

City of Grosse Pointe Farms, Michigan Comprehensive Annual Financial Report



**For The Year Ended
June 30, 2015**

Comprehensive Annual Financial Report City of Grosse Pointe Farms, Michigan For the Fiscal Year Ended June 30, 2015

City Council

James C. Farquhar - Mayor

Therese Joseph

Joe Ricci

Louis Theros

Peter W. Waldmeir

Martin West

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Shane L. Reeside - City Manager

John M. Lamerato - City Controller/Treasurer

Audit Committee

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Prepared by the City's Finance Department

City of Grosse Pointe Farms, Michigan

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City of Grosse Pointe Farms

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7 December, 2015

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

With this letter, we transmit the City of Grosse Pointe Farms' Comprehensive Annual Financial Report (CAFR) for the fiscal year which ended June 30, 2015. These statements are in compliance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) section of this report and should be used in conjunction with it. The MD&A immediately follows the report of the independent auditors.

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

The City of Grosse Pointe Farms' financial statements have been audited by Plante & Moran, PLLC. The purpose of an independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The audit concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Grosse Pointe Farms' financial statements for the year ended June 30, 2015 are fairly presented in conformity with GAAP. Plante & Moran, PLLC's report is presented as the first component of the financial section of this report.

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

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

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

ECONOMIC CONDITION & OUTLOOK

The City of Grosse Pointe Farms is an affluent, suburban community located in the northeast corner of Wayne County and nestled among its four Grosse Pointe neighbors between the City of Detroit on its west and Lake St. Clair on its east. Its population of 9,479 is distributed among almost 3,950 households, having a median household income of \$107,264 and an average per capita income of \$59,910. The average value of an owner-occupied residence in the City is \$366,200. The labor force is composed largely of managerial and professional personnel, of which over 60% has a graduate or a post graduate degree. The unemployment rate among Farms' residents is considerably lower than the rest of the region.

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

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

The residential tax base makes up almost 93% of the tax roll or 69% 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. For the fiscal year 2015, about 2% of the properties have a taxable value below the SEV. For these properties, the City will only have the ability to raise the taxable value by the Headlee rate of inflation. Under State Law, the City does have the ability to levy an additional .9176 mills for general operations.

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

MAJOR INITIATIVES

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

Investment in Infrastructure

The City has commenced a complete inventory and mapping of the City's combined storm and sanitary sewer system. As part of this project, the City is cleaning and televising critical sewers and making assessment for long-term operation, maintenance and capital improvement needs. At a cost of \$500,000, this project has been made possible through the award of a SAW grant from the Michigan Department of Environmental Quality (MDEQ), which will cover 90% of the associated expenses. The inventory of critical infrastructure is scheduled to be completed over a 2-year period.

Following up on needed sewer repairs, the City has continued lining sewers identified as having structural issues. The City was awarded State Revolving Funds (SRF) for the lining of sewers. Likewise, the City lined a section of the Kerby Road Interceptor. This sewer line connects the Lakeside Sewer District to the Kerby Road Lift Station.

Moreover, the City began a major water main replacement program. Through the issuance of \$3.225 million in G.O. Bonds, the City is replacing approximately 3.5 miles of water mains throughout the City that have been identified as in need of replacement due to age, frequency of main breaks or inadequate flow. This includes replacing over one mile of water main serving Provencal Road between Chalfonte and Kercheval Avenue. This section of main, which was originally installed in the 1920's, did not meet current fire-flow standards. The new main will exceed flow requirements, and will provide improved water pressure for adjacent residential homes and the Country Club of Detroit. This major initiative, the largest water main replacement project undertaken in more than fifty years, is scheduled to be completed in the Fall of 2015.

The City continues an annual road repaving program, having repaved an additional 2.5 miles of roads this year. This is part of more than \$2.5 million that has been spent on roads in the past five years.

Furthermore, the City saw the repaving of over one mile of Mack Avenue from Fisher Road to Moross Road. As Mack Avenue is a County Road, the City financed 10% of the cost of this project with the remaining funding coming from Federal and Wayne County road funds. This has all been accomplished without going to the electorate for a separate Headlee override millage, as has been required by surrounding communities.

Other Capital Projects

Funding continues to provide Public Safety with the necessary staffing and equipment to keep the community safe. During the course of the year, the City replaced three public safety vehicles, and allocated an additional \$100,000 towards a reserve for a new pumper fire truck. The public safety department also completed the first year of a new K-9 dog program. This program was privately funded through a donation from a philanthropic resident. There was \$75,000 contributed for the initial startup of the program (including funding for a K-9 vehicle), with an additional \$137,000 pledged over the next 5 years. As this dog will be utilized by the other Grosse Pointe communities through mutual aid, the other Grosse Pointe communities will be contributing an additional annual stipend to cover overtime costs associated with the handler.

The Kercheval (The Hill) and Mack Avenue Business Districts

The City's two major business districts on Kercheval and Mack Ave. continue to thrive. 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. Adjacent to the business district, the City saw the opening of American House within the second and third floor of the former Cottage Hospital. The construction of 87 units of senior housing was completed at a cost of over \$16 million dollars. The facility will provide residents with another option to stay in the community during their later years. It is also an adaptive reuse of a historically significant building that, for the first time, will generate property tax revenue. Henry Ford Health System - Cottage Hospital will continue to occupy the first floor of the building with ambulatory emergency and oncology services. GFHS has also committed to a major renovation of the exterior of the hospital that will be in harmony with architecture of the building.

Mack Avenue enjoys a very high occupancy rate and is anchored by a seven-acre oasis of City-owned green space and recreation area at the corner of Mack Avenue and Moross. Last year, the site saw the opening of an expanded one-acre Dog Park. At the center of the rolling green space is an agility area for canines, surrounded by benches with an enclosed copper-roofed gazebo to provide dog owners shelter during inclement weather.

Fiscal Stability

An important initiative for any fiscal year is securing and protecting the City's total fund balance position, while addressing current and future capital outlay requirements. The City has continued to meet this objective. In 2015, the City transferred \$526,465 of the current year's General Fund budget to fund capital projects. This was accomplished while increasing the unassigned fund balance to \$3,869,208 or 29% of the 2016 General Fund budget.

Other than personnel, the City's second largest expense is the legacy costs associated with employee pensions and post-retirement healthcare costs. Due to investment returns exceeding actuarial assumptions, both the General Employee and Public Safety Retirement Systems saw an increase in funding levels (96% and 116%, respectively). This resulted in a reduced required pension contribution by the City. Rather than using the reduction for general operating costs, the City has made a corresponding additional contribution in the 2016 budget to fund pension benefits.

It should also be noted that over the past several years, the General Employee Pension Plan has been closed to all new employees in favor of a defined contribution plan. The Public Safety Plan has been modified to reduce retirement benefits for new employees. Furthermore, all new hires will not be eligible for a post-retirement healthcare plan. Instead, new employees and the City are contributing annually to a Health Savings Account (HSA), which will be available for healthcare needs upon retirement.

Combined with excellent schools, public safety and city services, it is believed the initiatives undertaken by the City position Grosse Pointe Farms as one of the premier communities in the County.

For the Future:

The Grosse Pointe Farms - City Little League has submitted, and City Council has approved a conceptual site plan for major renovations to the adjacent baseball diamonds at Kerby Field. Subject to a private funding, the plan contemplates a plaza area, improved parking, ornamental fencing and other improvements. The City looks forward to this project advancing in the coming year.

Last, due to the age of City Hall, \$100,000 has been added to a building improvement reserve. Accumulated funds are earmarked for structural and improvements to City Hall including: new windows, updated bathrooms, and overall aesthetic improvements to the facility.

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 cost center of any municipality, and management will continue to evaluate staffing levels annually.

The Public Service Department annually assesses road conditions and prioritizes future repair work in coordination with the water department for below ground repairs/replacement. Then, both departments consult with the finance department for available funding for both short- and long-term projects.

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

General Government Functions

The following schedule presents a summary of all governmental fund-type revenues for the fiscal year ended June 30, 2015 and the amount of percentage of increases and decreases in relation to prior year revenue.

<u>Revenue Source</u>	<u>FY 2015 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2014</u>	<u>Percent of Increase (Decrease)</u>
Property Taxes	\$9,491,475	69.15%	\$147,128	1.57%
Licenses and Permits	492,425	3.59%	(109,883)	(18.24)%
Federal Sources	19,339	.14%	(38,508)	(66.57)%
State Sources	1,416,869	10.32%	79,488	5.94%
Charges for Services	1,558,602	11.36%	131,585	9.22%
Fines and Forfeitures	382,237	2.78%	27,846	7.86%
Interest	153,658	1.12%	39,378	34.46%
Other	<u>211,074</u>	<u>1.54%</u>	<u>(352,124)</u>	<u>(62.52)%</u>
Total	<u>\$13,725,679</u>	<u>100.00%</u>	<u>\$(75,090)</u>	

The City experienced a 1.50% increase in taxable value city-wide compared to a 1.00% increase the previous fiscal year and levied 14.00 mills the same as in FY 2014, resulting in the increase in property tax revenue. Building permit revenue decreased for the first time after three consecutive years of increases. New building construction and existing building alterations remain strong. Permit revenue associated with the construction of a new assisted living facility last year accounted for the overall decrease in licenses and permits. Federal block grant monies in the amount of \$19,339 were received in FY 2015, compared to \$49,904 last fiscal year. The timing of the completion of projects accounted for the decrease. State source revenue increased due to a slight increase in state shared revenue and supplemental state highway funds. The City's strategy is to maximize the return on investments by purchasing issues maturing from three to five years, as well as longer-term investments that have 'step-up' provisions in the rate of return. Other revenue decreased by \$352,124, mainly attributable to a reduction in the Capital Projects fund miscellaneous revenue received by the Grosse Pointe Farms Foundation for their contribution for the dog park.

The following schedule presents a summary of all governmental fund-type expenditures for the fiscal year ended June 30, 2015 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>FY 2015 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2014</u>	<u>Percent of Increase (Decrease)</u>
General Government	\$1,461,908	10.58%	\$124,398	9.30%
Public Safety	4,576,012	33.11%	165,166	3.74%
Public Works	2,242,012	16.22%	(9,415)	(.42)%
Municipal Court	286,567	2.07%	41,723	17.04%
Recreation and Culture	1,205,872	8.73%	40,908	3.51%
Community and Economic Development	58,599	.42%	8,700	17.44%
Other	2,589,322	18.74%	(49,994)	(1.89)%
Capital Outlay	814,475	5.89%	(491,334)	(37.63)%
Debt Service	586,093	4.24%	46,735	8.66%
Total	<u>\$13,820,860</u>	<u>100.00%</u>	<u>\$(123,113)</u>	

The Municipal court expenditure increase is due to the contracting of probation related activities.

Capital Outlay reduction reflects the completion of the new dog park and the reduction in road resurfacing projects.

General Fund Balance

The total fund balance of the General Fund increased \$84,565, to \$5,136,652. A total of \$121,137 was reserved for inventories and prepaid items, \$846,307 was committed for parking, harbor and health insurance, and \$300,000 was assigned for subsequent year's expenditures, leaving an unassigned fund balance of \$3,869,208.

Enterprise Operations

The City operates its own water supply and sewage pumping system. The operating revenue of the Water and Sewer Fund amounted to \$6,328,424, which is an increase of \$323,366 from the preceding year. During the same period, operating expenses, excluding depreciation, were \$5,204,289. After providing for depreciation and non-operating revenues and expenses, the system experienced a positive change in net position of \$926,940.

Pension Trust Fund Operations

The operations of the Public Safety Officers and General Employees' Retirement Systems posted a return on investments of approximately 5.1%(10.21% PSRS and 10.39% GERS utilizing a four-year smoothing method). The systems' reserves increased \$1,004,098 (PSRS) and \$497,367 (GERS), respectively. The annual actuarial valuation is strong, as the funding level for PSRS is approximately 116% and 96% for GERS.

Debt Administration

At June 30, 2015, the City had \$18,145,406 of general obligation debt outstanding, which is also the net direct tax-supported debt. This is the equivalent of \$1,914 per capita and represents about 2.6 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, 2015, the City's general obligation bonded debt was well below the legal limit of \$72,768,958.

Financial Policies

The City continues to allow the pool of surplus funds to be invested over a longer duration than most municipalities. Note 3 of the CAFR shows that the Weighted Average Maturity of the U.S. Obligations is 8.82 years. However, many of the U.S. Obligations have 'step-up' provisions in their interest rate structures, and thus a reduced interest rate risk to the portfolio. This strategy has helped support the City's financial position with higher rates of return.

OTHER INFORMATION

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.

Certificate of Achievement

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 comprehensive annual financial report for the fiscal year ended June 30, 2014. 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 22 consecutive years (fiscal years 1993-2014). 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.

