

City of Grosse Pointe Farms, Michigan Annual Comprehensive Financial Report



**For The Year Ended
June 30, 2023**

City of Grosse Pointe Farms, Michigan

Annual Comprehensive Financial Report with Supplementary Information Fiscal Year Ended June 30, 2023

Mayor

Louis Theros, Mayor

City Council

John J. Gillooly, Mayor Pro Tem

Sierra Leone Donaven

Beth Konrad-Wilberding

Joe Ricci

Neil Sroka

Lev Wood

Audit Committee

Lev Wood

John J. Gillooly

Louis Theros

City Manager

Shane L. Reeside

Director of Finance and Operations

Tim Rowland

Prepared by:

City's Finance Department

Introductory Section

Letter of Transmittal	i-v
GFOA Certificate of Achievement	vi
Organization Chart	vii

Financial Section

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-7

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position	8
Statement of Activities	9-10

Fund Financial Statements:

Governmental Funds:

Balance Sheet	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenue, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	14

Proprietary Funds:

Statement of Net Position	15
Statement of Revenue, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17

Fiduciary Funds:

Statement of Fiduciary Net Position	18
Statement of Changes in Fiduciary Net Position	19

Notes to Financial Statements	20-52
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Required Supplementary Information	53
Budgetary Comparison Schedule - General Fund	54
Budgetary Comparison Schedule - Special Revenue Funds	55
General Employees' Retirement Pension System:	
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios	56
Schedule of Pension Contributions	57
Schedule of Pension Investment Returns	58
Public Safety Retirement Pension System:	
Schedule of Changes in the Net Pension Asset and Related Ratios	59
Schedule of Pension Contributions	60
Schedule of Pension Investment Returns	61
General Employees' Retirement Health Plan:	
Schedule of Changes in the Net OPEB Liability and Related Ratios	62
Schedule of OPEB Contributions	63
Schedule of OPEB Investment Returns	64
Public Safety Retirement Health Plan:	
Schedule of Changes in the Net OPEB Liability and Related Ratios	65
Schedule of OPEB Contributions	66
Schedule of OPEB Investment Returns	67
Notes to Required Supplementary Information	68-69
Other Supplementary Information	70
Nonmajor Governmental Funds:	
Combining Balance Sheet	71
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	72
Internal Service Funds:	
Combining Statement of Net Position	73
Combining Statement of Revenue, Expenses, and Changes in Net Position	74
Combining Statement of Cash Flows	75
Budgetary Comparison Schedule - Capital Projects Fund	76
Budgetary Comparison Schedules - Nonmajor Governmental Funds	77-81
Nonmajor Enterprise Funds:	
Combining Statement of Net Position	82
Combining Statement of Revenue, Expenses, and Changes in Net Position	83
Combining Statement of Cash Flows	84
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position	85
Combining Statement of Changes in Fiduciary Net Position	86
<u>Statistical Section</u>	87
Financial Trend Information	88
Net Position by Component	89
Changes in Net Position	90-91
Fund Balances of Governmental Funds	92
Changes in Fund Balances of Governmental Funds	93

Revenue Capacity Information	94
Property Tax Levies and Collections	95
Property Tax Rates - Direct and Overlapping Governments	96
Assessed Taxable Values (History of Property Values)	97
Principal Property Tax Payers (Major Taxpayers)	98
Debt Capacity Information	99
Ratios of General Bonded Debt Outstanding	100
Ratios of Outstanding Debt by Type	101
Legal Debt Margin	102
Direct and Overlapping - Governmental Activities Debt	103
Demographic and Economic Information	104
Demographic and Economic Statistics	105
Principal Employers	106
Operating Information	107
Operating Indicators	108
Capital Asset Statistics by Function	109
Full-Time Equivalent Government Employees by Function	110



City of Grosse Pointe Farms

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November 1, 2023

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' Annual Comprehensive Financial Report (ACFR) for the fiscal year which ended June 30, 2023. 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 Finance 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, 2023 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 Annual Comprehensive 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 10,148 (per the 2020 census figures) is distributed among approximately 4,058 households, having a median household income of \$146,667 and an average per capita income of \$80,610. The average value of a residential property in the City is \$524,360. The labor force is composed largely of managerial and professional personnel, of which over 77 percent have a bachelor's, graduate or a post graduate degree. The unemployment rate among Farms' residents is considerably lower than in 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 6.2 percent of the City's total revenues come from State shared revenue. In recent years, the distribution stopped declining due to increases in statewide collections of state taxes as well as an increase in population in the 2020 census. 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 approximately 92 percent of the tax roll or 61 percent of the City's total governmental revenue. 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. Inflation has been a major factor with taxable values increasing by the Headlee maximum of 5% for the 2023-2024 fiscal year. The approved millage rate of 11.5270 for the 2023-2024 fiscal year is slightly below the maximum allowable millage rate of 11.7666.

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.

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 invested more than \$2.27 million dollars 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 funds, in separate reserves, for new firefighting equipment, rubbish packer truck replacements, and City Hall building improvements.
- The City has continued to clean and televise critical sewers and is making assessments for long term operations, maintenance and capital improvement needs. The City continued its annual sewer lining program this year expending \$262,801 for this project. Lead service line replacements are ongoing throughout the City.

- The City repaved approximately 1.75 miles of roadway this year using funds collected from the second year of the five-year road millage. The road millage will collect approximately \$1.7 million each year.
- The City began work on repairing the seawall utilizing grant funds. The City continues to seek grant funds to make additional repairs to the deteriorating seawall that stretches along Lake Saint Clair directly adjacent to Lakeshore Road.

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 store, completed a major expansion with a new exterior facade. The improvements along Mack Ave. have been contagious and have spread to the other side of Mack Ave. with several new buildings and businesses constructed and opened in the City of Detroit.

For the Future

Continuing the investment in the City's infrastructure, the City has conducted 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 examined 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. This project is currently in the design and engineering phase with the total cost expected to exceed \$40 Million. Funding options are currently being evaluated including grants, State Revolving Fund loan, and bond issuance. Construction is expected to take place in the 2024-2027 fiscal years.

In recent years, the City has also made renovations to City Hall, including replacement of all exterior windows and retrofitting all light fixtures to energy efficient LED. During this fiscal year all City facilities were rewired with new network cabling and a new voice over internet telephone system was installed. Future renovations will include new Americans with Disabilities Act (ADA) compliant restrooms, redesign of customer service areas, and technology upgrades 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 object 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 expenditure area 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 \$973,545, to \$6,655,574. A total of \$453,107 was nonspendable for inventories, prepaid items, and leases. \$618,409 was committed for parking and harbor, and \$315,321 was assigned for the subsequent year's budget and the K9 program, leaving an unassigned fund balance of \$5,268,737.

Enterprise Operations

The City operates its own water supply and sewage pumping system. The operating revenue of the Water and Sewer Fund amounted to \$8,463,126 which is an increase of \$913,218 from the preceding year. During the same period, operating expenses, excluding depreciation, were \$6,390,582. After providing for depreciation and non-operating revenues and expenses, the system experienced a positive change in net position of \$1,019,500.

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, 2023 totaled \$165,510 for the PSRS and \$684,595 for the GERS.

The operations of the Public Safety Officers and General Employees' Retirement Systems posted a return on investments of 10.75 percent for PSRS and 10.87 percent for GERS. The systems' reserves market value increased \$2,432,083 PSRS and \$2,085,748 GERS, respectively. The annual actuarial valuation funding level for PSRS is approximately 106.47 percent and 86.8 percent for GERS.

The City also provides retiree health-care benefits to qualifying full-time employees. All new hires after July 1, 2007 are not eligible for the post-retirement health-care 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 pre-funding for retiree healthcare for several years and is currently funded 79 percent for PSRS and 67 percent for GERS.

Debt Administration

On June 30, 2023, the City had \$11,420,019 of general obligation debt outstanding, which is also the net direct tax-supported debt. This is the equivalent of \$1,125 per capita and represents about 1.3 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, 2023, the City's general obligation bonded debt was well below the legal limit of \$110,036,470.

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 Officer's Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grosse Pointe Farms for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. 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 30 consecutive years (fiscal years 1993-2022). 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 2022 Financial Summary. This was the twelfth consecutive year that the City has received this award. In order to qualify for the Popular Annual Financial Reporting Award, the government 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



Tim Rowland
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

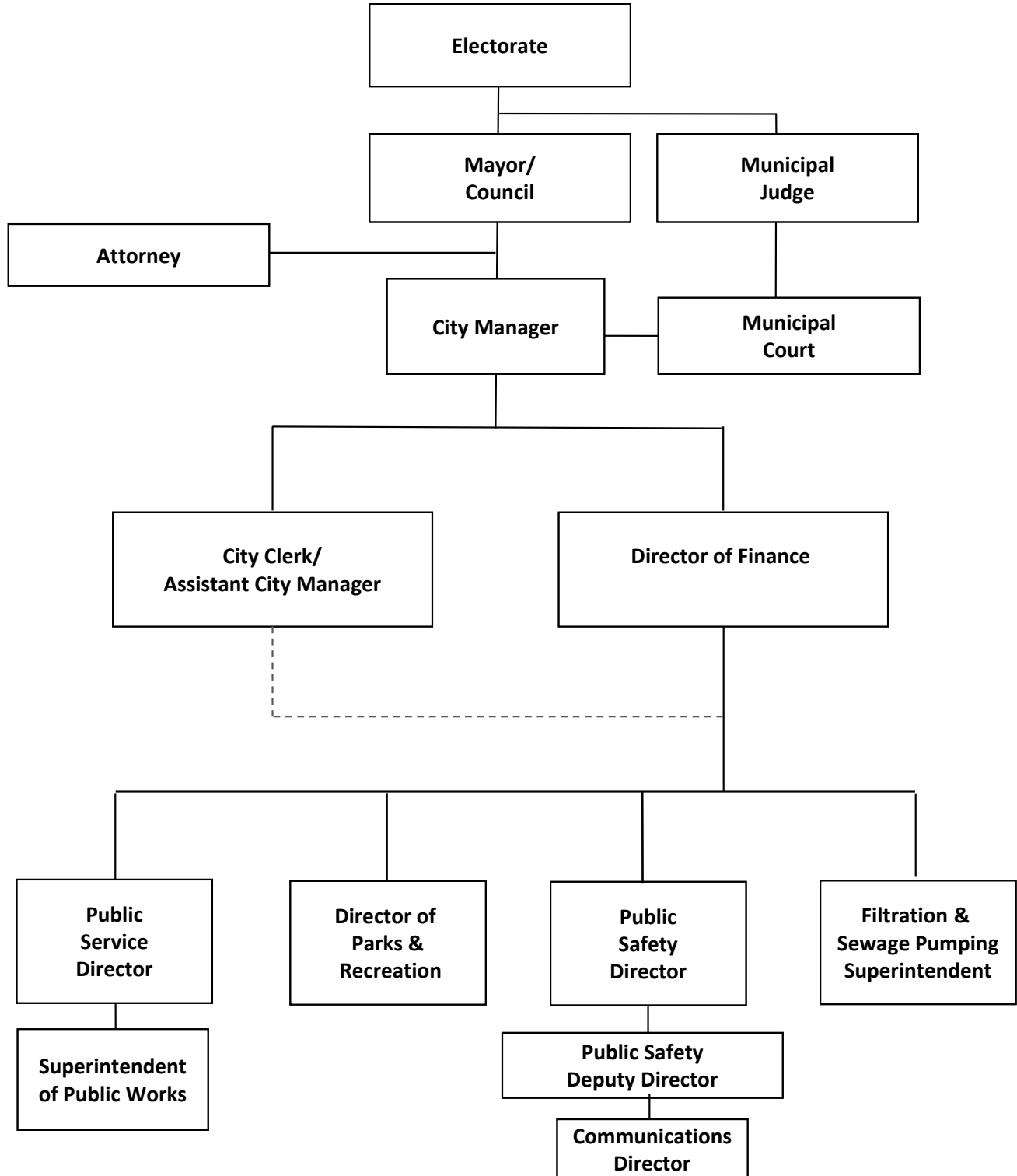
Christopher P. Morill

Executive Director/CEO

City of Grosse Pointe Farms

June 30, 2023

Organizational Chart



Independent Auditor's Report

To the City Council
City of Grosse Pointe Farms, Michigan

Opinions

We have audited the 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, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 as of June 30, 2023 and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the City Council
City of Grosse Pointe Farms, Michigan

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary 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. Such information 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. The 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report or Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the City Council
City of Grosse Pointe Farms, Michigan

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Plante & Moran, PLLC

November 1, 2023

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis

As management of the City of Grosse Pointe Farms, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2023.

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 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 the reader 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 by providing information about the City's most significant funds. 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's Net Position

The following table shows, in a condensed format, the net position as of June 30, 2023 compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 25,141,950	\$ 22,270,842	\$ 6,004,110	\$ 5,659,830	\$ 31,146,060	\$ 27,930,672
Capital assets	24,535,557	21,943,574	21,435,650	21,164,343	45,971,207	43,107,917
Total assets	49,677,507	44,214,416	27,439,760	26,824,173	77,117,267	71,038,589
Deferred Outflows of Resources	3,949,728	6,486,147	377,869	673,054	4,327,597	7,159,201
Liabilities						
Current liabilities	2,366,461	1,948,694	662,673	627,878	3,029,134	2,576,572
Noncurrent liabilities	14,550,181	22,489,136	8,658,367	9,535,954	23,208,548	32,025,090
Total liabilities	16,916,642	24,437,830	9,321,040	10,163,832	26,237,682	34,601,662
Deferred Inflows of Resources	9,404,154	7,442,864	157,183	106,111	9,561,337	7,548,975
Net Position						
Net investment in capital assets	19,546,679	16,180,283	15,037,620	14,388,574	34,584,299	30,568,857
Restricted	3,759,437	3,941,499	-	-	3,759,437	3,941,499
Unrestricted	4,000,323	(1,301,913)	3,301,786	2,838,710	7,302,109	1,536,797
Total net position	\$ 27,306,439	\$ 18,819,869	\$ 18,339,406	\$ 17,227,284	\$ 45,645,845	\$ 36,047,153

For governmental activities, the City's net position increased due to bond repayments, capital purchases, decrease in net pension liability, and decrease in net OPEB liability.

For business-type activities, the City's net position increased due to bond repayments, capital purchases, increased deferred outflows, and decreased deferred inflows.

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue						
Program revenue:						
Charges for services	\$ 2,402,194	\$ 2,455,104	\$ 8,875,304	\$ 8,027,439	\$ 11,277,498	\$ 10,482,543
Operating grants and contributions	1,177,768	498,895	-	-	1,177,768	498,895
Capital grants and contributions	2,152,653	1,420,766	-	-	2,152,653	1,420,766
General revenue:						
Property taxes	15,483,542	14,925,134	6,678	2,681	15,490,220	14,927,815
State-shared revenue	1,183,524	1,208,749	-	-	1,183,524	1,208,749
Investment gain (loss)	148,277	(298,204)	12,910	2	161,187	(298,202)
Franchise fees and other	908,652	764,802	-	-	908,652	764,802
Total revenue	23,456,610	20,975,246	8,894,892	8,030,122	32,351,502	29,005,368
Expenses						
General government	3,399,787	3,594,406	-	-	3,399,787	3,594,406
Municipal court	412,228	390,073	-	-	412,228	390,073
Public safety	4,903,943	7,301,532	-	-	4,903,943	7,301,532
Public works	3,187,355	3,328,586	-	-	3,187,355	3,328,586
Community and economic development	59,504	40,250	-	-	59,504	40,250
Parks and recreation	2,857,421	1,912,351	-	-	2,857,421	1,912,351
Debt service	149,802	172,266	-	-	149,802	172,266
Water and sewer	-	-	7,463,103	6,624,222	7,463,103	6,624,222
Municipal Radio System	-	-	59,037	230,096	59,037	230,096
Recycling program	-	-	260,630	251,469	260,630	251,469
Total expenses	14,970,040	16,739,464	7,782,770	7,105,787	22,752,810	23,845,251
Change in Net Position	8,486,570	4,235,782	1,112,122	924,335	9,598,692	5,160,117
Net Position - Beginning of year	18,819,869	14,584,087	17,227,284	16,302,949	36,047,153	30,887,036
Net Position - End of year	\$ 27,306,439	\$ 18,819,869	\$ 18,339,406	\$ 17,227,284	\$ 45,645,845	\$ 36,047,153

Governmental Activities

The City's total governmental activities revenue increased from the previous fiscal year. Property tax revenue increased by \$558,408 due to a 4.0 percent increase in taxable value of property. The local real estate market has been strong, with properties being sold quickly and oftentimes above asking price. Operating grants and contributions increased due to revenue related to the American Rescue Plan Act and other increases in federal funding. Increases in federal funding were primarily FEMA grants received as reimbursement for expenses related to the 2021 rain event. State-shared revenue decreased slightly due to lower state sales tax collections due to census adjustment catch-up payments in the prior year. Investment earnings were impacted by higher interest rates combined with fair market value decreases at June 30, 2023. In a rising interest rate environment, investments held at lower interest rates experience a decrease in market value.

Overall fund balance in the General Fund increased by \$973,545. This increase was primarily in unassigned fund balance, which increased by \$641,311. Nonspendable fund balance increased by \$191,241 due to lease payments.

Fund balance in the Capital Projects Fund increased by \$49,897 to \$2,550,871. Overall fund balance increased due to additional transfers from the General Fund to save for future projects.

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

The following represents some of the more significant financial highlights for the year ended June 30, 2023:

- The City's taxable value increased by 4.0 percent compared to a 2.9 percent increase the year before due to uncapping of property values on sales and an overall increase in local real estate market values.
- The City has assigned the \$2,550,871 fund balance in the Capital Projects Fund for future capital purchases, including fire department equipment, road improvements, and city hall improvements.
- The City received \$630,422 in Federal Emergency Management funding through federal grants.

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund, Recycling Program Fund, and Municipal Radio System Fund. The City provides water to our residents and the residents of the City of Grosse Pointe, Michigan through our municipal water filtration plant. The City pumps its sewage to the Great Lakes Water Authority for treatment and disposal. The City's expenses for water and sewer increased by \$601,474, or 8.5 percent, mainly attributable to increased expenses for employee insurance, pension, and other postretirement benefit. 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.

Financial Analysis of Individual Funds

Our analysis of the City's major funds begins 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 and show accountability for certain activities, such as the Healthcare Retention Fund, Insurance Retention Fund, and Recycling Program Fund. The City's major funds are the General Fund, Major Streets Fund, Capital Projects Fund, and 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 \$5,853,520 during fiscal year 2023. 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, which 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 Municipal Street Fund receives and tracks the dedicated road improvement millage levy and the related project spending. The Healthcare Retention Fund accounts for expenditures for the City's self-insured employee health insurance. 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's administration and City Council amended the budget to account for any increased expenditure. The most significant budget amendments were due to tree removals and trimming and increased temporary employee wages due to labor shortages. These increased expenditures were offset by increased revenue from building permits, FEMA grants for the 2021 rain event, and reduced health care costs.

Capital Assets and Debt Administration

At the end of fiscal year 2023, the City had approximately \$45,971,000 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 financial statements for additional information).

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 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 Pier Park's Harbor Project and \$2,500,000 for a new recreation building at 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. During 2018, the City issued \$3,705,000 in general obligation unlimited tax bonds in order to pay for all settlement claims relating to the 2011 flooding events.

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 to 16.4655 mills from the 16.7155 mills levied in the current year. The overall property tax revenue was higher due to the increase in taxable values. 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.

