

Financial Summary

For the Year Ended
June 30, 2022



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Fast Facts

Residential Population:
Increased from 9,479 in 2010
To **10,148 in 2020**
(U.S. Census Bureau)

Area:
2.6 square miles

Taxable Value:
\$860.9 million



Council/Manager Form of Government

The city is governed by an elected seven member council. The Council appoints a City Manager to oversee daily operations and administrative functions.

Services

Basic community services are the highest priority. These include police and fire protection, refuse collection, water and wastewater collection, street maintenance, public improvements, planning, zoning, and administrative services. Grosse Pointe Farms' quality of life is also enhanced by recreation and leisure facilities including Pier Park and Kerby Field.



General Government: \$2.64 Million

The General Government group of expenditures includes the following areas: City Council, City Manager, City Attorney, City Assessor, City Clerk, Elections, Accounting and Public Services.

Public Safety: \$5.57 Million

Police and Fire Protection.

Municipal Court: \$0.33 Million

Municipal Court and probation services.

Public Works: \$2.67 Million

Maintenance costs for major, local roads. Costs associated with refuse and leaf collection.

Recreation & Culture: \$1.36 Million

Costs to provide recreation activities and operation of the harbor.

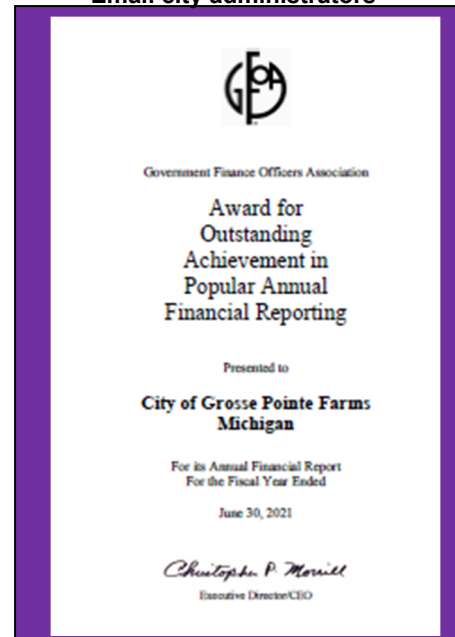
City of Grosse Pointe Farms Website

www.grossepointefarms.org

Internet access creates a 24-hour, 7-day-a-week service window for citizens seeking information about the City of Grosse Pointe Farms.

What's online at www.grossepointefarms.org?

- ✓ Online Bill Payment service
- ✓ Tax, Property & Utility info lookup
- ✓ Building permit applications
- ✓ Business license & other forms
- ✓ Park Pass applications, recreation programming & dog owner news
- ✓ Annual budgets, audits & other financial information
- ✓ Events Calendar
- ✓ Council meeting agenda packets
- ✓ Latest News
- ✓ City Ordinances
- ✓ Email city administrators



Annual Comprehensive Financial Report

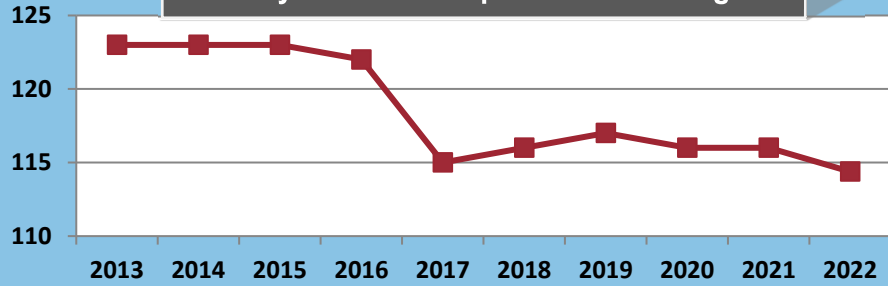
The information in this document has been drawn from the City of Grosse Pointe Farms Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. Complete financial statements of the City of Grosse Pointe Farms with additional demographic and economic information are published in the annual report, which is available on the City website www.grossepointefarms.org/departments/finance/

