospital to senior housing in 2015, City Council approved the conversion of the former Tennis House on Moselle Place, originally commissioned by Edsel Ford, to upscale condominium units. When completed, the main structure will be comprised of 12 units, with the addition of four detached units. This is another example of a creative adaptive reuse of a historical property to meet the housing demands of the community.
- Continuing the annual road resurfacing program, the City repaved over 1.5 miles of roadway. This is part of more than \$2.5 million spent on roadwork over the past five years.
- As part of the Grosse Pointe Farms Foundation's annual appeal for "private support for public good," the Foundation and individuals contributed to major enhancements to Kerby Field. Improvements include three newly reconstructed baseball fields with new drainage, turf and fencing. The Foundation is developing plans for a new gathering area with a gazebo structure that will have the same architectural features and copper roof as was constructed at the adjacent Dog Park a few years ago.
- Last year, technological advancements were made by upgrading financial software to BS&A. All appropriate personnel have been trained on the new software which provides more analytical features.

### **The Kercheval (The Hill) and Mack Avenue Business Districts**

The City's two major business districts on Kercheval Avenue and Mack Avenue continue to flourish. Though the districts make up a small part of the community in terms of geography, they are vitally important to the quality of life our residents enjoy.

The enhancements to the Mack Avenue Business District have been dramatic with businesses continuing to update their building facades and sprucing up their properties. Village Market, a major grocery, has begun construction of a major expansion with a new exterior facade. The improvements along Mack Avenue, have been contagious and have spread to the other side of Mack Avenue, with several new buildings and businesses constructed and opened in the City of Detroit.

While retaining its charm, the City has commissioned a streetscape masterplan for the Hill Business District. The plan will include proposed enhancements to the district that will include mid-block pedestrian crossing, conversion of DTE street lights to ornamentals, and other improvements to the aesthetics of the area. The plan will also be utilized for eligibility to apply for State grants.

### **For the Future**

Continuing the investment in the City's infrastructure, the City is planning to conduct a major study of the Inland Sewer District. Unlike the Lakeside Sewer District which was separated in 2001, the Inland Sewer District has combined storm and sanitary sewer lines. The study will examine options and the cost-benefit of additional sewer separation. Potential benefits include reducing the potential for basement flooding during significant rain events, reduce the amount of road flooding (particularly in low-lying areas), and reduce the volume of storm water that is being sent to the Great Lakes Water Authority (GLWA) for treatment and associated combined sewage treatment costs.

The City has also begun allocating funds for renovations to City Hall. Proposed are new exterior windows, new bathrooms that are Americans with Disabilities Act (ADA) compliant, and other renovations that will meet the needs of City employees and serve our residents.



## FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

### **Budgeting Controls**

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General, Special Revenue, Capital Projects, and Debt Service Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function within an individual fund.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

### **Long-term Financial Planning**

The City's management style integrated long-term considerations into the day-to-day decision-making processes.

Management has been evaluating staffing levels in accordance with departmental needs. Operations have been evaluated and through training and technological advances, efficiency gains have allowed the City to pare back full-time staff mostly through attrition and, if necessary, replaced with part-time staff. Personnel costs are typically the highest cost center of any municipality, and management will continue to evaluate staffing levels annually.

To facilitate planning to meet the City's infrastructure and equipment needs, each year a five-year capital improvement program is developed. This program details all planned projects, improvement and equipment needs. In addition to estimated expenditures, funding sources are also identified.

The City continues to aggressively seek and secure outside resources to match internal sources to finance infrastructure evaluation and construction.

### **General Fund Balance**

The total fund balance of the General Fund increased \$69,618, to \$5,209,176. A total of \$84,063 was reserved for inventories and prepaid items, \$927,418 was committed for parking, harbor and health insurance, and \$200,000 was assigned for subsequent year's expenditures, leaving an unassigned fund balance of \$3,997,695.

### **Enterprise Operations**

The City operates its own water supply and sewage pumping system. The operating revenue of the Water and Sewer Fund amounted to \$7,330,395, which is an increase of \$350,622 from the preceding year. During the same period, operating expenses, excluding depreciation, were \$6,112,054. After providing for depreciation and nonoperating revenues and expenses, the system experienced a positive change in net position \$1,066,672.

## **Pension Trust Fund Operations**

The City of Grosse Pointe Farms Public Safety Officers (PSRS) and General Employees Retirement Systems (GERS) are single-employer defined-benefit pension plans, which cover eligible full-time employees of the City. Each system is managed by a five-member board, under the provisions of the City's defined-benefit pension ordinance. The General Employees plan is closed to all new hires of the City. The City and new hires instead make contributions into a defined contribution plan. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan, which for the fiscal year ended June 30, 2017 totaled \$406,971. For the year ended June 30, 2017, the City made an additional contribution above the required contribution of \$285,270.

The operations of the Public Safety Officers and General Employees' Retirement Systems posted a return on investments of approximately 13.4 percent (8.76 percent PSRS and 9.04 percent GERS utilizing a four-year smoothing method). The systems' reserves increased \$3,202,765 PSRS and \$1,609,012 GERS. The annual actuarial valuation is strong, as the funding level for PSRS is approximately 112 percent and 93 percent for GERS.

The City also provides retiree healthcare benefits to qualifying full-time employees. All new hires after July 1, 2007 are not eligible for the postretirement healthcare plan. Instead, new employees and the City are contributing annually to a Health Savings Account (HSA), which will be available for healthcare needs upon retirement. The City has been prefunding for retiree health care for several years and is currently funded 31 percent for PSRS and 15 percent for GERS.

## **Debt Administration**

At June 30, 2017, the City had \$15,566,522 of general obligation debt outstanding, which is also the net direct tax-supported debt. This is the equivalent of \$1,642 per capita and represents about 2.1 percent of the City's taxable valuation. Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10 percent of total equalized value of real and personal property. As of June 30, 2017, the City's general obligation bonded debt was well below the legal limit of \$84,392,195. It is anticipated that the City will be issuing additional bonds in December 2017 to finance a legal settlement in the amount of \$4,000,000.

## **Independent Audit**

The City Charter and state statutes require an annual audit of all accounts of the City by certified public accountants. The accounting firm of Plante & Moran, PLLC was selected by the City Council. The auditor's report on the basic financial statements and combining and individual fund financial statements is included in the financial section of this report.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grosse Pointe Farms for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Grosse Pointe Farms has received a Certificate for the last 24 consecutive years (fiscal years 1993-2016). We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA.

In addition, the City has also received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its fiscal year 2016 Financial Summary. This was the sixth consecutive year that the City has received this award. In order to qualify for the Popular Annual Financial Reporting Award, the governmental unit must publish a Popular Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the accounting staff as well as various employees throughout the City. Our sincere appreciation is expressed to each of them as well as to the City Council for their consistent support throughout the year in matters pertaining to the financial affairs of the City.

Respectfully submitted,



Shane L. Reeside  
City Manager



Debra A. Peck  
City Controller/Treasurer



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Grosse Pointe Farms  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

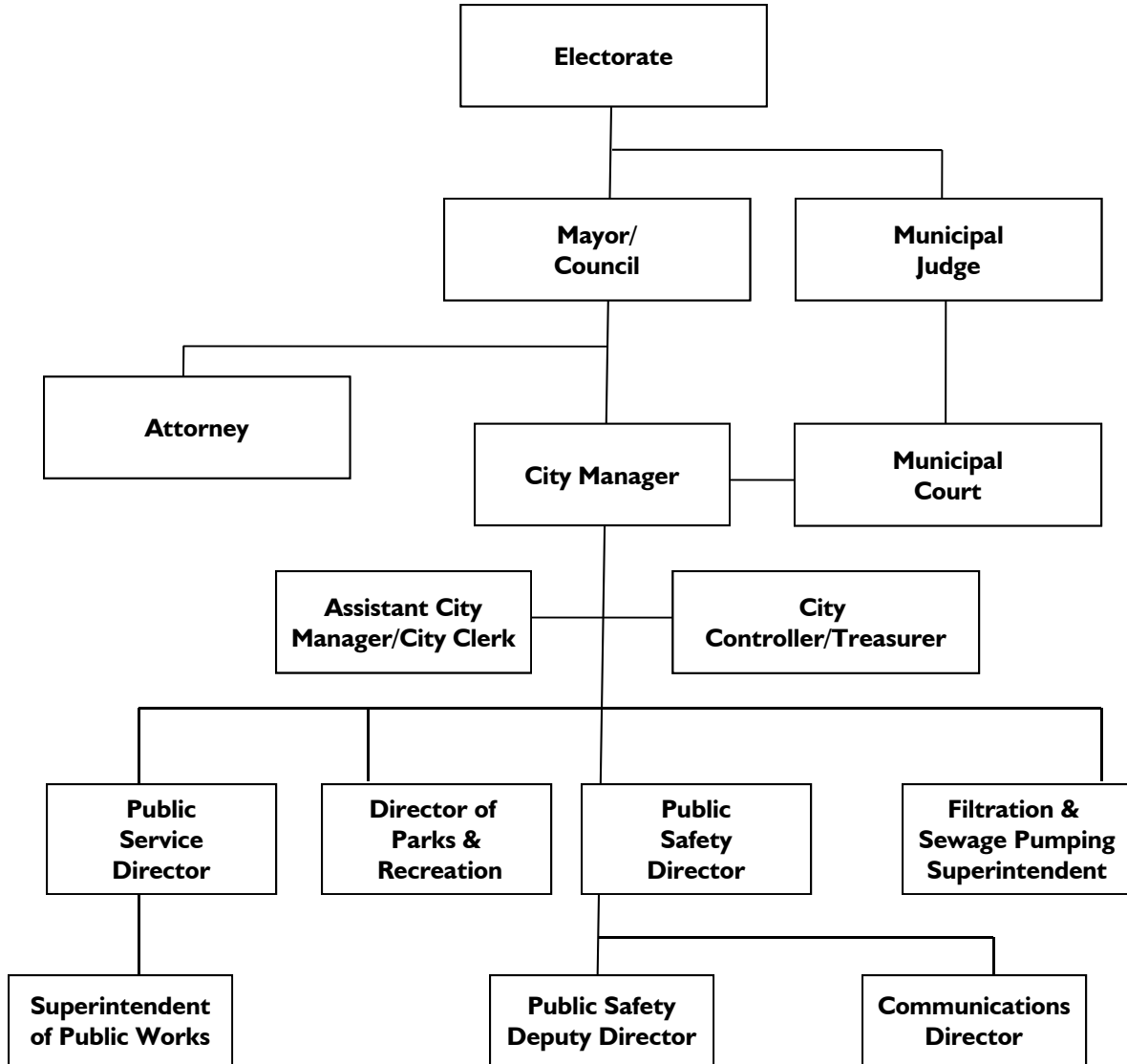
**June 30, 2016**

Executive Director/CEO

# City of Grosse Pointe Farms

June 30, 2017

## Organizational Chart



## Independent Auditor's Report

To the City Council  
City of Grosse Pointe Farms, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Farms, Michigan (the "City"), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the City of Grosse Pointe Farms, Michigan's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Farms, Michigan as of June 30, 2017 and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council  
City of Grosse Pointe Farms, Michigan

**Emphasis of Matter**

As described in Notes 19 and 20 to the financial statements, the City adopted the new accounting guidance of GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which enhances accounting and financial reporting standards of OPEB plans. Our opinion is not modified with respect to this matter.

**Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grosse Pointe Farms, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section, as identified in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Plantz & Moran, PLLC*

December 22, 2017

# City of Grosse Pointe Farms, Michigan

## Management's Discussion and Analysis

### Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City of Grosse Pointe Farms, Michigan (the "City") as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements. The fiduciary fund statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

### The City as a Whole

The following table shows, in a condensed format, the net position as of June 30, 2017 compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current assets	\$ 8,838	\$ 8,664	\$ 3,554	\$ 2,470	\$ 12,392	\$ 11,134
Noncurrent assets	3,897	3,257	-	-	3,897	3,257
Capital assets	19,406	19,461	22,552	23,443	41,958	42,904
Total assets	32,141	31,382	26,106	25,913	58,247	57,295
<b>Deferred Outflows of Resources</b>						
Deferred charges on bond refunding	76	83	44	54	120	137
Deferred outflows related to pensions	3,247	5,334	446	613	3,693	5,947
Total deferred outflows of resources	3,323	5,417	490	667	3,813	6,084
<b>Liabilities</b>						
Current liabilities	716	1,829	598	1,679	1,314	3,508
Long-term liabilities	22,608	16,451	12,239	12,071	34,847	28,522
Total liabilities	23,324	18,280	12,837	13,750	36,161	32,030
<b>Deferred Inflows of Resources - Deferred inflows related to pensions</b>	161	235	-	-	161	235
<b>Net Position</b>						
Net investment in capital assets	15,088	14,678	11,424	11,371	26,512	26,049
Restricted	1,016	783	-	-	1,016	783
Unrestricted	(4,125)	2,823	2,335	1,459	(1,790)	4,282
Total net position	<b>\$ 11,979</b>	<b>\$ 18,284</b>	<b>\$ 13,759</b>	<b>\$ 12,830</b>	<b>\$ 25,738</b>	<b>\$ 31,114</b>



# City of Grosse Pointe Farms, Michigan

## Management's Discussion and Analysis (Continued)

Governmental activities net position decreased due to the reduction of the net pension asset.

The following table shows the revenue and expense activity during the year ended June 30, 2017 and as compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 1,901	\$ 1,927	\$ 7,683	\$ 7,334	\$ 9,584	\$ 9,261
Operating grants and contributions	45	40	197	183	242	223
Capital contributions	715	736	-	-	715	736
General revenue:						
Property taxes	10,197	9,731	790	788	10,987	10,519
State-shared revenue	836	815	-	-	836	815
Interest	11	188	-	3	11	191
Franchise fees and other	1,000	980	-	-	1,000	980
Total revenue	14,705	14,417	8,670	8,308	23,375	22,725
<b>Program Expenses</b>						
General government	7,506	3,316	-	-	7,506	3,316
Public safety	7,309	7,054	-	-	7,309	7,054
Public works	3,836	3,334	-	-	3,836	3,334
Municipal court	291	301	-	-	291	301
Community and economic development	23	29	-	-	23	29
Recreation and culture	1,912	1,911	-	-	1,912	1,911
Interest on long-term debt	133	139	-	-	133	139
Water and sewer	-	-	7,251	6,862	7,251	6,862
Recycling program	-	-	364	129	364	129
Municipal radio system	-	-	126	343	126	343
Total program expenses	21,010	16,084	7,741	7,334	28,751	23,418
<b>Net Change in Net Position</b>	(6,305)	(1,667)	929	974	(5,376)	(693)
<b>Net Position - Beginning of year</b>	18,284	19,951	12,830	11,856	31,114	31,807
<b>Net Position - End of year</b>	<b>\$ 11,979</b>	<b>\$ 18,284</b>	<b>\$ 13,759</b>	<b>\$ 12,830</b>	<b>\$ 25,738</b>	<b>\$ 31,114</b>

### Governmental Activities

The City's total governmental activities revenue increased from the previous fiscal year. The taxable value of property increased 1.3 percent, with a corresponding increase in property tax revenue. Capital contributions decreased due to the receipt of fewer grant funds.

The City's total governmental expenses increase was mainly attributable to the accrual of a provision for uninsured losses in the amount of \$4,000,000 related to a lawsuit settlement.

The following represents some of the more significant financial highlights for the year ended June 30, 2017:

- The City's taxable value increased 1.3 percent compared to a 2.3 percent increase the year before.
- The City has assigned a portion of the \$1,680,127 fund balance in the Capital Projects Fund for future fire department equipment, road improvements, and city hall improvements.

# **City of Grosse Pointe Farms, Michigan**

## **Management's Discussion and Analysis (Continued)**

### **Business-type Activities**

The City's business-type activities consist of the Water and Sewer Fund, Recycling Program, and Municipal Radio System Fund. The City provides water to our residents and the residents of the City of Grosse Pointe through our municipal water filtration plant. The City pumps its sewage to the City of Detroit for treatment and disposal. The City's expenses for water and sewer increased by \$407,000, or 6.2 percent, mainly attributable to increased cost of sewage treatment, emergency sewer repairs, and pension cost. Water and sewer rates were increased not only to cover projected operational costs, but also to recover a portion of the subsidy from other City operating funds.

### **The City's Funds**

Our analysis of the City's major funds begins on page 10, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes, as well as show accountability for certain activities, such as the Insurance Retention Fund and the Recycling Fund. The City's major funds are the General Fund and the Water and Sewer Fund.

The General Fund pays for most of the City's governmental services. The most significant are public safety, which incurred expenses of \$4,615,621 during fiscal year 2017. The General Fund is supported primarily by property taxes and state-shared revenue. The Major Streets Fund maintains the City's major streets (as contrasted with the neighborhood streets that are maintained by the Local Streets Fund), and is supported by state gas and weight taxes. The Local Streets Fund also receives gas and weight taxes, as well as transfers from the City's General Fund and Major Streets Fund. The Insurance Retention Fund accounts for expenditures for the City's self-insured workers' compensation. The Capital Projects Fund is utilized to account for purchases of individual items greater than \$5,000.

### **General Fund Budgetary Highlights**

Approaching the end of the year, the City administration and City Council amended the budget to account for increased expenditures for public works and streets and recreation and culture. The expenditure adjustments were offset by increased revenue sources.

### **Capital Asset and Debt Administration**

At the end of fiscal year 2017, the City had approximately \$41,958,000 invested in a wide range of capital assets, including land, buildings, fire equipment, vehicles, and water, sewer, and storm sewer lines (see Note 4 to the notes to the basic financial statements for additional information). The value of the land improvements and buildings and improvements, net of depreciation, is \$12,895,000 and \$13,630,000 for fiscal years 2017 and 2016, respectively.

# **City of Grosse Pointe Farms, Michigan**

## **Management's Discussion and Analysis (Continued)**

Debt reported in these financial statements is related largely to the sewer separation project during fiscal years 2000, 2001, 2004, and 2012 sewage pumping plant improvements, which are recorded in the Water and Sewer Fund (see Note 6 to the notes to the basic financial statements for additional information). The City also issued two bond issues totaling \$6,800,000 in 2004 and 2005, \$4,300,000 for the refurbishment of the Pier Park's Harbor Project, and \$2,500,000 for a new Recreation Building at the Pier Park. During 2014, the City issued refunding bonds to refinance the 2004 Recreation Building and General Obligation Sewer bonds. The City also issued \$3,225,000 in water and sewer improvement bonds in 2015 and \$2,780,000 in Harbor Project refunding bonds.

### **Economic Factors and Next Year's Budgets and Rates**

The City's budget for next year reflects a decrease in the City's total millage rate from 14.4500 to 14.3500 mills. The overall property tax revenue was higher due to the increase in taxable value. Cost-cutting measures undertaken by the City administration and the utilization of \$200,000 of fund balance for capital improvements made a balanced budget possible.

### **Contacting the City's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with an overview of the City's finances and to show the City's accountability for the revenue it receives. If you have any questions about this report or need additional information, we invite you to contact the Grosse Pointe Farms City Controller's office.