Requests for Further Information

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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 9,349,905	\$ 3,287,837	\$ 12,637,742
Investments (Note 3)	6,303,054	198,568	6,501,622
Receivables:			
Property taxes receivable	8,373	287	8,660
Customer receivables	-	2,395,263	2,395,263
Accrued interest receivable	44,344	2,925	47,269
Leases receivable (Note 14)	5,460,443	-	5,460,443
Other receivables	357,886	96,536	454,422
Due from other governmental units	388,846	39,737	428,583
Internal balances	17,043	(17,043)	-
Inventory	30,651	-	30,651
Prepays and other assets	251,205	-	251,205
Investment in joint ventures (Note 13)	45,260	-	45,260
Net pension asset (Note 8)	2,884,940	-	2,884,940
Capital assets:			
Assets not subject to depreciation (Note 4)	5,968,178	478,280	6,446,458
Assets subject to depreciation - Net (Note 4)	18,567,379	20,957,370	39,524,749
Total assets	49,677,507	27,439,760	77,117,267
Deferred Outflows of Resources			
Deferred charges on bond refunding (Note 6)	30,951	2,161	33,112
Deferred pension costs (Note 8)	3,424,731	305,799	3,730,530
Deferred OPEB costs (Note 10)	494,046	69,909	563,955
Total deferred outflows of resources	3,949,728	377,869	4,327,597
Liabilities			
Accounts payable	1,802,008	550,758	2,352,766
Refundable deposits, bonds, etc.	174,533	19,777	194,310
Accrued liabilities and other	365,172	92,138	457,310
Unearned revenue	24,748	-	24,748
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 6)	549,353	83,138	632,491
Provision for uninsured losses (Note 6)	796,327	-	796,327
Other liabilities (Note 6)	40,000	-	40,000
Current portion of long-term debt (Note 6)	803,801	378,027	1,181,828
Due in more than one year:			
Compensated absences (Note 6)	884,910	126,418	1,011,328
Other liabilities (Note 6)	40,000	-	40,000
Net pension liability (Note 8)	2,893,582	1,190,639	4,084,221
Net OPEB liability (Note 10)	4,326,180	857,981	5,184,161
Long-term debt (Note 6)	4,216,028	6,022,164	10,238,192
Total liabilities	16,916,642	9,321,040	26,237,682
Deferred Inflows of Resources			
Deferred pension cost reductions (Note 8)	1,861,194	54,818	1,916,012
Deferred OPEB cost reductions (Note 10)	2,499,343	102,365	2,601,708
Deferred inflows from leases (Note 14)	5,043,617	-	5,043,617
Total deferred inflows of resources	9,404,154	157,183	9,561,337
Net Position			
Net investment in capital assets	19,546,679	15,037,620	34,584,299
Restricted - Roads	3,759,437	-	3,759,437
Unrestricted	4,000,323	3,301,786	7,302,109
Total net position	\$ 27,306,439	\$ 18,339,406	\$ 45,645,845

City of Grosse Pointe Farms, Michigan

Statement of Activities

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,399,787	\$ 371,217	\$ -	\$ -
Municipal court	412,228	142,077	-	-
Public safety	4,903,943	692,830	527,346	-
Public works	3,187,355	438,592	630,422	2,002,053
Community and economic development	59,504	-	20,000	-
Parks and recreation	2,857,421	757,478	-	150,600
Interest on long-term debt	149,802	-	-	-
Total governmental activities	14,970,040	2,402,194	1,177,768	2,152,653
Business-type activities:				
Water and sewer	7,463,103	8,463,126	-	-
Municipal Radio System	59,037	110,558	-	-
Recycling program	260,630	301,620	-	-
Total business-type activities	7,782,770	8,875,304	-	-
Total primary government	\$ 22,752,810	\$ 11,277,498	\$ 1,177,768	\$ 2,152,653
General revenue:				
Property taxes				
Unrestricted state-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

City of Grosse Pointe Farms, Michigan

Statement of Activities (Continued)

Year Ended June 30, 2023

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,028,570)	\$ -	\$ (3,028,570)
(270,151)	-	(270,151)
(3,683,767)	-	(3,683,767)
(116,288)	-	(116,288)
(39,504)	-	(39,504)
(1,949,343)	-	(1,949,343)
(149,802)	-	(149,802)
(9,237,425)	-	(9,237,425)
-	1,000,023	1,000,023
-	51,521	51,521
-	40,990	40,990
-	1,092,534	1,092,534
(9,237,425)	1,092,534	(8,144,891)
15,483,542	6,678	15,490,220
1,183,524	-	1,183,524
148,277	12,910	161,187
222,698	-	222,698
685,954	-	685,954
17,723,995	19,588	17,743,583
8,486,570	1,112,122	9,598,692
18,819,869	17,227,284	36,047,153
\$ 27,306,439	\$ 18,339,406	\$ 45,645,845

City of Grosse Pointe Farms, Michigan

Governmental Funds Balance Sheet

June 30, 2023

	General Fund	Major Streets Fund	Capital Projects Fund	Nonmajor Funds	Total
Assets					
Cash and cash equivalents (Note 3)	\$ 3,249,960	\$ 916,276	\$ 1,135,878	\$ 3,035,646	\$ 8,337,760
Investments (Note 3)	3,316,900	616,281	1,486,221	299,695	5,719,097
Receivables:					
Property taxes receivable	7,575	-	-	798	8,373
Accrued interest receivable	27,285	3,324	7,275	3,887	41,771
Leases receivable (Note 14)	5,460,443	-	-	-	5,460,443
Other receivables	135,000	166,935	45,598	4,050	351,583
Due from other governmental units	182,511	147,393	-	58,942	388,846
Due from other funds	17,043	-	-	-	17,043
Inventory	30,651	-	-	-	30,651
Prepays and other assets	5,630	-	-	-	5,630
Total assets	\$ 12,432,998	\$ 1,850,209	\$ 2,674,972	\$ 3,403,018	\$ 20,361,197
Liabilities					
Accounts payable	\$ 261,088	\$ 863,160	\$ 78,503	\$ 584,772	\$ 1,787,523
Refundable deposits, bonds, etc.	174,533	-	-	-	174,533
Accrued liabilities and other	298,186	8,819	-	12,291	319,296
Unearned revenue	-	-	-	24,748	24,748
Total liabilities	733,807	871,979	78,503	621,811	2,306,100
Deferred Inflows of Resources					
Unavailable revenue	-	-	45,598	-	45,598
Deferred inflows from leases	5,043,617	-	-	-	5,043,617
Total liabilities and deferred inflows of resources	5,777,424	871,979	124,101	621,811	7,395,315
Fund Balances					
Nonspendable:					
Inventory	30,651	-	-	-	30,651
Prepays	5,630	-	-	-	5,630
Leases	416,826	-	-	-	416,826
Restricted - Roads	-	978,230	-	2,781,207	3,759,437
Committed:					
Parking	397,650	-	-	-	397,650
Harbor	220,759	-	-	-	220,759
Assigned:					
Subsequent year's budget	200,000	-	-	-	200,000
Capital projects	-	-	2,550,871	-	2,550,871
Public safety equipment	115,321	-	-	-	115,321
Unassigned	5,268,737	-	-	-	5,268,737
Total fund balances	6,655,574	978,230	2,550,871	2,781,207	12,965,882
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,432,998	\$ 1,850,209	\$ 2,674,972	\$ 3,403,018	\$ 20,361,197

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2023

Fund Balances Reported in Governmental Funds	\$ 12,965,882
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds	24,535,557
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	45,598
Certain changes in pension plan net position are reported as deferred inflows of resources in the statement of net position but are not reported as revenue in the governmental funds	(1,861,194)
Deferred charges on bond refunding associated with long-term debt payable are not reported in the funds	30,951
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 not reported as expenses in the governmental funds	3,424,731
Accrued interest is not due and payable in the current period and is not reported in the funds	(45,876)
Some employee fringe benefits 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:	
Employee compensated absences	(1,434,263)
Pension benefits	(8,642)
Retiree health care benefits	(4,326,180)
Total employee fringe benefits not reported as fund liabilities	(5,769,085)
Investments in joint ventures are not financial resources and are not reported in the funds	45,260
Bonds payable, unamortized premium, and long term due to other governmental unit are not due and payable in the current period and are not reported in the funds	(5,099,829)
Internal service funds are included as part of governmental activities	1,039,741
Certain changes in OPEB plan net position are reported as deferred inflows of resources in the statement of net position but are not reported as revenue in the governmental funds	(2,499,343)
Certain OPEB contributions and changes in OPEB plan net position are reported as deferred outflows of resources in the statement of net position but are not reported as expenses in the governmental funds	494,046
Net Position of Governmental Activities	\$ 27,306,439

City of Grosse Pointe Farms, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	General Fund	Major Streets Fund	Capital Projects Fund	Nonmajor Funds	Total
Revenue					
Property taxes	\$ 13,719,657	\$ -	\$ -	\$ 1,763,885	\$ 15,483,542
Intergovernmental:					
Federal grants	1,112,170	-	-	20,000	1,132,170
State sources	1,197,042	868,941	750,000	369,594	3,185,577
Charges for services	1,402,701	-	-	-	1,402,701
Fines and forfeitures	306,253	-	-	-	306,253
Licenses and permits	586,187	-	-	-	586,187
Interest and rentals:					
Investment income (loss)	154,687	(15,512)	(2,967)	10,512	146,720
Lease revenue	438,575	-	-	-	438,575
Other revenue	486,671	1,385	230,396	9,278	727,730
Total revenue	19,403,943	854,814	977,429	2,173,269	23,409,455
Expenditures					
Current services:					
General government	2,172,421	-	-	-	2,172,421
Municipal court	339,288	-	-	47,999	387,287
Public safety	5,853,520	-	-	-	5,853,520
Public works	2,421,139	1,835,033	-	1,912,873	6,169,045
Other functions - Other services	3,097,192	-	-	2,173	3,099,365
Community and economic development	-	-	-	20,000	20,000
Parks and recreation	1,672,931	-	-	-	1,672,931
Capital outlay	-	-	2,277,532	-	2,277,532
Debt service	-	-	-	915,974	915,974
Total expenditures	15,556,491	1,835,033	2,277,532	2,899,019	22,568,075
Excess of Revenue Over (Under) Expenditures	3,847,452	(980,219)	(1,300,103)	(725,750)	841,380
Other Financing Sources (Uses)					
Transfers in (Note 5)	-	1,072,695	1,550,000	2,315,907	4,938,602
Transfers out (Note 5)	(2,873,907)	(75,000)	(200,000)	(1,789,695)	(4,938,602)
Total other financing (uses) sources	(2,873,907)	997,695	1,350,000	526,212	-
Net Change in Fund Balances	973,545	17,476	49,897	(199,538)	841,380
Fund Balances - Beginning of year	5,682,029	960,754	2,500,974	2,980,745	12,124,502
Fund Balances - End of year	\$ 6,655,574	\$ 978,230	\$ 2,550,871	\$ 2,781,207	\$ 12,965,882

City of Grosse Pointe Farms, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2023

Net Change in Fund Balances Reported in Governmental Funds	\$ 841,380
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:	
Depreciation expense	(1,785,748)
Capital outlay	4,377,731
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	45,598
Deferred charge on debt refunding is a deferred outflow in the governmental activities but not in the governmental funds	(7,513)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	781,926
Change in accrued interest and other	5,547
Changes in net pension liability/asset and deferred outflows/inflows related to pensions 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	751,279
Change 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	(26,242)
Changes in net OPEB liability and deferred outflows/inflows related to OPEB reported in the statement of activities reported in the prior year require use of current resources and, therefore, are reported in the fund statements	3,179,605
Legal settlement on property annexation is recorded as an expenditure in the governmental funds; it reduces the liability in the governmental activities because the expenditure was previously incurred	40,000
Change in investment in Grosse Pointes-Clinton Refuse Disposal Authority joint venture is recorded in the governmental funds	(2,314)
Internal service funds are included as part of governmental activities	285,321
Change in Net Position of Governmental Activities	<u>\$ 8,486,570</u>

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Net Position

June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 3,200,704	\$ 87,133	\$ 3,287,837	\$ 1,012,145
Investments (Note 3)	198,568	-	198,568	583,957
Receivables:				
Property taxes receivable	287	-	287	-
Customer receivables	2,395,263	-	2,395,263	-
Accrued interest receivable	2,925	-	2,925	2,573
Other receivables	59,301	37,235	96,536	6,303
Due from other governmental units	-	39,737	39,737	-
Prepays and other assets	-	-	-	245,575
Total current assets	5,857,048	164,105	6,021,153	1,850,553
Noncurrent assets - Capital assets:				
Assets not subject to depreciation (Note 4)	478,280	-	478,280	-
Assets subject to depreciation - Net (Note 4)	20,957,370	-	20,957,370	-
Total noncurrent assets	21,435,650	-	21,435,650	-
Total assets	27,292,698	164,105	27,456,803	1,850,553
Deferred Outflows of Resources				
Deferred charges on bond refunding	2,161	-	2,161	-
Deferred pension costs (Note 8)	305,799	-	305,799	-
Deferred OPEB costs (Note 10)	69,909	-	69,909	-
Total deferred outflows of resources	377,869	-	377,869	-
Liabilities				
Current liabilities:				
Accounts payable	548,586	2,172	550,758	14,485
Due to other funds	-	17,043	17,043	-
Refundable deposits, bonds, etc.	-	19,777	19,777	-
Accrued liabilities and other	91,393	745	92,138	-
Compensated absences (Note 6)	83,138	-	83,138	-
Provision for uninsured losses	-	-	-	796,327
Current portion of long-term debt (Note 6)	378,027	-	378,027	-
Total current liabilities	1,101,144	39,737	1,140,881	810,812
Noncurrent liabilities:				
Compensated absences (Note 6)	126,418	-	126,418	-
Net pension liability (Note 8)	1,190,639	-	1,190,639	-
Net OPEB liability (Note 10)	857,981	-	857,981	-
Long-term debt (Note 6)	6,022,164	-	6,022,164	-
Total noncurrent liabilities	8,197,202	-	8,197,202	-
Total liabilities	9,298,346	39,737	9,338,083	810,812
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 8)	54,818	-	54,818	-
Deferred OPEB cost reductions (Note 10)	102,365	-	102,365	-
Total deferred inflows of resources	157,183	-	157,183	-
Net Position				
Net investment in capital assets	15,037,620	-	15,037,620	-
Unrestricted	3,177,418	124,368	3,301,786	1,039,741
Total net position	\$ 18,215,038	\$ 124,368	\$ 18,339,406	\$ 1,039,741

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Operating Revenue				
Sale of water	\$ 4,747,263	\$ -	\$ 4,747,263	\$ -
Sewage disposal charges	3,533,901	-	3,533,901	-
Interest and penalty charges	-	4,641	4,641	-
Charges for services	-	-	-	2,569,513
Recycling charges	-	296,979	296,979	-
Radio system charges	-	110,558	110,558	-
Other	181,962	-	181,962	-
Total operating revenue	8,463,126	412,178	8,875,304	2,569,513
Operating Expenses				
Cost of water	1,531,313	-	1,531,313	-
Cost of sewage treatment	3,886,714	-	3,886,714	-
Other operating and maintenance costs	-	319,667	319,667	-
Billing and administrative costs	447,325	-	447,325	-
Pension and OPEB expense	525,230	-	525,230	-
Benefit payments	-	-	-	2,285,749
Depreciation	877,467	-	877,467	-
Total operating expenses	7,268,049	319,667	7,587,716	2,285,749
Operating Income	1,195,077	92,511	1,287,588	283,764
Nonoperating Revenue (Expense)				
Property tax revenue	6,678	-	6,678	-
Investment interest and FMV changes	12,799	111	12,910	1,557
Interest and amortization expense	(195,054)	-	(195,054)	-
Total nonoperating (expense) revenue	(175,577)	111	(175,466)	1,557
Change in Net Position	1,019,500	92,622	1,112,122	285,321
Net Position - Beginning of year	17,195,538	31,746	17,227,284	754,420
Net Position - End of year	\$ 18,215,038	\$ 124,368	\$ 18,339,406	\$ 1,039,741

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2023

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 8,189,784	\$ 495,256	\$ 8,685,040	\$ 2,936,415
Payments to suppliers	(4,535,205)	(79,270)	(4,614,475)	(79,954)
Payments to employees and fringes	(1,627,891)	(567,567)	(2,195,458)	(2,227,378)
Net cash and cash equivalents provided by (used in) operating activities	2,026,688	(151,581)	1,875,107	629,083
Cash Flows from Capital and Related Financing Activities				
Property taxes restricted for capital items	6,711	-	6,711	-
Purchase of capital assets	(1,148,774)	-	(1,148,774)	-
Principal and interest paid on capital debt	(577,024)	-	(577,024)	-
Net cash and cash equivalents used in capital and related financing activities	(1,719,087)	-	(1,719,087)	-
Cash Flows from Investing Activities				
Interest on investments	9,874	111	9,985	(614)
Purchases of investment securities	(198,568)	-	(198,568)	(470,000)
Proceeds from sale and maturities of investment securities	-	-	-	2,884
Net cash and cash equivalents (used in) provided by investing activities	(188,694)	111	(188,583)	(467,730)
Net Increase (Decrease) in Cash and Cash Equivalents	118,907	(151,470)	(32,563)	161,353
Cash and Cash Equivalents - Beginning of year	3,081,797	238,603	3,320,400	850,792
Cash and Cash Equivalents - End of year	\$ 3,200,704	\$ 87,133	\$ 3,287,837	\$ 1,012,145
Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities				
Operating income	\$ 1,195,077	\$ 92,511	\$ 1,287,588	\$ 283,764
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities:				
Depreciation and amortization	877,467	-	877,467	-
Changes in assets and liabilities:				
Receivables	(273,342)	83,078	(190,264)	(6,303)
Prepaid and other assets	-	-	-	(83,619)
Net pension or OPEB asset	203,611	(345,662)	(142,051)	-
Accounts payable	23,875	18,744	42,619	435,241
Accrued and other liabilities	-	(252)	(252)	-
Total adjustments	831,611	(244,092)	587,519	345,319
Net cash and cash equivalents provided by (used in) operating activities	\$ 2,026,688	\$ (151,581)	\$ 1,875,107	\$ 629,083

City of Grosse Pointe Farms, Michigan

**Fiduciary Funds
Statement of Fiduciary Net Position**

June 30, 2023

	Pension and Other Postemployment Benefit Trust Funds	Custodial Fund - Tax Collections
Assets		
Cash and cash equivalents	\$ 1,692,969	\$ -
Investments:		
Collective investment trust	60,809,086	-
Mutual funds	26,628,071	-
Prepays and other assets	24,701	-
Total assets	89,154,827	-
Liabilities - Accounts payable	35,967	-
Net Position		
Pension	74,318,528	-
Postemployment benefits other than pension	14,800,332	-
Total net position	\$ 89,118,860	\$ -

City of Grosse Pointe Farms, Michigan

**Fiduciary Funds
Statement of Changes in Fiduciary Net Position**

Year Ended June 30, 2023

	Pension and Other Postemployment Benefit Trust Funds	Custodial Fund - Tax Collections
Additions		
Investment income:		
Interest and dividends	\$ 1,275,620	\$ -
Change in fair value of investments	7,577,362	-
Net investment income	8,852,982	-
Contributions:		
Employer contributions	2,938,783	-
Employee contributions	385,098	-
Total contributions	3,323,881	-
Property tax collections	-	31,623,953
Total additions	12,176,863	31,623,953
Deductions		
Benefit payments	5,551,078	-
Administrative expenses	202,014	-
Tax disbursements	-	31,623,953
Total deductions	5,753,092	31,623,953
Net Increase in Net Position Restricted for Pensions and OPEB	6,423,771	-
Net Position Restricted for Pensions and OPEB - Beginning of year	82,695,089	-
Net Position Restricted for Pensions and OPEB - End of year	\$ 89,118,860	\$ -

Note 1 - 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 City Council. In accordance with government accounting principles, there are no component units to be included in the City's reporting entity.