Acknowledgements

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



John M. Lamerato
City Controller/Treasurer



Government Finance Officers Association

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

Presented to

**City of Grosse Pointe Farms
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

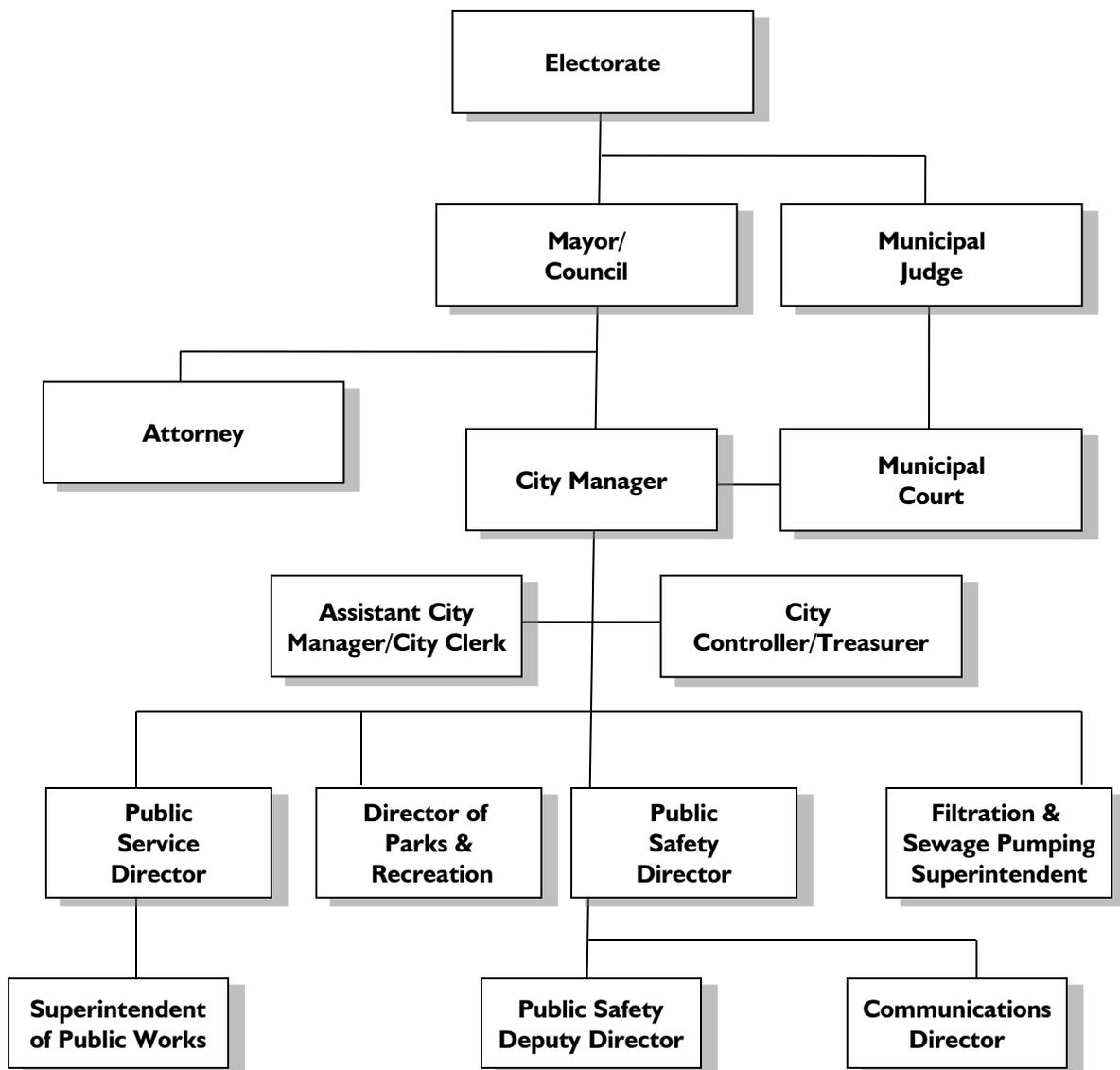
June 30, 2014

Executive Director/CEO

City of Grosse Pointe Farms

June 30, 2015

Organizational Chart



Independent Auditor's Report

To the City Council
City of Grosse Pointe Farms, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Farms, Michigan (the "City"), as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City of Grosse Pointe Farms, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Farms, Michigan as of June 30, 2015 and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council
City of Grosse Pointe Farms, Michigan

Emphasis of Matter

As discussed in Note 17 to the basic financial statements, in 2015, the City adopted the new accounting guidance of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of governmental employers through pension plans. Our opinion is not modified with respect to this matter.

Required Supplemental Information

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

Other Information

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

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

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

Plante & Moran, PLLC

November 20, 2015

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis

Using this Annual Report

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

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

The City as a Whole

The following table shows, in a condensed format, the net position as of June 30, 2015 compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current assets	\$ 7,573	\$ 7,013	\$ 5,025	\$ 1,761	\$ 12,598	\$ 8,774
Noncurrent assets	6,483	9,686	(473)	(719)	6,010	8,967
Capital assets	<u>19,882</u>	<u>20,344</u>	<u>22,634</u>	<u>21,770</u>	<u>42,516</u>	<u>42,114</u>
Total assets	33,938	37,043	27,186	22,812	61,124	59,855
Deferred Inflows of Resources						
Deferred charges on bond refunding	91	36	64	74	155	110
Deferred outflows related to pensions	<u>2,549</u>	<u>-</u>	<u>231</u>	<u>-</u>	<u>2,780</u>	<u>-</u>
Total deferred outflows	2,640	36	295	74	2,935	110
Liabilities						
Current liabilities	2,121	1,784	3,071	2,127	5,192	3,911
Long-term liabilities	<u>14,506</u>	<u>13,667</u>	<u>12,554</u>	<u>9,738</u>	<u>27,060</u>	<u>23,405</u>
Total liabilities	<u>16,627</u>	<u>15,451</u>	<u>15,625</u>	<u>11,865</u>	<u>32,252</u>	<u>27,316</u>
Net Position						
Net investment in capital assets	14,723	14,931	11,646	11,595	26,369	26,526
Restricted	660	651	-	-	660	651
Unrestricted	<u>4,568</u>	<u>6,046</u>	<u>210</u>	<u>(574)</u>	<u>4,778</u>	<u>5,472</u>
Total net position	<u>\$ 19,951</u>	<u>\$ 21,628</u>	<u>\$ 11,856</u>	<u>\$ 11,021</u>	<u>\$ 31,807</u>	<u>\$ 32,649</u>

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

Governmental activities net position decreased due to the recognition of the net pension asset and the reduction in receivables.

The following table shows the revenue and expense activity during the year ended June 30, 2015 and as compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue						
Program revenue:						
Charges for services	\$ 1,779	\$ 1,765	\$ 6,686	\$ 6,342	\$ 8,465	\$ 8,107
Operating grants and contributions	59	58	86	-	145	58
Capital contributions	640	574	-	-	640	574
General revenue:						
Property taxes	9,491	9,344	754	751	10,245	10,095
State-shared revenue	777	764	-	-	777	764
Interest	159	118	1	2	160	120
Franchise fees and other	893	1,238	-	-	893	1,238
Total revenue	13,798	13,861	7,527	7,095	21,325	20,956
Program Expenses						
General government	3,033	3,266	-	-	3,033	3,266
Public safety	6,664	6,708	-	-	6,664	6,708
Public works	3,368	3,493	-	-	3,368	3,493
Municipal court	286	245	-	-	286	245
Community and economic development	58	50	-	-	58	50
Recreation and culture	1,837	1,898	-	-	1,837	1,898
Interest on long-term debt	229	207	-	-	229	207
Water and sewer	-	-	6,243	6,405	6,243	6,405
Recycling program	-	-	109	110	109	110
Municipal radio system	-	-	340	345	340	345
Total program expenses	15,475	15,867	6,692	6,860	22,167	22,727
Net Change in Net Position	(1,677)	(2,006)	835	235	(842)	(1,771)
Net Position - Beginning of year	21,628	14,965	11,021	10,521	32,649	25,486
Impact of GASB Statement No. 68*	-	8,669	-	265	-	8,934
Net Position - End of year	\$ 19,951	\$ 21,628	\$ 11,856	\$ 11,021	\$ 31,807	\$ 32,649

* The City implemented GASB Statement No. 68 in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change; however, the ending net position for that year was adjusted to properly state the fiscal year 2015 beginning net position.

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

The City's total governmental activities revenue decreased from the previous fiscal year. The taxable value of property increased 1.5 percent, with a corresponding increase in property tax revenue. The reduction in other revenue was mainly attributable to the recognition last year of a one-time donation by the Grosse Pointe Farms Foundation for the new dog park.

The City's total governmental expenses increase was mainly attributable to the public safety activities restatement of pension obligations in the prior year.

The following represents some of the more significant financial highlights for the year ended June 30, 2015:

- The City's taxable value increased 1.5 percent compared to a 1.0 percent increase the year before.
- The City has assigned a portion of the \$1,023,667 fund balance in the Capital Projects Fund for future fire department equipment and city hall improvements.

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund, Recycling Program, and Municipal Radio System Fund. The City provides water to our residents and the residents of the City of Grosse Pointe through our municipal water filtration plant. The City pumps its sewage to the City of Detroit for treatment and disposal. The City's operating expenses for water and sewer decreased by \$147,331 or 2.4 percent, mainly attributable to decreased cost of sewage treatment. Water and sewer rates were increased not only to cover projected operational costs, but also to recover a portion of the subsidy from other City operating funds.

The City's Funds

Our analysis of the City's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The City Council creates funds to help manage money for specific purposes, as well as show accountability for certain activities, such as the Insurance Retention Fund and the Recycling Fund. The City's major funds are the General Fund and the Water and Sewer Fund.

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

The General Fund pays for most of the City's governmental services. The most significant are public safety, which incurred expenses of \$4,576,012 during fiscal year 2015. The General Fund is supported primarily by property taxes and state-shared revenue. The Major Streets Fund maintains the City's major streets (as contrasted with the neighborhood streets that are maintained by the Local Streets Fund), and is supported by state gas and weight taxes. The Local Streets Fund also receives gas and weight taxes, as well as transfers from the City's General Fund and Major Streets Fund. The local streets activities were merged with the Major Streets Fund during the year as a result of the implementation of GASB No. 54. The Insurance Retention Fund accounts for expenditures for the City's self-insured workers' compensation. The Capital Projects Fund is utilized to account for purchases of individual items greater than \$5,000.

General Fund Budgetary Highlights

Approaching the end of the year, the City administration and City Council amended the budget to account for increased expenditures for public safety and municipal court activities. The expenditure adjustments were offset by increased revenue sources.

Capital Asset and Debt Administration

At the end of fiscal year 2015, the City had \$42.5 million invested in a wide range of capital assets, including land, buildings, fire equipment, vehicles, and water, sewer, and storm sewer lines (see Note 4 to the notes to the basic financial statements for additional information). The value of the land improvements and buildings and improvements, net of depreciation, is \$14.65 million and \$15.70 million for fiscal years 2015 and 2014, respectively.

Debt reported in these financial statements is related largely to the sewer separation project during fiscal years 2000, 2001, 2004, and 2012 sewage pumping plant improvements which are recorded in the Water and Sewer Fund (see Note 6 to the notes to the basic financial statements for additional information). The City also issued two bond issues totaling \$6.8 million in 2004 and 2005, \$4.3 million for the refurbishment of the Pier Park's Harbor Project, and \$2.5 million for a new Recreation Building at the Pier Park. During 2014, the City issued refunding bonds to refinance the 2004 Recreation Building and General Obligation Sewer bonds. The City also issued \$3.225 million in water and sewer improvement bonds in 2015 and \$2.780 million in Harbor Project refunding bonds.

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The City's budget for next year maintains the City's total millage rate at 14.0000 mills. The overall property tax revenue was higher due to the increase in taxable value. Cost-cutting measures undertaken by the City administration and the utilization of \$300,000 of fund balance for capital improvements made a balanced budget possible.

On the expenditure side, the General Fund budget increased 2.4 percent or \$310,260. There was a \$475,535 increase in the transfer to the Capital Projects Fund for infrastructure improvements. In May 2005, the City began a self-insurance program with Blue Cross/Blue Shield in an effort to reduce costs. In December 2005, the City began self-insuring all prescription drug benefits for current employees and most retirees. Because of these efforts, the City has been able to maintain benefits to its employees while staying below the hard cap established by the State of Michigan. Also, the City has been receiving subsidy payments from the federal government for providing prescription drug coverage to its retirees.

Contacting the City's Management

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

City of Grosse Pointe Farms, Michigan

Statement of Net Position June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 2,842,810	\$ 191,294	\$ 3,034,104
Investments (Note 3)	4,003,118	-	4,003,118
Receivables:			
Property taxes receivable	4,981	569	5,550
Customers	-	1,670,235	1,670,235
Accrued interest receivable	17,093	-	17,093
Other receivables	72,113	16,936	89,049
Due from other governmental units	307,741	50,185	357,926
Internal balances (Note 5)	100,000	(100,000)	-
Inventory	32,959	-	32,959
Prepaid items and other assets	92,428	10,929	103,357
Restricted assets (Note 1)	-	3,284,634	3,284,634
Investment in joint ventures (Note 15)	53,639	-	53,639
Net pension asset	5,917,631	38,207	5,955,838
Long-term advances to (from) other funds (Note 5)	611,491	(611,491)	-
Capital assets:			
Assets not subject to depreciation (Note 4)	5,918,821	1,702,871	7,621,692
Assets subject to depreciation (Note 4)	13,963,529	20,931,465	34,894,994
Total assets	33,938,354	27,185,834	61,124,188
Deferred Outflows of Resources			
Deferred charges on bond refunding	91,034	63,877	154,911
Deferred outflows related to pensions	2,548,513	230,817	2,779,330
Total deferred outflows of resources	2,639,547	294,694	2,934,241
Liabilities			
Accounts payable	589,003	657,519	1,246,522
Due to other governmental units	8,606	-	8,606
Refundable deposits, bonds, etc.	133,556	19,777	153,333
Accrued liabilities and other	337,885	122,559	460,444
Noncurrent liabilities:			
Due within one year:			
Payable from restricted assets	-	1,286,857	1,286,857
Compensated absences (Note 6)	466,126	69,246	535,372
Current portion of long-term debt (Note 6)	376,647	914,901	1,291,548
Due in more than one year:			
Compensated absences (Note 6)	793,427	115,664	909,091
Provision for uninsured losses (Note 6)	224,941	-	224,941
Net OPEB obligation (Note 6)	8,914,255	366,897	9,281,152
Long-term debt (Note 6)	4,782,319	12,071,539	16,853,858
Total liabilities	16,626,765	15,624,959	32,251,724
Net Position			
Net investment in capital assets	14,723,384	11,645,673	26,369,057
Restricted for - Roads and grants	659,973	-	659,973
Unrestricted	4,567,779	209,896	4,777,675
Total net position	\$ 19,951,136	\$ 11,855,569	\$ 31,806,705