The City was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for the fiscal year ended June 30, 2021. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

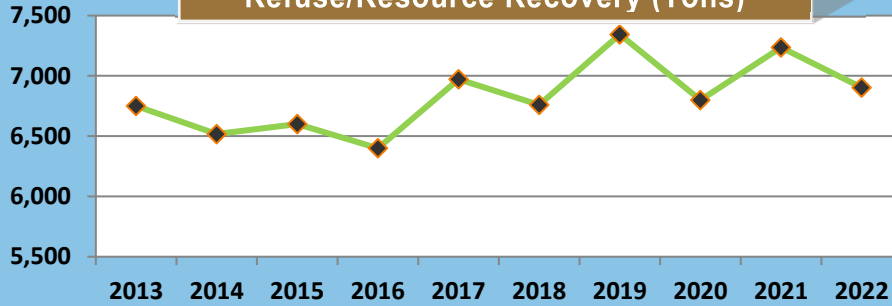
To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual financial report, the contents of which conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

To request a copy of the report, contact:
Tim Rowland, Director of Finance
Email: trowland@grossepointefarms.org
Phone: (313) 640-1602
Mail: 90 Kerby Rd.
Grosse Pointe Farms, MI 48236

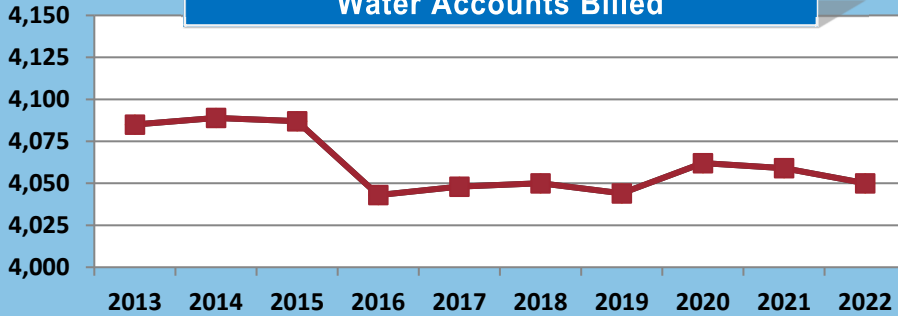
City Full-Time Equivalent Staffing



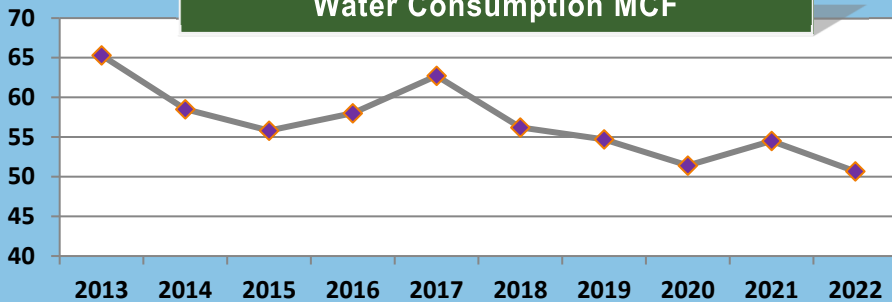
Refuse/Resource Recovery (Tons)



Water Accounts Billed



Water Consumption MCF



Other Funds Used to Manage City Dollars

In accordance with Generally Accepted Accounting Principles (GAAP), the City's financial activities are accounted for in a variety of funds other than the General Fund.

Special Revenue Funds such as the Major Street, Local Street and Community Development Block Grant Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds account for the accumulation of resources for the annual payment of principal, interest, and fees in connection with certain long-term debt other than debt payable from operations of a proprietary fund.

The **Capital Projects Fund** tracks financial resources for the acquisition or construction of major capital facilities, vehicle, and equipment acquisition, other than those financed by the operations of a proprietary fund.