The Public Safety Retirement Pension System and Retirement Health Plan are governed by a five-member board that includes two council members, a community member selected by council, and two employees voted on by active members of the system. Although legally separate from the City, they are reported as a fiduciary component unit because the plans impose a financial burden on the City.

The General Employees' Retirement Pension System and Retirement Health Plan are governed by a five-member board that includes two council members, a community member selected by council, and two employees voted on by active members of the system. Although legally separate from the City, they are reported as a fiduciary component unit because the plans impose a financial burden on the City.

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 (GASB).

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, as applicable. 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, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the City's water and sewer function and various other functions. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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, if any, are reported as separate columns in the fund financial statements.

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

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring buildings, equipment, and technology upgrades, as well as for remodeling and repairs.
- The Major Streets Fund accounts for maintenance and improvements to the City's network of major streets. This fund accounts for ACT 51 Michigan Transportation Fund distributions from the State of Michigan and also receives revenue transfers from the Municipal Road Fund for construction projects.

Proprietary Funds

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 provides water to customers and disposes of sanitary sewage in exchange for bimonthly user charges.

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

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

- The pension and other postemployment benefit trust funds account for the activities of the General Employees' and Public Safety Retirement Pension Systems and Retirement Health Plans, which accumulate resources for pension and health care benefit payments to qualified general and public safety employees.
- The custodial fund accounts for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments. Custodial fund activity consists of tax collections activity.

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

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 City 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 health care-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.

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, as applicable, 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 and prepaid items 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, when applicable.

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

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 estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Depreciable Life - Years
Infrastructure	20-25
Utility systems	20-80
Building and building improvements	20-50
Office furnishings	10-20
Machinery and equipment	3-20
Vehicles	5-10

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 bond 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 and premiums as other financing sources and bond discounts as other financing uses. 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 assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The City reports deferred outflows related to deferred charges on bond refunding. The City also reports deferred outflows of resources related to the defined benefit pension and other postemployment benefit (OPEB) plans. The deferred outflows of resources related to these defined benefit plans are reported in the government-wide financial statements and the Water and Sewer Fund. Details of the deferred outflows of resources related to the defined benefit pension and OPEB plans can be found in Notes 8 and 10, respectively.

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 assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

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

The City has three items that qualify for reporting in this category. Deferred inflows related to unavailable revenue are 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, other postemployment benefit (OPEB) plans and lease revenue for future lease receipts. The deferred inflow of resources related to the defined benefit plans is reported in the government-wide financial statements and the Water and Sewer Fund. Details of the deferred inflows of resources related to the defined benefit pension and OPEB plans can be found in Notes 8 and 10, respectively.

Net Position

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted 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 (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The City will sometimes 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 City'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 nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The City 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 City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City 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.

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 exist only 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.

Unassigned fund balance is only reported in the General Fund, except for situations where negative unassigned fund balance is reported.

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 2022 property tax revenue was levied and collectible on July 1, 2022 and is recognized as revenue in the year ended June 30, 2023, when the proceeds of the levy are budgeted and available for the financing of operations.

The initial 2022 taxable valuation of the City totaled \$895,375,489, on which taxes levied consisted of 11.7666 mills for operating purposes, 2.5907 mills for rubbish removal, 0.3871 mills for debt service, and 1.9711 mills for road improvements. This resulted in \$10,529,726 for operating, \$2,318,356 for rubbish removal, \$346,388 for debt service, and \$1,763,885 for road improvement. The operating and rubbish removal amounts are recognized in the General Fund, and the debt service amount is recognized in the General Fund as tax revenue.

Pension

The City offers defined benefit pension plans 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 plans' 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 Pension System and Public Safety Retirement Pension 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 plans. 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. The General Fund and the Water and Sewer Fund are used primarily to liquidate this obligation.

Other Postemployment Benefit Costs

The City offers defined benefit other postemployment benefits (OPEB) plans to retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plans' fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the General Employees' Retirement Health Plan and Public Safety Retirement Health Plan and additions to/deductions from the OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the OPEB plans. 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. The General Fund and the Water and Sewer Fund are used primarily to liquidate this obligation.

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

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 proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services, administrative expenses, and may include 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.

Leases

The City is a lessor for noncancelable leases of a pump station and use of the land on which it resides. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The City uses the actual rate charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

Upcoming Accounting Pronouncements

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The City does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2024.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2025.

Note 2 - Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations in Budgeted Funds

The City did not have significant expenditure budget variances.

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:

Cumulative shortfall at July 1, 2022	\$ (147,513)
Current year permit revenue	372,156
Related expenses	<u>396,960</u>
Current year deficiency	<u>(24,804)</u>
Cumulative shortfall June 30, 2023	<u><u>\$ (172,317)</u></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 that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 and other postemployment benefit trust funds 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 10 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 investments are in accordance with statutory authority.

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 stated for custodial credit risk. At year end, the City had bank deposits of \$19,285,729 (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.

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 and maturities:

Investment	Fair Value	Weighted- average Maturity (Years)
Primary government:		
U.S. government agency securities	\$ 1,693,112	13.18
Asset-backed securities	1,462,711	13.18
Bank investment pool	<u>3,314,273</u>	0.13
Total	6,470,096	
Fiduciary funds - Mutual funds	<u>26,628,071</u>	1.33
Total	<u>\$ 33,098,167</u>	

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 June 30, 2023, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary government:			
U.S. government agency securities	\$ 1,693,112	AA+	S&P
Asset-backed securities	1,462,711	N/A	N/A
Bank investment pool	<u>3,314,273</u>	AAAm	S&P
Total primary government	6,470,096		
Fiduciary funds - Pension and other postemployment benefit trust funds:			
Collective investment trust	36,652,795	A	S&P
Collective investment trust	24,156,291	AAA	S&P
Mutual funds	7,005,037	A	S&P
Mutual funds	1,769,466	B	S&P
Mutual funds	<u>17,853,568</u>	Not rated	N/A
Total fiduciary funds	<u>87,437,157</u>		
Total	<u>\$ 93,907,253</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, 2023, 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.

Fair Value Measurements

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, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where 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.

Note 3 - Deposits and Investments (Continued)

The City has the following recurring fair value measurements as of June 30, 2023:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Investments by fair value level:				
U.S. government obligations	\$ -	\$ 6,501,622	\$ -	\$ 6,501,622
Registered investment companies	26,628,071	-	-	26,628,071
Total investments by fair value level	<u>\$ 26,628,071</u>	<u>\$ 6,501,622</u>	<u>\$ -</u>	33,129,693
Investments measured at NAV:				
Collective trusts				60,809,086
Michigan CLASS investment pool				<u>3,314,273</u>
Total investments measured at NAV				<u>64,123,359</u>
Total investments				<u>\$ 97,253,052</u>

Registered investment companies and money market funds classified in Level 1 are valued at the daily closing price reported by the fund. Funds held by the plan are open-ended 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, 2023 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.

Investments in Entities That Calculate Net Asset Value per Share

The City holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

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, 2023.

Collective trusts are valued at net asset value. 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. The collective investment trusts invest in U.S domestic core fixed-income securities. There are no unfunded commitments or significant redemption restrictions as of June 30, 2023.

June 30, 2023

Note 4 - Capital Assets

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

Governmental Activities

	Balance July 1, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated - Land	\$ 5,968,178	\$ -	\$ -	\$ 5,968,178
Capital assets being depreciated:				
Infrastructure	14,841,808	3,042,295	-	17,884,103
Buildings and improvements	10,650,490	181,979	(2,800)	10,829,669
Machinery and equipment	985,653	214,299	(81,484)	1,118,468
Vehicles	4,302,933	373,874	(218,835)	4,457,972
Office furnishings	813,244	162,159	-	975,403
Land improvements	12,410,166	403,125	-	12,813,291
Subtotal	44,004,294	4,377,731	(303,119)	48,078,906
Accumulated depreciation:				
Infrastructure	7,961,499	570,900	-	8,532,399
Buildings and improvements	6,639,274	276,421	(2,800)	6,912,895
Machinery and equipment	600,066	72,391	(81,484)	590,973
Vehicles	2,931,011	399,153	(218,835)	3,111,329
Office furnishings	662,957	36,055	-	699,012
Land improvements	9,234,091	430,828	-	9,664,919
Subtotal	28,028,898	1,785,748	(303,119)	29,511,527
Net capital assets being depreciated	15,975,396	2,591,983	-	18,567,379
Net governmental activities capital assets	\$ 21,943,574	\$ 2,591,983	\$ -	\$ 24,535,557

June 30, 2023

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 441,799	\$ -	\$ -	\$ 441,799
Construction in progress	53,689	1,083,208	(1,100,416)	36,481
Subtotal	495,488	1,083,208	(1,100,416)	478,280
Capital assets being depreciated:				
Water and sewer lines	22,440,794	60,722	1,100,416	23,601,932
Buildings and improvements	8,977,465	4,844	-	8,982,309
Machinery and equipment	3,217,870	-	-	3,217,870
Vehicles	328,012	-	-	328,012
Office furnishings	168,973	-	-	168,973
Land improvements	69,106	-	-	69,106
Subtotal	35,202,220	65,566	1,100,416	36,368,202
Accumulated depreciation:				
Water and sewer lines	6,986,508	351,196	-	7,337,704
Buildings and improvements	4,707,450	370,230	-	5,077,680
Machinery and equipment	2,377,197	127,201	-	2,504,398
Vehicles	281,966	13,555	-	295,521
Office furnishings	125,144	11,830	-	136,974
Land improvements	55,100	3,455	-	58,555
Subtotal	14,533,365	877,467	-	15,410,832
Net capital assets being depreciated	20,668,855	(811,901)	1,100,416	20,957,370
Net business-type activities capital assets	<u>\$ 21,164,343</u>	<u>\$ 271,307</u>	<u>\$ -</u>	<u>\$ 21,435,650</u>

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

Governmental activities:	
General government	\$ 120,864
Public safety	318,235
Public works	711,548
Recreation and culture	635,101
Total governmental activities	<u>\$ 1,785,748</u>
Business-type activities - Water and sewer	\$ 877,467

Note 4 - Capital Assets (Continued)

Construction Commitments

The City has active construction projects at year end. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
2020 Emergency Sewer Repairs Program	\$ 1,394,622	\$ 510,849
2021 Road Resurfacing Program	1,990,458	179,667
2022 Road Resurfacing Program	2,217,574	44,243
2023 Water Main Replacement	-	1,031,532
Water Plant Generator	-	390,400
2023 Road Paving Project	631,754	2,195,893

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor enterprise fund	\$ 17,043

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Projects Fund	\$ 1,550,000
	Nonmajor governmental funds	1,323,907
	Total General Fund	2,873,907
Capital Projects Fund	Nonmajor governmental funds	200,000
Major Streets	Nonmajor governmental funds	75,000
Nonmajor governmental funds	Major Streets Fund	872,695
	Nonmajor governmental funds	917,000
	Total nonmajor governmental funds	1,789,695
	Total	<u>\$ 4,938,602</u>

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

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.

June 30, 2023

Note 6 - Long-term Debt (Continued)

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Other debt - General obligation bonds:							
2014 General Obligation Refunding Bond:							
Amount of issue - \$1,840,625:							
Maturing through 2025	2.29%	\$212,500 - \$237,500	\$ 665,625	\$ -	\$ (215,625)	\$ 450,000	\$ 212,500
2015 Harbor Project Refunding Bond:							
Amount of issue - \$2,780,000:							
Maturing through 2026	3.00% - 5.00%	\$300,000 - \$330,000	1,235,000	-	(295,000)	940,000	300,000
Unamortized premium of issuance			108,062	-	(36,022)	72,040	36,022
2017 General Obligation Unlimited Tax Bonds:							
Amount of issue - \$3,705,000:							
Maturing through 2033	4.00%	\$230,000 - \$450,000	3,515,000	-	(210,000)	3,305,000	230,000
Unamortized premium of issuance			278,068	-	(25,279)	252,789	25,279
Total general obligation bonds			5,801,755	-	(781,926)	5,019,829	803,801
Compensated absences			1,408,021	957,494	(931,252)	1,434,263	549,353
Provision for uninsured losses			360,516	2,678,392	(2,242,581)	796,327	796,327
Due to Grosse Pointe Woods, Michigan			120,000	-	(40,000)	80,000	40,000
Other long-term liabilities			1,888,537	3,635,886	(3,213,833)	2,310,590	1,385,680
Total governmental activities long-term debt			\$ 7,690,292	\$ 3,635,886	\$ (3,995,759)	\$ 7,330,419	\$ 2,189,481

June 30, 2023

Note 6 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings:							
2015 Sewer Relief Fund Bond:							
Amount of issue -							
\$250,000							
Maturing through 2034	2.50%	\$10,000 - \$10,098	\$ 120,098	\$ -	\$ (10,000)	\$ 110,098	\$ 10,000
Other debt:							
2012 Sewer Pumping Plant Improvement Bond:							
Amount of issue -							
\$4,500,000							
Maturing through 2033	2.00% - 3.05%	\$225,000 - \$300,000	2,850,000	-	(225,000)	2,625,000	225,000
Unamortized discount of issuance			3,487	-	(349)	3,138	349
2014 General Obligation Refunding Bond:							
Amount of issue -							
\$1,104,375							
Maturing through 2025	2.29%	\$139,375 - \$142,500	399,375	-	(129,375)	270,000	127,500
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			182,132	-	(15,177)	166,955	15,178
Total other debt principal outstanding			6,659,994	-	(369,901)	6,290,093	368,027
Total bonds and contracts payable			6,780,092	-	(379,901)	6,400,191	378,027
Compensated absences			186,504	103,761	(80,709)	209,556	83,138
Total business-type activities long-term debt			\$ 6,966,596	\$ 103,761	\$ (460,610)	\$ 6,609,747	\$ 461,165

The City had deferred outflows of \$33,112 related to deferred charges on bond refundings at June 30, 2023. Total interest expense was approximately \$397,000 for the year ended June 30, 2023.

Other Long-term Liabilities

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. 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.

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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				
	Other Debt			Direct Borrowings		Other Debt		
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Total
2024	\$ 803,801	\$ 171,972	\$ 975,773	\$ 10,000	\$ 2,627	\$ 368,027	\$ 198,577	\$ 579,231
2025	853,797	145,069	998,866	10,000	2,377	383,027	189,860	585,264
2026	620,279	116,150	736,429	10,000	2,127	265,527	181,978	459,632
2027	315,279	96,800	412,079	10,000	1,877	540,527	169,603	722,007
2028	340,279	71,700	411,979	10,000	1,627	550,527	151,215	713,369
2029-2033	2,086,394	207,400	2,293,794	50,000	4,387	3,072,281	482,633	3,609,301
2034-2037	-	-	-	10,098	126	1,110,177	66,900	1,187,301
Total	<u>\$ 5,019,829</u>	<u>\$ 809,091</u>	<u>\$ 5,828,920</u>	<u>\$ 110,098</u>	<u>\$ 15,148</u>	<u>\$ 6,290,093</u>	<u>\$ 1,440,766</u>	<u>\$ 7,856,105</u>

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 \$175,000. The City 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, Michigan. The City of Grosse Pointe Woods, Michigan 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.

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.

Note 7 - Risk Management (Continued)

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 internal service Insurance Retention Fund and within the governmental activities columns of the statement of net position.

The City's estimates of the liability for workers' compensation and medical claims at June 30, 2023 and 2022 are as follows:

	Workers' Compensation		Medical Claims	
	2023	2022	2023	2022
Unpaid claims - Beginning of year	\$ 152,942	\$ 151,320	\$ 207,574	\$ 214,642
Incurred claims, including claims incurred but not yet reported	88,915	207,091	2,589,477	2,005,415
Claim payments	(119,458)	(205,469)	(2,123,123)	(2,012,483)
Unpaid claims - End of year	<u>\$ 122,399</u>	<u>\$ 152,942</u>	<u>\$ 673,928</u>	<u>\$ 207,574</u>

Note 8 - Pension Plans

Plan Description

Public Safety Retirement Pension System

The retirement board administers the Public Safety Retirement Pension 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.

General Employees' Retirement Pension System

The retirement board administers the General Employees' Retirement Pension 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.

Benefits Provided

Public Safety Retirement Pension System

The pension plan provides retirement, disability, and death benefits. In addition to providing pension benefits, the system provides health care 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.

Note 8 - Pension Plans (Continued)

General Employees' Retirement Pension System

The pension plan provides retirement, disability, and death benefits. In addition to providing pension benefits, the system provides health care 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.

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

Employees Covered by Benefit Terms

At the June 30, 2023 measurement date, the following members were covered by the benefit terms:

	<u>Public Safety Retirement Pension System</u>	<u>General Employees' Retirement Pension System</u>
Inactive plan members or beneficiaries currently receiving benefits	40	60
Inactive plan members entitled to but not yet receiving benefits	-	3
Active plan members	<u>37</u>	<u>17</u>
Total employees covered by the plan	<u><u>77</u></u>	<u><u>80</u></u>

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.

Public Safety Retirement Pension System

For the year ended June 30, 2023, the average active employee contribution rate was 8.1 percent of annual pay, and the City's average contribution rate was 6.9 percent of annual payroll.

General Employees' Retirement Pension System

For the year ended June 30, 2023, the average active employee contribution rate was 5.6 percent of annual pay, and the City's average contribution rate was 87.2 percent of annual payroll.

Note 8 - Pension Plans (Continued)

Net Pension Asset/Liability

The City chooses a date for each pension plan to measure its net pension asset/liability (NPA/NPL). This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	<u>Public Safety Retirement Pension System</u>	<u>General Employees' Retirement Pension System</u>
Measurement date used for the City's NPA/NPL	June 30, 2023	June 30, 2023
Based on a comprehensive actuarial valuation as of	June 30, 2023	June 30, 2023

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

Public Safety Retirement Pension System

<u>Changes in Net Pension Asset</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Asset</u>
Balance at July 1, 2022	\$ 43,413,864	\$ 45,018,231	\$ (1,604,367)
Changes for the year:			
Service cost	951,309	-	951,309
Interest	3,048,464	-	3,048,464
Differences between expected and actual experience	908,786	-	908,786
Changes in assumptions	(976,233)	-	(976,233)
Contributions - Employer	-	265,510	(265,510)
Contributions - Employee	-	310,077	(310,077)
Net investment income	-	4,654,738	(4,654,738)
Benefit payments, including refunds	(2,780,816)	(2,780,816)	-
Administrative expenses	-	(17,426)	17,426
Net changes	<u>1,151,510</u>	<u>2,432,083</u>	<u>(1,280,573)</u>
Balance at June 30, 2023	<u>\$ 44,565,374</u>	<u>\$ 47,450,314</u>	<u>\$ (2,884,940)</u>

The plan's fiduciary net position represents 106.47 percent of the total pension liability.

Note 8 - Pension Plans (Continued)

General Employees' Retirement Pension System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2022	\$ 30,702,221	\$ 24,782,466	\$ 5,919,755
Changes for the year:			
Service cost	265,031	-	265,031
Interest	2,163,011	-	2,163,011
Differences between expected and actual experience	(459,392)	-	(459,392)
Changes in assumptions	47,641	-	47,641
Contributions - Employer	-	1,158,168	(1,158,168)
Contributions - Employee	-	75,021	(75,021)
Net investment income	-	2,633,130	(2,633,130)
Benefit payments, including refunds	(1,766,077)	(1,766,077)	-
Administrative expenses	-	(14,494)	14,494
Net changes	250,214	2,085,748	(1,835,534)
Balance at June 30, 2023	\$ 30,952,435	\$ 26,868,214	\$ 4,084,221

The plan's fiduciary net position represents 86.8 percent of the total pension liability.