# City of Grosse Pointe Farms, Michigan

## Statement of Net Position June 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 4,253,784	\$ 1,557,171	\$ 5,810,955
Investments (Note 3)	3,901,671	-	3,901,671
Receivables:			
Property taxes receivable	5,840	638	6,478
Customers	-	1,765,670	1,765,670
Accrued interest receivable	12,668	-	12,668
Other receivables	90,336	48,515	138,851
Due from other governmental units	287,189	174,230	461,419
Due from pension funds	116,317	-	116,317
Inventory	21,721	-	21,721
Prepaid items and other assets	115,604	7,445	123,049
Investment in joint ventures (Note 15)	33,290	-	33,290
Net pension asset	3,896,950	-	3,896,950
Capital assets:			
Assets not subject to depreciation (Note 4)	5,968,178	58,278	6,026,456
Assets subject to depreciation (Note 4)	13,437,519	22,493,968	35,931,487
Total assets	32,141,067	26,105,915	58,246,982
<b>Deferred Outflows of Resources</b>			
Deferred charges on bond refunding	76,014	44,100	120,114
Deferred outflows related to pensions	3,247,338	445,719	3,693,057
Total deferred outflows of resources	3,323,352	489,819	3,813,171
<b>Liabilities</b>			
Accounts payable	320,973	478,136	799,109
Refundable deposits, bonds, etc.	133,892	19,777	153,669
Accrued liabilities and other	261,627	100,007	361,634
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 6)	533,020	70,028	603,048
Provision for uninsured losses	4,000,000	-	4,000,000
Current portion of long-term debt (Note 6)	454,772	946,777	1,401,549
Due in more than one year:			
Compensated absences (Note 6)	890,689	125,430	1,016,119
Provision for uninsured losses (Note 6)	248,539	-	248,539
Net OPEB obligation (Note 6)	11,330,321	455,299	11,785,620
Net pension liability	1,211,054	415,934	1,626,988
Long-term debt (Note 6)	3,939,025	10,225,948	14,164,973
Total liabilities	23,323,912	12,837,336	36,161,248
<b>Deferred Inflows of Resources</b> - Deferred inflows related to pensions	161,418	-	161,418
<b>Net Position</b>			
Net investment in capital assets	15,087,914	11,423,621	26,511,535
Restricted for - Roads and grants	1,015,723	-	1,015,723
Unrestricted	(4,124,548)	2,334,777	(1,789,771)
Total net position	\$ 11,979,089	\$ 13,758,398	\$ 25,737,487

# City of Grosse Pointe Farms, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 7,506,479	\$ 379,206	\$ 10,280	\$ -
Municipal court	291,358	222,719	-	-
Public safety	7,308,744	670,530	-	-
Public works	3,836,009	-	-	714,951
Community and economic development	22,709	-	34,960	-
Recreation and culture - Parks and recreation	1,911,506	628,292	-	-
Interest on long-term debt	133,405	-	-	-
Total governmental activities	21,010,210	1,900,747	45,240	714,951
Business-type activities:				
Water and sewer	7,250,838	7,330,395	196,843	-
Municipal radio system	364,399	230,446	-	-
Recycling program	126,320	122,019	-	-
Total business-type activities	7,741,557	7,682,860	196,843	-
Total primary government	<b>\$ 28,751,767</b>	<b>\$ 9,583,607</b>	<b>\$ 242,083</b>	<b>\$ 714,951</b>

General revenue:

Property taxes  
State-shared revenue (unrestricted)  
Investment income (unrestricted)  
Other miscellaneous income

Total general revenue

**Change in Net Position**

**Net Position** - Beginning of year

**Net Position** - End of year

**Statement of Activities  
Year Ended June 30, 2017**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (7,116,993)	\$ -	\$ (7,116,993)
(68,639)	-	(68,639)
(6,638,214)	-	(6,638,214)
(3,121,058)	-	(3,121,058)
12,251	-	12,251
(1,283,214)	-	(1,283,214)
(133,405)	-	(133,405)
(18,349,272)	-	(18,349,272)
-	276,400	276,400
-	(133,953)	(133,953)
-	(4,301)	(4,301)
-	138,146	138,146
(18,349,272)	138,146	(18,211,126)
10,197,228	790,264	10,987,492
835,548	-	835,548
11,245	8	11,253
999,612	-	999,612
12,043,633	790,272	12,833,905
(6,305,639)	928,418	(5,377,221)
18,284,728	12,829,980	31,114,708
<b>\$ 11,979,089</b>	<b>\$ 13,758,398</b>	<b>\$ 25,737,487</b>

# City of Grosse Pointe Farms, Michigan

## Governmental Funds Balance Sheet June 30, 2017

	General Fund	Nonmajor Funds	Total
<b>Assets</b>			
Cash and cash equivalents (Note 3)	\$ 2,101,930	\$ 2,110,248	\$ 4,212,178
Investments (Note 3)	3,296,794	504,877	3,801,671
Receivables:			
Property taxes receivable	5,840	-	5,840
Accrued interest receivable	12,511	155	12,666
Other receivables	81,014	200	81,214
Due from other governmental units	140,296	146,893	287,189
Due from fiduciary funds	116,317	-	116,317
Inventory	21,721	-	21,721
Prepays and other assets	62,342	-	62,342
	<u>\$ 5,838,765</u>	<u>\$ 2,762,373</u>	<u>\$ 8,601,138</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 251,048	\$ 60,650	\$ 311,698
Refundable deposits, bonds, etc.	133,892	-	133,892
Accrued liabilities and other	244,649	7,250	251,899
	<u>629,589</u>	<u>67,900</u>	<u>697,489</u>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	-	11,096	11,096
<b>Fund Balances</b>			
Nonspendable:			
Prepays	62,342	-	62,342
Inventory	21,721	-	21,721
Restricted - Roads	-	1,004,627	1,004,627
Committed:			
Parking	352,650	-	352,650
Harbor	390,975	-	390,975
Health insurance	183,793	-	183,793
Assigned:			
Subsequent year's budget	200,000	-	200,000
Capital projects	-	1,680,127	1,680,127
Unassigned	3,997,695	(1,377)	3,996,318
	<u>5,209,176</u>	<u>2,683,377</u>	<u>7,892,553</u>
Total fund balances	<u>5,209,176</u>	<u>2,683,377</u>	<u>7,892,553</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,838,765</u>	<u>\$ 2,762,373</u>	<u>\$ 8,601,138</u>

# City of Grosse Pointe Farms, Michigan

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2017

<b>Fund Balance Reported in Governmental Funds</b>	\$ 7,892,553
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	19,405,697
Legal settlement on flooding claims incurred but not reported liability is not due and payable in the current period and is not reported in the funds	(4,000,000)
Investments in joint ventures are not financial resources and are not reported in the funds	33,290
Deferred charges on bond refunding associated with long-term debt payable are not reported in the funds	76,014
Net pension asset is not reported in the funds	2,685,896
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	3,085,920
Grant revenue is recognized in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	34,026
Health care incurred but not reported liability is not due and payable in the current period and is not reported in the funds	(140,957)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(4,393,797)
Accrued interest is not due and payable in the current period and is not reported in the funds	(32,658)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,423,709)
Other postemployment benefit obligations are not due and payable in the current period and are not reported in the funds	(11,330,321)
Internal service funds are included as part of governmental activities	<u>87,135</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 11,979,089</u></b>



# City of Grosse Pointe Farms, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2017

	General Fund	Nonmajor Funds	Total
<b>Revenue</b>			
Property taxes	\$ 10,197,228	\$ -	\$ 10,197,228
Licenses and permits	465,172	-	465,172
Federal grants	10,280	12,768	23,048
State-shared revenue and grants	848,483	702,016	1,550,499
Charges for services	1,739,435	-	1,739,435
Fines and forfeitures	387,632	-	387,632
Investment income	8,091	2,531	10,622
Other revenue	242,563	30,454	273,017
Total revenue	13,898,884	747,769	14,646,653
<b>Expenditures</b>			
Current:			
General government	1,564,902	-	1,564,902
Municipal court	291,358	-	291,358
Public safety	4,615,621	-	4,615,621
Public works and streets	1,831,265	573,506	2,404,771
Community and economic development	-	22,709	22,709
Recreation and culture	1,290,409	-	1,290,409
Other functions	2,214,406	-	2,214,406
Capital outlay	-	1,261,943	1,261,943
Debt service	-	488,305	488,305
Total expenditures	11,807,961	2,346,463	14,154,424
<b>Excess of Revenue Over (Under) Expenditures</b>	2,090,923	(1,598,694)	492,229
<b>Other Financing Sources (Uses)</b>			
Transfers in (Note 5)	-	2,096,305	2,096,305
Transfers out (Note 5)	(2,021,305)	(75,000)	(2,096,305)
Total other financing (uses) sources	(2,021,305)	2,021,305	-
<b>Net Change in Fund Balances</b>	69,618	422,611	492,229
<b>Fund Balances - Beginning of year</b>	5,139,558	2,260,766	7,400,324
<b>Fund Balances - End of year</b>	<b>\$ 5,209,176</b>	<b>\$ 2,683,377</b>	<b>\$ 7,892,553</b>

# City of Grosse Pointe Farms, Michigan

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2017

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 492,229
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	1,228,429
Depreciation expense	(1,273,572)
Net book value of assets disposed of or adjusted	(9,791)
Deferred charge on debt refunding is a deferred outflow in the governmental activities, but not in the governmental funds	28,512
Legal settlement on flooding claims incurred but not reported expense is not due and payable in the current period and is not reported in the funds	(4,000,000)
Grant revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	22,192
Change in health care incurred but not reported	(140,957)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	352,500
Change in accrued interest payable and other	2,400
Increase in pension asset and deferred outflows related to pensions reported in the statement of activities does not require the use of current resources and therefore is not reported in the fund statements until it comes due for payment	(1,510,753)
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and therefore are not reported in the fund statements until they come due for payment	(158,296)
Other postemployment benefit obligation expense is recognized in the statement of activities, but not in the governmental funds	(1,132,400)
Change in investment in Grosse Pointes-Clinton Refuse Disposal Authority joint venture is recorded in the governmental funds	(11,768)
Internal service funds are included as part of governmental activities	(194,364)
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (6,305,639)</u></b>

# City of Grosse Pointe Farms, Michigan

## Proprietary Funds Statement of Net Position June 30, 2017

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Nonmajor Enterprise	Total	Internal Service Fund - Insurance Retention
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,399,392	\$ 157,779	\$ 1,557,171	\$ 41,606
Investments	-	-	-	100,000
Receivables:				
Property taxes receivable	638	-	638	-
Receivables from sales to customers on account	1,765,670	-	1,765,670	-
Accrued interest receivable	-	-	-	2
Other receivables	32,448	16,067	48,515	9,122
Due from other governmental units	124,298	49,932	174,230	-
Prepaid expenses and other assets	6,418	1,027	7,445	53,262
Total current assets	3,328,864	224,805	3,553,669	203,992
Noncurrent assets - Capital assets:				
Assets not subject to depreciation (Note 4)	58,278	-	58,278	-
Assets subject to depreciation (Note 4)	21,966,654	527,314	22,493,968	-
Total assets	25,353,796	752,119	26,105,915	203,992
<b>Deferred Outflows of Resources</b>				
Deferred charges on bond refunding	44,100	-	44,100	-
Deferred outflows related to pensions	378,459	67,260	445,719	-
Total deferred outflows of resources	422,559	67,260	489,819	-
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	474,852	3,284	478,136	9,275
Refundable deposits, bonds, etc.	-	19,777	19,777	-
Accrued liabilities and other	98,800	1,207	100,007	-
Compensated absences (Note 6)	61,416	8,612	70,028	-
Current portion of long-term debt (Note 6)	946,777	-	946,777	-
Total current liabilities	1,581,845	32,880	1,614,725	9,275
Noncurrent liabilities:				
Compensated absences (Note 6)	109,542	15,888	125,430	-
Net OPEB obligation (Note 6)	375,621	79,678	455,299	-
Net pension liability	353,169	62,765	415,934	-
Provision for uninsured losses (Note 6)	-	-	-	107,582
Long-term debt (Note 6)	10,225,948	-	10,225,948	-
Total noncurrent liabilities	11,064,280	158,331	11,222,611	107,582
Total liabilities	12,646,125	191,211	12,837,336	116,857
<b>Net Position</b>				
Net investment in capital assets	10,896,307	527,314	11,423,621	-
Unrestricted	2,233,923	100,854	2,334,777	87,135
Total net position	<b>\$ 13,130,230</b>	<b>\$ 628,168</b>	<b>\$ 13,758,398</b>	<b>\$ 87,135</b>

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

# City of Grosse Pointe Farms, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2017

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Nonmajor Enterprise	Total	Proprietary Internal Service Fund - Insurance Retention
	Fund	Enterprise	Total	Retention
<b>Operating Revenue</b>				
Sale of water	\$ 3,830,535	\$ -	\$ 3,830,535	\$ -
Sewage disposal charges	3,320,102	-	3,320,102	-
Interest and penalty charges	-	2,171	2,171	-
Recycling charges	-	119,848	119,848	-
Radio system charges	-	230,446	230,446	-
Other	179,758	-	179,758	135,103
Total operating revenue	7,330,395	352,465	7,682,860	135,103
<b>Operating Expenses</b>				
Cost of water	1,389,457	-	1,389,457	-
Cost of sewage treatment	3,942,072	-	3,942,072	-
Other operation and maintenance	-	385,063	385,063	-
Billing and administrative costs	780,525	-	780,525	-
Benefit payments	-	-	-	330,089
Depreciation	797,873	105,656	903,529	-
Total operating expenses	6,909,927	490,719	7,400,646	330,089
<b>Operating Income (Loss)</b>	420,468	(138,254)	282,214	(194,986)
<b>Nonoperating Revenue (Expenses)</b>				
Property tax revenue	790,264	-	790,264	-
Investment income	8	-	8	622
Interest expense	(340,911)	-	(340,911)	-
Grants	196,843	-	196,843	-
Total nonoperating revenue	646,204	-	646,204	622
<b>Change in Net Position</b>	1,066,672	(138,254)	928,418	(194,364)
<b>Net Position - Beginning of year</b>	12,063,558	766,422	12,829,980	281,499
<b>Net Position - End of year</b>	<b>\$ 13,130,230</b>	<b>\$ 628,168</b>	<b>\$ 13,758,398</b>	<b>\$ 87,135</b>

# City of Grosse Pointe Farms, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2017

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service Fund - Insurance Retention
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 7,514,550	\$ 352,465	\$ 7,867,015	\$ 135,103
Payments to suppliers	(4,641,517)	(137,383)	(4,778,900)	(227,706)
Payments to employees	(1,491,112)	(229,691)	(1,720,803)	-
Other payments	(97,739)	6,143	(91,596)	(9,122)
Other receipts	167,750	9,548	177,298	-
Net cash provided by (used in) operating activities	1,451,932	1,082	1,453,014	(101,725)
<b>Cash Flows from Noncapital Financing Activities -</b>				
Operating grants and subsidies	196,843	-	196,843	-
<b>Cash Flows from Capital and Related Financing Activities</b>				
Property taxes (restricted for capital or capital debt)	790,227	-	790,227	-
Purchase of capital assets	(12,796)	-	(12,796)	-
Principal and interest paid on capital debt	(1,245,773)	-	(1,245,773)	-
Net cash used in capital and related financing activities	(468,342)	-	(468,342)	-
<b>Cash Flows from Investing Activities -</b> Interest received on investments	8	-	8	622
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,180,441	1,082	1,181,523	(101,103)
<b>Cash and Cash Equivalents -</b> Beginning of year	218,951	156,697	375,648	142,709
<b>Cash and Cash Equivalents -</b> End of year	<u>\$ 1,399,392</u>	<u>\$ 157,779</u>	<u>\$ 1,557,171</u>	<u>\$ 41,606</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 1,399,392	\$ 157,779	\$ 1,557,171	\$ 141,606
Less amounts classified as investments	-	-	-	(100,000)
Total cash and cash equivalents	<u>\$ 1,399,392</u>	<u>\$ 157,779</u>	<u>\$ 1,557,171</u>	<u>\$ 41,606</u>

# City of Grosse Pointe Farms, Michigan

## Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2017

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service Fund - Insurance Retention
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 420,468	\$ (138,254)	\$ 282,214	\$ (194,986)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	797,873	105,656	903,529	-
Changes in assets and liabilities:				
Receivables	86,416	6,143	92,559	(9,122)
Inventories	-	2,856	2,856	-
Prepaid and other assets	1,896	159	2,055	(5,649)
Accounts payable	(47,890)	(4,292)	(52,182)	108,032
Accrued and other liabilities	25,419	19,266	44,685	-
Other	167,750	9,548	177,298	-
Net cash provided by (used in) operating activities	<u>\$ 1,451,932</u>	<u>\$ 1,082</u>	<u>\$ 1,453,014</u>	<u>\$ (101,725)</u>

**Supplemental Cash Flow Information** - There were no noncash transactions for the year ended June 30, 2017.

# City of Grosse Pointe Farms, Michigan

## Fiduciary Funds Statement of Fiduciary Net Position June 30, 2017

	Pension and Other Postemployment Benefit Trust Fund	Agency Funds - Tax Collection
<b>Assets</b>		
Cash and cash equivalents	\$ 816,985	\$ -
Investments:		
Collective investment trust	45,742,671	-
Mutual funds	24,175,693	-
Receivables - Accrued interest receivable	8,415	-
Prepaid expenses and other assets	43,018	-
Total assets	70,786,782	\$ -
<b>Liabilities</b>		
Accounts payable	42,649	\$ -
Due to primary government	116,317	-
Total liabilities	158,966	\$ -
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 70,627,816</b>	

# City of Grosse Pointe Farms, Michigan

## Fiduciary Funds

### Statement of Changes in Fiduciary Net Position - Pension and Other Postemployment Benefit Trust Fund Year Ended June 30, 2017

	Pension and Other Postemployment Benefit Trust Fund
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 1,066,548
Net increase in fair value of investments	7,541,413
Net investment income	8,607,961
Contributions:	
Employer	1,818,243
Employee	338,389
Total contributions	2,156,632
Total additions	10,764,593
<b>Deductions</b>	
Benefit payments	3,831,328
Health benefits	723,335
Administrative expenses	200,470
Total deductions	4,755,133
<b>Net Increase in Net Position</b>	6,009,460
<b>Net Position Restricted for Pension and Other Retirement Benefits - Beginning of year</b>	64,618,356
<b>Net Position Restricted for Pension and Other Retirement Benefits - End of year</b>	<b>\$ 70,627,816</b>



# City of Grosse Pointe Farms, Michigan

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## Notes to Financial Statements June 30, 2017

### **Note I - Nature of Business and Significant Accounting Policies**

The accounting policies of the City of Grosse Pointe Farms, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City:

#### **Reporting Entity**

The City is governed by an elected seven-member council. In accordance with accounting principles generally accepted in the United States of America, there are no component units to be included in the City's reporting entity.

#### **Accounting and Reporting Principles**

The City follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

#### **Report Presentation**

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

# City of Grosse Pointe Farms, Michigan

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## Notes to Financial Statements June 30, 2017

### Note I - Nature of Business and Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **Fund Accounting**

The City accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types as follows:

**Governmental funds** include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following fund as a "major" governmental fund:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.

**Proprietary funds** include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following fund as a "major" enterprise fund:

- The Water and Sewer Fund accounts for the results of operations that provide water and sewer services to citizens and is financed by a user charge for the provision of those services.

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

**Fiduciary funds** include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The Pension and Other Employee Benefits Trust Fund accounts for the activities of the General Employees' and Public Safety Retirement Systems, which accumulate resources for pension and healthcare benefit payments to qualified general and public safety employees.

# City of Grosse Pointe Farms, Michigan

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## Notes to Financial Statements June 30, 2017

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

- The Agency Fund accounts for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments. Agency Fund activity consists of tax collections activity.

Interfund Activity: During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### **Basis of Accounting**

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note I - Nature of Business and Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue and interest associated with the current fiscal period.

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

#### Specific Balances and Transactions

**Cash, Cash Equivalents, and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based upon quoted market prices.

**Inventories and Prepaid Items** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets** - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

<u>Capital Asset Class</u>	<u>Lives</u>
Infrastructure	20 to 25 years
Utility systems	20 to 80 years
Building and building improvements	20 to 50 years
Office furnishings	10 to 20 years
Machinery and equipment	3 to 20 years
Vehicles	5 to 10 years

# City of Grosse Pointe Farms, Michigan

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## Notes to Financial Statements June 30, 2017

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for deferred charges on bond refunding. The City also reports deferred outflows of resources related to the defined benefit pension plan. The deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements and the Water and Sewer Fund. The deferred outflows of resources result from the variance between expected and actual experience, changes in assumptions, and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items, which arise only under the modified accrual basis of accounting, that qualify for reporting in this category. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from grants. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City also reports a deferred inflow of resources related to the defined benefit pension plan. The deferred inflow of resources related to the defined benefit pension plan is reported in the government-wide financial statements. The deferred inflow of resources related to pensions results from the variance between expected and actual experience

# City of Grosse Pointe Farms, Michigan

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## Notes to Financial Statements June 30, 2017

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

#### **Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### **Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### **Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

# City of Grosse Pointe Farms, Michigan

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## Notes to Financial Statements June 30, 2017

### **Note 1 - Nature of Business and Significant Accounting Policies (Continued)**

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council has the authority to assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

#### **Property Tax Revenue**

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. Taxes are considered delinquent on February 28 of the following year, at which time they are added to the county tax rolls.