Enterprise Funds like Water, Sewer, Recycling and Municipal Radio System are used to account for operations that are like private business. Tracking the net income of Enterprise Funds helps evaluate programs and direct financial administration.

Internal Service Funds such as Insurance Retention are used to account for the financing of goods and services provided by one department to other departments of the government on a cost reimbursement basis.

Fiduciary Funds such as Pension Trust Funds and Tax Collection Fund are used to account for funds held in a fiduciary capacity for others.

For more detailed information on these fund types and where the totals are represented by function, you should review the Annual Comprehensive Financial Report. Both this summary and the annual report are available from the Finance Department in City Hall, 90 Kerby Road, and on the City's website at: grossepointefarms.org. If necessary, call (313) 640-1602 to request a copy.



City of Grosse Pointe Farms Economy

2021 City Millage Rates

Grosse Pointe Farms	16.7912
Birmingham	13.5896
Northville	15.5063
Grosse Pointe Park	16.8822
Grosse Pointe – City	17.1801
Grosse Pointe Shores	17.7031
Grosse Pointe Woods	21.8829
Huntington Woods	24.9327



Property Values:

The state equalized value (SEV) of \$1.05 billion represents approximately 50% of estimated current market value of all properties in the City.

The City's taxable valuation (TV) has increased for the past nine years, halting the declines during the great recession beginning in 2008.

Unless a property is sold or constructed, taxable value is determined by the prior year's taxable value plus the change in the consumer price index (CPI). However, if in times of high inflation, the CPI increases by more than 5%, the increase in TV is limited to 5%.

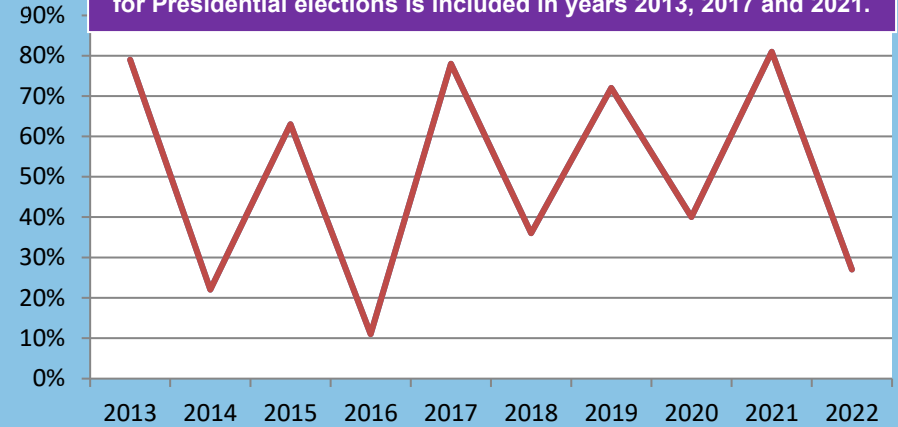
The taxable value is multiplied by the millage rate to determine the total property tax.

In 2021, our taxable value was \$860,948,630 compared to \$836,808,769 in 2020. The 2021 TV increased 2.9% over the 2020 TV.

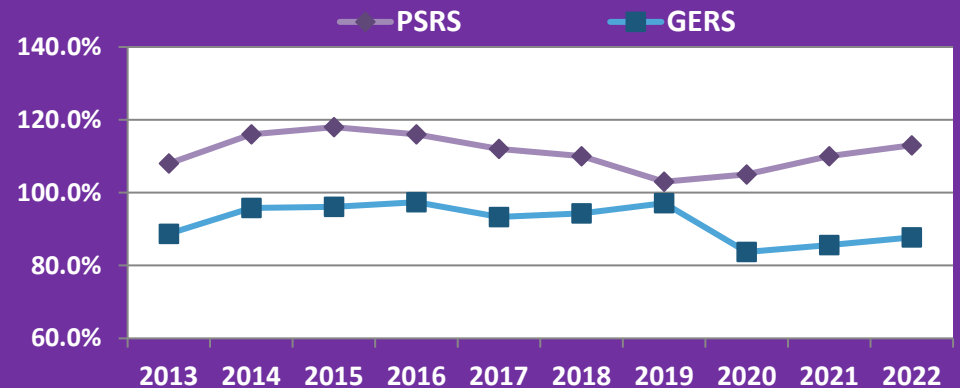


Voter Turnout

Please note: This graph represents voter turnout by fiscal year July 1 – June 30, which includes the prior November elections. For example, 2020 data includes the November 2019 election. Data for Presidential elections is included in years 2013, 2017 and 2021.