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

For the year ended June 30, 2023, the City recognized pension expense of \$191,125 and \$398,735 for the Public Safety Retirement Pension System and General Employees' Retirement Pension System, respectively.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Public Safety Retirement Pension System		General Employees' Retirement Pension System	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 743,552	\$ (929,231)	\$ -	\$ (188,037)
Changes in assumptions	-	(798,744)	17,865	-
Net difference between projected and actual earnings on pension plan investments	1,938,002	-	1,031,111	-
Total	\$ 2,681,554	\$ (1,727,975)	\$ 1,048,976	\$ (188,037)

Note 8 - Pension Plans (Continued)

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

Years Ending June 30	Public Safety Retirement Pension System	General Employees' Retirement Pension System
2024	\$ (148,729)	\$ (74,701)
2025	(88,850)	91,995
2026	1,550,819	1,014,825
2027	(353,522)	(171,180)
2028	(6,139)	-
Total	<u>\$ 953,579</u>	<u>\$ 860,939</u>

Actuarial Assumptions

The total pension liability (TPL) in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Public Safety Retirement Pension System	General Employees' Retirement Pension System
Inflation	2.50%	2.50%
Salary increases (including inflation)	3.5 - 7.30%	3.5 - 7.30%
Investment rate of return (net of investment expenses)	7.25%	7.25%
Mortality rates	Pub-2010 Public Retirement Plans Safety Mortality Tables with MP-2021	Pub-2010 Public Retirement Plans General Employees Mortality Tables with mortality improvements using Scale MP-2021

Discount Rate

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

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.

	Public Safety Retirement Pension System	General Employees' Retirement Pension System
Assumed investment rate of return	7.25%	7.25%
Discount rate used to measure TPL	7.25	7.25

Note 8 - Pension Plans (Continued)

Investment Rate of Return

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 adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in both pension plans' target asset allocation, as disclosed in the investment note disclosure, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.96 %
International equity	5.73
Fixed income	2.97

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate

The following presents the net pension asset/liability of the City, calculated using each plan's respective discount rate, as well as what the City's net pension asset/liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability (asset) of the Public Safety Retirement Pension System	\$ 3,051,602	\$ (2,884,940)	\$ (7,790,245)
Net pension liability of the General Employees' Retirement Pension System	7,715,681	4,084,221	1,030,352

Assumption Changes

Public Safety Retirement Pension System

Since the prior measurement date, the mortality tables were updated from the RP-2014 Healthy Annuitant Mortality Table with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Retirement Plans Safety Mortality Tables with Scale MP-2021 for the year ended June 30, 2023, retirement rates were updated, wage growth was changed from 4.00 percent for the year ended June 30, 2022 to 3.50 percent for the year ended June 30, 2023, lump-sum payment assumptions were updated from 7.00 percent for the year ended June 30, 2022 to 5.00 percent for the year ended June 30, 2023, and 100 percent of active members hired after January 31, 2011 are assumed to elect to purchase COLA provisions.

General Employees' Retirement Pension System

Since the prior measurement date, the mortality tables were updated from the RP-2014 Healthy Annuitant Mortality Table with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Retirement Plans General Employees Mortality Tables with Scale MP-2021 for the year ended June 30, 2023, retirement and termination rates were updated, and wage growth was changed from 4.00 percent for the year ended June 30, 2022 to 3.50 percent for the year ended June 30, 2023.

June 30, 2023

Note 9 - Pension Plan Reserves

Public Safety Retirement Pension 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 employees who terminate before vesting in the pension plan, their balances are 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, 2023 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 1,856,508	\$ 1,856,508
Employee reserve	5,458,744	5,458,744
Employer reserve	40,135,062	40,135,062

General Employees' Retirement Pension 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 employees who terminate before vesting in the pension plan, their balances are 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, 2023 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 2,981,110	\$ 2,981,110
Employee reserve	2,512,939	2,512,939
Employer reserve	21,374,165	21,374,165

Note 10 - Other Postemployment Benefit Plans

Plan Description

Public Safety Retirement Health Plan

The retirement board administers the City of Grosse Pointe Farms Public Safety Retirement Health 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. The plan does not issue a stand-alone financial report.

General Employees' Retirement Health Plan

The retirement board administers the City of Grosse Pointe Farms General Employees' Retirement Health Plan, a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions for general employees.

Management of the plan is vested with the retirement board. The plan does not issue a stand-alone financial report.

The financial statements of each OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Benefits Provided

Public Safety Retirement Health Plan

The plan provides health care 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.

General Employees' Retirement Health Plan

The plan provides health care 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 staff hired after July 1, 2007. The plan is closed to dispatchers hired after December 30, 2011.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms as of June 30, 2023:

	Public Safety Retirement Health Plan	General Employees' Retirement Health Plan
Inactive plan members or beneficiaries currently receiving benefits	37	50
Active plan members	18	17
Total plan members	55	67

Note 10 - Other Postemployment Benefit Plans (Continued)

Contributions

Public Safety Retirement Health Plan

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.

General Employees' Retirement Health Plan

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.

Net OPEB Liability

The City chooses a date for each OPEB plan to measure its net OPEB liability (NOL). This is based on the measurement date of each OPEB plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	<u>Public Safety Retirement Health Plan</u>	<u>General Employees' Retirement Health Plan</u>
Measurement date used for the City's NOL	June 30, 2023	June 30, 2023
Based on a comprehensive actuarial valuation as of	June 30, 2023	June 30, 2023

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

Public Safety Retirement Health Plan

<u>Changes in Net OPEB Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Net Position</u>	<u>Net OPEB Liability</u>
Balance at July 1, 2022	\$ 15,007,317	\$ 7,649,937	\$ 7,357,380
Changes for the year:			
Service cost	201,413	-	201,413
Interest	1,084,914	-	1,084,914
Differences between expected and actual experience	(4,334,786)	-	(4,334,786)
Changes in assumptions	(489,572)	-	(489,572)
Contributions - Employer	-	754,400	(754,400)
Net investment income	-	823,899	(823,899)
Benefit payments, including refunds	(497,504)	(497,504)	-
Net changes	<u>(4,035,535)</u>	<u>1,080,795</u>	<u>(5,116,330)</u>
Balance at June 30, 2023	<u>\$ 10,971,782</u>	<u>\$ 8,730,732</u>	<u>\$ 2,241,050</u>

The plan's fiduciary net position represents 79.57 percent of the total OPEB liability.

June 30, 2023

Note 10 - Other Postemployment Benefit Plans (Continued)

General Employees' Retirement Health Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2022	\$ 9,335,522	\$ 5,244,455	\$ 4,091,067
Changes for the year:			
Service cost	118,301	-	118,301
Interest	667,356	-	667,356
Differences between expected and actual experience	(562,703)	-	(562,703)
Changes in assumptions	(39,085)	-	(39,085)
Contributions - Employer	-	760,704	(760,704)
Net investment income	-	571,121	(571,121)
Benefit payments, including refunds	(506,681)	(506,681)	-
Net changes	(322,812)	825,144	(1,147,956)
Balance at June 30, 2023	<u>\$ 9,012,710</u>	<u>\$ 6,069,599</u>	<u>\$ 2,943,111</u>

The plan's fiduciary net position represents 67.34 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB recoveries of \$(1,737,748) and \$(20,858) for the Public Safety Retirement Health Plan and General Employees' Retirement Health Plan, respectively.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Public Safety Retirement Health Plan		General Employees' Retirement Health Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (2,022,797)	\$ -	\$ (332,204)
Changes in assumptions	5,377	(227,769)	10,016	(18,938)
Net difference between projected and actual earnings on OPEB plan investments	318,770	-	229,792	-
Total	<u>\$ 324,147</u>	<u>\$ (2,250,566)</u>	<u>\$ 239,808</u>	<u>\$ (351,142)</u>

Note 10 - Other Postemployment Benefit Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Public Safety Retirement Health Plan	General Employees' Retirement Health Plan
2024	\$ (2,204,461)	\$ (299,915)
2025	39,316	35,128
2026	290,752	189,822
2027	(52,026)	(36,369)
Total	<u>\$ (1,926,419)</u>	<u>\$ (111,334)</u>

Actuarial Assumptions

The total OPEB liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Public Safety Retirement Health Plan	General Employees' Retirement Health Plan
Inflation	2.50%	2.50%
Salary increases (including inflation)	3.50-7.30%	3.50-7.30%
Investment rate of return (net of investment expenses)	7.25%	7.25%
Health care cost trend rate	7.00 - 4.50% (under age 65) and 5.25 - 4.50% (ages 65 and older)	7.00 - 4.50% (under age 65) and 5.25 - 4.50% (ages 65 and older)
Mortality rates	Pub-2010 Public Retirement Plans Public Safety Mortality Tables with mortality improvements using Scale MP-2021	Pub-2010 Public Retirement Plans General Employees Mortality Tables with mortality improvements using Scale MP-2021

Discount Rate

As shown below, the discount rate used to measure the total OPEB liability (TOL) was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the OPEB plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

	Public Safety Retirement Health Plan	General Employees' Retirement Health Plan
Assumed investment rate of return	7.25%	7.25%
Discount rate used to measure TOL	7.25%	7.25%

Note 10 - Other Postemployment Benefit Plans (Continued)

Investment Rate of Return

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 OPEB 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in both OPEB plans' target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.96 %
International equity	5.73
U.S. government or agency fixed income	2.97

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net OPEB liability of the Public Safety Retirement Health Plan	\$ 3,652,545	\$ 2,241,050	\$ 1,075,709
Net OPEB liability of the General Employees' Retirement Health Plan	6,069,599	2,943,111	2,089,235
Total	<u>\$ 9,722,144</u>	<u>\$ 5,184,161</u>	<u>\$ 3,164,944</u>

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 7.0 percent decreasing to 4.5 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0% Decreasing to 3.5%)	Current Health Care Cost Trend Rate (7.0% Decreasing to 4.5%)	1 Percentage Point Increase (8.0% Decreasing to 5.5%)
Net OPEB liability of the Public Safety Retirement Health Plan	\$ 1,001,976	\$ 2,241,050	\$ 3,746,461
Net OPEB liability of the General Employees' Retirement Health Plan	2,040,869	2,943,111	4,021,110
Total	<u>\$ 3,042,845</u>	<u>\$ 5,184,161</u>	<u>\$ 7,767,571</u>

Note 10 - Other Postemployment Benefit Plans (Continued)

Assumption Changes

Public Safety Retirement Health Plan

Since the prior measurement date, the assumed per capita costs of health care and rates of health care inflation used to project per capita costs and premiums were updated in the June 30, 2023 valuation; the mortality tables were updated from RP-2014 Healthy Annuitant Mortality Table Projected with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Safety Retirement Plans Mortality Tables with mortality improvements using Scale MP-2021 for the year ended June 30, 2023; retirement rates were updated to reflect recent experience; wage growth was changed from 4.0 percent for the year ended June 30, 2022 to 3.5 percent for the year ended June 30, 2023; and the election percentages for dental, vision, and spousal coverage were updated.

General Employees' Retirement Health Plan

Since the prior measurement date, the assumed per capita costs of health care and rates of health care inflation used to project per capita costs and premiums were updated in the June 30, 2023 valuation; the mortality tables were updated from RP-2014 Healthy Annuitant Mortality Table Projected with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Retirement Plans General Employees Mortality Tables with mortality improvements using Scale MP-2021 for the year ended June 30, 2023; retirement and termination rates were updated to reflect recent experience; wage growth was changed from 4.0 percent for the year ended June 30, 2022 to 3.5 percent for the year ended June 30, 2023; and the election percentages for dental, vision, and spousal coverage were updated.

Note 11 - Pension and OPEB Plan Investments - Policy and Rate of Return

Public Safety Retirement Pension System and Health Plan

Investment Policy

The 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 board's adopted asset allocation policy as of June 30, 2023:

Asset Class	Target Allocation
Domestic equity	47.00 %
International equity	13.00
Fixed income	40.00

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.75 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, 2023 was 10.78 percent.

**Note 11 - Pension and OPEB Plan Investments - Policy and Rate of Return
(Continued)**

General Employees' Retirement Pension System and Health Plan

Investment Policy

The 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 board's adopted asset allocation policy as of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	47.00 %
International equity	13.00
Fixed income	40.00

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.87 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, 2023 was 10.90 percent.

June 30, 2023

Note 12 - Pension and Other Postemployment Benefit Trust Funds

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

	General Employees' Retirement Pension System	General Employees' Retirement Health Plan	Total General Employees'	Public Safety Retirement Pension System	Public Safety Retirement Health Plan	Total Public Safety	Total
Statement of Net Position							
Assets:							
Cash and cash equivalents	\$ 530,483	\$ -	\$ 530,483	\$ 1,162,486	\$ -	\$ 1,162,486	\$ 1,692,969
Investments:							
Collective investment trusts	18,759,646	3,773,112	22,532,758	32,838,625	5,437,703	38,276,328	60,809,086
Mutual funds	7,591,546	2,279,383	9,870,929	13,471,709	3,285,433	16,757,142	26,628,071
Prepays and other	-	17,105	17,105	-	7,596	7,596	24,701
Total assets	26,881,675	6,069,600	32,951,275	47,472,820	8,730,732	56,203,552	89,154,827
Liabilities - Accounts payable	13,461	-	13,461	22,506	-	22,506	35,967
Net position restricted for pensions and OPEB	<u>\$ 26,868,214</u>	<u>\$ 6,069,600</u>	<u>\$ 32,937,814</u>	<u>\$ 47,450,314</u>	<u>\$ 8,730,732</u>	<u>\$ 56,181,046</u>	<u>\$ 89,118,860</u>
Statement of Changes in Net Position							
Additions:							
Investment income:							
Interest and dividends	\$ 403,972	\$ 60,911	\$ 464,883	\$ 730,096	\$ 80,641	\$ 810,737	\$ 1,275,620
Net increase in fair value of investments	2,291,705	510,210	2,801,915	4,032,190	743,257	4,775,447	7,577,362
Total investment income	2,695,677	571,121	3,266,798	4,762,286	823,898	5,586,184	8,852,982
Contributions:							
Employer	1,158,169	760,704	1,918,873	265,510	754,400	1,019,910	2,938,783
Employee	75,021	-	75,021	310,077	-	310,077	385,098
Total contributions	1,233,190	760,704	1,993,894	575,587	754,400	1,329,987	3,323,881
Total additions	3,928,867	1,331,825	5,260,692	5,337,873	1,578,298	6,916,171	12,176,863
Deductions:							
Benefit payments	1,766,077	506,681	2,272,758	2,780,817	497,503	3,278,320	5,551,078
Administrative and other	77,041	-	77,041	124,972	-	124,973	202,014
Total deductions	1,843,118	506,681	2,349,799	2,905,789	497,503	3,403,293	5,753,092
Net change in net position	2,085,749	825,144	2,910,893	2,432,084	1,080,795	3,512,878	6,423,771
Net position restricted for pensions and OPEB - Beginning of year	24,782,466	5,244,455	30,026,921	45,018,230	7,649,938	52,668,168	82,695,089
Net position restricted for pensions and OPEB - End of year	<u>\$ 26,868,214</u>	<u>\$ 6,069,600</u>	<u>\$ 32,937,814</u>	<u>\$ 47,450,314</u>	<u>\$ 8,730,732</u>	<u>\$ 56,181,046</u>	<u>\$ 89,118,860</u>

Note 13 - 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, and Grosse Pointe Woods, Michigan and the Village of Grosse Pointe Shores, Michigan. 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 \$45,260 at June 30, 2023 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.

Note 14 - Leases

The City leases certain assets to third parties. The assets leased include a pump station owned by the City and the right to use the land. Payments are generally fixed annually with a 4 percent increase of the annual rent in effect for the year immediately preceding the adjustment date.

During the year ended June 30, 2023, the City recognized the following related to its lessor agreements:

Lease revenue	\$	438,575
Interest income related to its leases		190,108

Required Supplementary Information

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 13,707,400	\$ 13,708,570	\$ 13,719,657	\$ 11,087
Intergovernmental	1,762,970	2,327,430	2,309,212	(18,218)
Charges for services	1,387,300	1,366,300	1,402,701	36,401
Fines and forfeitures	299,000	305,830	306,253	423
Licenses and permits	444,850	548,210	586,187	37,977
Interest and rentals	457,500	457,500	593,262	135,762
Other revenue	180,000	242,500	486,671	244,171
Total revenue	18,239,020	18,956,340	19,403,943	447,603
Expenditures				
Current services:				
General government	2,311,400	2,323,000	2,172,421	150,579
Municipal court	379,200	379,200	339,288	39,912
Public safety	6,016,120	5,985,060	5,853,520	131,540
Public works	2,440,500	2,498,580	2,421,139	77,441
Other functions	2,933,500	3,154,000	3,097,192	56,808
Parks and recreation	1,673,600	1,731,800	1,672,931	58,869
Total expenditures	15,754,320	16,071,640	15,556,491	515,149
Excess of Revenue Over Expenditures	2,484,700	2,884,700	3,847,452	962,752
Other Financing (Uses) Sources				
Transfers out	(2,684,700)	(2,884,700)	(2,873,907)	10,793
Fund balance appropriation	200,000	-	-	-
Total other financing uses	(2,484,700)	(2,884,700)	(2,873,907)	10,793
Net Change in Fund Balance	-	-	973,545	973,545
Fund Balance - Beginning of year	5,682,029	5,682,029	5,682,029	-
Fund Balance - End of year	<u>\$ 5,682,029</u>	<u>\$ 5,682,029</u>	<u>\$ 6,655,574</u>	<u>\$ 973,545</u>

City of Grosse Pointe Farms, Michigan

Required Supplementary Information
 Budgetary Comparison Schedule - Special Revenue Funds
 Major Streets Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental	\$ 824,000	\$ 839,000	\$ 868,941	\$ 29,941
Investment income	-	-	(15,512)	(15,512)
Other revenue	-	-	1,385	1,385
Total revenue	824,000	839,000	854,814	15,814
Expenditures - Public works and streets	1,949,000	2,764,000	1,835,033	928,967
Other Financing Sources (Uses)				
Transfers in	1,200,000	2,000,000	1,072,695	(927,305)
Transfers out	(75,000)	(75,000)	(75,000)	-
Total other financing sources	1,125,000	1,925,000	997,695	(927,305)
Net Change in Fund Balance	-	-	17,476	17,476
Fund Balance - Beginning of year	960,754	960,754	960,754	-
Fund Balance - End of year	<u>\$ 960,754</u>	<u>\$ 960,754</u>	<u>\$ 978,230</u>	<u>\$ 17,476</u>

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios General Employees' Retirement Pension System

Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 265,031	\$ 284,679	\$ 328,124	\$ 302,758	\$ 318,019	\$ 306,053	\$ 311,248	\$ 351,487	\$ 375,514	\$ 385,337
Interest	2,163,011	2,154,606	2,079,194	1,948,848	1,955,180	1,797,406	1,712,769	1,661,508	1,590,046	1,567,981
Differences between expected and actual experience	(459,392)	(331,061)	930,663	1,559,411	(508,859)	(486,405)	891,728	485,951	84,157	(192,339)
Changes in assumptions	47,641	-	-	-	-	2,456,534	698,409	-	611,778	-
Benefit payments, including refunds	(1,766,077)	(2,210,729)	(2,381,923)	(1,657,022)	(2,039,636)	(1,484,805)	(1,828,517)	(1,762,184)	(1,631,139)	(1,292,593)
Net Change in Total Pension Liability	250,214	(102,505)	956,058	2,153,995	(275,296)	2,588,783	1,785,637	736,762	1,030,356	468,386
Total Pension Liability - Beginning of year	30,702,221	30,804,726	29,848,668	27,694,673	27,969,969	25,381,186	23,595,549	22,858,787	21,828,431	21,360,045
Total Pension Liability - End of year	\$ 30,952,435	\$ 30,702,221	\$ 30,804,726	\$ 29,848,668	\$ 27,694,673	\$ 27,969,969	\$ 25,381,186	\$ 23,595,549	\$ 22,858,787	\$ 21,828,431
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,158,168	\$ 887,113	\$ 721,511	\$ 338,785	\$ 350,877	\$ 272,241	\$ 392,241	\$ 723,451	\$ 471,990	\$ 560,101
Contributions - Member	75,021	79,990	85,276	92,629	98,339	107,481	117,597	115,134	129,831	133,633
Net investment income (loss)	2,633,130	(3,810,615)	6,375,301	1,722,353	1,846,664	1,798,509	2,938,504	60,919	1,146,469	3,439,299
Administrative expenses	(14,494)	(14,520)	(28,492)	(30,510)	(46,928)	(43,621)	(10,813)	(10,005)	(32,593)	(10,800)
Benefit payments, including refunds	(1,766,077)	(2,210,729)	(2,381,923)	(1,657,022)	(2,039,636)	(1,484,805)	(1,828,517)	(1,762,184)	(1,631,139)	(1,292,593)
Other	-	-	-	-	-	-	-	-	-	(460)
Net Change in Plan Fiduciary Net Position	2,085,748	(5,068,761)	4,771,673	466,235	209,316	649,805	1,609,012	(872,685)	84,558	2,829,180
Plan Fiduciary Net Position - Beginning of year	24,782,466	29,851,227	25,079,554	24,613,319	24,404,003	23,754,198	22,145,186	23,017,871	22,933,313	20,104,133
Plan Fiduciary Net Position - End of year	\$ 26,868,214	\$ 24,782,466	\$ 29,851,227	\$ 25,079,554	\$ 24,613,319	\$ 24,404,003	\$ 23,754,198	\$ 22,145,186	\$ 23,017,871	\$ 22,933,313
City's Net Pension Liability (Asset) - Ending	\$ 4,084,221	\$ 5,919,755	\$ 953,499	\$ 4,769,114	\$ 3,081,354	\$ 3,565,966	\$ 1,626,988	\$ 1,450,363	\$ (159,084)	\$ (1,104,882)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.80 %	80.72 %	96.90 %	84.02 %	88.87 %	87.25 %	93.59 %	93.85 %	100.70 %	105.06 %
Covered Payroll	\$ 1,328,228	\$ 1,305,732	\$ 1,384,268	\$ 1,651,685	\$ 1,850,189	\$ 1,758,022	\$ 1,743,966	\$ 1,885,061	\$ 1,965,685	\$ 2,221,109
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	307.49 %	453.37 %	68.88 %	288.74 %	166.54 %	202.84 %	93.29 %	76.94 %	(8.09)%	(49.74)%

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of Pension Contributions General Employees' Retirement Pension System

**Last Ten Fiscal Years
Years Ended June 30**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 684,595	\$ 737,113	\$ 621,511	\$ 338,785	\$ 350,877	\$ 272,241	\$ 299,240	\$ 305,388	\$ 471,990	\$ 560,101
Contributions in relation to the actuarially determined contribution	1,158,168	887,113	721,511	338,785	350,877	272,241	392,241	723,451	471,990	560,101
Contribution Excess	\$ 473,573	\$ 150,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 93,001	\$ 418,063	\$ -	\$ -
Covered Payroll	\$ 1,328,228	\$ 1,305,732	\$ 1,384,268	\$ 1,651,685	\$ 1,850,189	\$ 1,758,022	\$ 1,743,966	\$ 1,885,061	\$ 1,965,685	\$ 2,221,109
Contributions as a Percentage of Covered Payroll	87.20 %	67.94 %	52.12 %	20.51 %	18.96 %	15.49 %	22.49 %	38.38 %	24.01 %	25.22 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Four-year smoothed market
Inflation	2.50 percent
Salary increase	4.0 to 7.8 percent, including inflation
Investment rate of return	7.25 percent
Mortality	RP-2014 Healthy Annuitant Table Projected with Scale MP-2017
Cost of living adjustment	2.50 percent per year

City of Grosse Pointe Farms, Michigan

Required Supplementary Information
Schedule of Pension Investment Returns
General Employees' Retirement Pension System

**Last Ten Fiscal Years
Years Ended June 30**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return - Net of investment expense	10.87 %	(12.60)%	26.20 %	7.16 %	7.38 %	7.38 %	13.41 %	0.46 %	5.10 %	17.30 %

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of Changes in the Net Pension Asset and Related Ratios Public Safety Retirement Pension System

Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	\$ 951,309	\$ 948,789	\$ 914,522	\$ 959,176	\$ 866,141	\$ 871,552	\$ 802,228	\$ 876,157	\$ 772,205	\$ 561,426
Interest	3,048,464	3,028,712	2,912,861	2,818,521	2,776,903	2,531,448	2,419,720	2,352,453	2,171,426	2,089,965
Differences between expected and actual experience	908,786	(1,228,318)	(199,053)	(423,671)	(873,746)	(54,106)	533,902	(308,162)	48,670	(112,068)
Changes in assumptions	(976,233)	-	-	-	-	2,437,129	809,914	151,084	1,314,167	-
Benefit payments, including refunds	(2,780,816)	(2,183,120)	(1,882,889)	(2,216,850)	(2,174,403)	(2,277,904)	(2,002,811)	(1,906,462)	(1,477,115)	(1,640,042)
Net Change in Total Pension Liability	1,151,510	566,063	1,745,441	1,137,176	594,895	3,508,119	2,562,953	1,165,070	2,829,353	899,281
Total Pension Liability - Beginning of year	43,413,864	42,847,801	41,102,360	39,965,184	39,370,289	35,862,170	33,299,217	32,134,147	29,304,794	28,405,513
Total Pension Liability - End of year	\$ 44,565,374	\$ 43,413,864	\$ 42,847,801	\$ 41,102,360	\$ 39,965,184	\$ 39,370,289	\$ 35,862,170	\$ 33,299,217	\$ 32,134,147	\$ 29,304,794
Plan Fiduciary Net Position										
Contributions - Employer	\$ 265,510	\$ 640,240	\$ 566,175	\$ 274,342	\$ 117,124	\$ 100,000	\$ 300,000	\$ 200,000	\$ 293,345	\$ 513,890
Contributions - Member	310,077	286,010	259,230	244,754	241,551	237,722	217,988	247,649	209,381	200,591
Net investment income (loss)	4,654,738	(6,690,247)	11,060,948	2,898,513	2,930,695	3,033,557	4,693,456	97,742	1,791,311	5,527,172
Administrative expenses	(17,426)	(16,464)	(40,922)	(42,596)	(53,419)	(52,936)	(5,868)	(13,475)	(20,533)	(12,709)
Benefit payments, including refunds	(2,780,816)	(2,183,120)	(1,882,889)	(2,216,850)	(2,174,403)	(2,277,904)	(2,002,811)	(1,906,462)	(1,477,115)	(1,640,042)
Net Change in Plan Fiduciary Net Position	2,432,083	(7,963,581)	9,962,542	1,158,163	1,061,548	1,040,439	3,202,765	(1,374,546)	796,389	4,588,902
Plan Fiduciary Net Position - Beginning of year	45,018,231	52,981,812	43,019,270	41,861,107	40,799,559	39,759,120	36,556,355	37,930,901	37,134,512	32,545,610
Plan Fiduciary Net Position - End of year	\$ 47,450,314	\$ 45,018,231	\$ 52,981,812	\$ 43,019,270	\$ 41,861,107	\$ 40,799,559	\$ 39,759,120	\$ 36,556,355	\$ 37,930,901	\$ 37,134,512
City's Net Pension Asset - Ending	\$ (2,884,940)	\$ (1,604,367)	\$ (10,134,011)	\$ (1,916,910)	\$ (1,895,923)	\$ (1,429,270)	\$ (3,896,950)	\$ (3,257,138)	\$ (5,796,754)	\$ (7,829,718)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	106.47 %	103.70 %	123.65 %	104.66 %	104.74 %	103.63 %	110.77 %	109.68 %	118.04 %	126.72 %
Covered Payroll	\$ 3,838,607	\$ 3,568,526	\$ 3,536,549	\$ 3,312,270	\$ 3,165,095	\$ 2,992,371	\$ 3,062,647	\$ 2,639,683	\$ 2,825,365	\$ 2,740,880
City's Net Pension Asset as a Percentage of Covered Payroll	(75.16)%	(44.96)%	(286.55)%	(57.87)%	(59.90)%	(47.76)%	(126.26)%	(122.25)%	(204.11)%	(285.66)%

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of Pension Contributions Public Safety Retirement Pension System

**Last Ten Fiscal Years
Years Ended June 30**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 165,510	\$ 440,240	\$ 566,175	\$ 274,342	\$ 117,124	\$ -	\$ -	\$ 1,401	\$ 293,345	\$ 513,890
Contributions in relation to the actuarially determined contribution	265,510	640,240	566,175	274,342	117,124	100,000	300,000	200,000	293,345	513,890
Contribution Excess	\$ 100,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 100,000	\$ 300,000	\$ 198,599	\$ -	\$ -
Covered Payroll	\$ 3,839,607	\$ 3,568,526	\$ 3,536,549	\$ 3,312,270	\$ 3,165,095	\$ 2,992,371	\$ 3,062,647	\$ 2,639,683	\$ 2,825,365	\$ 2,740,880
Contributions as a Percentage of Covered Payroll	6.92 %	17.94 %	16.01 %	8.28 %	3.70 %	3.34 %	9.80 %	7.58 %	10.38 %	18.75 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	10 years
Asset valuation method	Four years smoothed market
Inflation	2.50 percent
Salary increase	4.0 to 7.8 percent, including inflation
Investment rate of return	7.25 percent
Mortality	RP-2014 Healthy Annuitant Table Projected with Scale MP-2017
Cost of living adjustment	For members who retired on or after January 1, 1992 and before July 1, 1998, pensions are increased by 2.5 percent, noncompounded, starting five years after retirement. The maximum number of increases is 10. For members who retired on or after July 1, 1998 and before July 1, 2000, pensions are increased by 2.5 percent, noncompounded, each January 1 after the member has been retired for six months. The maximum number of increases is 15. For members who retired on or after July 1, 2000, pensions are increased by 2.5 percent, compounded, each January 1 after the member has been retired for six months. Members hired on or after July 1, 2012 are not eligible for the COLA but can purchase the COLA benefit based on the actuarial determined cost of the benefit.

City of Grosse Pointe Farms, Michigan

**Required Supplementary Information
Schedule of Pension Investment Returns
Public Safety Retirement Pension System**

	Last Ten Fiscal Years Years Ended June 30									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return - Net of investment expense	10.75 %	(12.59)%	26.29 %	7.07 %	7.64 %	7.78 %	13.51 %	0.48 %	5.14 %	17.30 %

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of Changes in the Net OPEB Liability and Related Ratios General Employees' Retirement Health Plan

Last Seven Fiscal Years

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 118,301	\$ 115,441	\$ 112,982	\$ 111,917	\$ 195,115	\$ 163,968	\$ 350,197
Interest	667,356	651,632	672,740	656,582	788,532	674,750	673,198
Differences between expected and actual experience	(562,703)	-	(600,956)	-	(1,658,628)	(145,387)	(1,336,948)
Changes in assumptions	(39,085)	-	101,075	-	(535,225)	1,269,133	(4,009,288)
Benefit payments, including refunds	(506,681)	(597,820)	(561,705)	(532,185)	(521,213)	(500,279)	(399,215)
Net Change in Total OPEB Liability	(322,812)	169,253	(275,864)	236,314	(1,731,419)	1,462,185	(4,722,056)
Total OPEB Liability - Beginning of year	9,335,522	9,166,269	9,442,133	9,205,819	10,937,238	9,475,053	14,197,109
Total OPEB Liability - End of year	<u><u>\$ 9,012,710</u></u>	<u><u>\$ 9,335,522</u></u>	<u><u>\$ 9,166,269</u></u>	<u><u>\$ 9,442,133</u></u>	<u><u>\$ 9,205,819</u></u>	<u><u>\$ 10,937,238</u></u>	<u><u>\$ 9,475,053</u></u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 760,704	\$ 933,493	\$ 958,062	\$ 1,351,307	\$ 929,528	\$ 899,613	\$ 812,496
Net investment income (loss)	571,121	(711,533)	1,087,481	223,096	186,461	152,320	181,570
Administrative expenses	-	(1)	-	-	-	-	-
Benefit payments, including refunds	(506,681)	(597,820)	(561,705)	(532,185)	(521,213)	(500,279)	(399,215)
Net Change in Plan Fiduciary Net Position	825,144	(375,861)	1,483,838	1,042,218	594,776	551,654	594,851
Plan Fiduciary Net Position - Beginning of year	5,244,455	5,620,316	4,136,478	3,094,260	2,499,484	1,947,830	1,352,979
Plan Fiduciary Net Position - End of year	<u><u>\$ 6,069,599</u></u>	<u><u>\$ 5,244,455</u></u>	<u><u>\$ 5,620,316</u></u>	<u><u>\$ 4,136,478</u></u>	<u><u>\$ 3,094,260</u></u>	<u><u>\$ 2,499,484</u></u>	<u><u>\$ 1,947,830</u></u>
Net OPEB Liability - Ending	<u><u>\$ 2,943,111</u></u>	<u><u>\$ 4,091,067</u></u>	<u><u>\$ 3,545,953</u></u>	<u><u>\$ 5,305,655</u></u>	<u><u>\$ 6,111,559</u></u>	<u><u>\$ 8,437,754</u></u>	<u><u>\$ 7,527,223</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	67.34 %	56.18 %	61.32 %	43.81 %	33.61 %	22.85 %	20.56 %
Covered-employee Payroll	\$ 1,328,228	\$ 1,439,639	\$ 1,384,268	\$ 1,680,089	\$ 1,850,189	\$ 1,758,022	\$ 1,685,541
Net OPEB Liability as a Percentage of Covered-employee Payroll	221.58 %	284.17 %	256.16 %	315.80 %	330.32 %	479.96 %	446.58 %

Currently, seven 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 Supplementary Information Schedule of OPEB Contributions General Employees' Retirement Health Plan

**Last Ten Fiscal Years
Years Ended June 30**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 441,849	\$ 415,803	\$ 554,552	\$ 652,570	\$ 875,213	\$ 1,095,412	\$ 1,144,288	\$ 1,095,012	\$ 1,281,678	\$ 1,226,486
Contributions in relation to the actuarially determined contribution	760,704	933,493	958,062	1,351,307	929,528	899,613	812,496	610,018	812,584	565,410
Contribution Excess (Deficiency)	\$ 318,855	\$ 517,690	\$ 403,510	\$ 698,737	\$ 54,315	\$ (195,799)	\$ (331,792)	\$ (484,994)	\$ (469,094)	\$ (661,076)
Covered-employee Payroll	\$ 1,328,228	\$ 1,439,639	\$ 1,384,268	\$ 1,680,089	\$ 1,850,189	\$ 1,758,022	\$ 1,685,541	\$ 1,865,319	\$ 1,865,319	\$ 2,285,740
Contributions as a Percentage of Covered-employee Payroll	57.27 %	64.84 %	69.21 %	80.43 %	50.24 %	51.17 %	48.20 %	32.70 %	43.56 %	24.74 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	Market value of assets
Health care cost trend rates	7.00 - 4.50 percent for under age 65 and 5.25 - 4.50 percent for ages 65 and older
Salary increase	4.0 to 7.8 percent, including inflation
Investment rate of return	7.25 percent
Retirement age	Age 60 with 10 or more years of service
Mortality	RP-2014 Healthy Annuitant Table Projected with Scale MP-2017

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of OPEB Investment Returns General Employees' Retirement Health Plan

	Last Seven Fiscal Years Years Ended June 30						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	10.87 %	(12.60)%	26.29 %	7.07 %	7.64 %	7.78 %	13.51 %

Currently, seven 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 Supplementary Information Schedule of Changes in the Net OPEB Liability and Related Ratios Public Safety Retirement Health Plan

Last Seven Fiscal Years

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 201,413	\$ 221,796	\$ 252,632	\$ 266,585	\$ 392,619	\$ 327,101	\$ 547,435
Interest	1,084,914	1,031,001	981,187	928,274	932,788	819,385	780,761
Differences between expected and actual experience	(4,334,786)	-	(310,000)	-	(14,288)	(548,454)	(27,426)
Changes in assumptions	(489,572)	-	274,243	-	(821,583)	1,145,805	(5,968,277)
Benefit payments, including refunds	(497,504)	(480,371)	(479,904)	(423,243)	(428,194)	(396,739)	(318,344)
Net Change in Total OPEB Liability	(4,035,535)	772,426	718,158	771,616	61,342	1,347,098	(4,985,851)
Total OPEB Liability - Beginning of year	15,007,317	14,234,891	13,516,733	12,745,117	12,683,775	11,336,677	16,322,528
Total OPEB Liability - End of year	\$ 10,971,782	\$ 15,007,317	\$ 14,234,891	\$ 13,516,733	\$ 12,745,117	\$ 12,683,775	\$ 11,336,677
Plan Fiduciary Net Position							
Contributions - Employer	\$ 754,400	\$ 636,300	\$ 638,800	\$ 535,564	\$ 486,876	\$ 481,250	\$ 307,730
Contributions - Active and inactive plan members not yet receiving benefits	-	-	-	-	-	2,889	2,804
Net investment income (loss)	823,899	(1,086,263)	1,746,749	440,752	414,585	394,217	610,641
Benefit payments, including refunds	(497,504)	(480,371)	(479,904)	(423,243)	(428,194)	(396,739)	(318,344)
Other	-	-	-	-	-	-	92
Net Change in Plan Fiduciary Net Position	1,080,795	(930,334)	1,905,645	553,073	473,267	481,617	602,923
Plan Fiduciary Net Position - Beginning of year	7,649,937	8,580,271	6,674,626	6,121,553	5,648,286	5,166,669	4,563,746
Plan Fiduciary Net Position - End of year	\$ 8,730,732	\$ 7,649,937	\$ 8,580,271	\$ 6,674,626	\$ 6,121,553	\$ 5,648,286	\$ 5,166,669
Net OPEB Liability - Ending	\$ 2,241,050	\$ 7,357,380	\$ 5,654,620	\$ 6,842,107	\$ 6,623,564	\$ 7,035,489	\$ 6,170,008
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	79.57 %	50.97 %	60.28 %	49.38 %	48.03 %	44.53 %	45.57 %
Covered-employee Payroll	\$ 1,727,542	\$ 2,274,655	\$ 2,187,168	\$ 2,520,982	\$ 2,424,021	\$ 2,992,371	\$ 2,872,219
Net OPEB Liability as a Percentage of Covered-employee Payroll	129.72 %	323.45 %	258.54 %	271.41 %	273.25 %	235.11 %	214.82 %

Currently, seven 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 Supplementary Information Schedule of OPEB Contributions Public Safety Retirement Health Plan

**Last Ten Fiscal Years
Years Ended June 30**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 723,841	\$ 702,116	\$ 825,883	\$ 868,616	\$ 967,881	\$ 1,127,802	\$ 986,558	\$ 944,075	\$ 1,075,857	\$ 1,029,528
Contributions in relation to the actuarially determined contribution	754,400	636,300	638,800	535,564	486,876	481,250	307,730	213,316	408,826	381,955
Contribution Excess (Deficiency)	\$ 30,559	\$ (65,816)	\$ (187,083)	\$ (333,052)	\$ (481,005)	\$ (646,552)	\$ (678,828)	\$ (730,759)	\$ (667,031)	\$ (647,573)
Covered-employee Payroll	\$ 1,727,542	\$ 2,274,655	\$ 2,187,168	\$ 2,520,982	\$ 2,424,021	\$ 2,992,371	\$ 2,872,219	\$ 2,677,371	\$ 2,677,371	\$ 2,746,023
Contributions as a Percentage of Covered-employee Payroll	43.67 %	27.97 %	29.21 %	21.24 %	20.09 %	16.08 %	10.71 %	7.97 %	15.27 %	13.91 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	Market value of assets
Inflation	2.50 percent
Health care cost trend rates	7.00 - 4.50 percent for under age 65 and 5.25 - 4.50 percent for ages 65 and older
Salary increase	4.0 - 7.8 percent, including inflation
Investment rate of return	7.25 percent
Retirement age	Age 50 with 25 years of service of age 60 with 10 years of service
Mortality	RP-2014 Healthy Annuitant Table projected with scale MP-2017

City of Grosse Pointe Farms, Michigan

Required Supplementary Information
 Schedule of OPEB Investment Returns
 Public Safety Retirement Health Plan

**Last Seven Fiscal Years
 Years Ended June 30**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	10.75 %	(12.59)%	26.20 %	7.16 %	7.38 %	7.89 %	13.41 %

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

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all governmental funds.