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

City of Grosse Pointe Farms, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 3,032,601	\$ 322,618	\$ -	\$ -
Municipal court	286,567	169,279	-	-
Public safety	6,663,743	725,872	-	-
Public works	3,367,523	-	-	639,524
Community and economic development	58,599	-	58,605	-
Recreation and culture - Parks and recreation	1,836,693	561,476	-	-
Interest on long-term debt	229,576	-	-	-
Total governmental activities	15,475,302	1,779,245	58,605	639,524
Business-type activities:				
Water and sewer	6,243,435	6,328,424	86,537	-
Municipal radio system	340,222	245,223	-	-
Recycling program	109,071	111,973	-	-
Total business-type activities	6,692,728	6,685,620	86,537	-
Total primary government	\$ 22,168,030	\$ 8,464,865	\$ 145,142	\$ 639,524

General revenue:
 Property taxes
 State-shared revenue (unrestricted)
 Investment income (unrestricted)
 Other miscellaneous income
 Total general revenue

Change in Net Position

Net Position - Beginning of year - As restated (Note 17)

Net Position - End of year

**Statement of Activities
Year Ended June 30, 2015**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,709,983)	\$ -	\$ (2,709,983)
(117,288)	-	(117,288)
(5,937,871)	-	(5,937,871)
(2,727,999)	-	(2,727,999)
6	-	6
(1,275,217)	-	(1,275,217)
(229,576)	-	(229,576)
(12,997,928)	-	(12,997,928)
-	171,526	171,526
-	(94,999)	(94,999)
-	2,902	2,902
-	79,429	79,429
(12,997,928)	79,429	(12,918,499)
9,491,475	753,976	10,245,451
777,345	-	777,345
159,015	1,438	160,453
893,165	-	893,165
11,321,000	755,414	12,076,414
(1,676,928)	834,843	(842,085)
21,628,064	11,020,726	32,648,790
\$ 19,951,136	\$ 11,855,569	\$ 31,806,705

City of Grosse Pointe Farms, Michigan

Governmental Funds Balance Sheet June 30, 2015

	General Fund	Nonmajor Funds	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 2,181,676	\$ 533,419	\$ 2,715,095
Investments (Note 3)	3,169,052	734,066	3,903,118
Receivables:			
Property taxes receivable	4,981	-	4,981
Accrued interest receivable	14,242	2,212	16,454
Other receivables	65,448	169	65,617
Due from other governmental units	156,282	151,459	307,741
Due from other funds (Note 5)	-	100,000	100,000
Advances to other funds (Note 5)	100,000	511,491	611,491
Inventory	32,959	-	32,959
Prepays and other assets	88,178	-	88,178
	<u>\$ 5,812,818</u>	<u>\$ 2,032,816</u>	<u>\$ 7,845,634</u>
Total assets			
Liabilities			
Accounts payable	\$ 246,601	\$ 331,960	\$ 578,561
Due to other governmental units	8,606	-	8,606
Refundable deposits, bonds, etc.	133,556	-	133,556
Accrued liabilities and other	287,403	17,210	304,613
	<u>676,166</u>	<u>349,170</u>	<u>1,025,336</u>
Total liabilities			
Deferred Inflows of Resources - Unavailable			
revenue	-	39,266	39,266
Fund Balances			
Nonspendable:			
Prepays	88,178	-	88,178
Inventory	32,959	-	32,959
Restricted:			
Roads	-	650,286	650,286
Grants	-	9,687	9,687
Committed:			
Parking	352,650	-	352,650
Harbor	284,771	-	284,771
Health insurance	208,886	-	208,886
Assigned:			
Subsequent year's budget	300,000	-	300,000
Capital projects	-	1,023,667	1,023,667
Unassigned	3,869,208	(39,260)	3,829,948
	<u>5,136,652</u>	<u>1,644,380</u>	<u>6,781,032</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances			
	<u>\$ 5,812,818</u>	<u>\$ 2,032,816</u>	<u>\$ 7,845,634</u>

City of Grosse Pointe Farms, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2015

Fund Balance Reported in Governmental Funds	\$ 6,781,032
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	19,882,350
Investments in joint ventures are not financial resources and are not reported in the funds	53,639
Deferred charges on bond refunding associated with long-term debt payable are not reported in the funds	91,034
Net pension asset is not due and payable in the current period and is not reported in the funds	5,917,631
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	2,548,513
Grant revenue is recognized in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	39,266
Healthcare incurred but not reported liability is not due and payable in the current period and is not reported in the funds	(208,886)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(5,158,966)
Accrued interest is not due and payable in the current period and is not reported in the funds	(33,272)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,259,553)
Other postemployment benefit obligations are not due and payable in the current period and are not reported in the funds	(8,914,255)
Internal Service Funds are included as part of governmental activities	<u>212,603</u>
Net Position of Governmental Activities	<u>\$ 19,951,136</u>

City of Grosse Pointe Farms, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2015

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 9,491,475	\$ -	\$ 9,491,475
Licenses and permits	492,425	-	492,425
Federal grants	-	19,339	19,339
State-shared revenue and grants	786,745	630,124	1,416,869
Charges for services	1,558,602	-	1,558,602
Fines and forfeitures	382,237	-	382,237
Investment income	126,447	27,211	153,658
Other revenue	173,592	37,482	211,074
	<u>13,011,523</u>	<u>714,156</u>	<u>13,725,679</u>
Expenditures			
Current:			
General government	1,461,908	-	1,461,908
Municipal court	286,567	-	286,567
Public safety	4,576,012	-	4,576,012
Public works and streets	1,531,322	710,690	2,242,012
Community and economic development	-	58,599	58,599
Recreation and culture	1,205,872	-	1,205,872
Other functions	2,589,322	-	2,589,322
Capital outlay	-	814,475	814,475
Debt service	-	586,093	586,093
	<u>11,651,003</u>	<u>2,169,857</u>	<u>13,820,860</u>
Excess of Revenue Over (Under) Expenditures	1,360,520	(1,455,701)	(95,181)
Other Financing Sources (Uses)			
Face value of debt issue	-	2,780,000	2,780,000
Debt premium	-	360,216	360,216
Transfers in (Note 5)	-	1,475,955	1,475,955
Transfers out (Note 5)	(1,275,955)	(200,000)	(1,475,955)
Payment to bond refunding escrow agent	-	(3,083,613)	(3,083,613)
	<u>(1,275,955)</u>	<u>1,332,558</u>	<u>56,603</u>
Net Change in Fund Balances	84,565	(123,143)	(38,578)
Fund Balances - Beginning of year	<u>5,052,087</u>	<u>1,767,523</u>	<u>6,819,610</u>
Fund Balances - End of year	<u>\$ 5,136,652</u>	<u>\$ 1,644,380</u>	<u>\$ 6,781,032</u>

City of Grosse Pointe Farms, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (38,578)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	799,650
Depreciation expense	(1,261,072)
Deferred charge on debt refunding is a deferred outflow in the governmental activities but not in the governmental funds	(3,602)
Grant revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end	39,266
Change in health care incurred but not reported	(208,886)
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position:	
Bond proceeds	(3,140,216)
Transfer to escrow agent	3,083,613
Discount on refunded bonds	22,456
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	346,875
Change in accrued interest payable and other	9,642
Decrease in pension asset and deferred outflows related to pensions reported in the statement of activities does not require the use of current resources, and therefore is not reported in the fund statements until it comes due for payment	(203,096)
Decrease 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	(38,719)
Other postemployment benefit obligation expense is recognized in the statement of activities, but not in the governmental funds	(1,198,756)
Change in investment in Grosse Pointes-Clinton Refuse Disposal Authority joint venture is recorded in the governmental funds	20,671
Internal Service Funds are included as part of governmental activities	93,824
Change in Net Position of Governmental Activities	<u>\$ (1,676,928)</u>

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Net Position June 30, 2015

	Enterprise Funds			Governmental
	Water and Sewer Fund	Nonmajor Enterprise	Total	Activities
				Internal Service Fund - Insurance Retention
Assets				
Current assets:				
Cash and cash equivalents	\$ 28,770	\$ 162,524	\$ 191,294	\$ 127,715
Investments	-	-	-	100,000
Receivables:				
Property taxes receivable	569	-	569	-
Receivables from sales to customers on account	1,670,235	-	1,670,235	-
Accrued interest receivable	-	-	-	639
Other receivables	-	16,936	16,936	6,496
Due from other governmental units	-	50,185	50,185	-
Prepaid expenses and other assets	9,368	1,561	10,929	4,250
Total current assets	1,708,942	231,206	1,940,148	239,100
Noncurrent assets - Capital assets:				
Restricted assets (Note 1)	3,284,634	-	3,284,634	-
Net pension/OPEB asset	33,445	4,762	38,207	-
Assets not subject to depreciation (Note 4)	1,702,871	-	1,702,871	-
Assets subject to depreciation (Note 4)	20,192,839	738,626	20,931,465	-
Total noncurrent assets	25,213,789	743,388	25,957,177	-
Total assets	26,922,731	974,594	27,897,325	239,100
Deferred Outflows of Resources				
Deferred charges on bond refunding	63,877	-	63,877	-
Deferred outflows related to pensions	202,047	28,770	230,817	-
Total deferred outflows	265,924	28,770	294,694	-
Liabilities				
Current liabilities:				
Accounts payable	649,737	7,782	657,519	10,442
Due to other funds (Note 5)	100,000	-	100,000	-
Refundable deposits, bonds, etc.	-	19,777	19,777	-
Accrued liabilities and other	121,008	1,551	122,559	-
Compensated absences (Note 6)	61,466	7,780	69,246	-
Current portion of long-term debt (Note 6)	914,901	-	914,901	-
Total current liabilities	1,847,112	36,890	1,884,002	10,442
Noncurrent liabilities:				
Advances from other funds (Note 5)	611,491	-	611,491	-
Payable from restricted assets	1,286,857	-	1,286,857	-
Compensated absences (Note 6)	101,370	14,294	115,664	-
Net OPEB obligation (Note 6)	299,273	67,624	366,897	-
Provision for uninsured losses (Note 6)	-	-	-	16,055
Long-term debt (Note 6)	12,071,539	-	12,071,539	-
Total noncurrent liabilities	14,370,530	81,918	14,452,448	16,055
Total liabilities	16,217,642	118,808	16,336,450	26,497
Net Position				
Net investment in capital assets	10,907,047	738,626	11,645,673	-
Unrestricted	63,966	145,930	209,896	212,603
Total net position	<u>\$ 10,971,013</u>	<u>\$ 884,556</u>	<u>\$ 11,855,569</u>	<u>\$ 212,603</u>

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

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2015

	Enterprise Funds			Governmental Activities
	Water and Sewer Fund	Nonmajor Enterprise	Total	Proprietary Internal Service Fund - Insurance Retention
Operating Revenue				
Sale of water	\$ 3,264,243	\$ -	\$ 3,264,243	\$ -
Sewage disposal charges	2,953,078	-	2,953,078	-
Interest and penalty charges	-	2,941	2,941	-
Recycling charges	-	109,032	109,032	-
Radio system charges	-	245,223	245,223	-
Other	111,103	-	111,103	123,072
Total operating revenue	6,328,424	357,196	6,685,620	123,072
Operating Expenses				
Cost of water	1,429,468	-	1,429,468	-
Cost of sewage treatment	3,224,932	-	3,224,932	-
Other operation and maintenance	-	343,637	343,637	-
Billing and administrative costs	549,889	-	549,889	-
Benefit payments	-	-	-	34,605
Depreciation	731,136	105,656	836,792	-
Total operating expenses	5,935,425	449,293	6,384,718	34,605
Operating Income (Loss)	392,999	(92,097)	300,902	88,467
Nonoperating Revenue (Expenses)				
Property tax revenue	753,976	-	753,976	-
Investment income	1,438	-	1,438	5,357
Interest expense	(308,010)	-	(308,010)	-
Grants	86,537	-	86,537	-
Total nonoperating revenue	533,941	-	533,941	5,357
Change in Net Position	926,940	(92,097)	834,843	93,824
Net Position - Beginning of year - As restated (Note 17)	10,044,073	976,653	11,020,726	118,779
Net Position - End of year	\$ 10,971,013	\$ 884,556	\$ 11,855,569	\$ 212,603

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2015

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor	Total	Internal Service Fund - Insurance Retention
		Enterprise		
Cash Flows from Operating Activities				
Receipts from customers	\$ 6,369,600	\$ 357,196	\$ 6,726,796	\$ 123,072
Payments to suppliers	(3,827,718)	(105,762)	(3,933,480)	(141,951)
Payments to employees	(1,744,938)	(232,794)	(1,977,732)	-
Internal activity - Payments to other funds	(100,000)	-	(100,000)	-
Other receipts	-	30,539	30,539	610
Net cash provided by (used in) operating activities	696,944	49,179	746,123	(18,269)
Cash Flows from Noncapital Financing Activities				
Operating grants and subsidies	86,537	-	86,537	-
Repayment of loans from other funds	(372,867)	-	(372,867)	-
Net cash used in noncapital financing activities	(286,330)	-	(286,330)	-
Cash Flows from Capital and Related Financing Activities				
Issuance of bonds	3,528,554	-	3,528,554	-
Property taxes (restricted for capital or capital debt)	753,952	-	753,952	-
Purchase of capital assets	(413,954)	-	(413,954)	-
Principal and interest paid on capital debt	(1,004,227)	-	(1,004,227)	-
Debt service charge	9,888	-	9,888	-
Net cash provided by capital and related financing activities	2,874,213	-	2,874,213	-
Cash Flows from Investing Activities -				
Interest received on investments	1,438	-	1,438	5,357
Net Increase (Decrease) in Cash and Cash Equivalents	3,286,265	49,179	3,335,444	(12,912)
Cash and Cash Equivalents - Beginning of year	27,139	113,345	140,484	140,627
Cash and Cash Equivalents - End of year	\$ 3,313,404	\$ 162,524	\$ 3,475,928	\$ 127,715
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and investments	\$ 28,770	\$ 162,524	\$ 191,294	\$ 227,715
Restricted cash	3,284,634	-	3,284,634	-
Less amounts classified as investments	-	-	-	(100,000)
Total cash and cash equivalents	\$ 3,313,404	\$ 162,524	\$ 3,475,928	\$ 127,715

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2015

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service Fund - Insurance Retention
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 392,999	\$ (92,097)	\$ 300,902	\$ 88,467
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	731,136	105,656	836,792	-
Changes in assets and liabilities:				
Receivables	41,176	30,539	71,715	610
Prepaid and other assets	(148)	(86)	(234)	(4,250)
Accounts payable	(433,620)	(1,917)	(435,537)	(103,096)
Due to others	(100,000)	-	(100,000)	-
Accrued and other liabilities	65,401	7,084	72,485	-
Net cash provided by (used in) operating activities	<u>\$ 696,944</u>	<u>\$ 49,179</u>	<u>\$ 746,123</u>	<u>\$ (18,269)</u>

Supplemental Cash Flow Information - There were no noncash transactions for the year ended June 30, 2015.