City of Grosse Pointe Farms General Employees Retirement System (GERS) and Public Safety Retirement System (PSRS) Schedule of Pension Funding Progress



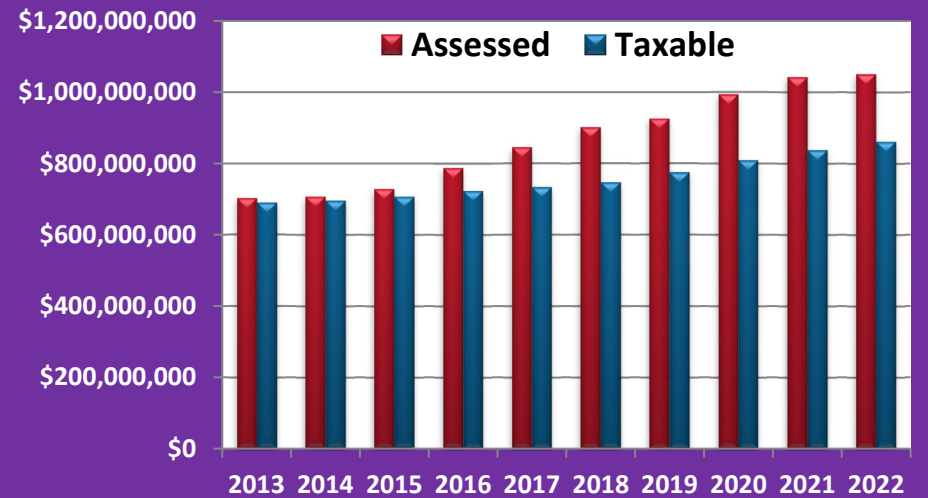
The above chart expresses the actuarial value of assets (the amount the system has accumulated to pay benefits) as a percentage of the actuarial accrued liability (the estimated cost of providing the benefits into the future). This provides one indication of the system's funded status. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker.

Operating Indicators by Function/Program

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>City Clerk's Office</u>				
Dog Licenses Issued	891	755	858	768
Registered Voters	8,639	8,764	9,280	9,166
<u>Fire</u>				
Fire Department Responses	166	153	241	362
Emergency Medical Runs	711	651	660	753
<u>Parks & Recreation</u>				
Vehicles Entering Park	141,467	117,609	120,399	129,935
<u>Municipal Court</u>				
Court Case Load	4,885	5,118	3,484	3,904