The City's 2016 tax is levied and collectible on July 1, 2016 and is recognized as revenue in the year ended June 30, 2017, when the proceeds of the levy are budgeted and available for the financing of operations.

The initial 2016 taxable valuation of the City totaled \$732,486,692, on which taxes levied consisted of 11.5000 mills for operating purposes, 1.8666 mills for rubbish removal, and 1.0834 mills for debt service. This resulted in \$8,403,741 for operating, \$1,364,018 for rubbish removal, and \$791,686 for debt service. The operating and rubbish removal amounts are recognized in the General Fund and the debt service amount is recognized in the Water and Sewer Fund as tax revenue.

**Pension** - The City of Grosse Pointe Farms, Michigan offers a defined benefit pension plan to its employees. The City records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the General Employees' Retirement System and Public Safety Retirement System, and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# City of Grosse Pointe Farms, Michigan

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## Notes to Financial Statements June 30, 2017

### **Note I - Nature of Business and Significant Accounting Policies (Continued)**

**Other Postemployment Benefit Costs** - The City offers retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

**Compensated Absences (Vacation and Sick Leave)** - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds as it comes due for payment (when the time is taken off or employees terminate). The governmental fund that pays out the vacation and sick time is the General Fund.

**Proprietary Funds Operating Classification** - Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund and internal service funds is charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.



# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 2 - Stewardship, Compliance, and Accountability

**Construction Code Fees** - The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since July 1, 2000 is as follows:

Shortfall - July 1, 2016		\$ (388,548)
Current year permit revenue	\$ 226,800	
Related expenses	<u>(261,308)</u>	
Net shortfall for the year ended June 30, 2017		<u>(34,508)</u>
Cumulative shortfall - June 30, 2017		<u>\$ (423,056)</u>

### Note 3 - Deposits and Investments

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

The Pension Trust Fund and Other Postemployment Benefit Trust Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The City has designated 14 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The City's deposits and investment policies are in accordance with statutory authority.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 3 - Deposits and Investments (Continued)

The City's cash and investments are subject to several types of risk, which are examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City's primary government had \$7,258,381 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the City had the following investments:

Investment	Fair Value	Weighted Average Maturity (Years)
<b>Primary Government</b>		
U.S. government agency securities	\$ 1,952,743	7.46
Asset-backed securities	887,993	15.39
Bank investment pool	145,686	0.13
Total	<u>\$ 2,986,422</u>	
<b>Fiduciary Funds - Mutual funds</b>	<u>\$ 24,175,693</u>	6.21

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 3 - Deposits and Investments (Continued)

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
U.S. government agency securities	\$ 1,952,743	AA+	S&P
Asset-backed securities	887,993	Not rated	N/A
Bank investment pool	<u>145,686</u>	AAAm	S&P
Total	<u>\$ 2,986,422</u>		
<b>Fiduciary Funds - Pension Funds</b>			
Collective investment trust	\$ 17,548,055	A	S&P
Collective investment trust	28,194,616	Not rated	N/A
Mutual funds	8,470,150	B	S&P
Mutual funds	<u>15,705,543</u>	Not rated	N/A
Total	<u>\$ 69,918,364</u>		

**Concentration of Credit Risk** - The City places no limit on the amount it may invest in any one issuer; however, the City's funds are limited by law in that investments in any one issuer (other than the U.S. government) may not exceed 5 percent of total investments. At June 30, 2017, there were no investments in any one issuer (other than the U.S. government) that exceeded 5 percent of total investments for the primary government or fiduciary funds.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2017:

#### Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2017	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Cash and money market funds	\$ 783,634	\$ 783,634	\$ -	\$ -
U.S. government obligations	2,840,736	-	2,840,736	-
Registered investment companies	24,175,693	24,175,693	-	-
Total investments by fair value level	27,800,063	<u>\$ 24,959,327</u>	<u>\$ 2,840,736</u>	<u>\$ -</u>
Investments measured at net asset value (NAV):				
Collective trusts	45,742,671			
Michigan CLASS investment pool	<u>145,686</u>			
Total investments measured at fair value	<u>\$ 73,688,420</u>			

Registered investment companies and money market funds classified in Level 1 are valued at the daily closing price as reported by the fund. Funds held by the plan are open-end mutual funds and money market funds that are registered with the U.S. Securities and Exchange Commission. The funds are required to publish their daily net asset value and to transact at that price. The funds held by the plan are deemed to be actively traded.

The fair value of debt securities at June 30, 2017 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using quoted market prices and other market data for the same or comparable instruments and transactions in establishing prices, discounted cash flow models, and other pricing models.

Collective trusts are valued at the net asset value. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is probable that the investment will be sold for an amount different from the reported net asset value. Transactions may occur daily. There are no unfunded commitments or significant redemption restrictions as of June 30, 2017.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 3 - Deposits and Investments (Continued)

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies. There are no unfunded commitments or significant redemption restrictions as of June 30, 2017.

### Note 4 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance July 1, 2016	Additions	Disposals	Balance June 30, 2017
<b>Governmental Activities</b>				
Capital assets not being depreciated - Land	\$ 5,931,022	\$ 37,156	\$ -	\$ 5,968,178
Capital assets being depreciated:				
Infrastructure	9,878,256	657,874	-	10,536,130
Buildings and improvements	10,180,263	199,699	(740)	10,379,222
Machinery and equipment	662,140	47,670	-	709,810
Vehicles	3,292,033	158,711	(134,267)	3,316,477
Office furnishings	722,495	41,996	(2,820)	761,671
Land improvements	9,990,971	85,323	(5,907)	10,070,387
Subtotal	34,726,158	1,191,273	(143,734)	35,773,697
Accumulated depreciation:				
Infrastructure	5,668,230	339,926	-	6,008,156
Buildings and improvements	4,967,070	302,093	(740)	5,268,423
Machinery and equipment	547,629	23,806	-	571,435
Vehicles	2,501,384	213,763	(126,168)	2,588,979
Office furnishings	531,309	32,418	(1,128)	562,599
Land improvements	6,980,927	361,566	(5,907)	7,336,586
Subtotal	21,196,549	1,273,572	(133,943)	22,336,178
Net capital assets being depreciated	13,529,609	(82,299)	(9,791)	13,437,519
Net capital assets	\$ 19,460,631	\$ (45,143)	\$ (9,791)	\$ 19,405,697

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 4 - Capital Assets (Continued)

<b>Business-type Activities</b>	Balance July 1, 2016	Additions	Disposals and Adjustments	Balance June 30, 2017
Capital assets not being depreciated:				
Land	\$ 45,482	\$ -	\$ -	\$ 45,482
Construction in progress	-	12,796	-	12,796
Subtotal	45,482	12,796	-	58,278
Capital assets being depreciated:				
Water and sewer lines	21,240,377	-	-	21,240,377
Buildings and improvements	7,876,048	-	-	7,876,048
Machinery and equipment	3,299,561	-	(156,240)	3,143,321
Vehicles	272,685	-	-	272,685
Office furnishings	95,795	-	-	95,795
Land improvements	69,106	-	-	69,106
Subtotal	32,853,572	-	(156,240)	32,697,332
Accumulated depreciation:				
Water and sewer lines	5,108,567	303,965	-	5,412,532
Buildings and improvements	2,501,642	355,625	-	2,857,267
Machinery and equipment	1,555,516	218,721	(156,240)	1,617,997
Vehicles	181,159	16,519	-	197,678
Office furnishings	74,823	5,243	-	80,066
Land improvements	34,368	3,456	-	37,824
Subtotal	9,456,075	903,529	(156,240)	10,203,364
Net capital assets being depreciated	23,397,497	(903,529)	-	22,493,968
Net capital assets	\$ 23,442,979	\$ (890,733)	\$ -	\$ 22,552,246

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

<b>Governmental activities:</b>	
General government	\$ 101,890
Public safety	164,706
Public works	442,442
Recreation and culture	564,534
Total governmental activities	<u>\$ 1,273,572</u>
<b>Business-type activities:</b>	
Water and sewer	\$ 797,873
Municipal radio system	105,656
Total business-type activities	<u>\$ 903,529</u>

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 4 - Capital Assets (Continued)

**Construction Commitments** - The City has active construction projects at year end. At June 30, 2017, the City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2017 Road Resurfacing Program	\$ -	\$ 592,364
2017 Emergency Sewer Repairs	385,466	726
Moselle Place Water Main Replacement Project	-	263,800
Total	<u>\$ 385,466</u>	<u>\$ 856,890</u>

### Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Due to/from Primary Government and Pension Funds</b>		
General Fund	General Employees' Retirement System	\$ 10,846
	Public Safety Retirement System	60,945
	General Employees' Other Postemployment Benefit Trust	42,488
	Public Safety Other Postemployment Benefit Trust	2,038
	Total General Fund	<u>\$ 116,317</u>

Interfund balances represent routine and temporary cash flow assistance from the governmental funds until amounts are transferred from fund investment accounts.

Interfund transfers reported in the fund financial statements are comprised of the following:

<u>Receiving Fund</u>	<u>Paying Fund</u>	<u>Amount</u>
Nonmajor governmental funds	General Fund	\$ 2,021,305
	Nonmajor governmental funds	75,000
	Total nonmajor governmental funds	<u>\$ 2,096,305</u>

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 5 - Interfund Receivables, Payables, and Transfers (Continued)

General Fund transfers provide funding for capital projects, capital acquisitions, and debt services from unrestricted sources. The nonmajor governmental fund transfer from the Major Streets Fund to the Local Streets Fund represents a redistribution of Act 51 monies.

### Note 6 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
2014 General Obligation Refunding Bond - Amount of issue - \$1,840,625 Maturing through 2024	2.29%	\$21,875 - \$237,500	\$ 1,678,125	\$ -	\$ 137,500	\$ 1,540,625	\$ 168,750
2015 Harbor Project Refunding Bond: Amount of issue - \$2,780,000 Maturing through 2026	3.00% - 5.00%	\$215,000 - \$330,000	2,780,000	-	215,000	2,565,000	250,000
Unamortized premium of issuance			324,194	-	36,022	288,172	36,022
Total bonds payable			4,782,319	-	388,522	4,393,797	454,772
Accumulated compensated absences			1,265,413	862,141	703,845	1,423,709	533,020
Provision for uninsured losses			3,720	5,853,683	1,608,864	4,248,539	4,000,000
Net pension liability			1,073,759	137,295	-	1,211,054	-
Other postemployment benefit obligations			10,197,921	1,132,400	-	11,330,321	-
Other long-term liabilities			12,540,813	7,985,519	2,312,709	18,213,623	4,533,020
Total governmental activities			\$ 17,323,132	\$ 7,985,519	\$ 2,701,231	\$ 22,607,420	\$ 4,987,792



# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>							
1999 Lakeside Sewer Separation - Amount of issue - \$7,625,000 Maturing through 2021	2.50%	\$410,000 - \$480,000	\$ 2,275,000	\$ -	\$ 430,000	\$ 1,845,000	\$ 445,000
2007 General Obligation Refunding Bond - Amount of issue - \$2,295,000 Maturing through 2021	4.00%	\$185,000 - \$250,000	1,140,000	-	210,000	930,000	205,000
2012 Sewer Pumping Plant Improvement: Amount of issue - \$4,500,000 Maturing through 2033	2.00% - 3.05%	\$175,000 - \$300,000	4,000,000	-	175,000	3,825,000	175,000
Unamortized discount of issuance			5,580	-	349	5,231	349
2014 General Obligation Refunding Bond - Amount of issue - \$1,104,375 Maturing through 2024	2.29%	\$13,125 - \$142,500	1,006,875	-	82,500	924,375	101,250
2015 Water Improvement Bond: Amount of issue: \$3,225,000 Maturing through 2036	2.70% - 4.00%	\$275,000 - \$380,000	3,225,000	-	-	3,225,000	-
Unamortized premium of issuance			273,199	-	15,178	258,021	15,178
2015 Sewer Relief Fund - Amount of issue: \$250,000 Maturing through 2033	2.50%	\$10,000 - \$15,000	145,886	24,212	10,000	160,098	5,000
Total bonds payable			12,071,540	24,212	923,027	11,172,725	946,777
Accumulated compensated absences			199,121	103,332	106,995	195,458	70,028
Net pension liability			376,604	39,330	-	415,934	-
Other postemployment benefit obligations			419,178	36,121	-	455,299	-
Other long-term liabilities			994,903	178,783	106,995	1,066,691	70,028
Total business-type activities			\$ 13,066,443	\$ 202,995	\$ 1,030,022	\$ 12,239,416	\$ 1,016,805

For the governmental activities, compensated absences are generally liquidated by the General Fund related to employee salaries and fringes. Additionally, for the business-type activities, compensated absences are generally liquidated by the Water and Sewer Fund and Municipal Radio System Fund for respective employee salaries and fringes. Net pension obligations and net OPEB obligations are typically paid from the General, Water and Sewer, and Municipal Radio System Funds. Claims and judgments are typically liquidated from the Insurance Retention Fund for workers' compensation and the General Fund, Water and Sewer Fund, and Municipal Radio System Fund for respective employee medical and other claims.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 6 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$481,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 454,772	\$ 124,948	\$ 579,720	\$ 946,777	\$ 326,752	\$ 1,273,529
2019	456,647	113,545	570,192	979,902	301,504	1,281,406
2020	463,522	101,988	565,510	1,038,027	274,738	1,312,765
2021	501,647	88,469	590,116	1,064,902	246,436	1,311,338
2022	508,522	72,939	581,461	363,027	217,538	580,565
2023-2027	2,008,687	137,790	2,146,477	1,977,010	958,766	2,935,776
2028-2032	-	-	-	3,017,630	584,310	3,601,940
2033-2036	-	-	-	1,785,450	122,579	1,908,029
Total	\$ 4,393,797	\$ 639,679	\$ 5,033,476	\$ 11,172,725	\$ 3,032,623	\$ 14,205,348

### Note 7 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical claims in excess of \$120,000 and participates in the Michigan Municipal League risk pool for claims relating to property loss and general liability; the City is uninsured for workers' compensation claims up to \$400,000. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past five fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

#### Medical

The City is self funding medical benefits up to a retention amount, at which time the City's reinsurance coverage begins. The self-funding program is done in conjunction with the cities of Grosse Pointe, Grosse Pointe Park, Grosse Pointe Woods, and the Village of Grosse Pointe Shores. The City of Grosse Pointe Woods serves as the administrative agent for the program; however, each municipality is responsible for its individual claims.

The City estimates the liability for medical benefit claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. The City's liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 7 - Risk Management (Continued)

#### Workers' Compensation

The City is self insured for workers' compensation claims. Under the program, the City is held liable for the first \$400,000 of any occurrence. The City has purchased excess insurance to cover claims greater than \$400,000.

The City estimates the liability for workers' compensation and medical benefits that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported, which includes estimates of both future payments of losses and related claim adjustment expense, both allocated and unallocated. The liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims. Any adjustments resulting from the settlement of losses will be reflected in earnings at the time the adjustments are determined. These estimates are recorded in the Insurance Retention Internal Service Fund and within the governmental activities columns of the statement of net position.

The estimated liabilities for workers' compensation and medical claims at June 30, 2017 and 2016 are as follows:

	<u>Workers' Compensation</u>		<u>Medical Claims</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Unpaid claims - Beginning of year	\$ 3,720	\$ 16,055	\$ -	\$ 208,886
Incurred claims, including claims incurred but not reported	226,227	105,347	1,627,456	1,382,348
Claim payments	<u>(122,365)</u>	<u>(117,682)</u>	<u>(1,486,499)</u>	<u>(1,591,234)</u>
Unpaid claims - End of year	<u>\$ 107,582</u>	<u>\$ 3,720</u>	<u>\$ 140,957</u>	<u>\$ -</u>

### Note 8 - Pension Plan Description

#### Public Safety Retirement System

**Plan Description** - The Retirement Board administers the Public Safety Retirement System - a single-employer defined benefit pension plan that provides pensions for all full-time police and fire employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The plan does not issue a separate financial report.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 8 - Pension Plan Description (Continued)

**Employees Covered by Benefit Terms** - At the June 30, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	41
Active plan members	<u>35</u>
Total employees covered by the plan	<u><u>76</u></u>

**Benefits Provided** - The pension plan provides retirement, disability, and death benefits. In addition to providing pension benefits, the system provides healthcare benefits for plan members if they reach normal retirement age while working for the City. Benefit terms are established by city ordinances and negotiations with the City's collective bargaining units and may be amended through negotiations with the City's collective bargaining units.

**Contributions** - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Retirement Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by city ordinances and negotiations with the City's collective bargaining units. For the year ended June 30, 2017, the average active member contribution rate was 7.67 percent of annual pay, and the City's average contribution rate was 20.32 percent of annual payroll.

#### **General Employees' Retirement System**

**Plan Description** - The Retirement Board administers the General Employees' Retirement System - a single-employer defined benefit pension plan that provides pensions for all general employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The plan does not issue a separate financial report.

**Employees Covered by Benefit Terms** - At the June 30, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	58
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>27</u>
Total employees covered by the plan	<u><u>91</u></u>

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 8 - Pension Plan Description (Continued)

**Benefits Provided** - The pension plan provides retirement, disability, and death benefits. In addition to providing pension benefits, the system provides healthcare benefits for plan members if they reach normal retirement age while working for the City. Benefit terms are established by city ordinances and negotiations with the City's collective bargaining units and may be amended through negotiations with the City's collective bargaining units.

**Contributions** - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by city ordinances and negotiations with the City's collective bargaining units. For the year ended June 30, 2017, the average active member contribution rate was 6.00 percent of annual pay, and the City's average contribution rate was 14.44 percent of annual payroll.

### Note 9 - Pension Plan Reserves

#### Public Safety Retirement System

In accordance with plan documents, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate earned by the retirement system for that fiscal year. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, they may request the return of their contributions, which will actuarially lower their retirement benefit or the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 9 - Pension Plan Reserves (Continued)

The balances of the reserve accounts at June 30, 2017 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 9,666,425	\$ 9,666,425
Employee reserve	4,447,043	4,447,043
Employer reserve	25,645,652	25,645,652

#### General Employees' Retirement System

In accordance with the plan, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee, and credits interest annually at a rate earned by the retirement system for that fiscal year. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, they may request the return of their contributions, which will actuarially lower their retirement benefit, or the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at June 30, 2017 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 9,552,962	\$ 9,552,962
Employee reserve	2,545,406	2,545,406
Employer reserve	11,655,830	11,655,830

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 10 - Pension Plan Investments - Policy and Rate of Return

#### Public Safety Retirement System

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Retirement Board's adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	50 %
International equity	12
Fixed income	38

**Rate of Return** - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.41 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The time-weighted rate of return as of June 30, 2017 was 13.38 percent.

#### General Employees' Retirement System

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Retirement Board's adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	50 %
International equity	12
Fixed income	38

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 10 - Pension Plan Investments - Policy and Rate of Return (Continued)

**Rate of Return** - For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.51 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The time-weighted rate of return as of June 30, 2017 was 13.42 percent.