The City did not have significant expenditure budget variances.

Pension Information

Changes in Assumptions

Public Safety Retirement Pension Plan

In 2015, assumption changes impacting the calculation of the total pension liability (TPL) were as follows: mortality tables were updated to be based on the RP-2000 Combined Mortality Table (projected to 2014).

In 2016, assumption changes impacting the calculation of the total pension liability were as follows: (1) price inflation was increased from 4.00 to 4.50 percent and (2) discount rate used decreased from 7.44 to 7.40 percent.

In 2017, assumption changes impacting the calculation of the total pension liability were as follows: (1) price inflation was decreased from 4.50 to 4.00 percent and (2) discount rate used decreased from 7.40 to 7.20 percent.

In 2018, assumption changes impacting the calculation of the total pension liability were as follows: (1) increase in the discount rate from 7.20 percent to 7.25 percent and (2) updating the mortality tables from the RP-2000 Combined Mortality Table (projected to 2014) to the RP-2014 Healthy Annuitant Mortality Table (with MP-2017).

In 2023, the mortality tables were updated from the RP-2014 Healthy Annuitant Mortality Table with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Retirement Plans Safety Mortality Tables with Scale MP-2021 for the year ended June 30, 2023, retirement rates were updated, wage growth was changed from 4.00 percent for the year ended June 30, 2022 to 3.50 percent for the year ended June 30, 2023, lump-sum payment assumptions were updated from 7.00 percent for the year ended June 30, 2022 to 5.00 percent for the year ended June 30, 2023, and 100 percent of active members hired after January 31, 2011 are assumed to elect to purchase COLA provisions.

General Employees' Retirement Pension Plan

In 2015, assumption changes impacting the calculation of the total pension liability were as follows: mortality tables were updated to be based on the RP-2000 Combined Mortality Table (projected to 2014).

In 2016, assumption changes impacting the calculation of the total pension liability were as follows: price inflation was increased from 4.00 to 4.50 percent.

In 2017, assumption changes impacting the calculation of the total pension liability were as follows: (1) price inflation was decreased from 4.50 to 4.00 percent and (2) discount rate used decreased from 7.40 to 7.20 percent.

In 2018, assumption changes impacting the calculation of the total pension liability were as follows: (1) increase in the discount rate from 7.20 percent to 7.25 percent and (2) updating the mortality tables from the RP-2000 Combined Mortality Table (projected to 2014) to the RP-2014 Healthy Annuitant Mortality Table (with MP-2017).

In 2023, the mortality tables were updated from the RP-2014 Healthy Annuitant Mortality Table with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Retirement Plans General Employees Mortality Tables with Scale MP-2021 for the year ended June 30, 2023, retirement and termination rates were updated, and wage growth was changed from 4.00 percent for the year ended June 30, 2022 to 3.50 percent for the year ended June 30, 2023.

June 30, 2023

OPEB Information

Changes in Assumptions

Public Safety Retirement Health Plan

In 2017, assumption changes impacting the calculation of the total OPEB liability (TOL) were due to the following: (1) increase in assumed investment rate of return from 4.75 to 5.0 percent and (2) decrease in annual health care cost trend rate from 8.5 to 6.0 percent.

In 2018, assumption changes impacting the calculation of the total OPEB liability were due to updating the mortality tables from the RP-2000 Combined Mortality Table (projected to 2014) to the RP-2014 Healthy Annuitant Mortality Table (with MP-2017).

In 2019, the City modified significant assumptions that affect the calculation of the total OPEB liability. The modification included changes to the assumed initial per capita health care costs and the rates of health care inflation used to project per capita costs.

In 2020, the City modified significant assumptions that affect the calculation of the total OPEB liability. The modification included changes to the assumed rates of health care inflation used to project per capita costs.

In 2021, the assumed rates of health care inflation used to project per capita costs were updated in the June 30, 2021 valuation.

In 2023, the assumed per capita costs of health care and rates of health care inflation used to project per capita costs and premiums were updated in the June 30, 2023 valuation; the mortality tables were updated from RP-2014 Healthy Annuitant Mortality Table Projected with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Retirement Plans Public Safety Mortality Tables with mortality improvements using Scale MP-2021 for the year ended June 30, 2023; retirement and termination rates were updated to reflect recent experience; wage growth was changed from 4.0 percent for the year ended June 30, 2022 to 3.5 percent for the year ended June 30, 2023; and the election percentages for dental, vision, and spousal coverage were updated.

General Employees' Retirement Health Plan

In 2017, assumption changes impacting the calculation of the total OPEB liability were due to the following: (1) increase in assumed investment rate of return from 4.75 to 5.0 percent and (2) decrease in annual health care cost trend rate from 8.5 to 6.0 percent.

In 2018, assumption changes impacting the calculation of the total OPEB liability were due to updating the mortality tables from the RP-2000 Combined Mortality Table (projected to 2014) to the RP-2014 Healthy Annuitant Mortality Table (with MP-2017).

In 2019, the City modified significant assumptions that affect the calculation of the total OPEB liability. The modification included changes to the assumed initial per capita health care costs and the rates of health care inflation used to project per capita costs.

In 2020, the City modified significant assumptions that affect the calculation of the total OPEB liability. The modification included changes to the assumed rates of health care inflation used to project per capita costs.

In 2021, the assumed rates of health care inflation used to project per capita costs were updated in the June 30, 2021 valuation.

In 2023, the assumed per capita costs of health care and rates of health care inflation used to project per capita costs and premiums were updated in the June 30, 2023 valuation; the mortality tables were updated from RP-2014 Healthy Annuitant Mortality Table Projected with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Retirement Plans General Employees Mortality Tables with mortality improvements using Scale MP-2021 for the year ended June 30, 2023; retirement and termination rates were updated to reflect recent experience; wage growth was changed from 4.0 percent for the year ended June 30, 2022 to 3.5 percent for the year ended June 30, 2023; and the election percentages for dental, vision, and spousal coverage were updated.

Other Supplementary Information

City of Grosse Pointe Farms, Michigan

**Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2023

	Special Revenue Funds				Debt Service Fund		Total
	Local Streets	Municipal Street	MIDC Grant	Community Development Block Grant	General Debt Service		
Assets							
Cash and cash equivalents	\$ 1,298,273	\$ 1,713,363	\$ 24,010	\$ -	\$ -	\$ -	\$ 3,035,646
Investments	299,695	-	-	-	-	-	299,695
Receivables:							
Property taxes receivable	-	798	-	-	-	-	798
Accrued interest receivable	3,887	-	-	-	-	-	3,887
Other receivables	4,050	-	-	-	-	-	4,050
Due from other governmental units	57,142	-	1,800	-	-	-	58,942
Total assets	\$ 1,663,047	\$ 1,714,161	\$ 25,810	\$ -	\$ -	\$ -	\$ 3,403,018
Liabilities							
Accounts payable	\$ 583,710	\$ -	\$ 1,062	\$ -	\$ -	\$ -	\$ 584,772
Accrued liabilities and wages	12,291	-	-	-	-	-	12,291
Unearned revenue	-	-	24,748	-	-	-	24,748
Total liabilities	596,001	-	25,810	-	-	-	621,811
Fund Balances - Restricted - Roads	1,067,046	1,714,161	-	-	-	-	2,781,207
Total liabilities and fund balances	\$ 1,663,047	\$ 1,714,161	\$ 25,810	\$ -	\$ -	\$ -	\$ 3,403,018

City of Grosse Pointe Farms, Michigan

Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2023

	Special Revenue Funds				Debt Service Fund		Total
	Local Streets	Municipal Street	MIDC Grant	Community Development Block Grant	General Debt Service		
Revenue							
Property taxes	\$ -	\$ 1,763,885	\$ -	\$ -	\$ -	\$ -	\$ 1,763,885
Intergovernmental:							
Federal grants	-	-	-	20,000	-	-	20,000
State sources	336,728	-	32,866	-	-	-	369,594
Interest and rentals	787	9,725	-	-	-	-	10,512
Other revenue	2,078	-	7,200	-	-	-	9,278
Total revenue	339,593	1,773,610	40,066	20,000	-	-	2,173,269
Expenditures							
Current services:							
Municipal court	-	-	47,999	-	-	-	47,999
Public works - Street construction	1,912,873	-	-	-	-	-	1,912,873
Other functions	-	2,173	-	-	-	-	2,173
Community and economic development	-	-	-	20,000	-	-	20,000
Debt service	-	-	-	-	915,974	-	915,974
Total expenditures	1,912,873	2,173	47,999	20,000	915,974	-	2,899,019
Excess of Revenue (Under) Over Expenditures	(1,573,280)	1,771,437	(7,933)	-	(915,974)	-	(725,750)
Other Financing Sources (Uses)							
Transfers in	1,392,000	-	7,933	-	915,974	-	2,315,907
Transfers out	-	(1,789,695)	-	-	-	-	(1,789,695)
Total other financing sources (uses)	1,392,000	(1,789,695)	7,933	-	915,974	-	526,212
Net Change in Fund Balances	(181,280)	(18,258)	-	-	-	-	(199,538)
Fund Balances - Beginning of year	1,248,326	1,732,419	-	-	-	-	2,980,745
Fund Balances - End of year	\$ 1,067,046	\$ 1,714,161	\$ -	\$ -	\$ -	\$ -	\$ 2,781,207

City of Grosse Pointe Farms, Michigan

**Other Supplementary Information
Combining Statement of Net Position
Internal Service Funds**

June 30, 2023

	Insurance Retention Fund	Healthcare Retention Fund	Total Internal Service Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 275,029	\$ 737,116	\$ 1,012,145
Investments	112,957	471,000	583,957
Receivables	398	8,478	8,876
Prepays and other assets	-	245,575	245,575
Total current assets	388,384	1,462,169	1,850,553
Liabilities			
Current liabilities:			
Accounts payable	14,485	-	14,485
Provision for uninsured losses	122,399	673,928	796,327
Total liabilities	136,884	673,928	810,812
Net Position - Unrestricted	\$ 251,500	\$ 788,241	\$ 1,039,741

City of Grosse Pointe Farms, Michigan

Other Supplementary Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds

Year Ended June 30, 2023

	<u>Insurance Retention Fund</u>	<u>Healthcare Retention Fund</u>	<u>Total Internal Service Funds</u>
Operating Revenue - Charges for services	\$ 150,000	\$ 2,419,513	\$ 2,569,513
Operating Expenses - Benefit payments	<u>58,371</u>	<u>2,227,378</u>	<u>2,285,749</u>
Operating Income	91,629	192,135	283,764
Nonoperating (Expense) Revenue - Investment interest and FMV changes	<u>(2,556)</u>	<u>4,113</u>	<u>1,557</u>
Change in Net Position	89,073	196,248	285,321
Net Position - Beginning of year	<u>162,427</u>	<u>591,993</u>	<u>754,420</u>
Net Position - End of year	<u><u>\$ 251,500</u></u>	<u><u>\$ 788,241</u></u>	<u><u>\$ 1,039,741</u></u>

City of Grosse Pointe Farms, Michigan

Other Supplementary Information Combining Statement of Cash Flows Internal Service Funds

Year Ended June 30, 2023

	Insurance Retention	Healthcare Retention Fund	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 150,000	\$ 2,786,415	\$ 2,936,415
Payments to suppliers	(79,954)	-	(79,954)
Payments to employees and fringes	-	(2,227,378)	(2,227,378)
Net cash and cash equivalents provided by operating activities	70,046	559,037	629,083
Cash Flows from Investing Activities			
Interest received on investments	(2,552)	1,938	(614)
Purchases of investment securities	-	(471,000)	(471,000)
Proceeds from sale and maturities of investment securities	3,884	-	3,884
Net cash and cash equivalents provided by (used in) investing activities	1,332	(469,062)	(467,730)
Net Increase in Cash and Cash Equivalents	71,378	89,975	161,353
Cash and Cash Equivalents - Beginning of year	203,651	647,141	850,792
Cash and Cash Equivalents - End of year	\$ 275,029	\$ 737,116	\$ 1,012,145
Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities			
Operating income	\$ 91,629	\$ 192,135	\$ 283,764
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities - Changes in assets and liabilities:			
Receivables	-	(6,303)	(6,303)
Prepaid and other assets	-	(83,619)	(83,619)
Accounts payable	(21,583)	456,824	435,241
Total adjustments	(21,583)	366,902	345,319
Net cash and cash equivalents provided by operating activities	\$ 70,046	\$ 559,037	\$ 629,083

City of Grosse Pointe Farms, Michigan

Other Supplementary Information
Budgetary Comparison Schedule - Capital Projects Fund

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental:				
Federal grants	\$ -	\$ 48,200	\$ -	\$ (48,200)
State sources	-	750,000	750,000	-
Investment income (loss)	2,500	2,500	(2,967)	(5,467)
Other revenue	150,000	211,800	230,396	18,596
Total revenue	152,500	1,012,500	977,429	(35,071)
Expenditures - Capital outlay	1,860,550	2,891,350	2,277,532	613,818
Excess of Expenditures Over Revenue	(1,708,050)	(1,878,850)	(1,300,103)	578,747
Other Financing Sources (Uses)				
Transfers in	1,550,000	1,550,000	1,550,000	-
Transfers out	(200,000)	(200,000)	(200,000)	-
Fund balance appropriation	358,050	528,850	-	(528,850)
Total other financing sources	1,708,050	1,878,850	1,350,000	(528,850)
Net Change in Fund Balance	-	-	49,897	49,897
Fund Balance - Beginning of year	2,500,974	2,500,974	2,500,974	-
Fund Balance - End of year	<u>\$ 2,500,974</u>	<u>\$ 2,500,974</u>	<u>\$ 2,550,871</u>	<u>\$ 49,897</u>

City of Grosse Pointe Farms, Michigan

Other Supplementary Information
 Budgetary Comparison Schedules - Nonmajor Governmental Funds
 Local Streets Fund

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental	\$ 326,000	\$ 326,000	\$ 336,728	\$ 10,728
Investment income	1,000	1,000	787	(213)
Other revenue	-	-	2,078	2,078
Total revenue	327,000	327,000	339,593	12,593
Expenditures - Current services - Public works - Streets				
	1,369,000	1,969,000	1,912,873	56,127
Excess of Expenditures Over Revenue				
	(1,042,000)	(1,642,000)	(1,573,280)	68,720
Other Financing Sources				
Transfers in	1,042,000	1,442,000	1,392,000	(50,000)
Fund balance appropriation	-	200,000	-	(200,000)
Total other financing sources	1,042,000	1,642,000	1,392,000	(250,000)
Net Change in Fund Balance				
	-	-	(181,280)	(181,280)
Fund Balance - Beginning of year				
	1,248,326	1,248,326	1,248,326	-
Fund Balance - End of year				
	<u>\$ 1,248,326</u>	<u>\$ 1,248,326</u>	<u>\$ 1,067,046</u>	<u>\$ (181,280)</u>

City of Grosse Pointe Farms, Michigan

Other Supplementary Information
 Budgetary Comparison Schedules - Nonmajor Governmental Funds
 (Continued)
 Municipal Street Fund

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Property taxes	\$ 1,769,000	\$ 1,769,000	\$ 1,763,885	\$ (5,115)
Investment income	-	-	9,725	9,725
Total revenue	1,769,000	1,769,000	1,773,610	4,610
Expenditures - Other functions	2,000	2,000	2,173	(173)
Excess of Revenue Over Expenditures	1,767,000	1,767,000	1,771,437	4,437
Other Financing (Uses) Sources				
Transfers out	(1,767,000)	(2,767,000)	(1,789,695)	977,305
Appropriation of fund balance	-	1,000,000	-	(1,000,000)
Total other financing uses	(1,767,000)	(1,767,000)	(1,789,695)	(22,695)
Net Change in Fund Balance	-	-	(18,258)	(18,258)
Fund Balance - Beginning of year	1,732,419	1,732,419	1,732,419	-
Fund Balance - End of year	<u>\$ 1,732,419</u>	<u>\$ 1,732,419</u>	<u>\$ 1,714,161</u>	<u>\$ (18,258)</u>

City of Grosse Pointe Farms, Michigan

Other Supplementary Information
 Budgetary Comparison Schedules - Nonmajor Governmental Funds
 (Continued)
 Community Development Block Grant

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Federal grants	\$ 25,000	\$ 25,000	\$ 20,000	\$ (5,000)
Expenditures - Community and economic development	25,000	25,000	20,000	5,000
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Grosse Pointe Farms, Michigan

Other Supplementary Information
 Budgetary Comparison Schedules - Nonmajor Governmental Funds
 (Continued)
 MIDC Grant

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - State grant	\$ 72,200	\$ 72,200	\$ 40,066	\$ (32,134)
Expenditures - Indigent defense costs and administration	90,200	90,200	47,999	42,201
Excess of Expenditures Over Revenue	(18,000)	(18,000)	(7,933)	10,067
Other Financing Sources - Transfers in	18,000	18,000	7,933	(10,067)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Grosse Pointe Farms, Michigan

Other Supplementary Information
 Budgetary Comparison Schedules - Nonmajor Governmental Funds
 (Continued)
 General Debt Service

Year Ended June 30, 2023

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures - Debt service	916,700	916,700	915,974	726
Excess of Expenditures Over Revenue	(916,700)	(916,700)	(915,974)	726
Other Financing Sources - Transfers in	916,700	916,700	915,974	(726)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Grosse Pointe Farms, Michigan

**Other Supplementary Information
Combining Statement of Net Position
Nonmajor Enterprise Funds**

June 30, 2023

	Recycling Program Fund	Municipal Radio System Fund	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 87,133	\$ -	\$ 87,133
Receivables:			
Other receivables	37,235	-	37,235
Due from other governmental units	-	39,737	39,737
Total assets	124,368	39,737	164,105
Liabilities			
Current liabilities:			
Accounts payable	-	2,172	2,172
Due to primary government	-	17,043	17,043
Refundable deposits, bonds, etc.	-	19,777	19,777
Accrued salaries and wages	-	745	745
Total liabilities	-	39,737	39,737
Net Position - Unrestricted	\$ 124,368	\$ -	\$ 124,368