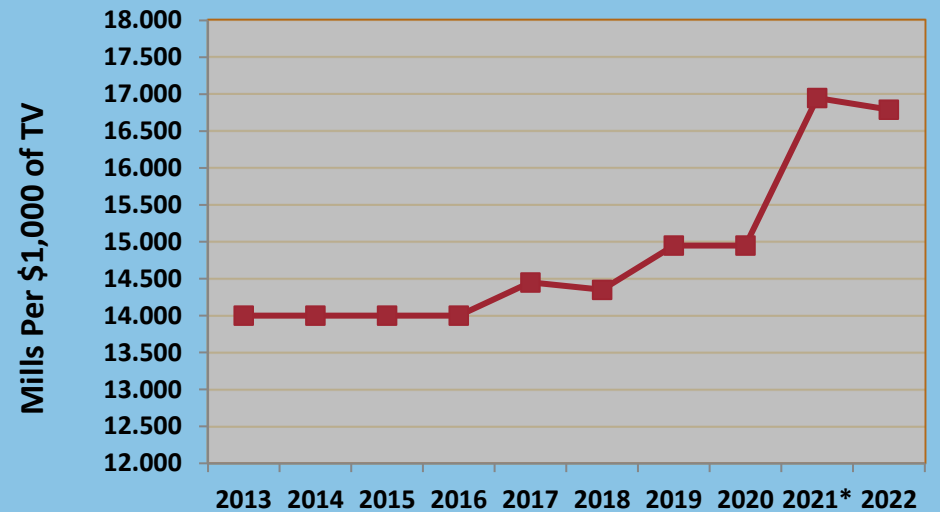


Taxable vs. Assessed Value



City Millage Rate

1 mill = \$1 of tax per \$1,000 of Taxable Value



*In November 2020, voters approved a 5-year, 2 mill increase for a dedicated road millage. The first year of the levy was collected on the 2020 winter tax bills. The related road work began in the summer of 2021.

The General Fund is the general operating fund of the City and the main focus of this report. It is used to account for all financial resources except those required to be accounted for in another fund. General Fund activities are financed by revenues from general property taxes, state shared revenues and other sources. The General Fund uses the current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they are measurable and available and expenditures are recognized, with few exceptions, in the period in which that liability is first incurred.

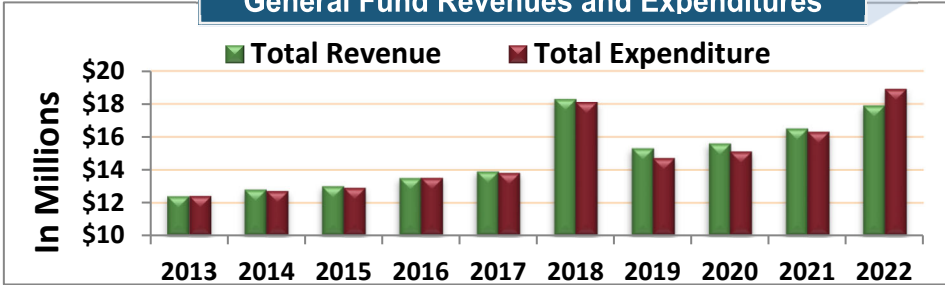
The graph below shows the total revenue and expenditures from 2013 to 2022. An indicator of financial strength and stability is a positive fund balance in the General Fund. Fund Balance is the difference between assets, liabilities, deferred outflows of resources and deferred inflows of resources. Since 2005, the General Fund fund balance has grown from \$3.9 to \$5.7 million.

Two factors affect the fluctuations in the tax levy: Tax rate and taxable value. There was an increase in the tax rates in 2012, 2017, 2019, and 2021, and a decrease in 2018. The taxable value has increased each year since 2014.

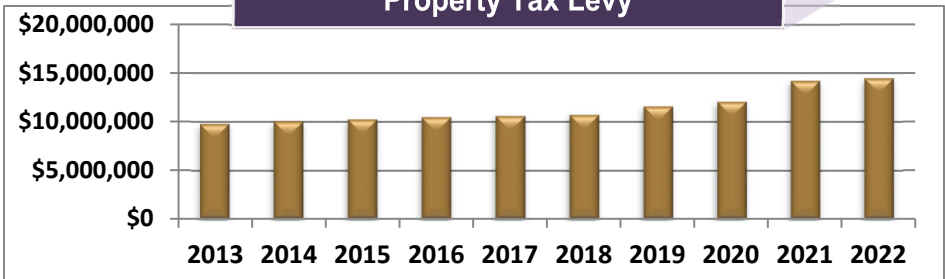
In 2018, the City issued bonds in order to pay a legal settlement of \$4 million. In the chart below, the bond proceeds (Other Financing Source) are included in revenue and the payment of the legal settlement is included in expenditures.

The financial community has recognized the City's strong economic indicators and stable financial operations with the highest bond rating of "AAA" by Standard & Poor's. This allows us to finance bond sales with a favorable interest rate.