City of Grosse Pointe Farms, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2015

	Pension and Other Postemployment Benefit Trust Fund	Agency Funds - Tax Collection
Assets		
Cash and cash equivalents	\$ 211,930	\$ 2,374
Investments:		
Collective investment trust	28,487,138	-
Mutual funds	38,121,801	-
Receivables - Accrued interest receivable	300	-
Prepaid expenses and other assets	37,860	-
Total assets	66,859,029	\$ 2,374
Liabilities		
Accounts payable	76,139	\$ 2,199
Refundable deposits, bonds, etc.	-	175
Total liabilities	76,139	\$ 2,374
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 66,782,890	

City of Grosse Pointe Farms, Michigan

Fiduciary Funds

Statement of Changes in Fiduciary Net Position - Pension and Other Postemployment Benefit Trust Fund Year Ended June 30, 2015

	Pension and Other Postemployment Benefit Trust Fund
Additions	
Investment income:	
Interest and dividends	\$ 1,703,628
Net increase in fair value of investments	1,668,604
Net investment income	3,372,232
Contributions:	
Employer	1,985,088
Employee	341,802
Total contributions	2,326,890
Total additions	5,699,122
Deductions	
Benefit payments	3,106,741
Health benefits	868,013
Withdrawal of contributions	1,513
Administrative expenses	221,390
Total deductions	4,197,657
Net Increase in Net Position Held in Trust	1,501,465
Net Position Held in Trust for Pension and Other Retirement Benefits - Beginning of year	65,281,425
Net Position Held in Trust for Pension and Other Retirement Benefits - End of year	\$ 66,782,890

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note I - Nature of Business and Significant Accounting Policies

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

Reporting Entity

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

Accounting and Reporting Principles

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

Report Presentation

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

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

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

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

Fund Accounting

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

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

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

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

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

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

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

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

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

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

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

Basis of Accounting

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

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

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

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

Specific Balances and Transactions

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

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

Restricted Assets - Unspent bond proceeds of the Water and Sewer Fund are required to be set aside for construction. These amounts have been classified as restricted assets.

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 fair market value at the date of donation.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

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

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

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

Deferred Outflows/Inflows of Resources

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from grants. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

Fund Balance Policies

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

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

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

Property Tax Revenue

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

The City's 2014 tax is levied and collectible on July 1, 2014 and is recognized as revenue in the year ended June 30, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The initial 2014 taxable valuation of the City totaled \$706,399,677, on which taxes levied consisted of 11.5000 mills for operating purposes, 1.4166 mills for rubbish removal, and 1.0834 mills for debt service. This resulted in \$8,099,469 for operating, \$997,695 for rubbish removal, and \$763,021 for debt service. The operating and rubbish removal amounts are recognized in the General Fund and the debt service amount is recognized in the Water and Sewer Fund as tax revenue.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

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

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

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

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

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.

Note 2 - Stewardship, Compliance, and Accountability

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

Shortfall - July 1, 2014		\$ (476,912)
Current year permit revenue	\$ 271,958	
Related expenses	<u>(231,970)</u>	
Net surplus for the year ended June 30, 2015		<u>39,988</u>
Cumulative shortfall - June 30, 2015		<u>\$ (436,924)</u>

Note 3 - Deposits and Investments

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 3 - Deposits and Investments (Continued)

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

The City has designated 13 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The City's deposits and investment policies are in accordance with statutory authority.

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City's primary government had \$1,251,093 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 3 - Deposits and Investments (Continued)

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

At year end, the City had the following investments:

Investment	Fair Value	Weighted Average Maturity (Years)
Primary Government		
U.S. government agency securities	\$ 3,879,718	8.82
Commercial paper	2,999,700	0.74
Bank investment pool	<u>143,909</u>	0.14
Total	<u>\$ 7,023,327</u>	
Fiduciary Funds - Mutual funds	<u>\$ 38,121,801</u>	11 years

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
U.S. government agency securities	\$ 3,879,718	AA+	S&P
Commercial paper	2,999,700	Not rated	N/A
Bank investment pool	<u>143,909</u>	AAAm	S&P
Total	<u>\$ 7,023,327</u>		
Fiduciary Funds - Pension Funds			
Collective investment trust	\$ 28,487,138	Not rated	N/A
Mutual funds	13,400,111	Not rated	N/A
Mutual funds	18,835,680	BBB	S&P
Mutual funds	4,271,628	B	S&P
Mutual funds	<u>1,614,382</u>	BB	S&P
Total	<u>\$ 66,608,939</u>		

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 3 - Deposits and Investments (Continued)

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, 2015, 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.

Note 4 - Capital Assets

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

Governmental Activities	Balance July 1, 2014	Additions	Disposals and Adjustments	Balance June 30, 2015
Capital assets not being depreciated -				
Land	\$ 5,918,821	\$ -	\$ -	\$ 5,918,821
Capital assets being depreciated:				
Infrastructure	9,051,273	409,252	-	9,460,525
Buildings and improvements	10,125,648	-	-	10,125,648
Machinery and equipment	609,103	-	(27,995)	581,108
Vehicles	3,107,199	344,241	(118,338)	3,333,102
Office furnishings	597,329	26,973	(6,032)	618,270
Land improvements	9,967,959	19,184	-	9,987,143
Subtotal	33,458,511	799,650	(152,365)	34,105,796
Accumulated depreciation:				
Infrastructure	5,026,416	316,498	-	5,342,914
Buildings and improvements	4,326,899	317,592	-	4,644,491
Machinery and equipment	540,512	13,941	(27,995)	526,458
Vehicles	2,405,057	203,681	(118,338)	2,490,400
Office furnishings	534,939	18,614	(6,032)	547,521
Land improvements	6,199,737	390,746	-	6,590,483
Subtotal	19,033,560	1,261,072	(152,365)	20,142,267
Net capital assets being depreciated	14,424,951	(461,422)	-	13,963,529
Net capital assets	\$ 20,343,772	\$ (461,422)	\$ -	\$ 19,882,350

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2014	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 45,482	\$ -	\$ -	\$ -	\$ 45,482
Construction in progress	199,462	(189,462)	1,647,389	-	1,657,389
Subtotal	244,944	(189,462)	1,647,389	-	1,702,871
Capital assets being depreciated:					
Water and sewer lines	17,655,743	189,462	53,421	-	17,898,626
Buildings and improvements	7,876,048	-	-	-	7,876,048
Machinery and equipment	3,066,341	233,220	-	-	3,299,561
Vehicles	275,685	-	-	(3,000)	272,685
Office furnishings	69,580	-	-	-	69,580
Land improvements	69,106	-	-	-	69,106
Subtotal	29,012,503	422,682	53,421	(3,000)	29,485,606
Accumulated depreciation:					
Water and sewer lines	4,566,250	-	239,946	-	4,806,196
Buildings and improvements	1,787,865	-	358,151	-	2,146,016
Machinery and equipment	884,855	233,220	218,721	-	1,336,796
Vehicles	151,121	-	16,519	(3,000)	164,640
Office furnishings	69,580	-	-	-	69,580
Land improvements	27,458	-	3,455	-	30,913
Subtotal	7,487,129	233,220	836,792	(3,000)	8,554,141
Net capital assets being depreciated	21,525,374	189,462	(783,371)	-	20,931,465
Net capital assets	\$ 21,770,318	\$ -	\$ 864,018	\$ -	\$ 22,634,336

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

Governmental activities:

General government	\$ 96,272
Public safety	142,809
Public works	419,045
Recreation and culture	602,946
Total governmental activities	<u>\$ 1,261,072</u>

Business-type activities:

Water and sewer	\$ 731,136
Municipal radio system	105,656
Total business-type activities	<u>\$ 836,792</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 4 - Capital Assets (Continued)

Construction Commitments - The City has active construction projects at year end. At June 30, 2015, the City's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Rehabilitation of Mack Avenue	\$ 228,244	\$ 59,355
2015 Water Main Replacement/Sewer Improvements	1,472,226	1,906,774
2015 Road Resurfacing Program	9,311	340,559
Total	<u>\$ 1,709,781</u>	<u>\$ 2,306,688</u>

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
Nonmajor governmental funds	Water and Sewer Fund	<u>\$ 100,000</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Advances from/to Other Funds		
General Fund	Water and Sewer Fund	\$ 100,000
Nonmajor governmental funds	Water and Sewer Fund	<u>511,491</u>
	Total	<u>\$ 611,491</u>

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

The advance from the General Fund to the Water and Sewer Fund is expected to be repaid at \$100,000 per year plus 2.5 percent interest for the next year. The advance from the Capital Projects Fund to the Water and Sewer Fund is expected to be repaid over the next two to three years as the cash position of the Water and Sewer Fund improves through rate adjustments and lower operating costs.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

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

Receiving Fund	Paying Fund	Amount
Nonmajor governmental funds	General Fund	\$ 1,275,955
	Nonmajor governmental funds	<u>200,000</u>
	Total nonmajor governmental funds	<u>\$ 1,475,955</u>

General Fund transfers provide funding for capital projects, capital acquisitions, and debt services from unrestricted sources. The nonmajor governmental fund transfer from the Major Streets Fund to the Capital Projects Fund was made to fund several road improvement projects that occurred during the fiscal year.

Note 6 - Long-term Debt

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

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
Harbor Project Bonds:							
Amount of issue - \$4,300,000	3.50% -	\$200,000 -					
Maturing through 2026	4.00%	\$350,000	\$ 3,425,000	\$ -	\$ 3,225,000	\$ 200,000	\$ 200,000
Unamortized premium of issuance			22,457	-	22,457	-	-
2004 Recreation Building Bonds:							
Amount of issue - \$2,500,000	3.60% -	\$125,000					
Maturing through 2025	4.50%		125,000	-	125,000	-	-
2014 General Obligation Refunding Bond:							
Amount of issue - \$1,840,625	2.29%	\$21,875 -	-	-	-	-	-
Maturing through 2024		\$237,500	1,840,625	-	21,875	1,818,750	140,625
2015 Harbor Project Refunding Bonds							
Amount of issue - \$2,780,000	3.00% -	\$215,000 -					
Maturing through 2026	5.00%	\$330,000	-	2,780,000	-	2,780,000	-
Unamortized premium of issuance			-	360,216	-	360,216	36,022
Total bonds payable			5,413,082	3,140,216	3,394,332	5,158,966	376,647
Accumulated compensated absences			1,220,834	713,491	674,772	1,259,553	466,126
Provision for uninsured losses			120,482	1,804,707	1,700,248	224,941	-
Other postemployment benefit obligations			7,715,499	1,198,756	-	8,914,255	-
Other long-term liabilities			9,056,815	3,716,954	2,375,020	10,398,749	466,126
Total governmental activities			<u>\$ 14,469,897</u>	<u>\$ 6,857,170</u>	<u>\$ 5,769,352</u>	<u>\$ 15,557,715</u>	<u>\$ 842,773</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 6 - Long-term Debt (Continued)

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities							
1999 Lakeside Sewer Separation:							
Amount of issue - \$7,625,000	2.50%	\$410,000 -					
Maturing through 2021		\$480,000	\$ 3,105,000	\$ -	\$ 410,000	\$ 2,695,000	\$ 420,000
2004 General Obligation Bond:							
Amount of issue - \$1,500,000	3.60% -	\$75,000					
Maturing through 2025	4.50%		75,000	-	75,000	-	-
2007 General Obligation Refunding Bond:							
Amount of issue - \$2,295,000	4.00%	\$185,000 -					
Maturing through 2021		\$250,000	1,535,000	-	185,000	1,350,000	210,000
2012 Sewer Pumping Plant Improvement:							
Amount of issue - \$4,500,000	2.00% -	\$175,000 -					
Maturing through 2033	3.05%	\$300,000	4,350,000	-	175,000	4,175,000	175,000
Unamortized discount of issuance			6,277	-	349	5,928	348
2014 General Obligation Refunding Bond:							
Amount of issue - \$1,104,375	2.29%	\$13,125 -					
Maturing through 2024		\$142,500	1,104,375	-	13,125	1,091,250	84,375
2015 Water Improvement Bond							
Amount of issue: \$3,225,000	2.70% -	\$275,000 -					
Maturing through 2036	4.00%	\$380,000	-	3,225,000	-	3,225,000	-
Unamortized premium of issuance			-	303,554	15,178	288,376	15,178
2015 Sewer Relief Fund							
Amount of issue: \$250,000	2.50%	\$10,000 -					
Maturing through 2033		\$15,000	-	165,886	10,000	155,886	10,000
Total bonds payable			10,175,652	3,694,440	883,652	12,986,440	914,901
Accumulated compensated absences			157,189	78,394	50,673	184,910	69,246
Other postemployment benefit obligations			324,029	42,868	-	366,897	-
Other long-term liabilities			481,218	121,262	50,673	551,807	69,246
Total business-type activities			\$ 10,656,870	\$ 3,815,702	\$ 934,325	\$ 13,538,247	\$ 984,147

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 6 - Long-term Debt (Continued)

Total interest expense for the year was approximately \$474,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 376,647	\$ 131,660	\$ 508,307	\$ 914,901	\$ 365,627	\$ 1,280,528
2017	388,522	135,430	523,952	923,027	353,192	1,276,219
2018	454,772	124,948	579,720	951,777	328,187	1,279,964
2019	456,647	113,545	570,192	984,902	302,814	1,287,716
2020	463,522	101,988	565,510	1,038,027	275,986	1,314,013
2021-2025	2,688,856	290,948	2,979,804	2,583,885	1,073,331	3,657,216
2026-2030	330,000	8,250	338,250	2,583,521	764,331	3,347,852
2031-2035	-	-	-	2,626,400	290,900	2,917,300
2036-2040	-	-	-	380,000	7,600	387,600
Total	\$ 5,158,966	\$ 906,769	\$ 6,065,735	\$ 12,986,440	\$ 3,761,968	\$ 16,748,408

Advance and Current Refundings - During the year, the City issued \$2,780,000 in general obligation (revenue) bonds with an average interest rate of 4.00 percent. The proceeds of these bonds were used to advance refund \$3,025,000 of outstanding bonds with an average interest rate of 3.75 percent. The net proceeds of \$3,140,216 (after payment of \$56,603 in underwriting fees, insurance, and other issuance costs) were used to purchase bond securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bonds has been removed from the governmental activities and business-type activities. The advance refunding reduced total debt service payments over the next 10 years by \$334,042, which represents an economic gain of \$299,454.