### Note 11 - Net Pension Asset - Public Safety Retirement System

The components of the net pension asset of the City at June 30, 2017 were as follows:

Total pension liability	\$ 35,862,170
Plan fiduciary net position	<u>(39,759,120)</u>
City's net pension asset	<u>\$ (3,896,950)</u>
Plan fiduciary net position as a percentage of the total pension liability	110.9 %

The City has chosen to use June 30, 2017 as its measurement date for the net pension asset. The June 30, 2017 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2017. The June 30, 2017 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension asset during the measurement year were as follows:

Changes in Net Pension (Asset) Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
<b>Balance at June 30, 2016</b>	\$ 33,299,217	\$ 36,556,355	\$ (3,257,138)
Service cost	802,228	-	802,228
Interest	2,419,720	-	2,419,720
Differences between expected and actual experience	533,902	-	533,902
Changes in assumptions	809,914	-	809,914
Contributions - Employer	-	300,000	(300,000)
Contributions - Employee	-	217,988	(217,988)
Net investment income	-	4,693,456	(4,693,456)
Benefit payments, including refunds	(2,002,811)	(2,002,811)	-
Administrative expenses	-	(5,868)	5,868
Net changes	<u>2,562,953</u>	<u>3,202,765</u>	<u>(639,812)</u>
<b>Balance at June 30, 2017</b>	<u>\$ 35,862,170</u>	<u>\$ 39,759,120</u>	<u>\$ (3,896,950)</u>



# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 11 - Net Pension Asset - Public Safety Retirement System (Continued)

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the City recognized pension expense of \$1,223,105. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 430,743	\$ (161,418)
Changes in assumptions	1,127,216	-
Net difference between projected and actual earnings on pension plan investments	<u>391,601</u>	<u>-</u>
Total	<u>\$ 1,949,560</u>	<u>\$ (161,418)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2018	\$ 899,102
2019	713,261
2020	427,992
2021	(252,213)

**Actuarial Assumptions** - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0 %
Salary increases	4.0-7.8 % Average, including inflation
Investment rate of return	7.25 % Net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2000 Combined Healthy Mortality Table projected to 2014.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 11 - Net Pension Asset - Public Safety Retirement System (Continued)

**Discount Rate** - The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

#### Projected Cash Flows

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2017 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.50 %
International equity	6.25
U.S. government or agency fixed income	3.50
Fixed income	3.50
Private equity	7.50
Real estate	6.25
Cash or cash equivalents	2.00

**Sensitivity of the Net Pension Asset to Changes in the Discount Rate** - The following presents the net pension liability of the City, calculated using the discount rate of 7.20 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.20 percent) or 1 percentage point higher (8.20 percent) than the current rate:

	1 Percent Decrease (6.20%)	Current Discount Rate (7.20%)	1 Percent Increase (8.20%)
Net pension asset of the City	\$ 623,601	\$ (3,896,950)	\$ (7,676,334)

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 12 - Net Pension Liability - General Employees' Retirement System

The components of the net pension liability of the City at June 30, 2017 were as follows:

Total pension liability	\$ 25,381,186
Plan fiduciary net position	<u>(23,754,198)</u>
City's net pension liability	<u>\$ 1,626,988</u>

Plan fiduciary net position as a percentage of the total pension liability 93.6 %

The City has chosen to use June 30, 2017 as its measurement date for the net pension liability. The June 30, 2017 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of June 30, 2017. The June 30, 2017 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension (Asset) Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension (Asset) Liability
<b>Balance at June 30, 2016</b>	\$ 23,595,549	\$ 22,145,186	\$ 1,450,363
Service cost	311,248	-	311,248
Interest	1,712,769	-	1,712,769
Differences between expected and actual experience	891,728	-	891,728
Changes in assumptions	698,409	-	698,409
Contributions - Employer	-	392,241	(392,241)
Contributions - Employee	-	117,597	(117,597)
Net investment income	-	2,938,504	(2,938,504)
Benefit payments, including refunds	(1,828,517)	(1,828,517)	-
Administrative expenses	-	(10,813)	10,813
Net changes	<u>1,785,637</u>	<u>1,609,012</u>	<u>176,625</u>
<b>Balance at June 30, 2017</b>	<u>\$ 25,381,186</u>	<u>\$ 23,754,198</u>	<u>\$ 1,626,988</u>

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 12 - Net Pension Liability - General Employees' Retirement System (Continued)

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the City recognized pension expense of \$1,186,630. At June 30, 2017, the City reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 919,138
Changes in assumptions	694,606
Net difference between projected and actual earnings on pension plan investments	<u>129,753</u>
Total	<u>\$ 1,743,497</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2018	\$ 880,429
2019	767,138
2020	361,425
2021	(265,495)

**Actuarial Assumptions** - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0 %	
Salary increases	4.0-7.8 %	Average, including inflation
Investment rate of return	7.25 %	Net of pension plan investment expense, including inflation

Mortality rates were based on the RP 2000 Combined Healthy Mortality Table projected to 2014.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 12 - Net Pension Liability - General Employees' Retirement System (Continued)

**Discount Rate** - The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that city contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

#### Projected Cash Flows

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2017 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.50 %
International equity	6.25
U.S. government or agency fixed income	3.50
Fixed income	3.50
Private equity	7.50
Real estate	6.25
Cash or cash equivalents	2.00

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension asset of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability of the City	\$ 4,739,724	\$ 1,626,988	\$ (998,723)

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 13 - Other Postemployment Benefits - Public Safety Retirement System

**Plan Description** - The City provides retiree healthcare benefits to eligible employees and their spouses in accordance with the Public Safety Retirement System. Benefits are provided to public safety employees. Currently, the plan has 68 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The City pays all of the medical insurance premiums for system employees until age 65. Expenditures of postemployment healthcare benefits of approximately \$318,000 were recognized as paid during the year ended June 30, 2017. The plan does not issue a separate financial report.

The plan is a single-employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements. The plan does not issue separate stand-alone financial statements. Administrative costs are paid by the plan through employer contributions.

**Funding Policy** - Retiree healthcare costs are recognized when paid by the City on a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment.

**Funding Progress** - For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2017. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 986,558
Interest on the prior year's net OPEB obligation	267,687
Adjustment to the annual required contribution	<u>(185,152)</u>
Annual OPEB cost	1,069,093
Contributions	<u>(307,730)</u>
Increase in net OPEB obligation	761,363
OPEB obligation - Beginning of year	<u>5,353,741</u>
OPEB obligation - End of year	<u>\$ 6,115,104</u>

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 13 - Other Postemployment Benefits - Public Safety Retirement System (Continued)

Employer contributions and annual OPEB cost data for the current and the five preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/12	6/30/11	\$ 772,303	48.6 %	\$ 2,481,863
6/30/13	6/30/11	689,301	53.7	2,801,164
6/30/14	6/30/13	1,425,317	26.8	3,844,856
6/30/15	6/30/13	1,125,519	36.1	4,563,720
6/30/16	6/30/15	1,003,020	21.2	5,353,740
6/30/17	6/30/17	1,069,093	28.8	6,115,104

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ 2,840,823	\$ 11,627,949	\$ 8,787,126	24.4 %	\$ 2,790,700	314.9 %
6/30/08	2,704,470	12,221,098	9,516,628	22.1	2,881,435	330.3
6/30/09	2,308,126	14,151,437	11,843,311	16.3	2,980,880	397.3
6/30/11	3,059,965	13,188,299	10,128,334	23.2	2,941,032	344.4
6/30/13	3,779,637	16,417,214	12,637,577	23.0	2,746,023	460.2
6/30/15	4,676,163	16,252,192	11,576,029	28.8	2,677,371	432.4
6/30/17	5,166,669	16,592,175	11,425,506	31.1	2,872,219	397.8

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 13 - Other Postemployment Benefits - Public Safety Retirement System (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.0 percent, decreasing in 0.1 percent increments over the following 10 years to an ultimate assumed rate of 5.0 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017 was 30 years.

**Financial Statement Information** - As of June 30, 2017, the statement of net position for the Public Safety Other Postemployment Benefit Trust is as follows:

	Public Safety Other Postemployment Benefit Trust
<b>Assets</b>	
Investments - Common/collective funds	\$ 5,154,087
Prepaid expenses and other assets	16,460
Total assets	5,170,547
<b>Liabilities</b> - Accounts payable	3,879
<b>Net Position</b>	<u>\$ 5,166,668</u>



# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 13 - Other Postemployment Benefits - Public Safety Retirement System (Continued)

For the year ended June 30, 2017, the statement of changes in net position for the Public Safety Other Postemployment Benefit Trust is as follows:

	Public Safety Other Postemployment Benefit Trust
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 75,720
Net increase in fair market value	<u>534,922</u>
Net investment income	610,642
Contributions:	
Employer	310,534
Employee	<u>-</u>
Total contributions	<u>310,534</u>
Total additions	921,176
<b>Deductions - Health benefits</b>	<u>318,345</u>
<b>Net Increase in Net Position Held in Trust</b>	602,831
<b>Net Position - Beginning of year</b>	<u>4,563,837</u>
<b>Net Position - End of year</b>	<u><u>\$ 5,166,668</u></u>

### Note 14 - Other Postemployment Benefits - General Employees' Retirement System

**Plan Description** - The City provides retiree healthcare benefits to eligible employees and their spouses in accordance with the General Employees' Retirement System. Benefits are provided to general employees. Currently, the plan has 77 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The City pays all of the medical insurance premiums for system employees until age 65. Expenditures of postemployment healthcare benefits of approximately \$405,000 were recognized as paid during the year ended June 30, 2017. The plan does not issue a separate financial report.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 14 - Other Postemployment Benefits - General Employees' Retirement System (Continued)

The plan is a single-employer defined benefit plan administered by the City. The benefits are provided under collective bargaining agreements. The plan does not issue separate stand-alone financial statements. Administrative costs are paid by the plan through employer contributions.

**Funding Policy** - Retiree healthcare costs are recognized when paid by the City on a "pay-as-you-go" basis. The City has no obligation to make contributions in advance of when the insurance premiums are due for payment.

**Funding Progress** - For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2017. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 1,144,288
Interest on the prior year's net OPEB obligation	263,168
Adjustment to the annual required contribution	<u>(182,027)</u>
Annual OPEB cost	1,225,429
Contributions	<u>(818,272)</u>
Increase in net OPEB obligation	407,157
OPEB obligation - Beginning of year	<u>5,263,359</u>
OPEB obligation - End of year	<u><u>\$ 5,670,516</u></u>

Employer contributions and annual OPEB cost data for the current and the five preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/11	6/30/09	\$ 1,165,977	28.4 %	\$ 2,149,500
6/30/12	6/30/11	1,069,025	51.9	2,663,526
6/30/13	6/30/11	986,766	56.2	3,095,696
6/30/14	6/30/13	1,663,891	34.0	4,194,672
6/30/15	6/30/13	1,335,858	60.9	4,717,432
6/30/16	6/30/15	1,155,945	52.8	5,263,359
6/30/17	6/30/17	1,069,093	76.5	5,670,516

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 14 - Other Postemployment Benefits - General Employees' Retirement System (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ 626,680	\$ 10,325,231	\$ 9,698,551	6.1 %	\$ 2,953,901	328.3 %
6/30/08	571,407	11,532,281	10,960,874	5.0	3,057,857	358.4
6/30/09	401,788	13,703,761	13,301,973	2.9	3,116,703	426.8
6/30/11	209,457	14,297,174	14,087,717	1.5	2,816,985	500.1
6/30/13	489,845	15,680,229	15,190,384	3.1	2,285,740	664.6
6/30/15	1,157,957	13,259,040	12,101,083	8.7	1,865,319	648.7
6/30/17	1,947,830	12,986,382	11,038,552	15.0	1,685,541	654.9

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 14 - Other Postemployment Benefits - General Employees' Retirement System (Continued)

In the June 30, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.0 percent, decreasing in 0.1 percent increments over the following 10 years to an ultimate assumed rate of 5.0 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017 was 30 years.

**Financial Statement Information** - As of June 30, 2017, the statement of net position for the General Employees' Other Postemployment Benefit Trust is as follows:

	General Employees' Other Postemployment Benefit Trust
<b>Assets</b>	
Investments - Common/collective funds	\$ 1,970,485
Prepaid expenses and other assets	22,394
Receivables from sales to customers	5,776
Total assets	<u>1,998,655</u>
<b>Liabilities</b>	
Accounts payable	4,290
Due to primary government	46,535
Total liabilities	<u>50,825</u>
<b>Net Position</b>	<u>\$ 1,947,830</u>

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 14 - Other Postemployment Benefits - General Employees' Retirement System (Continued)

For the year ended June 30, 2017, the statement of changes in net position for the General Employees' Other Postemployment Benefit Trust is as follows:

	General Employees' Other Postemployment Benefit Trust
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 28,232
Net increase in fair market value	<u>159,113</u>
Net investment income	187,345
Contributions - Employer	<u>812,496</u>
Total additions	999,841
<b>Deductions - Health benefits</b>	<u>404,990</u>
<b>Net Increase in Net Position Held in Trust</b>	594,851
<b>Net Position - Beginning of year</b>	<u>1,352,979</u>
<b>Net Position - End of year</b>	<u><u>\$ 1,947,830</u></u>

### Note 15 - Joint Venture

The City is a member of the Grosse Pointes - Clinton Refuse Disposal Authority joint venture (the "Authority"), which provides refuse disposal services to participating municipalities in the counties of Wayne and Macomb, Michigan. Other members include the cities of Grosse Pointe Park, Grosse Pointe, Harper Woods, Grosse Pointe Woods, and Grosse Pointe Shores. The City Council appoints one member to the Authority's governing board, which then approves its budget. The Authority currently contracts with a commercial refuse disposal company and bills members for their proportionate share of the costs.

The City's interest in the net position of the Authority totaled \$33,290 at June 30, 2017 and is reported as part of the governmental activities in the statement of net position. The City is unaware of any circumstances, including potential environmental remediation, that would cause an additional burden to the participating municipalities in the near future. Complete financial statements for the Authority can be obtained from its administrative offices at 27941 Harper Avenue, Suite 106, St. Clair Shores, MI 48081.

# City of Grosse Pointe Farms, Michigan

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## Notes to Financial Statements June 30, 2017

### Note 16 - Contingent Liabilities

On May 25, 2011, the City experienced a 100-year rain event. As a result, the City's sanitation system lines backed up and approximately 250 residents experienced flood damage. The City was served on September 12, 2011 with a class action lawsuit for alleged failure to properly operate, maintain, or repair the City's sewer and sanitary lift station, resulting in the flooding of over 250 homes. On September 9 and 10, 2011, the City experienced another significant rain event. An electrical power failure caused numerous residential sump pumps to fail, thus resulting in the City's combined storm and sanitation system lines backing up and approximately 500 residents experienced flood damage. The City was served on December 9, 2011 with a class action lawsuit for alleged failure to properly operate, maintain, or repair the City's sewer and sanitary lift station, resulting in the flooding of over 500 homes. The City was also served with two other lawsuits from insurance companies for recovery of payment to insured homeowners citing the same allegations as the class action lawsuit.

In September 2017, the City of Grosse Pointe Farms reached a settlement with the plaintiffs and all other related subrogation suits filed by insurance carriers for claims relating to the basement flooding events. Though the settlement includes no admission of fault on the part of the City, significant upgrades have been made to the Kerby Road Pump Station since the 2011 events, including the installation of a backup generator at a cost of \$3.5 million and other improvements.

The amount of settlement for all claims relating to the 2011 flooding events, including 593 residential claims, is \$4.0 million, and this amount has been reflected as a current liability in the government-wide financial statements. The parties have tentatively agreed upon the terms of the settlement agreement which must be approved by the court. As part of the settlement, the City has also committed to expend additional funds for future system improvements, pending the outcome of a current study of the combined sewer system. The payment of the settlement will be financed through the City's current debt structure and within the confines of the existing millage rate. There will be no additional costs to Grosse Pointe Farms residents.

The City will have no involvement in calculating the proportion of the settlement proceeds to be received by individual claimants. The claimants' counsel will be solely responsible for the calculation and distribution of the respective shares of the settlement proceeds to individual claimants, according to a procedure and timetable approved by the court. The City will deliver the aggregate settlement proceeds to claimants' counsel promptly after court approval has been secured.

# City of Grosse Pointe Farms, Michigan

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## Notes to Financial Statements June 30, 2017

### Note 17 - Upcoming Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the City to recognize on the face of the financial statements its net OPEB liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2018.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2020.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and pension and other postemployment benefits (OPEB). The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2018.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2021.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 18 - Change in Accounting

During the year, the City adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. As a result, the notes to the financial statements and required supplemental information now include enhanced disclosures related to measurement of the OPEB liabilities for which assets have been accumulated.

### Note 19 - OPEB Plan - Public Safety Retiree Health Plan

**Plan Administration** - The Retirement Board administers the City of Grosse Pointe Farms Public Safety Retirement Health Plan (the "Plan"), a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for public safety employees.

Management of the Plan is vested with the Retirement Board.

**Plan Membership** - At June 30, 2017, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	35
Active plan members	<u>33</u>
Total	<u><u>68</u></u>

**Benefits Provided** - The Plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan until age 65.

The Plan is closed to new individuals hired after July 1, 2007.

**Contributions** - The Plan was established and is being funded under the authority of the City Council. The Plan's funding policy is that the employer will make discretionary contributions. Plan members are not required to contribute to the Plan. There are no long-term contracts for contributions to the Plan. The Plan has no legally required reserves.



# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 19 - OPEB Plan - Public Safety Retiree Health Plan (Continued)

#### OPEB Plan Investments

**Investment Policy** - The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Retirement Board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation (%)
Domestic equity	50.00 %
International equity	12.00
Fixed income	38.00

**Rate of Return** - For the year ended June 30, 2017, the annual money-weighted rate of return on plan investments, net of investment expense, was 13.41 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Net OPEB Liability

The City reports OPEB expense based on funding requirements, as directed by GASB Statement No. 45. Beginning next year, the City will adopt GASB Statement No. 75, which will require the measurement of OPEB expense as it is earned, rather than as it is funded. The net OPEB liability of the City has been measured as of June 30, 2017 and is composed of the following:

Total OPEB liability	\$ (11,336,677)
Plan fiduciary net position	<u>5,166,669</u>
Net OPEB liability	<u>\$ (6,170,008)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	(46)%

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 19 - OPEB Plan - Public Safety Retiree Health Plan (Continued)

#### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rate	6.00 %	Graded down to 5.0 percent in 0.1 percent increments
Investment rate of return	7.25 %	Net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP 2000 Combined Healthy Annuitant Mortality Table projected to 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2017 for each major asset class included in the target asset allocation are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	6.25 %
International equity	6.75
Fixed income	3.25

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate and that the city contributions will be made at the statutorily required rates.

#### Projected Cash Flows

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 19 - OPEB Plan - Public Safety Retiree Health Plan (Continued)

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the net OPEB liability, calculated using the discount rate of 7.25 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percent Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percent Increase (8.25%)
Net OPEB liability	\$ 7,978,390	\$ 6,170,008	\$ 4,714,109

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 6.0 percent decreasing to 5.0 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (5.0 percent, decreasing to 4.0 percent) or 1 percentage point higher (7.0 percent, decreasing to 6.0 percent) than the current rate:

	1 Percent Decrease (5.0% decreasing to 4.0%)	Current Healthcare Cost Trend Rate (6.0% decreasing to 5.0%)	1 Percent Increase (7.0% decreasing to 6.0%)
Net OPEB liability	\$ 4,618,108	\$ 6,170,008	\$ 8,143,155

### Note 20 - OPEB Plan - General Employees' Retiree Health Plan

**Plan Administration** - The Retirement Board administers the City of Grosse Pointe Farms Employees' Retirement Health Plan (the "Plan") a single employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for general employees.

Management of the Plan is vested with the Retirement Board.

**Plan Membership** - At June 30, 2017, plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	51
Active plan members	<u>26</u>
Total	<u><u>77</u></u>

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 20 - OPEB Plan - General Employees' Retiree Health Plan (Continued)

**Benefits Provided** - The Plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan until age 65.

The Plan is closed to union and department heads and clerical hired after July 1, 2007. The Plan is closed to dispatchers hired after December 30, 2011.

**Contributions** - The Plan was established and is being funded under the authority of the City Council. The Plan's funding policy is that the employer will make discretionary contributions. Plan members are not required to contribute to the Plan. There are no long-term contracts for contributions to the Plan. The Plan has no legally required reserves.