City of Grosse Pointe Farms, Michigan

Other Supplementary Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds

Year Ended June 30, 2023
(with comparative totals for 2022)

	Recycling Program Fund	Municipal Radio System Fund	Total Nonmajor Enterprise Funds
Operating Revenue			
Interest and penalty charges	\$ 4,641	\$ -	\$ 4,641
Recycling charges	296,979	-	296,979
Radio system charges	-	110,558	110,558
Total operating revenue	301,620	110,558	412,178
Operating Expenses - Operating and maintenance costs	260,630	59,037	319,667
Operating Income	40,990	51,521	92,511
Nonoperating Revenue - Investment income	111	-	111
Change in Net Position	41,101	51,521	92,622
Net Position (Deficit) - Beginning of year	83,267	(51,521)	31,746
Net Position - End of year	\$ 124,368	\$ -	\$ 124,368

City of Grosse Pointe Farms, Michigan

Other Supplementary Information Combining Statement of Cash Flows Nonmajor Enterprise Funds

Year Ended June 30, 2023

	Recycling Program Fund	Municipal Radio System Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 291,818	\$ 203,438	\$ 495,256
Payments to suppliers	(5,296)	(73,974)	(79,270)
Payments to employees and fringes	(255,334)	(312,233)	(567,567)
Net cash and cash equivalents provided by (used in) operating activities	31,188	(182,769)	(151,581)
Cash Flows Provided by Investing Activities - Interest received on investments	111	-	111
Net Increase (Decrease) in Cash and Cash Equivalents	31,299	(182,769)	(151,470)
Cash and Cash Equivalents - Beginning of year	55,834	182,769	238,603
Cash and Cash Equivalents - End of year	<u>\$ 87,133</u>	<u>\$ -</u>	<u>\$ 87,133</u>
Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities			
Operating income	\$ 40,990	\$ 51,521	\$ 92,511
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities:			
Changes in assets and liabilities:			
Receivables	(9,802)	92,880	83,078
Net pension or OPEB asset	-	(345,662)	(345,662)
Accounts payable	-	18,744	18,744
Accrued and other liabilities	-	(252)	(252)
Total adjustments	(9,802)	(234,290)	(244,092)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 31,188</u>	<u>\$ (182,769)</u>	<u>\$ (151,581)</u>

City of Grosse Pointe Farms, Michigan

**Other Supplementary Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds**

June 30, 2023

	<u>General Employees' Pension and Other Postemployment Benefit Trust Fund</u>	<u>Public Safety Pension and Other Postemployment Benefit Trust Fund</u>	<u>Total Pension and Other Employee Benefit Trust Funds</u>
Assets			
Cash and cash equivalents	\$ 530,483	\$ 1,162,486	\$ 1,692,969
Investments:			87,437,157
Collective investment trust	22,532,758	38,276,328	60,809,086
Mutual funds	9,870,929	16,757,142	26,628,071
Prepays and other assets	17,105	7,596	24,701
Total assets	<u>32,951,275</u>	<u>56,203,552</u>	<u>89,154,827</u>
Liabilities - Accounts payable	<u>13,461</u>	<u>22,506</u>	<u>35,967</u>
Net Position			
Restricted:			
Pension	26,868,214	47,450,314	74,318,528
Postemployment benefits other than pension	6,069,600	8,730,732	14,800,332
Total net position	<u><u>\$ 32,937,814</u></u>	<u><u>\$ 56,181,046</u></u>	<u><u>\$ 89,118,860</u></u>

City of Grosse Pointe Farms, Michigan

Other Supplementary Information
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2023

	General Employees' Pension and Other Postemployment Benefit Trust Fund	Public Safety Pension and Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
Additions			
Investment income:			
Interest and dividends	\$ 464,883	\$ 810,737	\$ 1,275,620
Change in fair value of investments	2,801,915	4,775,447	7,577,362
Net investment income	3,266,798	5,586,184	8,852,982
Contributions:			
Employer contributions	1,918,873	1,019,910	2,938,783
Employee contributions	75,021	310,077	385,098
Total contributions	1,993,894	1,329,987	3,323,881
Total additions	5,260,692	6,916,171	12,176,863
Deductions			
Benefit payments	2,272,758	3,278,320	5,551,078
Administrative expenses	77,041	124,973	202,014
Total deductions	2,349,799	3,403,293	5,753,092
Net Increase in Fiduciary Net Position	2,910,893	3,512,878	6,423,771
Net Position - Beginning of year	30,026,921	52,668,168	82,695,089
Net Position - End of year	\$ 32,937,814	\$ 56,181,046	\$ 89,118,860

Statistical Section

This part of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary 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 Annual Comprehensive Financial Reports for the relevant year.

Financial Trends

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

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting, Rounded to the Nearest Thousand)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$ 14,931,000	\$ 14,723,000	\$ 14,678,000	\$ 15,088,000	\$ 14,993,000	\$ 15,728,000	\$ 16,815,000	\$ 13,272,000	\$ 16,180,000	\$ 19,547,000
Restricted	651,000	660,000	784,000	1,016,000	1,045,000	1,415,000	1,804,000	3,517,000	3,942,000	3,759,000
Unrestricted	<u>(2,623,000)</u>	<u>4,568,000</u>	<u>2,823,000</u>	<u>(4,125,000)</u>	<u>(6,826,000)</u>	<u>(8,576,000)</u>	<u>(9,476,000)</u>	<u>(2,205,000)</u>	<u>(1,302,000)</u>	<u>4,000,000</u>
Total net position	<u>12,959,000</u>	<u>19,951,000</u>	<u>18,285,000</u>	<u>11,979,000</u>	<u>9,212,000</u>	<u>8,567,000</u>	<u>9,143,000</u>	<u>14,584,000</u>	<u>18,820,000</u>	<u>27,306,000</u>
Business-type Activities										
Net investment in capital assets	11,595,000	11,646,000	11,371,000	11,424,000	12,246,000	12,357,000	12,884,000	13,424,000	14,389,000	15,038,000
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>(839,000)</u>	<u>210,000</u>	<u>1,459,000</u>	<u>2,335,000</u>	<u>276,000</u>	<u>755,000</u>	<u>1,061,000</u>	<u>2,879,000</u>	<u>2,839,000</u>	<u>3,302,000</u>
Total net position	<u>10,756,000</u>	<u>11,856,000</u>	<u>12,830,000</u>	<u>13,759,000</u>	<u>12,522,000</u>	<u>13,112,000</u>	<u>13,945,000</u>	<u>16,303,000</u>	<u>17,228,000</u>	<u>18,340,000</u>
Primary Government in Total										
Net investment in capital assets	26,526,000	26,369,000	26,049,000	26,512,000	27,239,000	28,085,000	29,699,000	26,695,000	30,569,000	34,585,000
Restricted	651,000	660,000	784,000	1,016,000	1,045,000	1,415,000	1,804,000	3,517,000	3,942,000	3,759,000
Unrestricted	<u>(3,462,000)</u>	<u>4,778,000</u>	<u>4,282,000</u>	<u>(1,790,000)</u>	<u>(6,550,000)</u>	<u>(7,821,000)</u>	<u>(8,415,000)</u>	<u>675,000</u>	<u>1,537,000</u>	<u>7,302,000</u>
Total net position	<u>\$23,715,000</u>	<u>\$31,807,000</u>	<u>\$31,115,000</u>	<u>\$25,738,000</u>	<u>\$21,734,000</u>	<u>\$21,679,000</u>	<u>\$23,088,000</u>	<u>\$30,887,000</u>	<u>\$36,048,000</u>	<u>\$45,646,000</u>

Source: City annual financial statements

Note: 2017 and prior amounts shown above have not been restated for GASB 75.

Changes in Net Position
Governmental Activities, Business-type Activities, and Primary Government

Last Ten Fiscal Years
Accrual Basis of Accounting, (Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 3,265,673	\$ 3,032,601	\$ 3,315,769	\$ 7,506,479	\$ 2,957,085	\$ 3,075,705	\$ 3,232,837	\$ 3,603,999	\$ 3,594,406	\$ 3,399,787
Municipal court	244,844	286,567	301,031	291,358	307,338	311,149	341,440	376,150	390,073	412,228
Public safety	6,708,322	6,663,743	7,053,906	7,308,744	7,970,795	7,791,797	7,289,638	4,748,188	7,301,532	4,903,943
Public works	3,492,491	3,367,523	3,333,672	3,836,009	4,110,672	3,770,692	3,501,450	3,137,926	3,328,586	3,187,355
Community and economic development	49,899	58,599	29,179	22,709	83,098	552,251	643,699	31,590	40,250	59,504
Recreation and culture	1,898,214	1,836,693	1,910,629	1,911,506	1,855,731	1,342,758	1,098,192	1,712,614	1,912,351	2,857,421
Capital Outlay	-	-	-	-	-	-	39,650	-	-	-
Interest on long-term debt	206,508	229,576	139,273	133,405	276,162	259,968	248,020	233,578	172,266	149,802
Total governmental activities expenses	15,865,951	15,475,302	16,083,459	21,010,210	17,560,881	17,104,320	16,394,926	13,844,045	16,739,464	14,970,040
Business-type activities:										
Water and sewer	6,082,756	5,935,425	6,502,844	7,250,838	7,835,510	7,313,848	7,409,278	6,077,535	6,533,854	7,463,103
Radio system charges	344,900	340,222	343,392	364,399	396,541	408,789	427,685	376,697	230,096	59,037
Recycling program	109,769	109,071	128,898	126,320	158,534	117,543	186,764	199,779	251,469	260,630
Interest on long-term debt	322,444	308,010	358,657	-	-	-	-	-	-	-
Total business-type activities expenses	6,859,869	6,692,728	7,333,791	7,741,557	8,390,585	7,840,180	8,023,727	6,654,011	7,015,419	7,782,770
Total primary government expenses	22,725,820	22,168,030	23,417,250	28,751,767	25,951,466	24,944,500	24,418,653	20,498,056	23,754,883	22,752,810
Program Revenue										
Governmental activities:										
Charges for services										
Municipal court	135,506	169,279	214,867	222,719	174,840	140,141	174,138	133,883	133,190	142,077
Public safety	846,095	725,872	764,491	670,530	806,030	773,780	576,557	634,191	768,732	692,830
Public works	-	-	-	-	355,488	369,707	384,496	399,875	438,888	438,592
General government	251,162	322,618	369,342	379,206	377,455	416,198	321,958	319,276	403,819	371,217
Recreation and culture	531,975	561,476	578,301	628,292	647,809	649,907	978,930	688,307	710,475	757,478
Operating and capital grants and contributions	631,411	698,129	776,072	760,191	1,008,591	1,046,255	1,002,808	1,708,909	1,919,661	3,330,421
Total governmental activities program revenue	2,396,149	2,477,374	2,703,073	2,660,938	3,370,213	3,395,988	3,438,887	3,884,441	4,374,765	5,732,615
Business-type Activities										
Charges for services:										
Water and sewer	5,546,862	5,870,229	6,425,211	6,803,190	6,880,347	7,255,468	7,519,127	7,787,693	7,549,908	8,463,126
Other charges for services - Grosse Pointe City	458,196	458,195	554,562	527,205	482,444	-	-	-	-	-
Radio system charges	229,042	245,223	233,692	230,446	265,099	302,482	375,875	257,126	260,984	110,558
Recycling program	108,248	111,973	120,464	122,019	117,356	121,429	202,484	221,224	216,547	301,620
Operating and capital grants and contributions	-	86,537	183,359	196,843	148,217	1,379	-	-	-	-
Total business-type program revenue	6,342,348	6,772,157	7,517,288	7,879,703	7,893,463	7,680,758	8,097,486	8,266,043	8,027,439	8,875,304
Total primary government program revenue	\$ 8,738,497	\$ 9,249,531	\$ 10,220,361	\$ 10,540,641	\$ 11,263,676	\$ 11,076,746	\$ 11,536,373	\$ 12,150,484	\$ 12,402,204	\$ 14,607,919

Source: City annual financial statements

Note: 2017 and prior amounts shown above have not been restated for GASB 75.

Changes in Net Position
Governmental Activities, Business-type Activities, and

Last Ten Fiscal Years
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense) Revenue										
Governmental activities	\$ (13,469,802)	\$ (12,997,928)	\$ (13,380,386)	\$ (18,349,272)	\$ (14,190,668)	\$ (13,708,332)	\$ (12,956,039)	\$ (9,959,604)	\$ (12,364,699)	\$ (9,237,425)
Business-type activities	(517,521)	79,429	183,497	138,146	(497,122)	(159,422)	73,759	1,612,032	1,012,020	1,092,534
Total primary government net expense	<u>(13,987,323)</u>	<u>(12,918,499)</u>	<u>(13,196,889)</u>	<u>(18,211,126)</u>	<u>(14,687,790)</u>	<u>(13,867,754)</u>	<u>(12,882,280)</u>	<u>(8,347,572)</u>	<u>(11,352,679)</u>	<u>(8,144,891)</u>
General Revenue										
Governmental activities:										
Property taxes	9,344,347	9,491,475	9,731,424	10,197,228	10,364,217	11,248,390	11,746,322	13,933,374	14,925,134	15,483,542
State-shared revenue	763,817	777,345	814,680	835,548	869,649	901,192	892,638	1,003,200	1,208,749	1,183,524
Interest	117,712	159,015	188,142	11,245	24,525	245,071	183,439	(125,931)	(298,204)	148,277
Franchise fees and other	1,238,006	893,165	979,732	999,612	608,460	668,308	708,909	590,488	764,802	908,652
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	11,463,882	11,321,000	11,713,978	12,043,633	11,866,851	13,062,961	13,531,308	15,401,131	16,600,481	17,723,995
Business-type activities:										
Property taxes	750,556	753,976	787,937	790,264	729,465	749,836	758,702	746,213	2,681	6,678
Unrestricted investment earnings	1,503	1,438	2,977	8	14	38	32	5	2	12,910
Loss on sale of capital assets	-	-	-	-	-	-	-	-	(90,368)	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>752,059</u>	<u>755,414</u>	<u>790,914</u>	<u>790,272</u>	<u>729,479</u>	<u>749,874</u>	<u>758,734</u>	<u>746,218</u>	<u>(87,685)</u>	<u>19,588</u>
Total primary government general revenue	<u>12,215,941</u>	<u>12,076,414</u>	<u>12,504,892</u>	<u>12,833,905</u>	<u>12,596,330</u>	<u>13,812,835</u>	<u>14,290,042</u>	<u>16,147,349</u>	<u>16,512,796</u>	<u>17,743,583</u>
Change in Net Position										
Governmental activities	(2,005,920)	(1,676,928)	(1,666,408)	(6,305,639)	(2,323,817)	(645,371)	575,269	5,441,527	4,235,782	8,486,570
Business-type activities	234,538	834,843	974,411	928,418	232,357	590,452	832,493	2,358,250	924,335	1,112,122
Total primary government	<u>\$ (1,771,382)</u>	<u>\$ (842,085)</u>	<u>\$ (691,997)</u>	<u>\$ (5,377,221)</u>	<u>\$ (2,091,460)</u>	<u>\$ (54,919)</u>	<u>\$ 1,407,762</u>	<u>\$ 7,799,777</u>	<u>\$ 5,160,117</u>	<u>\$ 9,598,692</u>

Source: City annual financial statements

Note: 2017 and prior amounts shown above have not been restated for GASB 75.

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting (Unaudited))

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 213,574	\$ 121,137	\$ 120,099	\$ 84,063	\$ 135,987	\$ 128,626	\$ 43,369	\$ 42,221	\$ 261,866	\$ 453,107
Restricted										
Committed	845,990	846,307	873,834	927,418	1,031,954	1,023,914	1,073,831	560,065	592,740	618,409
Assigned	300,000	300,000	300,000	200,000	200,000	700,000	1,100,000	1,570,000	200,000	315,321
Unassigned	<u>3,692,523</u>	<u>3,869,208</u>	<u>3,845,625</u>	<u>3,997,695</u>	<u>3,991,910</u>	<u>4,124,274</u>	<u>4,269,142</u>	<u>4,510,594</u>	<u>4,627,423</u>	<u>5,268,737</u>
Total general fund	<u>5,052,087</u>	<u>5,136,652</u>	<u>5,139,558</u>	<u>5,209,176</u>	<u>5,359,851</u>	<u>5,976,814</u>	<u>6,486,342</u>	<u>6,682,880</u>	<u>5,682,029</u>	<u>6,655,574</u>
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	-	625,114	625,114	-	-
Restricted	651,531	659,973	783,456	1,004,627	1,045,418	1,416,121	1,803,729	3,517,301	3,941,499	3,759,437
Committed	-	(39,260)	-	-	-	-	-	-	-	-
Assigned	1,115,992	1,023,667	1,477,310	1,678,750	2,651,420	2,418,940	1,249,105	1,818,726	2,500,974	2,550,871
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>1,767,523</u>	<u>1,644,380</u>	<u>2,260,766</u>	<u>2,683,377</u>	<u>3,696,838</u>	<u>3,835,061</u>	<u>3,677,948</u>	<u>5,961,141</u>	<u>6,442,473</u>	<u>6,310,308</u>
Total of all governmental funds	<u>\$6,819,610</u>	<u>\$6,781,032</u>	<u>\$7,400,324</u>	<u>\$7,892,553</u>	<u>\$9,056,689</u>	<u>\$9,811,875</u>	<u>\$10,164,290</u>	<u>\$12,644,021</u>	<u>\$12,124,502</u>	<u>\$ 12,965,882</u>

Source: City annual financial statements

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting (Unaudited))