Note 7 - Risk Management

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

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 7 - Risk Management (Continued)

Medical

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

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

Workers' Compensation

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

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

The estimated liabilities for workers' compensation and medical claims at June 30, 2015 and 2014 are as follows:

	<u>Workers' Compensation</u>		<u>Medical Claims</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Unpaid claims - Beginning of year	\$ 54,047	\$ 23,277	\$ 66,435	\$ 96,455
Incurred claims, including claims incurred but not reported	139,033	165,091	1,665,675	1,400,196
Claim payments	<u>(177,025)</u>	<u>(134,321)</u>	<u>(1,523,224)</u>	<u>(1,430,216)</u>
Unpaid claims - End of year	<u>\$ 16,055</u>	<u>\$ 54,047</u>	<u>\$ 208,886</u>	<u>\$ 66,435</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 8 - Pension Plan Description

Public Safety Retirement System

Plan Description - The Retirement Board administers the Public Safety Retirement System - a single-employer defined benefit pension plan that provides pensions for all full-time police and fire employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

Employees Covered by Benefit Terms - At the June 30, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	42
Active plan members	35
	<hr/>
Total employees covered by the plan	77
	<hr/> <hr/>

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

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Retirement Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by City ordinances and negotiations with the City's collective bargaining units. For the year ended June 30, 2015, the average active member contribution rate was 7.37 percent of annual pay, and the City's average contribution rate was 10.45 of annual payroll.

General Employees' Retirement System

Plan Description - The Retirement Board administers the General Employees' Retirement System - a single-employer defined benefit pension plan that provides pensions for all general employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 8 - Pension Plan Description (Continued)

Employees Covered by Benefit Terms - At the June 30, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	59
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>33</u>
Total employees covered by the plan	<u>99</u>

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

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by City ordinances and negotiations with the City's collective bargaining units. For the year ended June 30, 2015, the average active member contribution rate ranged from 5.80 to 6.00 percent of annual pay, and the City's average contribution rate ranged from 12.08 to 15.77 percent of annual payroll.

Note 9 - Pension Plan Reserves

Public Safety Retirement System

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

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Pension Plan Reserves (Continued)

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

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

The balances of the reserve accounts at June 30, 2015 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 11,348,463	\$ 11,348,463
Employee reserve	4,260,782	4,260,782
Employer reserve	22,321,654	22,321,654

General Employees' Retirement System

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

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

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

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

The balances of the reserve accounts at June 30, 2015 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 10,945,472	\$ 10,945,472
Employee reserve	2,891,671	2,891,671
Employer reserve	9,180,728	9,180,728

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

Public Safety Retirement System

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Retirement Board's adopted asset allocation policy as of June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	50%
International equity	10%
Fixed income	40%

Rate of Return - For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.10 percent, 10-21 percent utilizing a four-year smoothing method. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

General Employees' Retirement System

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Retirement Board's adopted asset allocation policy as of June 30, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	50%
International equity	10%
Fixed income	40%

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

Rate of Return - For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.14 percent, 10-39 percent utilizing a four-year smoothing method. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 11 - Net Pension Asset - Public Safety Retirement System

The components of the net pension liability of the City at June 30, 2015 were as follows:

Total pension liability	\$ 32,134,147
Plan fiduciary net position	<u>(37,930,901)</u>
City's net pension asset	<u>\$ (5,796,754)</u>
Plan fiduciary net position as a percentage of the total pension liability	118.0 %

The City has chosen to use June 30, 2015 as its measurement date for the net pension asset. The June 30, 2015 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2015. The June 30, 2015 total pension liability was determined by an actuarial valuation performed as of June 30, 2014, which used updated procedures to roll forward the estimated asset to June 30, 2015.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

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

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at June 30, 2014	\$ 29,304,794	\$ 37,134,512	\$ (7,829,718)
Service cost	772,205	-	772,205
Interest	2,171,426	-	2,171,426
Differences between expected and actual experience	48,670	-	48,670
Changes in assumptions	1,314,167	-	1,314,167
Contributions - Employer	-	293,345	(293,345)
Contributions - Employee	-	209,381	(209,381)
Net investment income	-	1,791,311	(1,791,311)
Benefit payments, including refunds	(1,477,115)	(1,477,115)	-
Administrative expenses	-	(20,533)	20,533
Net changes	2,829,353	796,389	2,032,964
Balance at June 30, 2015	\$ 32,134,147	\$ 37,930,901	\$ (5,796,754)

Assumption Changes - Mortality rates were updated to be based on the RP 2000 Healthy Mortality Table, projected to 2014.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$508,833. At June 30, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 37,608
Changes in assumptions	1,015,493
Net difference between projected and actual earnings on pension plan investments	765,174
Total	\$ 1,818,275

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 11 - Net Pension Asset - Public Safety Retirement System (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	Amount
2016	\$ 501,029
2017	501,029
2018	501,029
2019	315,188

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0 %
Salary increases	4.2-8.0 % Average, including inflation
Investment rate of return	7.5 % Net of pension plan investment expense, including inflation

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

Discount Rate - The discount rate used to measure the total pension asset was 7.44 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 3.73 percent. The source of that bond rate was the Standard & Poor's Municipal Bond 20-year high grade index as of June 30, 2015. The resulting single discount rate is 7.44 percent. The long-term expected rate of return was applied to projected benefit payments from July 1, 2015 through July 1, 2073.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2015 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	7.00 %
International equity	7.75 %
U.S. government or agency fixed income	3.75 %
Corporate bonds	4.25 %
Private equity	8.50 %
Real estate	6.00 %
Cash or cash equivalents	2.25 %

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the net pension asset of the City, calculated using the discount rate of 7.44 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.44 percent) or 1 percentage point higher (8.44 percent) than the current rate:

	1% Decrease (6.44%)	Current Discount Rate (7.44%)	1% Increase (8.44%)
Net pension asset of the City	\$ (1,754,721)	\$ (5,796,754)	\$ (9,180,928)

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 12 - Net Pension Asset - General Employees' Retirement System

The components of the net pension asset of the City at June 30, 2015 were as follows:

Total pension liability	\$ 22,858,787
Plan fiduciary net position	<u>(23,017,871)</u>
City's net pension asset	<u>\$ (159,084)</u>
Plan fiduciary net position as a percentage of the total pension liability	100.7 %

The City has chosen to use June 30, 2015 as its measurement date for the net pension asset. The June 30, 2015 reported net pension asset was determined using a measure of the total pension liability and the pension net position as of June 30, 2015. The June 30, 2015 total pension liability was determined by an actuarial valuation performed as of June 30, 2014, which used updated procedures to roll forward the estimated asset to June 30, 2015.

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

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at June 30, 2014	\$ 21,828,431	\$ 22,933,313	\$ (1,104,882)
Service cost	375,514	-	375,514
Interest	1,590,046	-	1,590,046
Differences between expected and actual experience	84,157	-	84,157
Changes in assumptions	611,778	-	611,778
Contributions - Employer	-	471,990	(471,990)
Contributions - Employee	-	129,831	(129,831)
Net investment income	-	1,146,469	(1,146,469)
Benefit payments, including refunds	(1,631,139)	(1,631,139)	-
Administrative expenses	-	(32,593)	32,593
Net changes	<u>1,030,356</u>	<u>84,558</u>	<u>945,798</u>
Balance at June 30, 2015	<u>\$ 22,858,787</u>	<u>\$ 23,017,871</u>	<u>\$ (159,084)</u>

Assumption Changes - Mortality rates were updated to be based on the RP 2000 Healthy Mortality Table, projected to 2014.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2015, the City recognized pension expense of \$456,734. At June 30, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 64,585
Changes in assumptions	469,504
Net difference between projected and actual earnings on pension plan investments	<u>426,966</u>
Total	<u>\$ 961,055</u>

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	Amount
2016	\$ 268,587
2017	268,587
2018	268,587
2019	155,294

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.0 %
Salary increases	4.5-8.3 % Average, including inflation
Investment rate of return	7.5 % Net of pension plan investment expense, including inflation

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate which was 3.73 percent. The source of that bond rate was the Standard & Poor's Municipal Bond 20-year high grade index as of June 30, 2015. The resulting single discount rate is 7.50 percent. The long-term expected rate of return was applied to projected benefit payments from July 1, 2015 through July 1, 2105.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2015 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table.

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	7.00 %
International equity	7.75 %
U.S. government or agency fixed income	3.75 %
Corporate bonds	4.25 %
Private equity	8.50 %
Real estate	6.00 %
Cash or cash equivalents	2.25 %

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the net pension asset of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension asset of the City	\$ 2,697,866	\$ (159,084)	\$ (2,573,391)

Note 13 - Other Postemployment Benefits - Public Safety Retirement System

Plan Description - The City provides retiree healthcare benefits to eligible employees and their spouses in accordance with the Public Safety Retirement System. Benefits are provided to public safety employees. Currently, the plan has 79 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The City pays all of the medical insurance premiums for system employees until age 65. Expenditures of postemployment healthcare benefits of approximately \$429,000 were recognized as paid during the year ended June 30, 2015. The plan does not issue a separate financial report.

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

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

Funding Progress - For the year ended June 30, 2015, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2013. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 1,075,857
Interest on the prior year's net OPEB obligation	182,631
Adjustment to the annual required contribution	<u>(132,969)</u>
Annual OPEB cost	1,125,519
Contributions	<u>(406,655)</u>
Increase in net OPEB obligation	718,864
OPEB obligation - Beginning of year	<u>3,844,856</u>
OPEB obligation - End of year	<u>\$ 4,563,720</u>

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

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/10	6/30/08	\$ 853,454	24.8 %	\$ 1,248,943
6/30/11	6/30/09	1,109,434	24.6	2,085,052
6/30/12	6/30/11	772,303	48.6	2,481,863
6/30/13	6/30/11	689,301	53.7	2,801,164
6/30/14	6/30/13	1,425,317	26.8	3,844,856
6/30/15	6/30/13	1,125,519	36.1	4,563,720

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ 2,840,823	\$ 11,627,949	\$ 8,787,126	24.4 %	\$ 2,790,700	314.9 %
6/30/08	2,704,470	12,221,098	9,516,628	22.1	2,881,435	330.3
6/30/09	2,308,126	14,151,437	11,843,311	16.3	2,980,880	397.3
6/30/11	3,059,965	13,188,299	10,128,334	23.2	2,941,032	344.4
6/30/13	3,779,637	16,417,214	12,637,577	23.0	2,746,023	460.2

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

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

In the June 30, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.75 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 4.5 percent, which includes inflationary assumptions of 4 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was 30 years.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

Financial Statement Information - As of June 30, 2015, the statement of net position for the Public Safety Other Postemployment Benefit Trust is as follows:

	Public Safety Other Postemployment Benefit Trust
Assets	
Investments - Common/collective funds	\$ 4,662,726
Prepaid expenses and other assets	<u>17,564</u>
Total assets	4,680,290
Liabilities - Accounts payable	<u>4,127</u>
Net Position	<u><u>\$ 4,676,163</u></u>

For the year ended June 30, 2015, the statement of changes in net position for the Public Safety Other Postemployment Benefit Trust is as follows:

	Public Safety Other Postemployment Benefit Trust
Additions	
Investment income:	
Interest and dividends	\$ 119,212
Net increase in fair market value	<u>108,680</u>
Net investment income	227,892
Contributions:	
Employer	406,655
Employee	<u>2,590</u>
Total contributions	<u>409,245</u>
Total additions	637,137
Deductions - Health benefits	<u>429,424</u>
Net Increase in Net Position Held in Trust	207,713
Net Position - Beginning of year	<u>4,468,450</u>
Net Position - End of year	<u><u>\$ 4,676,163</u></u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

Plan Description - The City provides retiree healthcare benefits to eligible employees and their spouses in accordance with the General Employees' Retirement System. Benefits are provided to general employees. Currently, the plan has 102 members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The City pays all of the medical insurance premiums for system employees until age 65. Expenditures of postemployment healthcare benefits of approximately \$439,000 were recognized as paid during the year ended June 30, 2015. The plan does not issue a separate financial report.