#### OPEB Plan Investments

**Investment Policy** - The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Retirement Board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation (%)
Domestic equity	50.00 %
International equity	12.00
Fixed income	38.00

**Rate of Return** - For the year ended June 30, 2017, the annual money-weighted rate of return on plan investments, net of investment expense, was 13.51 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Net OPEB Liability

The City reports OPEB expense based on funding requirements, as directed by GASB Statement No. 45. Beginning next year, the City will adopt GASB Statement No. 75, which will require the measurement of OPEB expense as it is earned, rather than as it is funded. The net OPEB liability of the City has been measured as of June 30, 2017 and is composed of the following:

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 20 - OPEB Plan - General Employees' Retiree Health Plan (Continued)

The components of the net OPEB liability at June 30, 2017 were as follows:

Total OPEB liability	\$ (9,475,053)
Plan fiduciary net position	<u>1,947,830</u>
Net OPEB liability	<u>\$ (7,527,223)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	(21)%

#### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017. The valuation used the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Healthcare cost trend rate	6.00 %	Graded down to 5.0 percent in 0.1 percent increments
Investment rate of return	7.25 %	Net of OPEB plan investment expense, including inflation

Mortality rates were based on the RP 2000 Combined Healthy Annuitant Mortality Table projected to 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2017 for each major asset class included in the target asset allocation are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	6.25 %
International equity	6.75
Fixed income	3.25

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate and that the city contributions will be made at the statutorily required rates.

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 20 - OPEB Plan - General Employees' Retiree Health Plan (Continued)

#### Projected Cash Flows

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** - The following presents the net OPEB liability, calculated using the discount rate of 7.25 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	1 Percent Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percent Increase (8.25%)
Net OPEB liability	\$ 8,896,546	\$ 7,527,223	\$ 6,396,336

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates** - The following presents the net OPEB liability, calculated using the healthcare cost trend rate of 6.0 percent decreasing to 5.0 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (5.0 percent, decreasing to 4.0 percent) or 1 percentage point higher (7.0 percent, decreasing to 6.0 percent) than the current rate:

	1 Percent Decrease (5.0% decreasing to 4.0%)	Current Healthcare Cost Trend Rate (6.0% decreasing to 5.0%)	1 Percent Increase (7.0% decreasing to 6.0%)
Net OPEB liability	\$ 6,266,188	\$ 7,527,223	\$ 9,096,735

# City of Grosse Pointe Farms, Michigan

## Notes to Financial Statements June 30, 2017

### Note 21 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment healthcare plans:

	General Employees' Retirement System	Public Safety Retirement System	General Employees' Other Postemployment Benefit Trust	Public Safety Other Postemployment Benefit Trust	Total
<b>Statement of Net Position</b>					
Cash and investments	\$ 23,775,152	\$ 39,840,437	\$ 1,966,438	\$ 5,153,322	\$ 70,735,349
Other assets	3,255	3,548	28,170	16,460	51,433
Liabilities	24,209	82,062	46,778	5,917	158,966
Net position	<u>\$ 23,754,198</u>	<u>\$ 39,761,923</u>	<u>\$ 1,947,830</u>	<u>\$ 5,163,865</u>	<u>\$ 70,627,816</u>
<b>Statement of Changes in Net Position</b>					
Investment income	\$ 3,009,185	\$ 4,806,564	\$ 181,569	\$ 610,643	\$ 8,607,961
Contributions	509,838	520,792	818,272	307,730	2,156,632
Benefit payments	1,828,517	2,002,811	404,990	318,345	4,554,663
Other deductions	81,493	118,977	-	-	200,470
Net change in net position	<u>\$ 1,609,013</u>	<u>\$ 3,205,568</u>	<u>\$ 594,851</u>	<u>\$ 600,028</u>	<u>\$ 6,009,460</u>

## **Required Supplemental Information**

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# City of Grosse Pointe Farms, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 10,194,170	\$ 10,194,170	\$ 10,197,228	\$ 3,058
Licenses and permits	459,250	459,250	465,172	5,922
Federal grants	-	-	10,280	10,280
State-shared revenue and grants	813,500	833,500	848,483	14,983
Charges for services	1,604,120	1,634,120	1,739,435	105,315
Fines and forfeitures	385,300	385,300	387,632	2,332
Investment income	95,000	95,000	8,091	(86,909)
Other revenue	165,000	165,000	242,563	77,563
Interfund transfers in	300,000	300,000	-	(300,000)
Total revenue	14,016,340	14,066,340	13,898,884	(167,456)
<b>Expenditures - Current</b>				
General government	1,565,750	1,565,750	1,564,902	848
Municipal court	309,580	309,580	291,358	18,222
Public safety	4,705,810	4,705,810	4,615,621	90,189
Public works and streets	1,872,320	1,897,320	1,831,265	66,055
Recreation and culture	1,312,250	1,337,250	1,290,409	46,841
Other	2,229,130	2,229,130	2,214,406	14,724
Transfers out	2,021,500	2,021,500	2,021,305	195
Total expenditures	14,016,340	14,066,340	13,829,266	237,074
<b>Net Change in Fund Balance</b>	-	-	69,618	69,618
<b>Fund Balance - Beginning of year</b>	5,139,558	5,139,558	5,139,558	-
<b>Fund Balance - End of year</b>	<u>\$ 5,139,558</u>	<u>\$ 5,139,558</u>	<u>\$ 5,209,176</u>	<u>\$ 69,618</u>

# City of Grosse Pointe Farms, Michigan

## Required Supplemental Information General Employees' Retirement System Schedule of Changes in the City Net Pension (Asset) Liability and Related Ratios Last Ten Fiscal Years

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 311,248	\$ 351,487	\$ 375,514	\$ 385,337
Interest	1,712,769	1,661,508	1,590,046	1,567,981
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	891,728	485,951	84,157	(192,339)
Changes in assumptions	698,409	-	611,778	-
Benefit payments, including refunds	(1,828,517)	(1,762,184)	(1,631,139)	(1,292,593)
<b>Net Change in Total Pension Liability</b>	1,785,637	736,762	1,030,356	468,386
<b>Total Pension Liability - Beginning of year</b>	23,595,549	22,858,787	21,828,431	21,360,045
<b>Total Pension Liability - End of year</b>	<b>\$ 25,381,186</b>	<b>\$ 23,595,549</b>	<b>\$ 22,858,787</b>	<b>\$ 21,828,431</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 392,241	\$ 723,451	\$ 471,990	\$ 560,101
Contributions - Member	117,597	115,134	129,831	133,633
Net investment income	2,938,504	60,919	1,146,469	3,439,299
Administrative expenses	(10,813)	(10,005)	(32,593)	(10,800)
Benefit payments, including refunds	(1,828,517)	(1,762,184)	(1,631,139)	(1,292,593)
Other	-	-	-	(460)
<b>Net Change in Plan Fiduciary Net Position</b>	1,609,012	(872,685)	84,558	2,829,180
<b>Plan Fiduciary Net Position - Beginning of year</b>	22,145,186	23,017,871	22,933,313	20,104,133
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 23,754,198</b>	<b>\$ 22,145,186</b>	<b>\$ 23,017,871</b>	<b>\$ 22,933,313</b>
<b>City's Net Pension (Asset) Liability - Ending</b>	<b>\$ 1,626,988</b>	<b>\$ 1,450,363</b>	<b>\$ (159,084)</b>	<b>\$ (1,104,882)</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	93.59 %	93.85 %	100.70 %	105.06 %
<b>Covered Employee Payroll</b>	\$ 1,743,966	\$ 1,885,061	\$ 1,965,685	\$ 2,221,109
<b>City's Net Pension (Asset) Liability as a Percentage of Covered Employee Payroll</b>	93.3 %	76.9 %	(8.1)%	(49.7)%

Currently, four years of information are available; additional years of information will be displayed in future years, as it becomes available.

# City of Grosse Pointe Farms, Michigan

## Required Supplemental Information General Employees' Retirement System Schedule of City Contributions Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ 299,240	\$ 305,388	\$ 471,990	\$ 560,101	\$ 565,261	\$ 670,356	\$ 626,932	\$ 558,910	\$ 515,927	\$ 538,419
Contributions in relation to the actuarially determined contribution	<u>392,241</u>	<u>723,451</u>	<u>471,990</u>	<u>560,101</u>	<u>565,261</u>	<u>670,356</u>	<u>626,932</u>	<u>558,910</u>	<u>515,927</u>	<u>538,419</u>
Contribution deficiency (excess)	<u>\$ (93,001)</u>	<u>\$ (418,063)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 1,743,966	\$ 1,885,061	\$ 1,965,685	\$ 2,221,109	\$ 2,285,740	\$ 2,459,668	\$ 2,816,985	\$ 3,028,594	\$ 3,116,703	\$ 3,057,857
Contributions as a percentage of covered employee payroll	22.5 %	38.4 %	24.0 %	25.2 %	24.7 %	27.3 %	22.3 %	18.5 %	16.6 %	17.6 %

### Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of June 30, the year prior to the end of the fiscal year in which the contributions are reported.  Covered employee payroll is as of June 30 of the current fiscal year.
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Four-year smoothed market
Inflation	4.50 percent (4.00 percent effective 7/1/2017)
Salary increases	4.5 - 8.3 percent, including inflation (4.0 - 7.8 percent effective 7/1/2017)
Investment rate of return	7.5 percent, net of pension plan investment expense, including inflation (7.25 percent effective 7/1/2017)
Retirement age	None
Mortality	RP 2000 Combined Healthy Mortality Table projected to 2014
Other information	None

# City of Grosse Pointe Farms, Michigan

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## Required Supplemental Information General Employees' Retirement System Schedule of Investment Returns Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return - Net of investment expense	13.51 %	0.48 %	5.14 %	17.3 %

Currently, four years of information are available; additional years of information will be displayed in future years, as it becomes available.

# City of Grosse Pointe Farms, Michigan

## Required Supplemental Information Public Safety Retirement System Schedule of Changes in City Net Pension Asset and Related Ratios Last Ten Fiscal Years

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service cost	\$ 802,228	\$ 876,157	\$ 772,205	\$ 561,426
Interest	2,419,720	2,352,453	2,171,426	2,089,965
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	533,902	(308,162)	48,670	(112,068)
Changes in assumptions	809,914	151,084	1,314,167	-
Benefit payments, including refunds	(2,002,811)	(1,906,462)	(1,477,115)	(1,640,042)
<b>Net Change in Total Pension Liability</b>	2,562,953	1,165,070	2,829,353	899,281
<b>Total Pension Liability - Beginning of year</b>	33,299,217	32,134,147	29,304,794	28,405,513
<b>Total Pension Liability - End of year</b>	<b>\$ 35,862,170</b>	<b>\$ 33,299,217</b>	<b>\$ 32,134,147</b>	<b>\$ 29,304,794</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 300,000	\$ 200,000	\$ 293,345	\$ 513,890
Contributions - Member	217,988	247,649	209,381	200,591
Net investment income	4,693,456	97,742	1,791,311	5,527,172
Administrative expenses	(5,868)	(13,475)	(20,533)	(12,709)
Benefit payments, including refunds	(2,002,811)	(1,906,462)	(1,477,115)	(1,640,042)
Other	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	3,202,765	(1,374,546)	796,389	4,588,902
<b>Plan Fiduciary Net Position - Beginning of year</b>	36,556,355	37,930,901	37,134,512	32,545,610
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 39,759,120</b>	<b>\$ 36,556,355</b>	<b>\$ 37,930,901</b>	<b>\$ 37,134,512</b>
<b>City's Net Pension Asset - Ending</b>	<b>\$ (3,896,950)</b>	<b>\$ (3,257,138)</b>	<b>\$ (5,796,754)</b>	<b>\$ (7,829,718)</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	110.87 %	109.78 %	118.04 %	126.72 %
<b>Covered Employee Payroll</b>	\$ 3,062,647	\$ 2,639,683	\$ 2,825,365	\$ 2,740,880
<b>City's Net Pension Asset as a Percentage of Covered Employee Payroll</b>	(127.2)%	(123.4)%	(205.2)%	(285.7)%

Currently, four years of information are available; additional years of information will be displayed in future years, as it becomes available.

# City of Grosse Pointe Farms, Michigan

## Required Supplemental Information Public Safety Retirement System Schedule of City Contributions Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	\$ -	\$ 1,401	\$ 293,345	\$ 513,890	\$ 350,856	\$ 474,622	\$ 285,635	\$ 149,596	\$ 251,611	\$ 238,539
Contributions in relation to the actuarially determined contribution	300,000	200,000	293,345	513,890	350,856	474,622	285,635	149,596	251,611	238,539
Contribution deficiency (excess)	<u>\$ (300,000)</u>	<u>\$ (198,599)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 3,062,647	\$ 2,639,683	\$ 2,825,365	\$ 2,740,880	\$ 2,746,023	\$ 2,748,509	\$ 2,941,032	\$ 2,969,899	\$ 2,980,880	\$ 2,881,435
Contributions as a percentage of covered employee payroll	9.8 %	7.6 %	10.4 %	18.7 %	12.8 %	17.3 %	9.7 %	5.0 %	8.4 %	8.3 %

### Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of June 30, the year prior to the end of the fiscal year in which the contributions are reported.  
Covered employees' payroll is as of June 30 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age  
Amortization method Level percentage of payroll (open)  
Remaining amortization period 10 years  
Asset valuation method Four-year smoothed market  
Inflation 4.50 percent (4.00 percent effective 7/1/2017)  
Salary increases 4.5 - 8.3 percent, including inflation (4.0 - 7.8 percent effective 7/1/2017)  
Investment rate of return 7.5 percent - Net of pension plan investment expense, including inflation (7.25 percent effective 7/1/2017)  
Retirement age None  
Mortality RP 2000 Combined Healthy Mortality Table projected to 2014  
Other information None

# City of Grosse Pointe Farms, Michigan

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## Required Supplemental Information Public Safety Retirement System Schedule of Investment Returns Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return - Net of investment expense	13.41 %	0.46 %	5.10 %	17.3 %

Currently, four years of information are available; additional years of information will be displayed in future years, as it becomes available.

# City of Grosse Pointe Farms, Michigan

## Required Supplemental Information Other Postemployment Benefit Trusts Schedules of Funding Progress and Contributions Year Ended June 30, 2017

The schedule of funding progress for the General Employees' Other Postemployment Benefit Trust is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ 626,680	\$ 10,325,231	\$ 9,698,551	6.1 %	\$ 2,953,901	328.3 %
6/30/08	571,407	11,532,281	10,960,874	5.0	3,057,857	358.4
6/30/09	401,788	13,703,761	13,301,973	2.9	3,116,703	426.8
6/30/11	209,457	14,297,174	14,087,717	1.5	2,816,985	500.1
6/30/13	489,845	15,680,229	15,190,384	3.1	2,285,740	664.6
6/30/15	1,157,957	13,259,040	12,101,083	8.7	1,865,319	648.7
6/30/17	1,947,830	12,986,382	11,038,552	15.0	1,685,541	654.9

The schedule of employer contributions for the General Employees' Other Postemployment Benefit Trust is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/11	6/30/09	\$ 1,148,990	28.9 %
6/30/12	6/30/11	1,162,113	47.8
6/30/13	6/30/11	1,214,408	45.7
6/30/14	6/30/13	1,226,486	46.1
6/30/15	6/30/13	1,281,678	63.4
6/30/16	6/30/15	1,095,012	55.7
6/30/17	6/30/17	1,144,288	71.5

\* The required contribution is expressed to the City as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2017, the latest actuarial valuation, is as follows:

Actuarial cost method	Entry age normal
Amortization method	Level dollar amount
Amortization period (perpetual)	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.0%
Projected salary increases	5.0% - 6.0%
*Includes inflation at	5.0%
Cost-of-living adjustments	None



# City of Grosse Pointe Farms, Michigan

## Required Supplemental Information Other Postemployment Benefit Trusts Schedules of Funding Progress and Contributions (Continued) Year Ended June 30, 2017

The schedule of funding progress for the Public Safety Other Postemployment Benefit Trust is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ 2,840,823	\$ 11,627,949	\$ 8,787,126	24.4 %	\$ 2,790,700	314.9 %
6/30/08	2,704,470	12,221,098	9,516,628	22.1	2,881,435	330.3
6/30/09	2,308,126	14,151,437	11,843,311	16.3	2,980,880	397.3
6/30/11	3,059,965	13,188,299	10,128,334	23.2	2,941,032	344.4
6/30/13	3,779,637	16,417,214	12,637,577	23.0	2,746,023	460.2
6/30/15	4,676,163	16,252,192	11,576,029	28.8	2,677,371	432.4
6/30/17	5,166,669	16,592,175	11,425,506	31.1	2,872,219	397.8

The schedule of employer contributions for the Public Safety Other Postemployment Benefit Trust is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/11	6/30/09	\$ 1,093,302	25.0 %
6/30/12	6/30/11	862,600	43.5
6/30/13	6/30/11	901,417	41.0
6/30/14	6/30/13	1,029,528	37.1
6/30/15	6/30/13	1,075,857	38.0
6/30/16	6/30/15	944,075	22.6
6/30/17	6/30/17	986,558	31.2

\* The required contribution is expressed to the City as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2017, the latest actuarial valuation, is as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period (perpetual)	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.0%
Projected salary increases	5.0% - 6.0%
*Includes inflation at	5.0%
Cost-of-living adjustments	None

# City of Grosse Pointe Farms, Michigan

## Note to Required Supplemental Information Year Ended June 30, 2017

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)."

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund:		
Amounts per operating statement	\$ 13,898,884	\$ 11,807,961
Operating transfers budgeted as revenue and expenditures on budget statement	-	<u>2,021,305</u>
Amounts per budget statement	<u>\$ 13,898,884</u>	<u>\$ 13,829,266</u>

The City did not have significant expenditure budget variances.

# City of Grosse Pointe Farms, Michigan

## Required Supplemental Information Schedule of Changes in the City's Net OPEB Liability and Related Ratios - Public Safety Last Ten Fiscal Years

(Schedule is built prospectively upon implementation of GASB 74)

	2017
<b>Total OPEB Liability</b>	
Service cost	\$ 547,435
Interest	780,761
Changes in benefit terms	-
Differences between expected and actual experience	(27,426)
Changes in assumptions	(5,968,277)
Benefit payments, including refunds	(318,344)
	(4,985,851)
<b>Net Change in Total OPEB Liability</b>	(4,985,851)
<b>Total OPEB Liability - Beginning of year</b>	16,322,528
<b>Total OPEB Liability - End of year</b>	<b>\$ 11,336,677</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 307,730
Contributions - Active and inactive plan members not yet receiving benefits	2,804
Net investment income	610,641
Administrative expenses	-
Benefit payments, including refunds	(318,344)
Other	92
	602,923
<b>Net Change in Plan Fiduciary Net Position</b>	602,923
<b>Plan Fiduciary Net Position - Beginning of year</b>	4,563,746
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 5,166,669</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 6,170,008</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	45.57 %
<b>Covered Employee Payroll</b>	\$ 1,685,541
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	366.1 %

Currently, one year of information is available; additional years of information will be displayed in future years, as it becomes available.

# City of Grosse Pointe Farms, Michigan

## Required Supplemental Information OPEB Plan - Public Safety Schedule of City Contributions Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 1,144,288	\$ 1,095,012	\$ 1,281,678	\$ 1,226,486	\$ 1,214,408	\$ 1,162,113	\$ 1,148,990	\$ 913,598	\$ 841,910
Contributions in relation to the actuarially determined contribution	<u>818,272</u>	<u>610,018</u>	<u>812,584</u>	<u>565,410</u>	<u>554,985</u>	<u>770,590</u>	<u>332,058</u>	<u>228,400</u>	<u>552,267</u>
Contribution deficiency	<u><b>\$ 326,016</b></u>	<u><b>\$ 484,994</b></u>	<u><b>\$ 469,094</b></u>	<u><b>\$ 661,076</b></u>	<u><b>\$ 659,423</b></u>	<u><b>\$ 391,523</b></u>	<u><b>\$ 816,932</b></u>	<u><b>\$ 685,198</b></u>	<u><b>\$ 289,643</b></u>
Covered employee payroll	\$ 1,685,541	\$ 1,865,319	\$ 1,865,319	\$ 2,285,740	\$ 2,285,740	\$ 2,816,985	\$ 2,816,985	\$ 3,116,703	\$ 3,116,703
Contributions as a percentage of covered employee payroll	48.5 %	32.7 %	43.6 %	24.7 %	24.3 %	27.4 %	11.8 %	7.3 %	17.7 %

### Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	Market
Inflation	N/A
Healthcare cost trend rates	6.0 percent for the year of valuation, graded down to 5.0 percent in 0.1 percent increments
Salary increases	N/A
Investment rate of return	7.25 percent, net of plan investment expenses
Retirement age	60 years
Mortality	RP 2000 Combined Healthy Annuitant Mortality Table Projected to 2014
Other information	None

Currently, nine years of information are available; additional years of information will be displayed in future years, as it becomes available.