General Fund Revenues and Expenditures

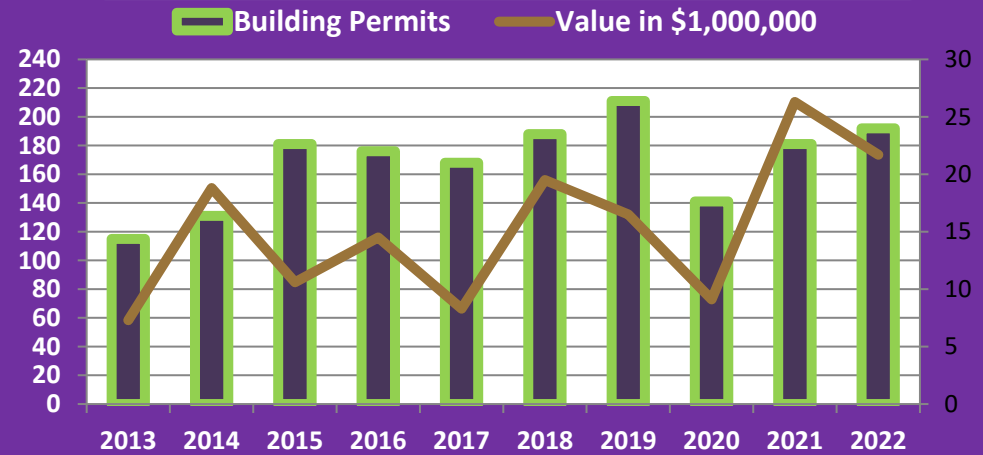


Property Tax Levy



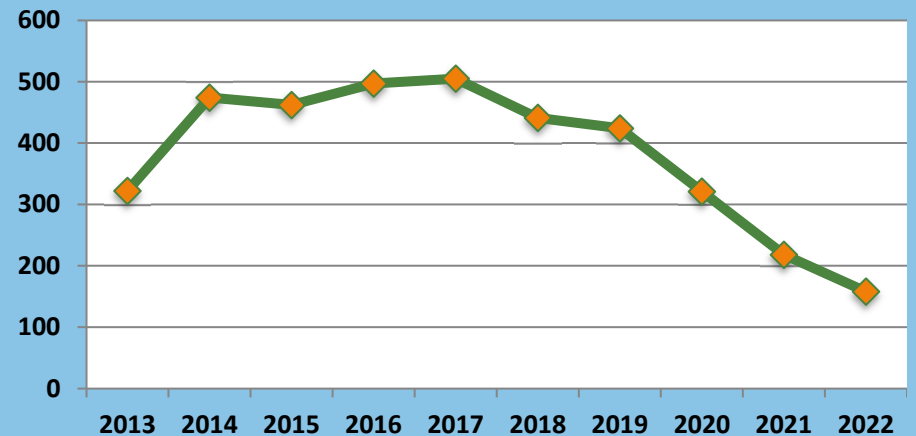
Performance Data

Building Permits and Construction Value



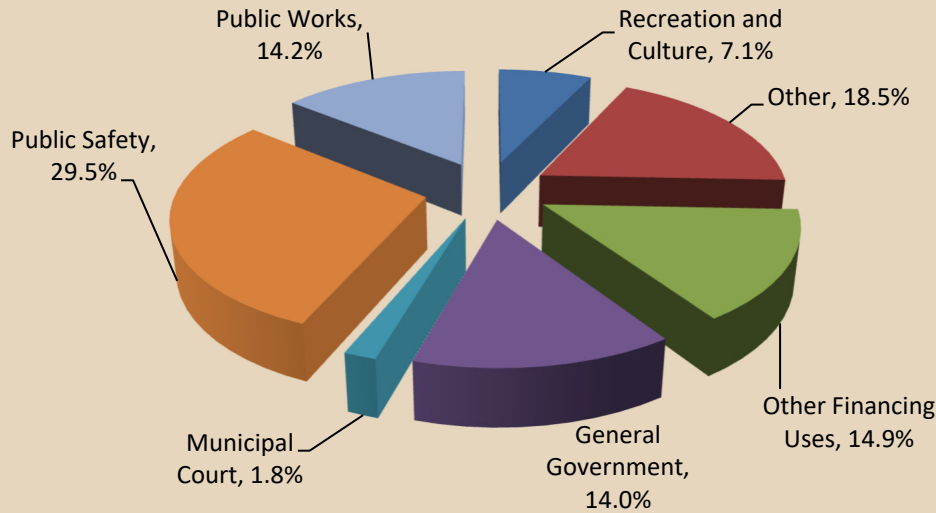
Grosse Pointe Farms Building Department processes a wide range of construction permits each year. New construction and building improvements increased dramatically over the past few years with the start-up and renovation of several new homes. However, during the COVID crisis in 2020, construction was halted for a period of time due to Executive Order restrictions. Permit activity has since returned to normal levels.