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

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

Funding Progress - For the year ended June 30, 2015, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2013. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 1,281,678
Interest on the prior year's net OPEB obligation	199,247
Adjustment to the annual required contribution	<u>(145,067)</u>
Annual OPEB cost	1,335,858
Contributions	<u>(813,098)</u>
Increase in net OPEB obligation	522,760
OPEB obligation - Beginning of year	<u>4,194,672</u>
OPEB obligation - End of year	<u>\$ 4,717,432</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

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

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage OPEB Costs Contributed	Net OPEB Obligation
6/30/10	6/30/08	\$ 921,631	24.8 %	\$ 1,315,141
6/30/11	6/30/09	1,165,977	28.4	2,149,500
6/30/12	6/30/11	1,069,025	51.9	2,663,526
6/30/13	6/30/11	986,766	56.2	3,095,696
6/30/14	6/30/13	1,663,891	34.0	4,194,672
6/30/15	6/30/13	1,335,858	60.9	4,717,432

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ 626,680	\$ 10,325,231	\$ 9,698,551	6.1 %	\$ 2,953,901	328.3 %
6/30/08	571,407	11,532,281	10,960,874	5.0	3,057,857	358.4
6/30/09	401,788	13,703,761	13,301,973	2.9	3,116,703	426.8
6/30/11	209,457	14,297,174	14,087,717	1.5	2,816,985	500.1
6/30/13	489,845	15,680,229	15,190,384	3.1	2,285,740	664.6

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

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

In the June 30, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.75 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 4.5 percent, which includes inflationary assumptions of 4 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was 30 years.

Financial Statement Information - As of June 30, 2015, the statement of net position for the General Employees' Other Postemployment Benefit Trust is as follows:

	<u>General Employees' Other Postemployment Benefit Trust</u>
Assets	
Investments - Common/collective funds	\$ 1,140,615
Prepaid expenses and other assets	<u>20,296</u>
Total assets	1,160,911
Liabilities - Accounts payable	<u>2,954</u>
Net Position	<u>\$ 1,157,957</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

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

For the year ended June 30, 2015, the statement of changes in net position for the General Employees' Other Postemployment Benefit Trust is as follows:

	General Employees' Other Postemployment Benefit Trust
Additions	
Investment income:	
Interest and dividends	\$ 18,596
Net increase in fair market value	19,705
Net investment income	38,301
Contributions - Employer	813,098
Total additions	851,399
Deductions - Health benefits	438,589
Net Increase in Net Position Held in Trust	412,810
Net Position - Beginning of year	745,147
Net Position - End of year	\$ 1,157,957

Note 15 - Joint Venture

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

The City's interest in the net position of the Authority totaled \$53,639 at June 30, 2015 and is reported as part of the governmental activities in the statement of net position. The City is unaware of any circumstances, including potential environmental remediation, that would cause an additional burden to the participating municipalities in the near future. Complete financial statements for the Authority can be obtained from its administrative offices at 27941 Harper Avenue, Suite 106, St. Clair Shores, MI 48081.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 16 - Contingent Liabilities

On May 25, 2011, the City experienced a 100-year rain event. As a result, the City's sanitation system lines backed up and approximately 250 residents experienced flood damage. The City was served on September 12, 2011 with a class action lawsuit for alleged failure to properly operate, maintain, or repair the City's sewer and sanitary lift station, resulting in the flooding of over 250 homes. The City believes that it has governmental immunity from these claims and that no sewer defect in the system exists that would eliminate that protection. As such, no estimated liability has been recorded related to this suit. However, the plaintiff's counsel has asserted alleged damages to be \$3,000,000. On November 5, 2013, the City's Motion for Summary Disposition was granted and the plaintiffs have subsequently appealed. The Court of Appeals reversed and the City has appealed to the Michigan Supreme Court. All briefing is complete and a decision will likely be release in early 2016.

On September 9 and 10, 2011, the City experienced another significant rain event. An electrical power failure caused numerous residential sump-pumps to fail, thus resulting in the City's combined storm and sanitation system lines backing up and approximately 500 residents experienced flood damage. The City was served on December 9, 2011 with a class action lawsuit for alleged failure to properly operate, maintain, or repair the City's sewer and sanitary lift station, resulting in the flooding of over 500 homes. The City was also served with two other lawsuits from insurance companies for recovery of payment to insured homeowners citing the same allegations as the class action lawsuit. The City believes that it has governmental immunity from the anticipated claims and that no sewer defect in the system exists that would eliminate that protection. Furthermore, the City contends that it was an electrical power failure which led to the back-ups. As such, no estimated liability has been recorded related to this potential suit. However, the plaintiff's counsel has asserted damages to be \$5,000,000 on behalf of the putative class and the City's Motion for Summary Disposition was denied on November 5, 2013; because some questions of fact remained, the City has appealed to the Michigan Supreme Court. All briefing is complete and a decision will likely be released in early 2016.

In both of the above cases, management has rated various loss levels and evaluates the potential liability to be zero.

Note 17 - Reporting Change

During the current year, the City adopted GASB Statement No. 68, *Accounting and Reporting for Pensions*. As a result, the government-wide statements and the proprietary funds now include an asset for unfunded legacy costs. Some of the changes in this net pension asset will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension footnotes for further details. This change does not impact the General Fund or any other governmental fund.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 17 - Reporting Change (Continued)

The financial statements for the year ended June 30, 2014 have been restated in order to adopt GASB No. 68. The effect of this new accounting standard was an increase in net position to record the net pension asset at June 30, 2014.

The beginning net position of governmental activities, business-type activities, Water and Sewer Fund, and nonmajor enterprise funds have been restated as follows:

	Governmental Activities	Business-type Activities	Water and Sewer	Nonmajor Enterprise
Fund balance - June 30, 2014 - As previously reported	\$ 12,958,824	\$ 10,755,366	\$ 9,811,789	\$ 943,577
Adjustment for implementation of GASB No. 68	8,669,240	265,360	232,284	33,076
Fund balance - June 30, 2014 - As restated	<u>\$ 21,628,064</u>	<u>\$ 11,020,726</u>	<u>\$ 10,044,073</u>	<u>\$ 976,653</u>

Note 18 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The City is currently evaluating the impact this standard will have on the financial statements when adopted, during the City's 2015-2016 fiscal year.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2015

Note 18 - Upcoming Accounting Pronouncements (Continued)

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplementary information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB No. 75, recognize on the face of the financial statements its net OPEB liability. The City is currently evaluating the impact these standards will have on the financial statements when adopted. GASB No. 74 is effective for fiscal years beginning after June 15, 2016, whereas GASB No. 75 is effective one year later.

Required Supplemental Information

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with <u>Amended Budget</u>
Revenue				
Property taxes	\$ 9,516,700	\$ 9,516,700	\$ 9,491,475	\$ (25,225)
Licenses and permits	388,800	462,800	492,425	29,625
State-shared revenue and grants	782,400	782,400	786,745	4,345
Charges for services	1,470,800	1,505,800	1,558,602	52,802
Fines and forfeitures	372,750	394,750	382,237	(12,513)
Investment income	75,000	75,000	126,447	51,447
Other revenue	126,000	137,000	173,592	36,592
Interfund transfers in	300,000	300,000	-	(300,000)
Total revenue	<u>13,032,450</u>	<u>13,174,450</u>	<u>13,011,523</u>	<u>(162,927)</u>
Expenditures - Current				
General government	1,482,640	1,482,640	1,461,908	20,732
Municipal court	270,270	292,270	286,567	5,703
Public safety	4,470,450	4,590,450	4,576,012	14,438
Public works and streets	1,563,380	1,563,380	1,531,322	32,058
Recreation and culture	1,252,810	1,252,810	1,205,872	46,938
Other	2,701,000	2,701,000	2,589,322	111,678
Transfers out	1,291,900	1,291,900	1,275,955	15,945
Total expenditures	<u>13,032,450</u>	<u>13,174,450</u>	<u>12,926,958</u>	<u>247,492</u>
Net Change in Fund Balance	-	-	84,565	84,565
Fund Balance - Beginning of year	<u>5,052,087</u>	<u>5,052,087</u>	<u>5,052,087</u>	-
Fund Balance - End of year	<u>\$ 5,052,087</u>	<u>\$ 5,052,087</u>	<u>\$ 5,136,652</u>	<u>\$ 84,565</u>

City of Grosse Pointe Farms, Michigan

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

	2015	2014
Total Pension Liability		
Service cost	\$ 375,514	\$ 385,337
Interest	1,590,046	1,567,981
Changes in benefit terms	-	-
Differences between expected and actual experience	84,157	(192,339)
Changes in assumptions	611,778	-
Benefit payments, including refunds	(1,631,139)	(1,292,593)
Net Change in Total Pension Liability	1,030,356	468,386
Total Pension Liability - Beginning of year	21,828,431	21,360,045
Total Pension Liability - End of year	\$ 22,858,787	\$ 21,828,431
Plan Fiduciary Net Position		
Contributions - Employer	\$ 471,990	\$ 560,101
Contributions - Member	129,831	133,633
Net investment income	1,146,469	3,439,299
Administrative expenses	(32,593)	(10,800)
Benefit payments, including refunds	(1,631,139)	(1,292,593)
Other	-	(460)
Net Change in Plan Fiduciary Net Position	84,558	2,829,180
Plan Fiduciary Net Position - Beginning of year	22,933,313	20,104,133
Plan Fiduciary Net Position - End of year	\$ 23,017,871	\$ 22,933,313
City's Net Pension Liability - Ending	\$ (159,084)	\$ (1,104,882)
Plan Fiduciary Net Position as a % of Total Pension Liability	100.70 %	105.06 %
Covered Employee Payroll	\$ 1,965,685	\$ 2,221,109
City's Net Pension Liability as a % of Covered Employee Payroll	(8.1)%	(49.7)%

* GASB No. 67 was implemented for FYE June 30, 2014 and does not require retroactive implementation.

City of Grosse Pointe Farms, Michigan

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

	2015	2014
Annual money-weighted rate of return, net of investment expense	5.14 %	17.29 %

* GASB No. 67 was implemented for FYE June 30, 2014 and does not require retroactive implementation.

City of Grosse Pointe Farms, Michigan

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

	2015	2014
Total Pension Liability		
Service cost	\$ 772,205	\$ 561,426
Interest	2,171,426	2,089,965
Changes in benefit terms	-	-
Differences between expected and actual experience	48,670	(112,068)
Changes in assumptions	1,314,167	-
Benefit payments, including refunds	(1,477,115)	(1,640,042)
Net Change in Total Pension Liability	2,829,353	899,281
Total Pension Liability - Beginning of year	29,304,794	28,405,513
Total Pension Liability - End of year	\$ 32,134,147	\$ 29,304,794
Plan Fiduciary Net Position		
Contributions - Employer	\$ 293,345	\$ 513,890
Contributions - Member	209,381	200,591
Net investment income	1,791,311	5,527,172
Administrative expenses	(20,533)	(12,709)
Benefit payments, including refunds	(1,477,115)	(1,640,042)
Other	-	-
Net Change in Plan Fiduciary Net Position	796,389	4,588,902
Plan Fiduciary Net Position - Beginning of year	37,134,512	32,545,610
Plan Fiduciary Net Position - End of year	\$ 37,930,901	\$ 37,134,512
City's Net Pension Liability - Ending	\$ (5,796,754)	\$ (7,829,718)
Plan Fiduciary Net Position as a % of Total Pension Liability	118.04 %	126.72 %
Covered Employee Payroll	\$ 2,825,365	\$ 2,740,880
City's Net Pension Liability as a % of Covered Employee Payroll	(205.2)%	(285.7)%

* GASB No. 67 was implemented for FYE June 30, 2014 and does not require retroactive implementation.

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 293,345	\$ 513,890	\$ 350,856	\$ 474,622	\$ 285,635	\$ 149,596	\$ 251,611	\$ 238,539	\$ 212,680	\$ 56,424
Contributions in relation to the actuarially determined contribution	293,345	513,890	350,856	474,622	285,635	149,596	251,611	238,539	212,680	56,424
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 2,825,365	\$ 2,740,880	\$ 2,746,023	\$ 2,748,509	\$ 2,941,032	\$ 2,969,899	\$ 2,980,880	\$ 2,881,435	\$ 2,790,700	\$ 2,605,573
Contributions as a percentage of covered employee payroll	10.4 %	18.7 %	12.8 %	17.3 %	9.7 %	5.0 %	8.4 %	8.3 %	7.6 %	2.2 %

Notes to Schedule of City Contributions

Actuarial valuation information relative to the determination of contributions:

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

Covered employees' payroll is as of June 30 of the current fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll (open)
Remaining amortization period	10 years
Asset valuation method	4-year smoothed market
Inflation	4.50%
Salary increases	4.5% to 8.3%, including inflation
Investment rate of return	7.5%, net of pension plan investment expense, including inflation
Retirement age	None
Mortality	RP 2000 Combined Healthy Mortality Table projected to 2014
Other information	None

City of Grosse Pointe Farms, Michigan

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

	2015	2014
Annual money-weighted rate of return, net of investment expense	5.10 %	17.28 %

* GASB No. 67 was implemented for FYE June 30, 2014 and does not require retroactive implementation.