# City of Grosse Pointe Farms, Michigan

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## Required Supplemental Information OPEB Plan - Public Safety Schedule of Investment Returns Last Ten Fiscal Years

2017

Annual money-weighted rate of return, net of investment expense

13.4 %

Currently, one year of information is available; additional years of information will be displayed in future years, as it becomes available.

# City of Grosse Pointe Farms, Michigan

## Required Supplemental Information OPEB Plan - General Employees Schedule of Changes in the City Net OPEB Liability and Related Ratios Last Ten Fiscal Years (Schedule is built prospectively upon implementation of GASB 74)

	2017
<b>Total OPEB Liability</b>	
Service cost	\$ 350,197
Interest	673,198
Changes in benefit terms	-
Differences between expected and actual experience	(1,336,948)
Changes in assumptions	(4,009,288)
Benefit payments, including refunds	(399,215)
<b>Net Change in Total OPEB Liability</b>	(4,722,056)
<b>Total OPEB Liability - Beginning of year</b>	14,197,109
<b>Total OPEB Liability - End of year</b>	<b>\$ 9,475,053</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 812,496
Contributions - Active and inactive plan members not yet receiving benefits	-
Net investment income	181,570
Administrative expenses	-
Benefit payments, including refunds	(399,215)
Other	-
<b>Net Change in Plan Fiduciary Net Position</b>	594,851
<b>Plan Fiduciary Net Position - Beginning of year</b>	1,352,979
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 1,947,830</b>
<b>Net OPEB Liability - Ending</b>	<b>\$ 7,527,223</b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	20.56 %
<b>Covered Employee Payroll</b>	\$ 1,685,541
<b>Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	446.6 %

Currently, one year of information is available; additional years of information will be displayed in future years, as it becomes available.

# City of Grosse Pointe Farms, Michigan

## Required Supplemental Information OPEB Plan - General Employees Schedule of City Contributions Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 986,558	\$ 944,075	\$ 1,075,857	\$ 1,029,528	\$ 901,417	\$ 862,600	\$ 1,093,302	\$ 845,615	\$ 786,893
Contributions in relation to the actuarially determined contribution	<u>307,730</u>	<u>213,316</u>	<u>408,826</u>	<u>381,955</u>	<u>369,581</u>	<u>375,231</u>	<u>273,326</u>	<u>211,404</u>	<u>646,586</u>
Contribution deficiency	<u><b>\$ 678,828</b></u>	<u><b>\$ 730,759</b></u>	<u><b>\$ 667,031</b></u>	<u><b>\$ 647,573</b></u>	<u><b>\$ 531,836</b></u>	<u><b>\$ 487,369</b></u>	<u><b>\$ 819,976</b></u>	<u><b>\$ 634,211</b></u>	<u><b>\$ 140,307</b></u>
Covered employee payroll	\$ 2,872,219	\$ 2,677,371	\$ 2,677,371	\$ 2,746,023	\$ 2,746,023	\$ 2,941,032	\$ 2,941,032	\$ 2,980,880	\$ 2,980,880
Contributions as a percentage of covered employee payroll	10.7 %	8.0 %	15.3 %	13.9 %	13.5 %	12.8 %	9.3 %	7.1 %	21.7 %

### Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	Market
Inflation	N/A
Healthcare cost trend rates	6.0 percent for the year of valuation, graded down to 5.0 percent in 0.1 percent increments
Salary increases	N/A
Investment rate of return	7.25 percent, net of plan investment expenses
Retirement age	60 years
Mortality	RP 2000 Combined Healthy Annuitant Mortality Table Projected to 2014
Other information	None

Currently, nine years of information are available; additional years of information will be displayed in future years, as it becomes available.

# City of Grosse Pointe Farms, Michigan

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## Required Supplemental Information OPEB Plan - General Employees Schedule of Investment Returns Last Ten Fiscal Years

2017

Annual money-weighted rate of return, net of investment expense

13.5 %

Currently, one year of information is available; additional years of information will be displayed in future years, as it becomes available.



## **Other Supplemental Information**

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# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2017

	Special Revenue Funds			Debt Service Funds		Total Nonmajor Governmental Funds
	Major Streets	Local Streets	Community Development Block Grant	General Debt Service	Capital Projects Fund	
<b>Assets</b>						
Cash and investments	\$ 407,609	\$ 479,511	\$ 8,796	\$ -	\$ 1,719,209	\$ 2,615,125
Receivables:						
Accrued interest receivable	-	154	-	-	1	155
Other receivables	-	-	-	-	200	200
Due from other governmental units	96,970	38,827	11,096	-	-	146,893
	<u>96,970</u>	<u>38,827</u>	<u>11,096</u>	<u>-</u>	<u>-</u>	<u>146,893</u>
Total assets	<u>\$ 504,579</u>	<u>\$ 518,492</u>	<u>\$ 19,892</u>	<u>\$ -</u>	<u>\$ 1,719,410</u>	<u>\$ 2,762,373</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficit)</b>						
<b>Liabilities</b>						
Accounts payable	\$ 5,484	\$ 5,710	\$ 10,173	\$ -	\$ 39,283	\$ 60,650
Accrued salaries and wages	1,255	5,995	-	-	-	7,250
	<u>6,739</u>	<u>11,705</u>	<u>10,173</u>	<u>-</u>	<u>39,283</u>	<u>67,900</u>
Total liabilities						
	<u>6,739</u>	<u>11,705</u>	<u>10,173</u>	<u>-</u>	<u>39,283</u>	<u>67,900</u>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	-	-	11,096	-	-	11,096
	<u>-</u>	<u>-</u>	<u>11,096</u>	<u>-</u>	<u>-</u>	<u>11,096</u>
<b>Fund Balances (Deficit)</b>						
Restricted - Roads	497,840	506,787	-	-	-	1,004,627
Assigned - Capital projects	-	-	-	-	1,680,127	1,680,127
Unassigned	-	-	(1,377)	-	-	(1,377)
	<u>-</u>	<u>-</u>	<u>(1,377)</u>	<u>-</u>	<u>-</u>	<u>(1,377)</u>
Total fund balances (deficit)	<u>497,840</u>	<u>506,787</u>	<u>(1,377)</u>	<u>-</u>	<u>1,680,127</u>	<u>2,683,377</u>
	<u>497,840</u>	<u>506,787</u>	<u>(1,377)</u>	<u>-</u>	<u>1,680,127</u>	<u>2,683,377</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 504,579</u>	<u>\$ 518,492</u>	<u>\$ 19,892</u>	<u>\$ -</u>	<u>\$ 1,719,410</u>	<u>\$ 2,762,373</u>

# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2017

	Special Revenue Funds			Debt Service Fund		
	Major Streets	Local Streets	Community Development Block Grant	General Debt Service		
<b>Revenue</b>						
Federal grants	\$ -	\$ -	\$ 12,768	\$ -	\$ -	\$ 12,768
State sources	501,297	200,719	-	-	-	702,016
Investment income	-	1,225	-	-	1,306	2,531
Other revenue	-	-	-	-	30,454	30,454
<b>Total revenue</b>	<b>501,297</b>	<b>201,944</b>	<b>12,768</b>	<b>-</b>	<b>31,760</b>	<b>747,769</b>
<b>Expenditures - Current</b>						
Public works - Street construction	239,014	334,492	-	-	-	573,506
Community and economic development	-	-	22,709	-	-	22,709
Capital outlay	-	-	-	-	1,261,943	1,261,943
Debt service	-	-	-	488,305	-	488,305
<b>Total expenditures</b>	<b>239,014</b>	<b>334,492</b>	<b>22,709</b>	<b>488,305</b>	<b>1,261,943</b>	<b>2,346,463</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>262,283</b>	<b>(132,548)</b>	<b>(9,941)</b>	<b>(488,305)</b>	<b>(1,230,183)</b>	<b>(1,598,694)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	175,000	-	488,305	1,433,000	2,096,305
Transfers out	(75,000)	-	-	-	-	(75,000)
<b>Total other financing (uses) sources</b>	<b>(75,000)</b>	<b>175,000</b>	<b>-</b>	<b>488,305</b>	<b>1,433,000</b>	<b>2,021,305</b>
<b>Net Change in Fund Balances</b>	<b>187,283</b>	<b>42,452</b>	<b>(9,941)</b>	<b>-</b>	<b>202,817</b>	<b>422,611</b>
<b>Fund Balances - Beginning of year</b>	<b>310,557</b>	<b>464,335</b>	<b>8,564</b>	<b>-</b>	<b>1,477,310</b>	<b>2,260,766</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 497,840</b>	<b>\$ 506,787</b>	<b>\$ (1,377)</b>	<b>\$ -</b>	<b>\$ 1,680,127</b>	<b>\$ 2,683,377</b>

# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Nonmajor Special Revenue Fund - Major Streets Fund Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b> - State-shared revenue and grants	\$ 431,000	\$ 431,000	\$ 501,297	\$ 70,297
<b>Expenditures</b> - Current				
Public works - Streets	356,000	356,000	239,014	116,986
Transfers out	75,000	75,000	75,000	-
Total expenditures	<u>431,000</u>	<u>431,000</u>	<u>314,014</u>	<u>116,986</u>
<b>Net Change in Fund Balance</b>	-	-	187,283	187,283
<b>Fund Balance</b> - Beginning of year	<u>310,557</u>	<u>310,557</u>	<u>310,557</u>	-
<b>Fund Balance</b> - End of year	<u><u>\$ 310,557</u></u>	<u><u>\$ 310,557</u></u>	<u><u>\$ 497,840</u></u>	<u><u>\$ 187,283</u></u>

# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Nonmajor Special Revenue Fund - Local Streets Fund Budgetary Comparison Year Ended June 30, 2017

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
<b>Revenue</b>				
State-shared revenue and grants	\$ 176,380	\$ 176,380	\$ 200,719	\$ 24,339
Investment income	3,500	3,500	1,225	(2,275)
Fund balance appropriation and transfers in	364,000	364,000	175,000	(189,000)
Total revenue	543,880	543,880	376,944	(166,936)
<b>Expenditures - Current</b>				
Public works - Streets	443,880	443,880	334,492	109,388
Transfers out	100,000	100,000	-	100,000
Total expenditures	543,880	543,880	334,492	209,388
<b>Net Change in Fund Balance</b>	-	-	42,452	42,452
<b>Fund Balance - Beginning of year</b>	464,335	464,335	464,335	-
<b>Fund Balance - End of year</b>	<b>\$ 464,335</b>	<b>\$ 464,335</b>	<b>\$ 506,787</b>	<b>\$ 42,452</b>

# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Nonmajor Special Revenue Fund - Community Development Block Grant Fund Budgetary Comparison Year Ended June 30, 2017

	<u>Original Budget</u> (Unaudited)	<u>Amended</u> <u>Budget</u> (Unaudited)	<u>Actual</u>	Variance with <u>Amended</u> <u>Budget</u>
<b>Revenue - Federal grants</b>	\$ 38,420	\$ 38,420	\$ 12,768	\$ (25,652)
<b>Expenditures - Current - Community and economic development</b>	<u>38,420</u>	<u>38,420</u>	<u>22,709</u>	<u>15,711</u>
<b>Net Change in Fund Balance</b>	-	-	(9,941)	(9,941)
<b>Fund Balance - Beginning of year</b>	<u>8,564</u>	<u>8,564</u>	<u>8,564</u>	<u>-</u>
<b>Fund Balance (Deficit) - End of year</b>	<u><u>\$ 8,564</u></u>	<u><u>\$ 8,564</u></u>	<u><u>\$ (1,377)</u></u>	<u><u>\$ (9,941)</u></u>

# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - General Debt Service Budgetary Comparison Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue - Transfers in</b>	\$ 488,500	\$ 488,500	\$ 488,305	\$ (195)
<b>Expenditures - Current - Debt service</b>	488,500	488,500	488,305	195
<b>Net Change in Fund Balance</b>	-	-	-	-
<b>Fund Balance - Beginning of year</b>	-	-	-	-
<b>Fund Balance - End of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Nonmajor Governmental Fund - Capital Projects Fund Budgetary Comparison Year Ended June 30, 2017

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Investment income	\$ 8,500	\$ 8,500	\$ 1,306	\$ (7,194)
Other revenue	87,250	87,250	30,454	(56,796)
Transfers in	1,433,000	1,433,000	1,433,000	-
Total revenue	1,528,750	1,528,750	1,464,760	(63,990)
<b>Expenditures - Current - Capital outlay</b>	1,528,750	1,528,750	1,261,943	266,807
<b>Net Change in Fund Balance</b>	-	-	202,817	202,817
<b>Fund Balance - Beginning of year</b>	1,477,310	1,477,310	1,477,310	-
<b>Fund Balance - End of year</b>	<u>\$ 1,477,310</u>	<u>\$ 1,477,310</u>	<u>\$ 1,680,127</u>	<u>\$ 202,817</u>



# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2017

	Recycling Program	Municipal Radio System	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 74,678	\$ 83,101	\$ 157,779
Receivables:			
Other receivables	16,067	-	16,067
Due from other governmental units	-	49,932	49,932
Prepaid expenses and other assets	-	1,027	1,027
Total current assets	90,745	134,060	224,805
Noncurrent assets - Capital assets - Assets subject to depreciation	-	527,314	527,314
Total assets	90,745	661,374	752,119
<b>Deferred Outflows of Resources</b> - Deferred outflows related to pensions			
	-	67,260	67,260
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	3,284	3,284
Refundable deposits, bonds, etc.	-	19,777	19,777
Accrued liabilities and other - Accrued salaries and wages	-	1,207	1,207
Compensated absences	-	8,612	8,612
Total current liabilities	-	32,880	32,880
Noncurrent liabilities:			
Compensated absences	-	15,888	15,888
Net OPEB obligation	-	79,678	79,678
Net pension liability	-	62,765	62,765
Total noncurrent liabilities	-	158,331	158,331
Total liabilities	-	191,211	191,211
<b>Net Position</b>			
Net investment in capital assets	-	527,314	527,314
Unrestricted	90,745	10,109	100,854
Total net position	\$ 90,745	\$ 537,423	\$ 628,168

# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended June 30, 2017

	Recycling Program	Municipal Radio System	Total
<b>Operating Revenue</b>			
Interest and penalty charges	\$ 2,171	\$ -	\$ 2,171
Charges for services - Recycling	119,848	-	119,848
Charges for services - Radio system	-	230,446	230,446
Total operating revenue	122,019	230,446	352,465
<b>Operating Expenses</b>			
Other operating and maintenance costs	126,320	258,743	385,063
Depreciation	-	105,656	105,656
Total operating expenses	126,320	364,399	490,719
<b>Change in Net Position</b>	(4,301)	(133,953)	(138,254)
<b>Net Position - Beginning of year</b>	95,046	671,376	766,422
<b>Net Position - End of year</b>	<b>\$ 90,745</b>	<b>\$ 537,423</b>	<b>\$ 628,168</b>

# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2017

	Recycling Program	Municipal Radio System	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 122,019	\$ 230,446	\$ 352,465
Payments to suppliers	(13,601)	(123,782)	(137,383)
Payments to employees	(109,863)	(119,828)	(229,691)
Other (payments) receipts	(1,950)	17,641	15,691
<b>Net (Decrease) Increase in Cash and Cash Equivalents -</b>			
Net cash (used in) provided by operating activities	(3,395)	4,477	1,082
<b>Cash and Cash Equivalents - Beginning of year</b>	<b>78,073</b>	<b>78,624</b>	<b>156,697</b>
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 74,678</b>	<b>\$ 83,101</b>	<b>\$ 157,779</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (4,301)	\$ (133,953)	\$ (138,254)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation	-	105,656	105,656
Changes in assets and liabilities:			
Receivables	(1,950)	8,093	6,143
Inventories	2,856	-	2,856
Prepaid and other assets	-	159	159
Accounts payable	-	(4,292)	(4,292)
Accrued and other liabilities	-	28,814	28,814
Net cash (used in) provided by operating activities	<b>\$ (3,395)</b>	<b>\$ 4,477</b>	<b>\$ 1,082</b>

# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Statement of Fiduciary Net Position Fiduciary Funds June 30, 2017

	Pension Trust Funds				Agency Funds	
	General Employees' Retirement System	Public Safety Retirement System	General Employees' Other Postemployment Benefit Trust	Public Safety Other Postemployment Benefit Trust	Total Pension Trust Funds	Agency Fund - Tax Collections
<b>Assets</b>						
Cash and cash equivalents	\$ 276,170	\$ 540,815	\$ -	\$ -	\$ 816,985	\$ -
Investments:						
Collective investment trust	15,382,429	25,706,141	1,283,257	3,370,844	45,742,671	-
Mutual funds	8,116,553	13,593,481	683,181	1,782,478	24,175,693	-
Receivables from sales to customers on account	-	-	5,776	-	5,776	-
Other receivables	1,173	1,466	-	-	2,639	-
Prepaid expenses and other assets	2,082	2,082	22,394	16,460	43,018	-
Total assets	23,778,407	39,843,985	1,994,608	5,169,782	70,786,782	\$ -
<b>Liabilities</b>						
Accounts payable	13,363	21,117	4,290	3,879	42,649	\$ -
Due to primary government	10,846	60,945	42,488	2,038	116,317	-
Total liabilities	24,209	82,062	46,778	5,917	158,966	\$ -
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 23,754,198</b>	<b>\$ 39,761,923</b>	<b>\$ 1,947,830</b>	<b>\$ 5,163,865</b>	<b>\$ 70,627,816</b>	

# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 2017

	General Employees' Retirement System	Public Safety Retirement System	General Employees' Other Postemployment Benefit Trust	Public Safety Other Postemployment Benefit Trust	Total
<b>Additions</b>					
Investment income:					
Interest and dividends	\$ 372,172	\$ 596,200	\$ 22,456	\$ 75,720	\$ 1,066,548
Net decrease in fair value of investments	2,637,013	4,210,364	159,113	534,923	7,541,413
Net investment income	3,009,185	4,806,564	181,569	610,643	8,607,961
Contributions:					
Employer	392,241	300,000	818,272	307,730	1,818,243
Employee	117,597	220,792	-	-	338,389
Total contributions	509,838	520,792	818,272	307,730	2,156,632
Total additions	3,519,023	5,327,356	999,841	918,373	10,764,593
<b>Deductions</b>					
Benefit payments	1,828,517	2,002,811	-	-	3,831,328
Health benefits	-	-	404,990	318,345	723,335
Administrative expenses	81,493	118,977	-	-	200,470
Total deductions	1,910,010	2,121,788	404,990	318,345	4,755,133
<b>Net Increase in Net Position Held in Trust</b>	1,609,013	3,205,568	594,851	600,028	6,009,460
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	22,145,185	36,556,355	1,352,979	4,563,837	64,618,356
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<b>\$ 23,754,198</b>	<b>\$ 39,761,923</b>	<b>\$ 1,947,830</b>	<b>\$ 5,163,865</b>	<b>\$ 70,627,816</b>

# City of Grosse Pointe Farms, Michigan

## Other Supplemental Information Statement of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2017

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017
<b>Agency Fund</b> - Tax collections				
<b>Assets</b> - Cash and cash equivalents	\$ -	\$37,337,126	\$ (37,337,126)	\$ -
<b>Liabilities</b> - Accounts payable	\$ -	\$ 77,271	\$ (77,271)	\$ -

## Statistical Section

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This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall financial health.

The statistical section is organized into the following main categories:

- Financial trends
- Revenue capacity
- Debt capacity
- Demographic and economic information
- Operating information

**Sources** - Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

## **Financial Trends**

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.