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue										
Property taxes	\$ 9,344,347	\$ 9,491,475	\$ 9,731,424	\$ 10,197,228	\$ 10,364,217	\$ 11,248,390	\$ 11,746,322	\$ 13,933,374	\$ 14,925,134	\$ 15,483,542
Licenses and permits	602,308	492,425	524,660	465,172	600,860	575,216	422,889	558,273	633,821	586,187
Federal sources	57,847	19,339	88,597	23,048	61,248	26,756	20,000	548,714	498,895	1,132,170
State sources	1,337,381	1,416,869	1,529,587	1,550,499	1,784,473	1,920,691	1,875,446	2,108,696	2,402,348	3,185,577
Charges for services	1,427,017	1,558,602	1,657,022	1,739,435	1,757,741	1,826,181	1,752,292	1,674,177	1,389,252	1,402,701
Fines and forfeitures	354,391	382,237	414,544	387,632	345,648	299,776	327,838	269,124	325,493	306,253
Interest	114,280	153,658	183,089	10,622	24,571	241,173	181,287	(122,905)	154,512	585,295
Other	563,198	211,074	291,316	273,017	237,293	297,073	612,658	305,704	532,765	727,730
Total revenue	13,800,769	13,725,679	14,420,239	14,646,653	15,176,051	16,435,256	16,938,732	19,275,157	20,862,220	23,409,455
Expenditures										
Current:										
General government	1,337,510	1,461,908	1,583,140	1,564,902	1,572,391	1,749,266	1,798,251	1,874,223	2,640,009	2,172,421
Municipal court	244,844	286,567	301,031	291,358	307,338	311,149	341,440	376,150	390,073	387,287
Public safety:										
Police, fire, and EMS	4,410,846	4,576,012	4,658,059	4,615,621	4,928,474	5,058,104	5,086,614	5,217,117	5,568,761	5,853,520
Public works and streets										
Streets	726,816	710,690	679,676	573,506	1,023,726	1,738,763	1,988,907	1,769,930	3,198,364	4,376,497
Rubbish disposal and recycling	1,524,611	1,531,322	1,531,871	1,831,265	1,908,192	1,516,710	1,594,402	1,511,833	2,081,245	1,792,548
Community and economic development	49,899	58,599	29,179	22,709	61,110	25,517	20,000	20,000	20,000	20,000
Recreation and culture	1,164,964	1,205,872	1,260,231	1,290,409	1,230,091	1,268,699	1,117,270	1,150,665	1,361,519	1,672,931
Other functions	2,639,316	2,589,322	2,317,056	2,214,406	6,143,193	2,172,478	2,672,145	3,230,287	3,494,384	3,099,365
Capital outlay	1,305,809	814,475	962,592	1,261,943	301,714	1,115,097	1,288,850	942,177	1,746,795	2,277,532
Debt service principal	293,750	346,875	340,625	352,500	494,922	421,375	428,250	466,375	663,250	720,625
Debt service interest	245,608	239,218	137,487	135,805	124,948	302,912	250,188	236,669	217,339	195,349
Total expenditures	13,943,973	13,820,860	13,800,947	14,154,424	18,096,099	15,680,070	16,586,317	16,795,426	21,381,739	22,568,075
Excess of Revenue (Under) Over Expenditures	(143,204)	(95,181)	619,292	492,229	(2,920,048)	755,186	352,415	2,479,731	(519,519)	841,380
Other Financing Sources (Uses)										
Debt issuance/refinanced	23,352	(303,613)	-	-	3,705,000	-	-	-	-	-
Refinanced notes	-	-	-	-	-	-	-	-	-	-
Debt premiums or discount	-	360,216	-	-	379,184	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	(14,700)	-	-	-	-
Transfers in	1,590,476	1,475,955	1,933,112	2,096,305	2,595,971	2,393,987	2,257,113	2,505,544	4,630,407	4,938,602
Transfers out	(1,640,476)	(1,475,955)	(1,933,112)	(2,096,305)	(2,595,971)	(2,379,287)	(2,257,113)	(2,505,544)	(4,630,407)	(4,938,602)
Total other financing (uses) sources	(26,648)	56,603	-	-	4,084,184	-	-	-	-	-
Net Change in Fund Balances	(169,852)	(38,578)	619,292	492,229	1,164,136	755,186	352,415	2,479,731	(519,519)	841,380
Fund Balances - Beginning of year	6,989,462	6,819,610	6,781,032	7,400,324	7,892,553	9,056,689	9,811,875	10,164,290	12,644,021	12,124,502
Fund Balances - End of year	\$ 6,819,610	\$ 6,781,032	\$ 7,400,324	\$ 7,892,553	\$ 9,056,689	\$ 9,811,875	\$ 10,164,290	\$ 12,644,021	\$ 12,124,502	\$ 12,965,882
Debt service as a percentage of noncapital expenditures	4.27%	4.51%	3.72%	3.79%	3.48%	4.97%	4.66%	4.54%	5.00%	5.04%

Source: City Annual Financial Statements

Revenue Capacity

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

Property Tax Levies and Collections

Last Ten Fiscal Years
(Unaudited)

Tax year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
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%
2017	2018	10,675,554	10,553,167	98.854%	121,906	10,675,072	99.995%
2018	2019	11,551,076	11,363,058	98.372%	186,472	11,549,530	99.987%
2019	2020	12,033,990	11,895,247	98.847%	136,988	12,032,235	99.985%
2020	2021	14,178,132	13,982,218	98.618%	194,477	14,176,695	99.990%
2021	2022	14,430,559	14,215,700	98.511%	213,360	14,429,060	99.990%
2022	2023	14,958,355	14,802,561	98.958%	153,250	14,955,811	99.983%

Source: City Controller/Treasurer's office

City of Grosse Pointe Farms, Michigan

Property Tax Rates – Direct and Overlapping Governments

**Last Ten Fiscal years
(Unaudited)**

Tax Year	Millage Rates - Direct City Taxes				Overlapping Taxes								Total Tax Rate	
	General Operating	Debt	Special Purpose	Total Direct Taxes	County	Detroit Zoo	Detroit Inst. Arts	Grosse Pointe Library	Community College	Intermediate School District	School Homestead	School Non-homestead	Homestead	Non-homestead
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
2017	11.5000	0.9834	1.8666	14.3500	11.0360	0.1000	0.2000	2.2186	3.2408	3.4643	14.9483	26.6308	49.5580	61.2405
2018	11.5000	1.0834	2.3666	14.9500	11.0349	0.1000	0.2000	2.1925	3.2408	3.4643	14.7127	26.6184	49.8952	61.8009
2019	11.5000	1.0834	2.3666	14.9500	11.0328	0.1000	0.2000	2.1707	3.2408	3.4643	15.5975	28.1087	50.7561	63.2673
2020	11.5000	1.0834	4.3666	16.9500	11.0315	0.1000	0.2000	2.1504	3.2408	3.4643	15.9353	28.1307	53.0723	65.2677
2021	11.8198	0.3890	4.5824	16.7912	11.0031	0.0997	0.1995	2.1235	3.2378	3.4558	13.0458	28.1183	49.9564	65.0289
2022	11.7666	0.3871	4.5618	16.7155	10.9623	0.0992	0.1986	2.0970	3.2202	3.4399	14.4586	28.1061	51.1913	64.8388

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

	General Operating	Debt	Special Purpose
2022	11.7666	no limit	4.5618

Source: Wayne Country, Michigan Apportionment Report

City of Grosse Pointe Farms, Michigan

Assessed Taxable Values (History of Property Values)

**Last Ten Fiscal years
(Unaudited)**

Taxable Value by Property Type								Taxable Value as a Percentage of Actual
Tax Year	Fiscal Year	Residential	Commercial	Personal Property	Total Value	Tax Rate (mills)	Estimated Actual Value	
2013	2014	649,919,090	35,579,801	9,597,200	695,096,091	14.0000	1,412,976,200	49.19%
2014	2015	659,605,098	36,039,379	10,755,200	706,399,677	14.0000	1,455,379,156	48.54%
2015	2016	675,239,291	35,913,319	11,831,300	722,983,910	14.0000	1,573,803,800	45.94%
2016	2017	680,008,073	40,769,819	11,708,800	732,486,692	14.4500	1,687,843,896	43.40%
2017	2018	692,031,608	41,507,789	12,109,700	745,649,097	14.3500	1,799,942,800	41.43%
2018	2019	716,434,050	41,934,374	15,041,900	773,410,324	14.9500	1,848,092,262	41.85%
2019	2020	743,822,574	43,299,107	20,961,500	808,083,181	14.9500	1,985,795,620	40.69%
2020	2021	769,858,961	42,968,308	23,981,500	836,808,769	16.9500	2,083,060,000	40.17%
2021	2022	792,711,290	43,359,240	24,878,100	860,948,630	16.7912	2,100,629,800	40.99%
2022	2023	828,362,320	44,471,069	23,308,190	896,141,579	16.7155	2,200,729,400	40.72%

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 of inflation.

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

Source: Wayne County Department of Assessing and Equalization.

City of Grosse Pointe Farms, Michigan

Principal Property Tax Payers (Major Taxpayers)

Current and Nine Years Ago
(Unaudited)

	Taxpayer	2022 Taxable Value	Percentage of Total	2013 Taxable Value	Percentage of Total	2013 Rank
1	DTE Gas	\$ 11,013,400	1.23%	1,648,000	0.24%	9
2	Kercheval Pierson LLC	5,749,964	0.64%	4,788,296	0.69%	1
3	American House Grosse Pointe LLC	4,565,900	0.51%		0.00%	
4	DTE Electric Company	3,786,100	0.42%	2,709,000	0.39%	3
5	Country Club of Detroit	3,720,083	0.42%	4,480,800	0.64%	2
6	Private Residence Lake Shore	2,938,325	0.33%	2,578,400	0.37%	5
7	Premier Equities GP, LLC	2,402,100	0.27%	2,583,849	0.37%	4
8	Private Residence Lake Shore	2,080,575	0.23%	1,903,300	0.27%	6
9	Private Residence Lake Shore	2,015,992	0.22%	1,854,000	0.27%	8
10	Private Residence Lake Shore	2,006,408	0.22%	1,639,200	0.24%	10
	Private Residence Provencial	-	0.00%	1,873,890	0.27%	7

Source: City Assessing Department Records

Debt Capacity

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 General Bonded Debt Outstanding

Last Ten Fiscal Years

(Unaudited)

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
2014	15,588,734	-	15,588,734	695,096,091	2.24%	9,479	1,645	*
2015	18,145,406	-	18,145,406	706,399,677	2.57%	9,479	1,914	*
2016	16,853,859	-	16,853,859	722,983,910	2.33%	9,479	1,778	*
2017	15,566,522	-	15,566,522	732,486,692	2.13%	9,479	1,642	*
2018	18,249,157	-	18,249,157	745,649,097	2.45%	9,479	1,925	*
2019	16,787,330	-	16,787,330	773,410,324	2.17%	9,479	1,771	*
2020	15,260,502	-	15,260,502	808,083,181	1.89%	10,148	1,504	*
2021	13,668,675	-	13,668,675	836,808,769	1.63%	10,148	1,347	*
2022	12,581,847	-	12,581,847	860,948,630	1.46%	10,148	1,240	*
2023	11,420,019	-	11,420,019	896,141,579	1.27%	10,148	1,125	*

* Information not available

Source: City Controller/Treasurer's office

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
General obligation bonds	\$ 5,413,082	\$ 5,158,966	\$ 4,782,319	\$ 4,393,797	\$ 8,023,209	\$ 7,541,283	\$ 7,052,482	\$ 6,525,556	\$ 5,801,755	\$ 5,019,829
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Total	5,413,082	5,158,966	4,782,319	4,393,797	8,023,209	7,541,283	7,052,482	6,525,556	5,801,755	5,019,829
Business-type Activities										
General obligation bonds	10,175,652	12,986,440	12,071,540	11,172,725	10,225,948	9,246,047	8,208,020	7,143,117	6,780,092	6,400,191
Installment purchase agreements										
Revenue bonds										
Capital leases										
Total	10,175,652	12,986,440	12,071,540	11,172,725	10,225,948	9,246,047	8,208,020	7,143,117	6,780,092	6,400,191
Total debt of the government	<u>\$ 15,588,734</u>	<u>\$ 18,145,406</u>	<u>\$ 16,853,859</u>	<u>\$ 15,566,522</u>	<u>\$ 18,249,157</u>	<u>\$ 16,787,330</u>	<u>\$ 15,260,502</u>	<u>\$ 13,668,673</u>	<u>\$ 12,581,847</u>	<u>\$ 11,420,020</u>
Taxable Value	\$ 695,096,091	\$ 706,399,677	\$ 722,983,910	\$ 732,486,692	\$ 745,649,097	\$ 773,410,324	\$ 808,083,181	\$ 836,808,768	\$ 860,948,630	\$ 896,141,579
Ratio of Taxable Value to Total Debt	2.24%	2.57%	2.33%	2.13%	2.45%	2.17%	1.89%	1.63%	1.46%	1.27%
Total Population	9,479	9,479	9,479	9,479	9,479	9,479	10,148	10,148	10,148	10,148
Total Debt Per Capita	\$ 1,645	\$ 1,914	\$ 1,778	\$ 1,642	\$ 1,925	\$ 1,771	\$ 1,504	\$ 1,347	\$ 1,240	\$ 1,125
Percentage - Total Debt to Total Personal Income	*	*	*	*	*	*	*	*	*	*

*Information not available
Source: City Controller/Treasurer's office

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Calculation of debt limit										
State Equalized Value	\$ 706,488,100	\$ 727,689,578	\$ 786,901,900	\$ 843,921,948	\$ 899,971,400	\$ 924,046,131	\$ 992,897,810	\$ 1,041,530,000	\$ 1,050,314,900	\$ 1,100,364,700
10 percent of equalized value	\$ 70,648,810	\$ 72,768,958	\$ 78,690,190	\$ 84,392,195	\$ 89,997,140	\$ 92,404,613	\$ 99,289,781	\$ 104,153,000	\$ 105,031,490	\$ 110,036,470
Calculation of debt subject to limit:										
Total debt	\$ 15,588,734	\$ 18,145,406	\$ 16,853,859	\$ 15,566,522	\$ 18,249,157	\$ 16,787,330	\$ 15,260,501	\$ 13,668,675	\$ 12,581,847	\$ 11,420,019
Less debt not subject to limit:										
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Water resources commission or court-ordered bonds	4,662,849	4,000,576	3,415,000	2,775,000	2,125,000	1,440,000	725,000	-	-	-
Net debt subject to limit	\$ 10,925,885	\$ 14,144,830	\$ 13,438,859	\$ 12,791,522	\$ 16,124,157	\$ 15,347,330	\$ 14,535,501	\$ 13,668,675	\$ 12,581,847	\$ 11,420,019
Legal debt margin	\$ 59,722,925	\$ 58,624,128	\$ 65,251,331	\$ 71,600,673	\$ 73,872,983	\$ 77,057,283	\$ 84,754,280	\$ 90,484,325	\$ 92,449,643	\$ 98,616,451
Net debt subject to limit as percentage of debt limit	15.47%	19.44%	17.08%	15.16%	17.92%	16.61%	14.64%	13.12%	11.98%	10.38%

Source: City Controller/Treasurer's office

City of Grosse Pointe Farms, Michigan

Direct and Overlapping – Governmental Activities Debt

June 30, 2023

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Wayne County	\$ 41,418,929	1.87%	\$ 774,534
Grosse Pointe School District	101,675,000	27.68%	28,143,640
Grosse Pointe Library	16,335,000	27.68%	4,521,528
Wayne County Community College	-	0.00%	-
Intermediate School District	-	0.00%	-
Total overlapping debt	159,428,929		33,439,702
Direct city debt			5,019,829
Total direct and overlapping debt			\$ 38,459,531

The estimated percentage applicable is calculated by the taxable value of the City of Grosse Pointe Farms divided by the taxable value of the taxing authority's district.

Source: Municipal Advisory Council of Michigan

Demographics and Economic Information

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

June 30, 2023

(Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate (1)
2014	9,479	543,042	57,289	*
2015	9,479	*	*	*
2016	9,479	*	*	*
2017	9,479	*	*	*
2018	9,479	*	*	*
2019	9,479	*	*	*
2020	10,148	*	*	*
2021	10,148	*	*	*
2022	10,148	*	*	*
2023	10,148	*	*	*

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 Last Fiscal Year and Nine Years Ago (Unaudited)

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Grosse Pointe Schools	338	1	8%	254	1	8%
Country Club of Detroit	280	2	7%	120	3	4%
City of Grosse Pointe Farms	120	3	3%	123	2	4%
Grosse Pointe Academy	80	4	2%	80	6	2%
Grosse Pointe War Memorial	60	5	1%			
Dirty Dog Jazz Café	50	6	1%			
St. Paul's Church/School	45	7	1%	45	8	1%
Wendy's	44	8	1%			
American House	40	9	1%			
Village Market	36	10	1%	36	9	1%
United States Post Office				102	4	3%
Henry Ford/ Pierson Clinic				90	5	3%
Hill Chop House				50	7	2%
Morgan Stanley				34	10	1%
Total	1,093		25%	934		29%

Source: Data Axle Reference Solutions

Operating Information

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.

Operating Indicators

Last Ten Fiscal Years
(Unaudited)

Function/ Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Election data:										
Registered voters	8,279	8,221	8,190	8,593	8,386	8,639	8,764	9,280	9,166	9,311
Voters (at the polls or absentee)	1,813	5,166	875	6,680	2,979	6,197	3,536	7,530	2,492	4,983
Percent voting	22%	63%	11%	78%	36%	72%	40%	81%	27%	54%
Municipal court - Court caseload	5,163	4,810	4,745	4,862	4,668	4,885	5,118	3,484	3,904	5,856
Police:										
Physical arrests	474	462	497	505	441	424	321	218	158	126
Investigations	4,997	5,380	5,413	5,631	5,196	4,917	4,680	4,497	6,890	8,169
Fire:										
Fire runs	103	103	91	146	146	166	153	241	362	341
Emergency medical runs	474	511	551	582	532	711	651	660	753	768
Inspections	86	43	39	65	55	62	30	54	103	70
Public works:										
Miles of street resurfaced	1.86	1.00	1.70	1.33	2.03	1.36	1.39	0.41	1.06	1.73
Refuse collected (tons)	6,517	6,625	6,430	6,972	6,759	7,344	6,799	7,236	6,903	6,324
Parks and recreation:										
Recreation program attendance	2,632	2,370	2,037	1,669	2,277	2,645	756	1,072	678	2,063
Individuals entering Pier Park	113,082	104,883	113,213	146,970	145,358	141,467	117,609	120,399	129,935	131,136
Water:										
Number of customers billed	4,089	4,082	4,043	4,048	4,050	4,044	4,062	4,059	4,050	4,076
Total consumption (thous.cu.ft.)	58,498	55,834	58,049	62,690	56,207	54,704	51,366	54,518	50,667	54,570
Avg. consumption per user	14.31	13.68	14.36	15.49	13.88	13.53	12.65	13.43	12.51	13.39

Source : Various City of Grosse Pointe Farms departments

City of Grosse Pointe Farms, Michigan

Capital Asset Statistics by Function

Last Ten Fiscal Years
(Unaudited)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	11	11	11	11	11	11	11	11	11
Local streets	27	27	27	27	27	27	27	27	27	27
Sidewalks	75	75	75	75	75	75	75	75	75	75
Streetlights	959	959	959	959	959	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	23	23	23	23	23	23	23	23	23
Developed parks/playgrounds	2	2	2	2	2	2	2	2	2	2
Developed fields (soccer, baseball, etc.)	5	5	5	5	5	5	5	5	5	5
Harbor boat wells	333	333	333	333	333	333	333	333	333	333
Water:										
Mains (miles) *	51.75	51.75	51.75	51.89	51.89	51.89	51.89	53.10	53.10	53.10
Fire hydrants	502	502	502	503	503	503	503	499	499	499
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

* Note: During the fiscal years ended June 30, 2018 and 2021, engineering inventories were taken of the City's water mains and fire hydrants. The miles of water mains and number of fire hydrants has been restated here to reflect the data gathered in that inventory. The prior years shown have also been restated accordingly.

Source: Departmental annual reports

City of Grosse Pointe Farms, Michigan

Full-Time Equivalent Government Employees by Function

**Last Ten Fiscal Years
(Unaudited)**

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	10.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.00	8.00
Public safety:										
Police	40.34	40.34	39.00	37.00	37.00	37.00	37.00	37.00	37.00	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	3.00	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Radio system	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.38	0.38
Municipal court	2.50	2.50	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Public works:										
DPW	25.50	25.00	25.00	22.00	22.00	23.00	22.00	22.00	22.00	22.00
Water and sewer	8.25	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00
Park and recreation	<u>28.75</u>	<u>28.75</u>	<u>29.00</u>	<u>29.00</u>	<u>29.00</u>	<u>29.00</u>	<u>29.00</u>	<u>29.00</u>	<u>29.00</u>	<u>29.00</u>
Total	<u>123.34</u>	<u>122.59</u>	<u>122.00</u>	<u>115.00</u>	<u>116.00</u>	<u>117.00</u>	<u>116.00</u>	<u>116.00</u>	<u>114.38</u>	<u>115.38</u>

Source : Various City of Grosse Pointe Farms departments