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Other Postemployment Benefit Trust System Schedule Year Ended June 30, 2015

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ 626,680	\$ 10,325,231	\$ 9,698,551	6.1	\$ 2,953,901	328.3
6/30/08	571,407	11,532,281	10,960,874	5.0	3,057,857	358.4
6/30/09	401,788	13,703,761	13,301,973	2.9	3,116,703	426.8
6/30/11	209,457	14,297,174	14,087,717	1.5	2,816,985	500.1
6/30/13	489,845	15,680,229	15,190,384	3.1	2,285,740	664.6

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

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/10	6/30/08	\$ 913,597	25.0
6/30/11	6/30/09	1,148,990	28.9
6/30/12	6/30/11	1,162,113	47.8
6/30/13	6/30/11	1,214,408	45.7
6/30/14	6/30/13	1,226,486	46.1
6/30/15	6/30/13	1,281,678	63.4

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

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2013, the latest actuarial valuation, follows:

Actuarial cost method	Entry age normal
Amortization method	Dispatchers and union: level percent of payroll Department heads and clerical: level dollar amount
Amortization period (perpetual)	Dispatchers and union: 30 years Department heads and clerical: 24 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.75%
Projected salary increases	4.5% - 8.5%
*Includes inflation at	4.5%
Cost of living adjustments	None

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Other Postemployment Benefit Trust System Schedule (Continued) Year Ended June 30, 2015

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ 2,840,823	\$ 11,627,949	\$ 8,787,126	24.4	\$ 2,790,700	314.9
6/30/08	2,704,470	12,221,098	9,516,628	22.1	2,881,435	330.3
6/30/09	2,308,126	14,151,437	11,843,311	16.3	2,980,880	397.3
6/30/11	3,059,965	13,188,299	10,128,334	23.2	2,941,032	344.4
6/30/13	3,779,637	16,417,214	12,637,577	23.0	2,746,023	460.2

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

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
6/30/10	6/30/08	\$ 845,615	25.0
6/30/11	6/30/09	1,093,302	25.0
6/30/12	6/30/11	862,600	43.5
6/30/13	6/30/11	901,417	41.0
6/30/14	6/30/13	1,029,528	37.1
6/30/15	6/30/13	1,075,857	38.0

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

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2013, the latest actuarial valuation, follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Amortization period (perpetual)	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.75%
Projected salary increases	4.5% - 8.5%
*Includes inflation at	4.5%
Cost of living adjustments	None

City of Grosse Pointe Farms, Michigan

Note to Required Supplemental Information Year Ended June 30, 2015

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

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

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund:		
Amounts per operating statement	\$ 13,011,523	\$ 11,556,003
Operating transfers budgeted as revenue and expenditures on budget statement	-	1,370,955
Amounts per budget statement	<u>\$ 13,011,523</u>	<u>\$ 12,926,958</u>

The City did not have significant expenditure budget variances.

Other Supplemental Information

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2015

	Special Revenue Funds		Debt Service Funds		Total Nonmajor Governmental Funds
	Major Streets	Community Development Block Grant	General Debt Service	Capital Projects Fund	
Assets					
Cash and investments	\$ 576,184	\$ 3,057	\$ -	\$ 688,244	\$ 1,267,485
Receivables:					
Accrued interest receivable	280	-	-	1,932	2,212
Other receivables	169	-	-	-	169
Due from other governmental units	105,557	45,902	-	-	151,459
Due from other funds	-	-	-	100,000	100,000
Long-term advances to other funds	-	-	-	511,491	511,491
	\$ 682,190	\$ 48,959	\$ -	\$ 1,301,667	\$ 2,032,816
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 14,694	\$ 39,266	\$ -	\$ 278,000	\$ 331,960
Accrued salaries and wages	17,210	-	-	-	17,210
	31,904	39,266	-	278,000	349,170
Deferred Inflows of Resources -					
Unavailable revenue	-	39,266	-	-	39,266
Fund Balances					
Restricted:					
Roads	650,286	-	-	-	650,286
Grants	-	9,687	-	-	9,687
Assigned - Capital projects	-	-	-	1,023,667	1,023,667
Unassigned	-	(39,260)	-	-	(39,260)
	650,286	(29,573)	-	1,023,667	1,644,380
Total liabilities, deferred inflows of resources, and fund balances	\$ 682,190	\$ 48,959	\$ -	\$ 1,301,667	\$ 2,032,816

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2015

	Special Revenue Funds		Debt Service Fund		Total Nonmajor Governmental Funds
	Major Streets	Community Development Block Grant	General Debt Service	Capital Projects Fund	
Revenue					
Federal grants	\$ -	\$ 19,339	\$ -	\$ -	\$ 19,339
State sources	630,124	-	-	-	630,124
Investment income	3,053	-	-	24,158	27,211
Other revenue	15,955	-	-	21,527	37,482
Total revenue	649,132	19,339	-	45,685	714,156
Expenditures - Current					
Public works - Street construction	710,690	-	-	-	710,690
Community and economic development	-	58,599	-	-	58,599
Capital outlay	-	-	-	814,475	814,475
Debt service	-	-	586,093	-	586,093
Total expenditures	710,690	58,599	586,093	814,475	2,169,857
Excess of Expenditures Over Revenue	(61,558)	(39,260)	(586,093)	(768,790)	(1,455,701)
Other Financing Sources (Uses)					
Face value of debt issue	-	-	2,780,000	-	2,780,000
Debt premium or discount	-	-	360,216	-	360,216
Transfers in	270,000	-	529,490	676,465	1,475,955
Transfers out	(200,000)	-	-	-	(200,000)
Payment to bond refunding escrow agent	-	-	(3,083,613)	-	(3,083,613)
Total other financing sources	70,000	-	586,093	676,465	1,332,558
Net Change in Fund Balances	8,442	(39,260)	-	(92,325)	(123,143)
Fund Balances - Beginning of year	641,844	9,687	-	1,115,992	1,767,523
Fund Balances (Deficit) - End of year	<u>\$ 650,286</u>	<u>\$ (29,573)</u>	<u>\$ -</u>	<u>\$ 1,023,667</u>	<u>\$ 1,644,380</u>

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Nonmajor Special Revenue Fund - Major Streets Fund Budgetary Comparison Year Ended June 30, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 405,000	\$ 405,000	\$ 413,748	\$ 8,748
Other revenue	-	-	15,955	15,955
Transfers in	152,040	152,040	-	(152,040)
Total revenue	557,040	557,040	429,703	(127,337)
Expenditures - Current				
Public works - Streets	357,040	357,040	304,959	52,081
Transfers out	200,000	200,000	200,000	-
Total expenditures	557,040	557,040	504,959	52,081
Net Change in Fund Balance	-	-	(75,256)	(75,256)
Fund Balance - Beginning of year	408,390	408,390	408,390	-
Fund Balance - End of year	<u>\$ 408,390</u>	<u>\$ 408,390</u>	<u>\$ 333,134</u>	<u>\$ (75,256)</u>

Due to the implementation of GASB No. 54, the Local Streets Fund was merged with the Major Streets Fund. The Local Streets Fund is budgeted separately from the Major Streets Fund. Total revenue for the Major Streets Fund per the operating statement is \$649,132 less the Local Streets Fund amount budgeted separately of \$219,429, which equals the revenue amount per the budget statement of \$429,703, including a transfer in of \$270,000. Total expenditures for the Major Streets Fund per the operating statement are \$710,690 less the Local Streets Fund amount budgeted separately of \$205,731, which equals the expenditure amount per the budget statement of \$504,959, including a transfer out of \$200,000.

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Nonmajor Special Revenue Fund - Local Streets Fund Budgetary Comparison Year Ended June 30, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 160,000	\$ 160,000	\$ 216,376	\$ 56,376
Investment income	500	500	3,053	2,553
Fund balance appropriation and transfers in	270,000	270,000	270,000	-
Total revenue	430,500	430,500	489,429	58,929
Expenditures - Current -				
Public works - Streets	430,500	430,500	405,731	24,769
Net Change in Fund Balance				
	-	-	83,698	83,698
Fund Balance - Beginning of year				
	233,454	233,454	233,454	-
Fund Balance - End of year				
	<u>\$ 233,454</u>	<u>\$ 233,454</u>	<u>\$ 317,152</u>	<u>\$ 83,698</u>

The City implemented GASB No. 54 in fiscal year 2011. As a result, the Local Streets Fund is now merged with the Major Streets Fund for reporting purposes but is budgeted as a separate fund.

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Nonmajor Special Revenue Fund - Community Development Block Grant Fund Budgetary Comparison Year Ended June 30, 2015

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget
Revenue - Federal grants	\$ 35,130	\$ 106,130	\$ 19,339	\$ (86,791)
Expenditures - Current - Community and economic development	<u>35,130</u>	<u>106,130</u>	<u>58,599</u>	<u>47,531</u>
Net Change in Fund Balance	-	-	(39,260)	(39,260)
Fund Balance - Beginning of year	<u>9,687</u>	<u>9,687</u>	<u>9,687</u>	<u>-</u>
Fund Balance (Deficit) - End of year	<u><u>\$ 9,687</u></u>	<u><u>\$ 9,687</u></u>	<u><u>\$ (29,573)</u></u>	<u><u>\$ (39,260)</u></u>

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2015

	Recycling Program	Municipal Radio System	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 86,544	\$ 75,980	\$ 162,524
Receivables:			
Other receivables	16,936	-	16,936
Due from other governmental units	-	50,185	50,185
Prepaid expenses and other assets	-	1,561	1,561
Total current assets	103,480	127,726	231,206
Noncurrent assets:			
Net pension asset	-	4,762	4,762
Capital assets - Assets subject to depreciation	-	738,626	738,626
Total noncurrent assets	-	743,388	743,388
Total assets	103,480	871,114	974,594
Deferred Outflows of Resources -			
Deferred outflows related to pensions	-	28,770	28,770
Liabilities			
Current liabilities:			
Accounts payable	-	7,782	7,782
Refundable deposits, bonds, etc.	-	19,777	19,777
Accrued liabilities and other -			
Accrued salaries and wages	-	1,551	1,551
Compensated absences	-	7,780	7,780
Total current liabilities	-	36,890	36,890
Noncurrent liabilities:			
Compensated absences	-	14,294	14,294
Net OPEB obligation	-	67,624	67,624
Total noncurrent liabilities	-	81,918	81,918
Total liabilities	-	118,808	118,808
Net Position			
Net investment in capital assets	-	738,626	738,626
Unrestricted	103,480	42,450	145,930
Total net position	\$ 103,480	\$ 781,076	\$ 884,556

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended June 30, 2015

	Recycling Program	Municipal Radio System	Total
Operating Revenue			
Interest and penalty charges	\$ 2,941	\$ -	\$ 2,941
Charges for services - Recycling	109,032	-	109,032
Charges for services - Radio system	-	245,223	245,223
Total operating revenue	111,973	245,223	357,196
Operating Expenses			
Other operating and maintenance costs	109,071	234,566	343,637
Depreciation	-	105,656	105,656
Total operating expenses	109,071	340,222	449,293
Change in Net Position	2,902	(94,999)	(92,097)
Net Position - Beginning of year	100,578	876,075	976,653
Net Position - End of year	\$ 103,480	\$ 781,076	\$ 884,556

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2015

	Recycling Program	Municipal Radio System	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 111,973	\$ 245,223	\$ 357,196
Payments to suppliers	(9,682)	(96,080)	(105,762)
Payments to employees	(108,458)	(124,336)	(232,794)
Other receipts	1,024	29,515	30,539
Net cash (used in) provided by operating activities	(5,143)	54,322	49,179
Net (Decrease) Increase in Cash and Cash Equivalents	(5,143)	54,322	49,179
Cash and Cash Equivalents - Beginning of year	91,687	21,658	113,345
Cash and Cash Equivalents - End of year	\$ 86,544	\$ 75,980	\$ 162,524
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ 2,902	\$ (94,999)	\$ (92,097)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation	-	105,656	105,656
Changes in assets and liabilities:			
Receivables	1,024	29,515	30,539
Prepaid and other assets	-	(86)	(86)
Accounts payable	(9,069)	7,152	(1,917)
Accrued and other liabilities	-	7,084	7,084
Net cash (used in) provided by operating activities	\$ (5,143)	\$ 54,322	\$ 49,179

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Statement of Fiduciary Net Position Fiduciary Funds June 30, 2015

	Pension Trust Funds				Total Pension Trust Funds	Agency Funds
	General Employees' Retirement System	Public Safety Retirement System	General Employees' Other Postemployment Benefit Trust	Public Safety Other Postemployment Benefit Trust		Agency Fund - Tax Collections
Assets						
Cash and cash equivalents	\$ 122,965	\$ 88,965	\$ -	\$ -	\$ 211,930	\$ 2,374
Investments:						
Collective investment trust	9,249,695	13,434,102	1,140,615	4,662,726	28,487,138	-
Mutual funds	13,671,712	24,450,089	-	-	38,121,801	-
Receivables - Receivables from sales to customers on account	300	-	-	-	300	-
Prepaid expenses and other assets	-	-	20,296	17,564	37,860	-
Total assets	<u>23,044,672</u>	<u>37,973,156</u>	<u>1,160,911</u>	<u>4,680,290</u>	<u>66,859,029</u>	<u>\$ 2,374</u>
Liabilities						
Accounts payable	26,801	42,257	2,954	4,127	76,139	\$ 2,199
Refundable deposits, bonds, etc.	-	-	-	-	-	175
Total liabilities	<u>26,801</u>	<u>42,257</u>	<u>2,954</u>	<u>4,127</u>	<u>76,139</u>	<u>\$ 2,374</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 23,017,871</u>	<u>\$ 37,930,899</u>	<u>\$ 1,157,957</u>	<u>\$ 4,676,163</u>	<u>\$ 66,782,890</u>	

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended June 30, 2015

	General Employees' Retirement System	Public Safety Retirement System	General Employees' Other Postemployment Benefit Trust	Public Safety Other Postemployment Benefit Trust	Total
Additions					
Investment income:					
Interest and dividends	\$ 601,269	\$ 964,551	\$ 18,596	\$ 119,212	\$ 1,703,628
Net increase in fair value of investments	599,637	940,582	19,705	108,680	1,668,604
Net investment income	1,200,906	1,905,133	38,301	227,892	3,372,232
Contributions:					
Employer	471,990	293,345	813,098	406,655	1,985,088
Employee	129,831	209,381	-	2,590	341,802
Total contributions	601,821	502,726	813,098	409,245	2,326,890
Total additions	1,802,727	2,407,859	851,399	637,137	5,699,122
Deductions					
Benefit payments	1,631,139	1,475,602	-	-	3,106,741
Health benefits	-	-	438,589	429,424	868,013
Withdrawal of contributions	-	1,513	-	-	1,513
Administrative expenses	87,031	134,359	-	-	221,390
Total deductions	1,718,170	1,611,474	438,589	429,424	4,197,657
Net Increase in Net Position Held in Trust	84,557	796,385	412,810	207,713	1,501,465
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	22,933,314	37,134,514	745,147	4,468,450	65,281,425
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 23,017,871	\$ 37,930,899	\$ 1,157,957	\$ 4,676,163	\$ 66,782,890

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Schedule of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2015