# City of Grosse Pointe Farms, Michigan

	June 30				
	2008	2009	2010	2011	2012
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 17,283,000	\$ 17,160,000	\$ 16,134,000	\$ 15,496,000	\$ 14,682,000
Restricted	816,000	933,000	356,000	495,000	579,000
Unrestricted	<u>5,905,000</u>	<u>5,165,000</u>	<u>4,204,000</u>	<u>2,403,000</u>	<u>1,276,000</u>
Total net position	<u><b>\$ 24,004,000</b></u>	<u><b>\$ 23,258,000</b></u>	<u><b>\$ 20,694,000</b></u>	<u><b>\$ 18,394,000</b></u>	<u><b>\$ 16,537,000</b></u>
<b>Business-type Activities</b>					
Net investment in capital assets	\$ 7,523,000	\$ 8,271,000	\$ 8,867,000	\$ 10,219,000	\$ 11,390,000
Restricted	-	-	-	-	-
Unrestricted	<u>1,064,000</u>	<u>1,010,000</u>	<u>605,000</u>	<u>(318,000)</u>	<u>(827,000)</u>
Total net position	<u><b>\$ 8,587,000</b></u>	<u><b>\$ 9,281,000</b></u>	<u><b>\$ 9,472,000</b></u>	<u><b>\$ 9,901,000</b></u>	<u><b>\$ 10,563,000</b></u>
<b>Primary Government in Total</b>					
Net investment in capital assets	\$ 24,806,000	\$ 25,431,000	\$ 25,001,000	\$ 25,715,000	\$ 26,072,000
Restricted	816,000	933,000	356,000	495,000	579,000
Unrestricted	<u>6,969,000</u>	<u>6,175,000</u>	<u>4,809,000</u>	<u>2,085,000</u>	<u>449,000</u>
Total net position	<u><b>\$ 32,591,000</b></u>	<u><b>\$ 32,539,000</b></u>	<u><b>\$ 30,166,000</b></u>	<u><b>\$ 28,295,000</b></u>	<u><b>\$ 27,100,000</b></u>

Source: City Annual Financial Statements

**Net Position by Component**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting, Rounded to the Nearest Thousand)

		June 30				
2013	2014	2015	2016	2017		
\$ 14,668,000	\$ 14,931,000	\$ 14,723,000	\$ 14,678,000	\$ 15,088,000		
754,000	651,000	660,000	784,000	1,016,000		
<u>(457,000)</u>	<u>(2,623,000)</u>	<u>4,568,000</u>	<u>2,823,000</u>	<u>(4,125,000)</u>		
<b><u>\$ 14,965,000</u></b>	<b><u>\$ 12,959,000</u></b>	<b><u>\$ 19,951,000</u></b>	<b><u>\$ 18,285,000</u></b>	<b><u>\$ 11,979,000</u></b>		
\$ 11,466,000	\$ 11,595,000	\$ 11,646,000	\$ 11,371,000	\$ 11,424,000		
-	-	-	-	-		
<u>(945,000)</u>	<u>(839,000)</u>	<u>210,000</u>	<u>1,459,000</u>	<u>2,335,000</u>		
<b><u>\$ 10,521,000</u></b>	<b><u>\$ 10,756,000</u></b>	<b><u>\$ 11,856,000</u></b>	<b><u>\$ 12,830,000</u></b>	<b><u>\$ 13,759,000</u></b>		
\$ 26,134,000	\$ 26,526,000	\$ 26,369,000	\$ 26,049,000	\$ 26,512,000		
754,000	651,000	660,000	784,000	1,016,000		
<u>(1,402,000)</u>	<u>(3,462,000)</u>	<u>4,778,000</u>	<u>4,282,000</u>	<u>(1,790,000)</u>		
<b><u>\$ 25,486,000</u></b>	<b><u>\$ 23,715,000</u></b>	<b><u>\$ 31,807,000</u></b>	<b><u>\$ 31,115,000</u></b>	<b><u>\$ 25,738,000</u></b>		

# City of Grosse Pointe Farms, Michigan

	Year Ended June 30				
	2008	2009	2010	2011	2012
<b>Expenses</b>					
<b>Governmental Activities</b>					
General government	\$ 3,428,248	\$ 3,213,352	\$ 2,654,838	\$ 3,147,215	\$ 3,148,607
Municipal court	229,924	246,676	247,370	222,774	242,325
Public safety	5,133,805	5,532,467	5,821,182	6,207,639	5,981,440
Public works	3,419,905	3,573,103	4,114,191	3,876,300	3,429,387
Community and economic development	-	-	-	-	47,289
Recreation and culture	1,864,209	1,995,240	1,960,948	1,914,399	1,903,154
Interest on long-term debt	265,386	260,568	255,130	247,758	241,221
Total governmental activities expenses	14,341,477	14,821,406	15,053,659	15,616,085	14,993,423
<b>Business-type Activities</b>					
Water and sewer	4,347,654	4,051,550	4,024,053	4,685,051	5,570,439
Radio system charges	177,394	209,373	273,320	267,189	275,772
Recycling program	-	-	-	-	107,732
Interest on long-term debt	309,787	296,137	357,429	264,318	241,825
Total business-type activities expenses	4,834,835	4,557,060	4,654,802	5,216,558	6,195,768
Total primary government expenses	19,176,312	19,378,466	19,708,461	20,832,643	21,189,191
<b>Program Revenue</b>					
Charges for services:					
Municipal court	136,971	122,023	115,142	118,102	140,406
Public safety	565,939	579,890	491,606	504,622	590,018
Public works	110,459	108,689	110,888	109,125	-
General government	286,089	357,373	258,178	341,806	239,027
Recreation and culture	450,056	445,431	461,093	438,052	476,190
Operating and capital grants and contributions	725,991	857,406	526,506	698,107	629,434
Total governmental activities program revenue	2,275,505	2,470,812	1,963,413	2,209,814	2,075,075
<b>Business-type Activities</b>					
Charges for services:					
Water and sewer	3,190,978	2,972,857	3,045,418	3,625,449	4,121,315
Other charges for services - Grosse Pointe City	481,180	806,623	736,747	679,651	508,235
Radio system charges	177,396	209,373	210,250	195,380	646,240
Recycling program	-	-	-	-	110,913
Operating and capital grants and contributions	-	-	-	89,038	485,943
Total business-type activities program revenue	3,849,554	3,988,853	3,992,415	4,589,518	5,872,646
Total primary government program revenue	6,125,059	6,459,665	5,955,828	6,799,332	7,947,721

Source: City Annual Financial Statements

**Changes in Net Position  
Governmental Activities, Business-type  
Activities, and Primary Government  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)  
(Unaudited)**

		Year Ended June 30							
		2013	2014	2015	2016	2017			
\$	3,138,683	\$	3,265,673	\$	3,032,601	\$	3,315,769	\$	7,506,479
	246,021		244,844		286,567		301,031		291,358
	5,665,301		6,708,322		6,663,743		7,053,906		7,308,744
	3,485,847		3,492,491		3,367,523		3,333,672		3,836,009
	-		49,899		58,599		29,179		22,709
	1,746,363		1,898,214		1,836,693		1,910,629		1,911,506
	241,268		206,508		229,576		139,273		133,405
	<u>14,523,483</u>		<u>15,865,951</u>		<u>15,475,302</u>		<u>16,083,459</u>		<u>21,010,210</u>
	5,758,985		6,082,756		5,935,425		6,502,844		7,250,838
	869,354		344,900		340,222		343,392		364,399
	107,076		109,769		109,071		128,898		126,320
	333,332		322,444		308,010		358,657		-
	<u>7,068,747</u>		<u>6,859,869</u>		<u>6,692,728</u>		<u>7,333,791</u>		<u>7,741,557</u>
	21,592,230		22,725,820		22,168,030		23,417,250		28,751,767
	142,312		135,506		169,279		214,867		222,719
	634,925		846,095		725,872		764,491		670,530
	-		-		-		-		-
	271,606		251,162		322,618		369,342		379,206
	522,090		531,975		561,476		578,301		628,292
	565,925		631,411		698,129		776,072		760,191
	<u>2,136,858</u>		<u>2,396,149</u>		<u>2,477,374</u>		<u>2,703,073</u>		<u>2,660,938</u>
	5,272,212		5,546,862		5,870,229		6,425,211		6,803,190
	411,862		458,196		458,195		554,562		527,205
	189,555		229,042		245,223		233,692		230,446
	103,573		108,248		111,973		120,464		122,019
	313,200		-		86,537		183,359		196,843
	<u>6,290,402</u>		<u>6,342,348</u>		<u>6,772,157</u>		<u>7,517,288</u>		<u>7,879,703</u>
	<u>8,427,260</u>		<u>8,738,497</u>		<u>9,249,531</u>		<u>10,220,361</u>		<u>10,540,641</u>

# City of Grosse Pointe Farms, Michigan

	Year Ended June 30				
	2008	2009	2010	2011	2012
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (12,065,972)	\$ (12,350,594)	\$ (13,090,246)	\$ (13,406,271)	\$ (12,918,348)
Business-type activities	(985,281)	(568,207)	(662,387)	(627,040)	(323,122)
Total primary government	(13,051,253)	(12,918,801)	(13,752,633)	(14,033,311)	(13,241,470)
<b>General Revenue</b>					
Governmental activities:					
Property taxes	9,816,949	9,775,863	9,849,826	9,481,378	9,490,657
State-shared revenue	796,332	768,391	665,163	798,961	727,808
Interest	575,900	400,967	259,662	110,149	235,549
Franchise fees and other	743,749	660,167	523,550	716,396	845,866
Transfers	(120,000)	-	-	-	-
Total government activities	11,812,930	11,605,388	11,298,201	11,106,884	11,299,880
Business-type activities:					
Property taxes	1,232,991	1,231,536	866,081	792,009	744,402
Unrestricted investment earnings	56,291	30,701	13,943	-	40
Transfers	120,000	-	-	-	-
Total business-type activities	1,409,282	1,262,237	880,024	792,009	744,442
Total primary government general revenue	13,222,212	12,867,625	12,178,225	11,898,893	12,044,322
<b>Change in Net Position</b>					
Governmental activities	(253,042)	(745,206)	(1,792,045)	(2,299,387)	(1,618,468)
Business-type activities	424,001	694,030	217,637	164,969	421,320
Total primary government	<u>\$ 170,959</u>	<u>\$ (51,176)</u>	<u>\$ (1,574,408)</u>	<u>\$ (2,134,418)</u>	<u>\$ (1,197,148)</u>

Source: City Annual Financial Statements

**Changes in Net Position**  
**Governmental Activities, Business-type**  
**Activities, and Primary Government**  
**Last Ten Fiscal Years (Continued)**  
(Accrual Basis of Accounting)  
(Unaudited)

Year Ended June 30				
2013	2014	2015	2016	2017
\$ (12,386,625)	\$ (13,469,802)	\$ (12,997,928)	\$ (13,380,386)	\$ (18,349,272)
(778,345)	(517,521)	79,429	183,497	138,146
(13,164,970)	(13,987,323)	(12,918,499)	(13,196,889)	(18,211,126)
9,238,242	9,344,347	9,491,475	9,731,424	10,197,228
744,993	763,817	777,345	814,680	835,548
58,346	117,712	159,015	188,142	11,245
773,625	1,238,006	893,165	979,732	999,612
-	-	-	-	-
10,815,206	11,463,882	11,321,000	11,713,978	12,043,633
735,296	750,556	753,976	787,937	790,264
1,139	1,503	1,438	2,977	8
-	-	-	-	-
736,435	752,059	755,414	790,914	790,272
11,551,641	12,215,941	12,076,414	12,504,892	12,833,905
(1,571,419)	(2,005,920)	(1,676,928)	(1,666,408)	(6,305,639)
(41,910)	234,538	834,843	974,411	928,418
<u>\$ (1,613,329)</u>	<u>\$ (1,771,382)</u>	<u>\$ (842,085)</u>	<u>\$ (691,997)</u>	<u>\$ (5,377,221)</u>

# City of Grosse Pointe Farms, Michigan

## Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	June 30									
	2008	2009	2010	2011**	2012**	2013**	2014**	2015**	2016**	2017**
General Fund:										
Reserved	\$ 615,448	\$ 123,685	\$ 99,578	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Designated	-	2,212,369	2,821,681	-	-	-	-	-	-	-
Undesignated	4,286,837	2,694,702	2,760,810	-	-	-	-	-	-	-
Nonspendable	-	-	-	595,138	507,028	312,451	213,574	121,137	120,099	84,063
Committed	-	-	-	1,046,487	1,003,028	880,168	845,990	846,307	873,834	927,418
Assigned	-	-	-	206,000	200,000	376,550	300,000	300,000	300,000	200,000
Unassigned	-	-	-	2,900,087	3,209,206	3,368,335	3,692,523	3,869,208	3,845,625	3,997,695
Total General Fund	4,902,285	5,030,756	5,682,069	4,747,712	4,919,262	4,937,504	5,052,087	5,136,652	5,139,558	5,209,176
Special revenue funds:										
Reserved - Reported in special revenue funds	-	19,900	-	-	-	-	-	-	-	-
Unreserved - Reported in special revenue funds	934,790	948,097	855,712	-	-	-	-	-	-	-
Restricted	-	-	-	398,462	578,938	754,022	651,531	659,973	783,456	1,004,627
Assigned	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	102,421	-	-	-	(39,260)	-	-
Total special revenue funds	934,790	967,997	855,712	500,883	578,938	754,022	651,531	620,713	783,456	1,004,627
Unreserved - Reported in - Capital Projects Fund:										
Nonspendable	-	-	-	-	727,425	748,278	-	-	-	-
Unassigned	1,264,432	1,065,475	1,028,722	-	-	-	-	-	-	-
Assigned	-	-	-	2,508,612	1,410,658	549,658	1,115,992	1,023,667	1,477,310	1,678,750
Total Capital Projects Fund	1,264,432	1,065,475	1,028,722	2,508,612	2,138,083	1,297,936	1,115,992	1,023,667	1,477,310	1,678,750
Total all other governmental funds	2,199,222	2,033,472	1,884,434	3,009,495	2,717,021	2,051,958	1,767,523	1,644,380	2,260,766	2,683,377
Total governmental funds	<u>\$ 7,101,507</u>	<u>\$ 7,064,228</u>	<u>\$ 7,566,503</u>	<u>\$ 7,757,207</u>	<u>\$ 7,636,283</u>	<u>\$ 6,989,462</u>	<u>\$ 6,819,610</u>	<u>\$ 6,781,032</u>	<u>\$ 7,400,324</u>	<u>\$ 7,892,553</u>

\*\* Fund balance classifications were changed as a result of the implementation of GASB No. 54.

Source: City Annual Financial Statements

# City of Grosse Pointe Farms, Michigan

## Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	Year Ended June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenue</b>										
Property taxes	\$ 9,816,949	\$ 9,775,863	\$ 9,849,826	\$ 9,481,378	\$ 9,490,657	\$ 9,238,242	\$ 9,344,347	\$ 9,491,475	\$ 9,731,424	\$ 10,197,228
Licenses and permits	296,960	260,977	281,955	274,707	378,512	399,410	602,308	492,425	524,660	465,172
Federal sources	25,307	37,385	2,130	169,988	78,642	9,682	57,847	19,339	88,597	23,048
State sources	1,357,659	1,309,873	1,203,093	1,332,661	1,278,600	1,301,236	1,337,381	1,416,869	1,529,587	1,550,499
Charges for services	1,361,557	1,521,518	1,256,747	1,366,841	1,313,592	1,417,111	1,427,017	1,558,602	1,657,022	1,739,435
Fines and forfeitures	356,939	318,119	331,690	335,119	327,235	353,995	354,391	382,237	414,544	387,632
Interest	542,860	376,578	242,939	103,730	216,647	56,457	114,280	153,658	183,089	10,622
Other	298,346	447,393	364,236	251,993	256,563	161,717	563,198	211,074	291,316	273,017
<b>Total revenue</b>	<b>14,056,577</b>	<b>14,047,706</b>	<b>13,532,616</b>	<b>13,316,417</b>	<b>13,340,448</b>	<b>12,937,850</b>	<b>13,800,769</b>	<b>13,725,679</b>	<b>14,420,239</b>	<b>14,646,653</b>
<b>Expenditures</b>										
Current:										
General government	1,041,644	1,007,904	1,044,756	1,480,916	1,350,651	1,368,999	1,337,510	1,461,908	1,583,140	1,564,902
Municipal court	229,924	242,310	236,139	209,382	234,536	246,021	244,844	286,567	301,031	291,358
Public safety:										
Police, fire, and EMS	4,514,031	4,683,242	4,557,016	4,550,749	4,636,317	4,369,616	4,410,846	4,576,012	4,658,059	4,615,621
Building inspections	535,600	511,296	414,816	-	-	-	-	-	-	-
Public works and streets:										
Streets	1,056,972	940,704	1,173,349	941,499	665,131	685,120	726,816	710,690	679,676	573,506
Rubbish disposal and recycling	1,652,121	1,744,819	1,687,334	1,487,760	1,523,204	1,529,207	1,524,611	1,531,322	1,531,871	1,831,265
Community and economic development	25,308	34,947	-	-	47,289	-	49,899	58,599	29,179	22,709
Recreation and culture	1,220,498	1,287,139	1,244,210	1,198,465	1,249,703	1,138,274	1,164,964	1,205,872	1,260,231	1,290,409
Other functions	2,226,043	2,079,751	2,031,466	2,585,658	2,663,911	2,554,176	2,639,316	2,589,322	2,317,056	2,214,406
Capital outlay	881,398	1,128,335	172,155	225,629	363,382	1,189,933	1,305,809	814,475	962,592	1,261,943
Debt service principal	121,875	162,500	162,500	193,750	243,750	243,750	293,750	346,875	340,625	352,500
Debt service interest	266,489	262,038	256,600	251,905	243,325	234,575	245,608	239,218	137,487	135,805
<b>Total expenditures</b>	<b>13,771,903</b>	<b>14,084,985</b>	<b>12,980,341</b>	<b>13,125,713</b>	<b>13,221,199</b>	<b>13,559,671</b>	<b>13,943,973</b>	<b>13,820,860</b>	<b>13,800,947</b>	<b>14,154,424</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>284,674</b>	<b>(37,279)</b>	<b>552,275</b>	<b>190,704</b>	<b>119,249</b>	<b>(621,821)</b>	<b>(143,204)</b>	<b>(95,181)</b>	<b>619,292</b>	<b>492,229</b>
<b>Other Financing Sources (Uses)</b>										
Debt issuance/refinanced	-	-	-	-	-	-	23,352	(303,613)	-	-
Debt premium or discount	-	-	-	-	-	-	-	360,216	-	-
Transfers in	1,926,879	1,466,871	1,084,170	2,519,797	894,165	1,119,909	1,590,476	1,475,955	1,933,112	2,096,305
Transfers out	(2,159,380)	(1,466,871)	(1,134,170)	(2,519,797)	(1,031,917)	(1,144,909)	(1,640,476)	(1,475,955)	(1,933,112)	(2,096,305)
<b>Net Change in Fund Balances</b>	<b>52,173</b>	<b>(37,279)</b>	<b>502,275</b>	<b>190,704</b>	<b>(18,503)</b>	<b>(646,821)</b>	<b>(169,852)</b>	<b>(38,578)</b>	<b>619,292</b>	<b>492,229</b>
<b>Fund Balances - Beginning of year</b>	<b>7,049,334</b>	<b>7,101,507</b>	<b>7,064,228</b>	<b>7,566,503</b>	<b>7,757,207</b>	<b>7,636,283</b>	<b>6,989,462</b>	<b>6,819,610</b>	<b>6,781,032</b>	<b>7,400,324</b>
<b>Change in Accounting Method</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(102,421)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances - End of year</b>	<b>\$ 7,101,507</b>	<b>\$ 7,064,228</b>	<b>\$ 7,566,503</b>	<b>\$ 7,757,207</b>	<b>\$ 7,636,283</b>	<b>\$ 6,989,462</b>	<b>\$ 6,819,610</b>	<b>\$ 6,781,032</b>	<b>\$ 7,400,324</b>	<b>\$ 7,892,553</b>
Debt service as a percentage of noncapital expenditures	3.01%	3.28%	3.27%	3.45%	3.79%	3.87%	4.23%	4.50%	3.71%	3.68%