Police Physical Arrests



Expenditures

General Fund Expenditures



The General Fund major program activities are summarized in eight areas: General Government, Public Safety, Municipal Court, Public Works, Recreation & Culture, Other, Debt Service and Other Financing Uses. See the graph above for a breakdown of their percentages of total expenditures. Other expenditures include contingency and retirement fund contributions. Other Financing Uses include the transfer of funds to the Capital Projects Fund, Local Street Fund, Insurance Retention Fund, Healthcare Retention Fund and Debt Service Fund.

Road Millage

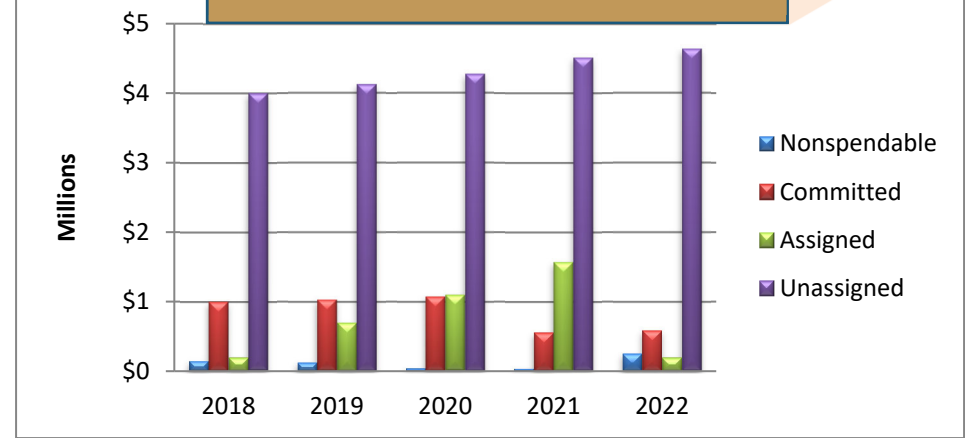
In November 2020 voters approved a 2 mill tax increase for five years dedicated to road improvements. Tax revenue is collected on the winter tax bill and used in the subsequent construction season. In this fiscal year the City completed the first construction season utilizing this millage by completing Kerby Road from Mack to Kercheval and Manor Court.

Municipal Road Fund

Beginning Fund Balance	\$1,671,782
Construction Expenses	(\$1,640,988)
Tax Revenue	\$1,701,625
Fund Balance Available for Subsequent Year	\$1,732,419