Source: City Annual Financial Statements



## **Revenue Capacity**

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These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

# City of Grosse Pointe Farms, Michigan

## Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Fiscal Year	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
	Ended June 30						
2007	2008	\$ 10,692,189	\$ 10,291,856	96.256%	\$ 397,709	\$ 10,689,565	99.975%
2008	2009	10,698,768	10,379,926	97.020%	316,916	10,696,842	99.982%
2009	2010	10,361,975	10,092,125	97.396%	266,051	10,358,176	99.963%
2010	2011	9,957,894	9,737,583	97.788%	217,324	9,954,907	99.970%
2011	2012	10,175,907	9,964,551	97.923%	210,805	10,175,356	99.995%
2012	2013	9,767,873	9,627,480	98.563%	140,315	9,767,795	99.999%
2013	2014	10,024,210	9,890,783	98.669%	133,427	10,024,210	100.000%
2014	2015	10,220,965	10,046,933	98.297%	141,150	10,188,083	99.678%
2015	2016	10,451,191	10,252,294	98.097%	176,834	10,429,128	99.789%
2016	2017	10,559,446	10,422,145	98.700%	136,808	10,558,953	99.995%

Source: City Controller/Treasurer's office

# City of Grosse Pointe Farms, Michigan

## Assessed Taxable Values (History of Property Values) Last Ten Fiscal Years

		Taxable Value by Property Type							
		Real Property							
Tax Year	Fiscal Year Ended June 30	Residential	Commercial	Personal Property	Total Value	Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percent of Actual	
2007	2008	\$ 780,877,307	\$ 33,597,996	\$ 8,593,936	\$ 823,069,239	13.000	\$ 2,043,496,202	40.28%	
2008	2009	777,751,134	36,324,134	9,463,900	823,539,168	13.000	1,954,279,858	42.14%	
2009	2010	749,690,097	38,303,234	9,094,206	797,087,537	13.500	1,701,709,100	46.84%	
2010	2011	693,900,487	38,130,876	9,056,631	741,087,994	13.500	1,515,989,690	48.88%	
2011	2012	663,038,327	37,934,338	9,062,200	710,034,865	14.000	1,459,682,169	48.64%	
2012	2013	643,115,192	35,486,972	9,799,700	688,401,864	14.000	1,401,376,290	49.12%	
2013	2014	649,919,090	35,579,801	9,597,200	695,096,091	14.000	1,412,976,200	49.19%	
2014	2015	659,605,098	36,039,379	10,755,200	706,399,677	14.000	1,455,379,156	48.54%	
2015	2016	675,239,291	35,913,319	11,831,300	722,983,910	14.000	1,573,803,800	45.94%	
2016	2017	680,008,073	40,769,819	11,708,800	732,486,692	14.450	1,687,843,896	43.40%	

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

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

Source: Wayne County Department of Assessing and Equalization

# City of Grosse Pointe Farms, Michigan

## Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years

Tax Year	Millage Rates - Direct City Taxes				Overlapping Taxes								Total Tax Rate	
	General		Special	Total Direct Taxes	County	Grosse Pointe			Community College	Intermediate School District	School Homestead	School Non-homestead	Homestead	Non-homestead
	Operating	Debt	Purpose			Detroit Zoo	Detroit Inst. Arts	Library						
2007	10.2750	1.5000	1.2250	13.0000	8.6266	-	-	1.5412	2.4769	3.4643	14.0661	26.2216	43.1751	55.3306
2008	10.2750	1.5000	1.2250	13.0000	8.6266	0.1000	-	1.5412	2.4769	3.4643	14.0165	26.2499	43.2255	55.4589
2009	10.6916	1.0834	1.2250	13.0000	8.6266	0.1000	-	1.5413	2.4769	3.4643	14.9534	26.4821	44.1625	55.6912
2010	10.6916	1.0834	1.7250	13.5000	8.6266	0.1000	-	1.5412	2.4769	3.4643	14.9534	26.4821	44.6624	56.1911
2011	11.1916	1.0834	1.7250	14.0000	8.6266	0.1000	-	1.5412	2.2408	3.4643	15.5790	26.6750	45.5519	56.6479
2012	11.5000	1.0834	1.4166	14.0000	8.6266	0.1000	0.2000	2.0012	2.2408	3.4643	16.0882	26.7587	46.7211	57.3916
2013	11.5000	1.0834	1.4166	14.0000	8.6266	0.1000	0.2000	2.0412	3.2408	3.4643	16.0890	26.7852	47.7619	58.4581
2014	11.5000	1.0834	1.4166	14.0000	9.0366	0.1000	0.2000	2.0512	3.2408	3.4643	15.9166	26.7550	48.0095	58.8479
2015	11.5000	1.0834	1.4166	14.0000	10.0127	0.1000	0.2000	2.0712	3.2408	3.4643	15.3956	26.6421	48.4846	59.7311
2016	11.5000	1.0834	1.8666	14.4500	11.0366	0.1000	0.2000	2.0613	3.2408	3.4643	15.2850	26.6158	49.8380	61.1688

Note: Michigan law restricts the maximum millage that may be levied by the City without a vote of residents, as follows:

	General		Special
	Operating	Debt	Purpose
2016	12.2674	No limit	2.7010

Source: Wayne County, Michigan Apportionment Report

# City of Grosse Pointe Farms, Michigan

## Principal Property Taxpayers (Major Taxpayers) Current Year and Nine Years Ago

Taxpayer	2016 Taxable Value	Percentage of Total	2007 Taxable Value	Percentage of Total	2007 Rank
American House Grosse Pointe LLC	\$ 5,059,872	0.69%	\$ -	- %	
Kercheval Development Co.	4,863,475	0.66%	4,204,542	0.51%	2
Detroit Edison	4,492,700	0.61%	2,197,100	0.27%	5
Country Club of Detroit	3,159,048	0.43%	5,420,947	- %	1
Premier Equities GP, LLC	2,675,194	0.37%	2,268,846	0.31%	3
DTE Gas	2,631,900	0.36%	-	- %	
Soave, Anthony	1,824,911	0.25%	1,978,120	- %	6
Ford, Mr. & Mrs. Edsel	1,697,076	0.23%	2,252,121	0.32%	4
Cracchiolo, Ray	1,640,308	0.22%	1,585,265	0.22%	7
Cotton, Michael-Lisa	1,572,391	0.21%	-	- %	
M.R. Fisher Family Office	-	- %	1,548,467	0.19%	8
Brock, Jr., James-Suzanne	-	- %	1,327,900	0.17%	9
130 Kercheval Associates	-	- %	1,286,698	0.16%	10

Source: City Assessing Department Records

## **Debt Capacity**

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These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

# City of Grosse Pointe Farms, Michigan

## Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Pledged Debt Service Funds	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita	Debt per Total Personal Income
2008	\$ 15,914,942	\$ -	\$ 15,914,942	\$ 823,069,239	1.93%	9,764	\$ 1,629.96	2.77%
2009	15,227,833	-	15,227,833	823,539,168	1.85%	9,764	1,559.59	2.61%
2010	14,508,606	-	14,508,606	797,087,537	1.82%	9,764	1,485.93	2.71%
2011	13,725,053	-	13,725,053	741,087,994	1.85%	9,479	1,447.94	2.41%
2012	17,393,475	-	17,393,475	710,034,865	2.45%	9,479	1,834.95	*
2013	16,519,574	-	16,519,574	688,401,864	2.40%	9,479	1,742.75	*
2014	15,588,734	-	15,588,734	695,096,091	2.24%	9,479	1,644.55	*
2015	18,145,406	-	18,145,406	706,399,677	2.57%	9,479	1,914.27	*
2016	16,853,859	-	16,853,859	722,983,910	2.33%	9,479	1,778.02	*
2017	15,566,522	-	15,566,522	732,486,692	2.13%	9,479	1,642.21	*

\* Information not available

Source: City Controller/Treasurer's office

# City of Grosse Pointe Farms, Michigan

## Ratios of Outstanding Debt by Type Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
General obligation bonds	\$ 6,659,025	\$ 6,495,023	\$ 6,331,021	\$ 6,135,769	\$ 5,890,517	\$ 5,645,265	\$ 5,413,082	\$ 5,158,966	\$ 4,782,319	\$ 4,393,797
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Total	6,659,025	6,495,023	6,331,021	6,135,769	5,890,517	5,645,265	5,413,082	5,158,966	4,782,319	4,393,797
<b>Business-type Activities</b>										
General obligation bonds	9,255,917	8,732,810	8,177,585	7,589,284	11,502,958	10,874,657	10,175,652	12,986,440	12,071,540	11,172,725
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Total	9,255,917	8,732,810	8,177,585	7,589,284	11,502,958	10,874,657	10,175,652	12,986,440	12,071,540	11,172,725
Total debt of the government	<u>\$ 15,914,942</u>	<u>\$ 15,227,833</u>	<u>\$ 14,508,606</u>	<u>\$ 13,725,053</u>	<u>\$ 17,393,475</u>	<u>\$ 16,519,922</u>	<u>\$ 15,588,734</u>	<u>\$ 18,145,406</u>	<u>\$ 16,853,859</u>	<u>\$ 15,566,522</u>
<b>Taxable Value</b>	\$ 823,069,239	\$ 823,539,168	\$ 797,087,537	\$ 741,087,994	\$ 710,034,865	\$ 688,401,864	\$ 695,096,091	\$ 706,399,677	\$ 722,983,910	\$ 732,486,692
<b>Ratio of Total Debt to Taxable Value</b>	1.93%	1.85%	1.82%	1.85%	2.45%	2.40%	2.24%	2.57%	2.33%	2.13%
<b>Total Population</b>	9,764	9,764	9,764	9,479	9,479	9,479	9,479	9,479	9,479	9,479
<b>Total Debt Per Capita</b>	\$ 1,630	\$ 1,560	\$ 1,486	\$ 1,448	\$ 1,835	\$ 1,743	\$ 1,645	\$ 1,914	\$ 1,778	\$ 1,642
<b>Percentage - Total Debt to Total Personal Income</b>	2.77%	2.61%	2.71%	2.41%	*	*	*	*	*	*

Source: City Controller/Treasurer's Office



# City of Grosse Pointe Farms, Michigan

## Direct and Overlapping Governmental Activities Debt June 30, 2017

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Wayne County	\$ 281,976,436	1.91%	\$ 5,385,750
Grosse Pointe School District	33,165,000	27.96%	9,272,934
Grosse Pointe Library	11,300,000	27.96%	3,159,480
Wayne County Community College	-	0.00%	-
Intermediate School District	-	0.00%	-
Total overlapping debt			17,818,164
Direct City debt			4,393,797
Total direct and overlapping debt			<b><u>\$ 22,211,961</u></b>

The estimated percentage applicable is calculated by the taxable value of GPF divided by the taxable value of the taxing authority's district.

Source: Municipal Advisory Council of Michigan

# City of Grosse Pointe Farms, Michigan

## Legal Debt Margin Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Calculation of Debt Limit</b>										
State equalized valuation	<u>\$ 1,021,748,101</u>	<u>\$ 977,139,929</u>	<u>\$ 852,130,900</u>	<u>\$ 757,994,845</u>	<u>\$ 725,993,024</u>	<u>\$ 700,688,145</u>	<u>\$ 706,488,100</u>	<u>\$ 727,689,578</u>	<u>\$ 786,901,900</u>	<u>\$ 843,921,948</u>
10% of state equalized valuation	<u>\$ 102,174,810</u>	<u>\$ 97,713,993</u>	<u>\$ 85,213,090</u>	<u>\$ 75,799,485</u>	<u>\$ 72,599,302</u>	<u>\$ 70,068,815</u>	<u>\$ 70,648,810</u>	<u>\$ 72,768,958</u>	<u>\$ 78,690,190</u>	<u>\$ 84,392,195</u>
<b>Calculation of Debt Subject to Limit</b>										
Total debt	\$ 15,914,942	\$ 15,227,833	\$ 14,508,606	\$ 13,725,053	\$ 17,393,474	\$ 16,519,922	\$ 15,588,734	\$ 18,145,406	\$ 16,853,859	\$ 15,566,522
Less debt not subject to limit:										
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Water Resources Commission or court-ordered bonds	<u>9,255,917</u>	<u>8,732,810</u>	<u>8,177,585</u>	<u>7,589,284</u>	<u>6,995,983</u>	<u>6,367,682</u>	<u>4,662,849</u>	<u>4,000,576</u>	<u>3,415,000</u>	<u>2,775,000</u>
Net debt subject to limit	<u>\$ 6,659,025</u>	<u>\$ 6,495,023</u>	<u>\$ 6,331,021</u>	<u>\$ 6,135,769</u>	<u>\$ 10,397,491</u>	<u>\$ 10,152,240</u>	<u>\$ 10,925,885</u>	<u>\$ 14,144,830</u>	<u>\$ 13,438,859</u>	<u>\$ 12,791,522</u>
<b>Legal Debt Margin</b>	<u>\$ 95,515,785</u>	<u>\$ 91,218,970</u>	<u>\$ 78,882,069</u>	<u>\$ 69,663,716</u>	<u>\$ 62,201,811</u>	<u>\$ 59,916,575</u>	<u>\$ 59,722,925</u>	<u>\$ 58,624,128</u>	<u>\$ 65,251,331</u>	<u>\$ 71,600,673</u>
<b>Net Debt Subject to Limit as Percent of Debt Limit</b>	6.51%	6.65%	7.43%	8.09%	14.32%	14.49%	15.47%	19.44%	17.08%	15.16%

Source: City Controller/Treasurer's Office

## **Demographics and Economic Information**

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These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.

# City of Grosse Pointe Farms, Michigan

## Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate (1)
2008	9,764	\$ 574,299	\$ 58,818	<3%
2009	9,764	584,131	59,825	<4%
2010	9,764	535,946	54,890	<4%
2011	9,479	567,887	59,910	<3%
2012	9,479	*	*	<3%
2013	9,479	*	*	*
2014	9,479	543,042	57,289	*
2015	9,479	*	*	*
2016	9,479	*	*	*
2017	9,479	*	*	*

Source: City-Data.com, U.S. Census Bureau

(1) For population over 25 years old and over

\* Information not available

# City of Grosse Pointe Farms, Michigan

## Principal Employers (Major Employers) Last Fiscal Year and Nine Years Ago

Taxpayer	2017 Employees	Percentage of Total City Employment
1 Grosse Pointe Schools	338	8%
2 Country Club of Detroit	280	7%
3 City of Grosse Pointe Farms	120	3%
4 Grosse Pointe War Memorial	120	3%
5 Henry Ford/Pearson Clinic	90	2%
6 Grosse Pointe Academy	80	2%
7 Hill Chop House	55	1%
8 Dirty Dog Jazz Café	50	1%
9 St. Paul's Church/School	45	1%
10 Wendy's	44	1%
Total	<u><u>1,222</u></u>	

Note: Current year total employment data and data from nine years earlier is not readily available.

Source: ReferenceUSA

## **Operating Information**

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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

# City of Grosse Pointe Farms, Michigan

## Full-time Equivalent Government Employees by Function Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	10.50	10.15	10.15	10.00	10.00	10.00	10.00	9.00	9.00	9.00
Public safety:										
Police	44.34	44.34	42.34	40.34	40.34	40.34	40.34	40.34	39.00	37.00
Fire and EMS	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Public service	3.68	3.68	3.68	3.68	3.00	3.00	3.00	3.00	3.00	2.00
Radio system	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal court	3.60	2.60	2.00	2.00	2.50	2.50	2.50	2.50	3.00	2.00
Public works:										
DPW	29.72	29.72	26.00	24.50	25.50	25.50	25.50	25.00	25.00	22.00
Water and sewer	8.25	8.25	8.25	8.25	8.25	8.25	8.25	9.00	9.00	9.00
Parks and recreation	<u>26.36</u>	<u>28.75</u>	<u>28.75</u>	<u>29.75</u>	<u>28.75</u>	<u>28.75</u>	<u>28.75</u>	<u>28.75</u>	<u>29.00</u>	<u>29.00</u>
<b>Total</b>	<b><u>131.45</u></b>	<b><u>132.49</u></b>	<b><u>126.17</u></b>	<b><u>123.52</u></b>	<b><u>123.34</u></b>	<b><u>123.34</u></b>	<b><u>123.34</u></b>	<b><u>122.59</u></b>	<b><u>122.00</u></b>	<b><u>115.00</u></b>

Source: Various City of Grosse Pointe Farms departments

# City of Grosse Pointe Farms, Michigan

## Operating Indicators by Function Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Election data:										
Registered voters	7,821	7,957	8,062	8,103	7,918	8,307	8,279	8,221	8,190	8,593
Voters (at the polls or absentee)	1,939	2,756	2,767	5,203	1,936	6,604	1,813	5,166	875	6,680
Percent voting	25%	35%	34%	64%	24%	79%	22%	63%	11%	78%
Municipal court - Court caseload	5,816	4,625	5,412	5,926	4,835	5,307	5,163	4,810	4,745	4,862
Police:										
Physical arrests	439	337	397	355	362	322	474	462	497	505
Investigations	5,305	5,171	5,136	4,968	5,204	4,654	4,997	5,380	5,413	5,631
Fire:										
Fire runs	114	101	108	97	143	93	103	103	91	146
Emergency medical runs	409	420	407	410	411	400	474	511	551	582
Inspections	279	260	140	13	10	62	86	43	39	65
Public works:										
Miles of street resurfaced	0.97	-	1.21	-	-	1.88	1.86	1.00	1.70	1.33
Refuse collected (tons)	8,244	7,725	7,652	6,940	7,303	6,750	6,517	6,625	6,430	6,972
Parks and recreation:										
Recreation program attendance	1,547	1,600	1,741	1,223	1,424	1,829	2,632	2,370	2,037	1,669
Vehicles entering Pier Park	115,540	115,698	120,925	112,254	119,502	114,313	113,082	104,883	113,213	146,970
Water:										
Number of customers billed	4,096	4,094	4,088	4,088	4,085	4,085	4,089	4,082	4,043	4,048
Total consumption (thous. cu. ft.)	72,814	66,054	62,786	66,610	69,472	65,257	58,498	55,834	58,049	62,690
Avg. consumption per user	17.78	16.13	15.36	16.29	17.01	15.97	14.31	13.68	14.36	15.49

Source: Various City of Grosse Pointe Farms departments



# City of Grosse Pointe Farms, Michigan

## Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	7	7	7	7
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire response vehicles	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles):										
Major streets	11.18	11.18	11.18	11.18	11.18	11.18	11.18	11.18	11.18	11.18
Local streets	27.07	27.07	27.07	27.07	27.07	27.07	27.07	27.07	27.07	27.07
Sidewalks	74.59	74.59	74.59	74.59	74.59	74.59	74.59	74.59	74.59	74.59
Streetlights	954	954	954	954	954	959	959	959	959	959
Traffic signals	23	23	23	23	23	23	23	23	23	23
Refuse collection trucks	8	8	8	8	8	8	8	8	8	8
Parks and recreation:										
Acreage	23.26	23.26	23.26	23.26	23.26	23.26	23.26	23.26	23.26	23.26
Developed parks/playgrounds	2	2	2	2	2	2	2	2	2	2
Developed fields (soccer, baseball, etc.)	4	4	4	4	4	4	4	4	4	4
Harbor boat wells	333	333	333	333	333	333	333	333	333	333
Water:										
Mains (miles)	42.59	42.59	42.59	42.59	42.59	42.59	42.59	42.59	42.59	42.73
Fire hydrants	502	502	502	502	502	502	502	502	502	503
Storage capacity - Millions of gallons	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Sewer:										
Miles of sanitary sewers	18	18	18	18	18	18	18	18	18	18
Miles of storm sewers	18	18	18	18	18	18	18	18	18	18
Miles of combined sanitary and storm	21	21	21	21	21	21	21	21	21	21

Source: Various City of Grosse Pointe Farms departments