Evaluating the City's Financial Condition

General Fund – Fund Balance



Revenues and Expenditures (\$ Millions)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Revenue	\$12.4	\$12.8	\$13.0	\$13.5	\$13.9	\$14.2	\$15.4	\$15.6	\$16.5	\$17.9
Total Expenditures	11.2	11.3	11.6	11.5	11.8	16.2	12.6	13.1	13.9	16.1
Excess (Shortfall)	1.2	1.5	1.4	2.0	2.1	(2.0)	2.8	2.5	2.6	1.8
Other Financing Sources (Uses)	(1.1)	(1.4)	(1.3)	(2.0)	(2.0)	2.1	(2.1)	(2.0)	(2.4)	(2.8)
Net Change in Fund Balance Beginning	0.1	0.1	0.1	-	0.1	0.1	0.7	0.5	0.2	(1.0)
Fund Balance Ending	4.9	4.9	5.0	5.1	5.1	5.2	5.3	6.0	6.5	6.7
As a % of Revenue	40.3%	39.1%	39.2%	37.8%	37.4%	37.8%	39.0%	41.7%	40.6%	31.8%

Revenue

The City of Grosse Pointe Farms regularly collects funding from eight major sources. Beyond property taxes, other revenues include licenses and permits, federal grants, state shared revenue, charges for services, fines and forfeitures, investment income, and other financing sources. See the chart on page 8 for a breakdown of the percentage each element represents of the total revenue.

Property Taxes: \$13.2 Million

The City's total tax rate of \$16.7912 includes the General Fund, Refuse Collection, Debt Service and Road millage levies. The General Fund operating tax levy is \$11.8198 mills of the \$11.8520 maximum allowable millage.

As indicated in the chart on page 8, the City's tax rate represents just 32% of the total property tax bill for all taxing jurisdictions. Those tax dollars represent approximately 75% of the City's total revenue.

Licenses and Permits: \$0.6 Million

Are mainly made up of building permits and trade licenses and permits.

Intergovernmental Revenue: \$1.7 Million

This revenue included ARPA funds from the federal government as well as state revenue sharing payments. State revenue sharing has increased due to increased 2020 census population.

Charges for Services: \$1.4 Million

Examples include parking meter revenue, boat mooring fees, and park facility rentals.

Fines and Forfeitures: \$0.3 Million

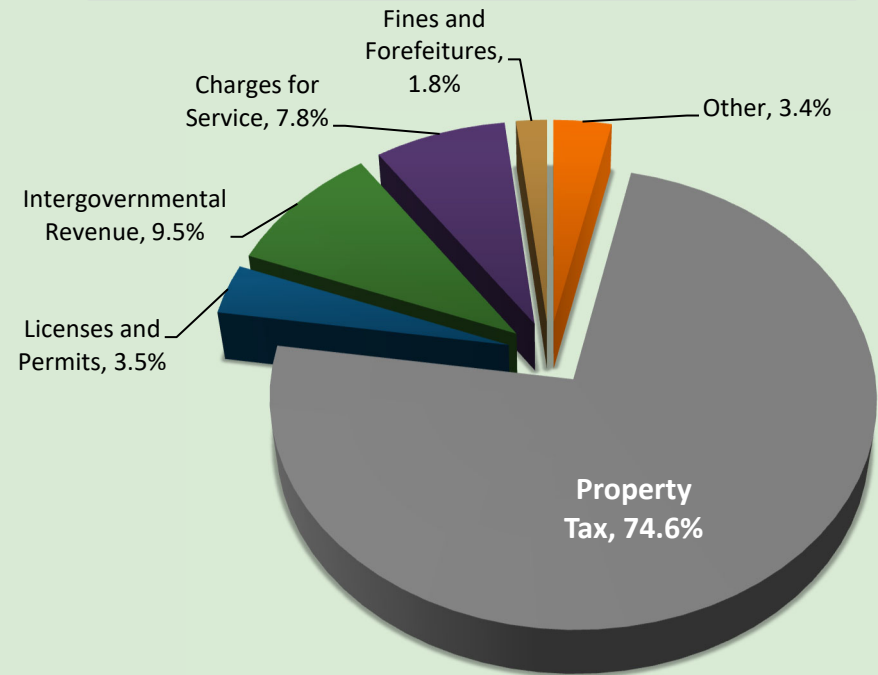
Court fees and costs.

Other Revenue: \$0.6 Million

Generated primarily by rebate fees and lease income.



Where the City Gets its Revenue



Where Does Your Tax Dollar Go?