	Balance at July 1, 2014	Additions	Reductions	Balance at June 30, 2015
Agency Fund - Tax collections				
Cash and cash equivalents	\$ 1,293	\$ 34,572,938	\$ (34,571,857)	\$ 2,374
Receivables - Taxes	805	-	(805)	-
Receivables	-	-	-	-
Total assets	<u>\$ 2,098</u>	<u>\$ 34,572,938</u>	<u>\$ (34,572,662)</u>	<u>\$ 2,374</u>
Liabilities				
Accounts payable	\$ 2,098	\$ 2,199	\$ (2,098)	\$ 2,199
Taxes collected in advance	-	175	-	175
Total liabilities	<u>\$ 2,098</u>	<u>\$ 2,374</u>	<u>\$ (2,098)</u>	<u>\$ 2,374</u>

Statistical Section

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

The statistical section is organized into the following main categories:

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

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

Financial Trends

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

City of Grosse Pointe Farms, Michigan

	June 30			
	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets	\$ 17,642,000	\$ 17,476,000	\$ 17,283,000	\$ 17,160,000
Restricted	560,000	957,000	816,000	933,000
Unrestricted	<u>5,547,000</u>	<u>5,824,000</u>	<u>5,905,000</u>	<u>5,165,000</u>
Total net position	<u>\$ 23,749,000</u>	<u>\$ 24,257,000</u>	<u>\$ 24,004,000</u>	<u>\$ 23,258,000</u>
Business-type Activities				
Net investment in capital assets	\$ 6,523,000	\$ 6,848,000	\$ 7,523,000	\$ 8,271,000
Restricted	-	-	-	-
Unrestricted	<u>994,000</u>	<u>1,235,000</u>	<u>1,064,000</u>	<u>1,010,000</u>
Total net position	<u>\$ 7,517,000</u>	<u>\$ 8,083,000</u>	<u>\$ 8,587,000</u>	<u>\$ 9,281,000</u>
Primary Government in Total				
Net investment in capital assets	\$ 24,165,000	\$ 24,323,000	\$ 24,806,000	\$ 25,431,000
Restricted	560,000	957,000	816,000	933,000
Unrestricted	<u>6,541,000</u>	<u>7,060,000</u>	<u>6,969,000</u>	<u>6,175,000</u>
Total net position	<u>\$ 31,266,000</u>	<u>\$ 32,340,000</u>	<u>\$ 32,591,000</u>	<u>\$ 32,539,000</u>

Source: City Annual Financial Statements

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

June 30					
2010	2011	2012	2013	2014	2015
\$ 16,134,000	\$ 15,496,000	\$ 14,682,000	\$ 14,668,000	\$ 14,931,000	\$ 14,723,000
356,000	495,000	579,000	754,000	651,000	660,000
<u>4,204,000</u>	<u>2,403,000</u>	<u>1,276,000</u>	<u>(457,000)</u>	<u>(2,623,000)</u>	<u>4,568,000</u>
<u>\$ 20,694,000</u>	<u>\$ 18,394,000</u>	<u>\$ 16,537,000</u>	<u>\$ 14,965,000</u>	<u>\$ 12,959,000</u>	<u>\$ 19,951,000</u>
\$ 8,867,000	\$ 10,219,000	\$ 11,390,000	\$ 11,466,000	\$ 11,595,000	\$ 11,646,000
-	-	-	-	-	-
<u>605,000</u>	<u>(318,000)</u>	<u>(827,000)</u>	<u>(945,000)</u>	<u>(839,000)</u>	<u>210,000</u>
<u>\$ 9,472,000</u>	<u>\$ 9,901,000</u>	<u>\$ 10,563,000</u>	<u>\$ 10,521,000</u>	<u>\$ 10,756,000</u>	<u>\$ 11,856,000</u>
\$ 25,001,000	\$ 25,715,000	\$ 26,072,000	\$ 26,134,000	\$ 26,526,000	\$ 26,369,000
356,000	495,000	579,000	754,000	651,000	660,000
<u>4,809,000</u>	<u>2,085,000</u>	<u>449,000</u>	<u>(1,402,000)</u>	<u>(3,462,000)</u>	<u>4,778,000</u>
<u>\$ 30,166,000</u>	<u>\$ 28,295,000</u>	<u>\$ 27,100,000</u>	<u>\$ 25,486,000</u>	<u>\$ 23,715,000</u>	<u>\$ 31,807,000</u>

City of Grosse Pointe Farms, Michigan

	Year Ended June 30				
	2006	2007	2008	2009	2010
Expenses					
Governmental Activities					
General government	\$ 3,032,307	\$ 2,741,679	\$ 3,428,248	\$ 3,213,352	\$ 2,654,838
Municipal court	273,569	259,534	229,924	246,676	247,370
Public safety	4,755,663	4,936,706	5,133,805	5,532,467	5,821,182
Public works	3,282,469	3,694,198	3,419,905	3,573,103	4,114,191
Community and economic development	-	-	-	-	-
Recreation and culture	1,700,773	1,807,819	1,864,209	1,995,240	1,960,948
Interest on long-term debt	260,050	268,800	265,386	260,568	255,130
Total governmental activities expenses	13,304,831	13,708,736	14,341,477	14,821,406	15,053,659
Business-type Activities					
Water and sewer	3,964,617	3,962,492	4,347,654	4,051,550	4,024,053
Radio system charges	195,506	174,023	177,394	209,373	273,320
Recycling program	-	-	-	-	-
Interest on long-term debt	379,704	348,599	309,787	296,137	357,429
Total business-type activities expenses	4,539,827	4,485,114	4,834,835	4,557,060	4,654,802
Total primary government expenses	17,844,658	18,193,850	19,176,312	19,378,466	19,708,461
Program Revenue					
Charges for services:					
Municipal court	167,030	115,937	136,971	122,023	115,142
Public safety	600,677	529,272	565,939	579,890	491,606
Public works	114,641	100,658	110,459	108,689	110,888
General government	293,764	331,962	286,089	357,373	258,178
Recreation and culture	406,907	456,257	450,056	445,431	461,093
Operating and capital grants and contributions	579,164	681,915	725,991	857,406	526,506
Total governmental activities program revenue	2,162,183	2,216,001	2,275,505	2,470,812	1,963,413
Business-type Activities					
Charges for services:					
Water and sewer	2,994,076	2,845,677	3,190,978	2,972,857	3,045,418
Other charges for services - Grosse Pointe City	667,958	644,975	481,180	806,623	736,747
Radio system charges	196,483	173,041	177,396	209,373	210,250
Recycling program	-	-	-	-	-
Operating and capital grants and contributions	-	-	-	-	-
Total business-type activities program revenue	3,858,517	3,663,693	3,849,554	3,988,853	3,992,415
Total primary government program revenue	6,020,700	5,879,694	6,125,059	6,459,665	5,955,828

Source: City Annual Financial Statements

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

Year Ended June 30					
	2011	2012	2013	2014	2015
\$	3,147,215	\$ 3,148,607	\$ 3,138,683	\$ 3,265,673	\$ 3,032,601
	222,774	242,325	246,021	244,844	286,567
	6,207,639	5,981,440	5,665,301	6,708,322	6,663,743
	3,876,300	3,429,387	3,485,847	3,492,491	3,367,523
	-	47,289	-	49,899	58,599
	1,914,399	1,903,154	1,746,363	1,898,214	1,836,693
	<u>247,758</u>	<u>241,221</u>	<u>241,268</u>	<u>206,508</u>	<u>229,576</u>
	15,616,085	14,993,423	14,523,483	15,865,951	15,475,302
	4,685,051	5,570,439	5,758,985	6,082,756	5,935,425
	267,189	275,772	869,354	344,900	340,222
	-	107,732	107,076	109,769	109,071
	<u>264,318</u>	<u>241,825</u>	<u>333,332</u>	<u>322,444</u>	<u>308,010</u>
	5,216,558	6,195,768	7,068,747	6,859,869	6,692,728
	20,832,643	21,189,191	21,592,230	22,725,820	22,168,030
	118,102	140,406	142,312	135,506	169,279
	504,622	590,018	634,925	846,095	725,872
	109,125	-	-	-	-
	341,806	239,027	271,606	251,162	322,618
	438,052	476,190	522,090	531,975	561,476
	<u>698,107</u>	<u>629,434</u>	<u>565,925</u>	<u>631,411</u>	<u>698,129</u>
	2,209,814	2,075,075	2,136,858	2,396,149	2,477,374
	3,625,449	4,121,315	5,272,212	5,546,862	5,870,229
	679,651	508,235	411,862	458,196	458,195
	195,380	646,240	189,555	229,042	245,223
	-	110,913	103,573	108,248	111,973
	<u>89,038</u>	<u>485,943</u>	<u>313,200</u>	<u>-</u>	<u>86,537</u>
	4,589,518	5,872,646	6,290,402	6,342,348	6,772,157
	<u>6,799,332</u>	<u>7,947,721</u>	<u>8,427,260</u>	<u>8,738,497</u>	<u>9,249,531</u>

City of Grosse Pointe Farms, Michigan

	Year Ended June 30				
	2006	2007	2008	2009	2010
Net (Expense) Revenue					
Governmental activities	\$ (11,142,648)	\$ (11,492,735)	\$ (12,065,972)	\$ (12,350,594)	\$ (13,090,246)
Business-type activities	(681,310)	(821,421)	(985,281)	(568,207)	(662,387)
Total primary government	(11,823,958)	(12,314,156)	(13,051,253)	(12,918,801)	(13,752,633)
General Revenue					
Governmental activities:					
Property taxes	9,372,015	9,618,175	9,816,949	9,775,863	9,849,826
State-shared revenue	823,981	807,176	796,332	768,391	665,163
Interest	614,319	577,229	575,900	400,967	259,662
Franchise fees and other	626,305	618,108	743,749	660,167	523,550
Transfers	(120,000)	(120,000)	(120,000)	-	-
Total government activities	11,316,620	11,500,688	11,812,930	11,605,388	11,298,201
Business-type activities:					
Property taxes	1,155,806	1,196,606	1,232,991	1,231,536	866,081
Unrestricted investment earnings	99,206	70,661	56,291	30,701	13,943
Transfers	120,000	120,000	120,000	-	-
Total business-type activities	1,375,012	1,387,267	1,409,282	1,262,237	880,024
Total primary government general revenue	12,691,632	12,887,955	13,222,212	12,867,625	12,178,225
Change in Net Position					
Governmental activities	173,972	7,953	(253,042)	(745,206)	(1,792,045)
Business-type activities	693,702	565,846	424,001	694,030	217,637
Total primary government	\$ 867,674	\$ 573,799	\$ 170,959	\$ (51,176)	\$ (1,574,408)

Source: City Annual Financial Statements

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

Year Ended June 30				
2011	2012	2013	2014	2015
\$ (13,406,271)	\$ (12,918,348)	\$ (12,386,625)	\$ (13,469,802)	\$ (12,997,928)
<u>(627,040)</u>	<u>(323,122)</u>	<u>(778,345)</u>	<u>(517,521)</u>	<u>79,429</u>
(14,033,311)	(13,241,470)	(13,164,970)	(13,987,323)	(12,918,499)
9,481,378	9,490,657	9,238,242	9,344,347	9,491,475
798,961	727,808	744,993	763,817	777,345
110,149	235,549	58,346	117,712	159,015
716,396	845,866	773,625	1,238,006	893,165
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>11,106,884</u>	<u>11,299,880</u>	<u>10,815,206</u>	<u>11,463,882</u>	<u>11,321,000</u>
792,009	744,402	735,296	750,556	753,976
-	40	1,139	1,503	1,438
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>792,009</u>	<u>744,442</u>	<u>736,435</u>	<u>752,059</u>	<u>755,414</u>
<u>11,898,893</u>	<u>12,044,322</u>	<u>11,551,641</u>	<u>12,215,941</u>	<u>12,076,414</u>
(2,299,387)	(1,756,220)	(1,571,419)	(2,005,920)	(1,676,928)
<u>164,969</u>	<u>559,072</u>	<u>(41,910)</u>	<u>234,538</u>	<u>834,843</u>
\$ (2,134,418)	\$ (1,197,148)	\$ (1,613,329)	\$ (1,771,382)	\$ (842,085)

City of Grosse Pointe Farms, Michigan

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

	June 30									
	2006	2007	2008	2009	2010	2011**	2012**	2013**	2014**	2015**
General Fund:										
Reserved	\$ 81,830	\$ 93,563	\$ 615,448	\$ 123,685	\$ 99,578	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Designated	-	-	-	2,212,369	2,821,681	-	-	-	-	-
Undesignated	4,085,619	4,490,187	4,286,837	2,694,702	2,760,810	-	-	-	-	-
Nonspendable	-	-	-	-	-	595,138	507,028	312,451	213,574	121,137
Committed	-	-	-	-	-	1,046,487	1,003,028	880,168	845,990	846,307
Assigned	-	-	-	-	-	206,000	200,000	376,550	300,000	300,000
Unassigned	-	-	-	-	-	2,900,087	3,209,206	3,368,335	3,692,523	3,869,208
Total General Fund	4,167,449	4,583,750	4,902,285	5,030,756	5,682,069	4,747,712	4,919,262	4,937,504	5,052,087	5,136,652
Special revenue funds:										
Reserved - Reported in special revenue funds	-	-	-	19,900	-	-	-	-	-	-
Unreserved - Reported in special revenue funds	1,177,296	1,066,937	934,790	948,097	855,712	-	-	-	-	-
Restricted	-	-	-	-	-	398,462	578,938	754,022	651,531	659,973
Assigned	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	102,421	-	-	-	(39,260)
Total special revenue funds	1,177,296	1,066,937	934,790	967,997	855,712	500,883	578,938	754,022	651,531	620,713
Unreserved - Reported in - Capital Projects Fund:										
Nonspendable	-	-	-	-	-	-	727,425	748,278	-	-
Unassigned	1,089,101	898,647	1,264,432	1,065,475	1,028,722	-	-	-	-	-
Assigned	-	-	-	-	-	2,508,612	1,410,658	549,658	1,115,992	1,023,667
Total Capital Projects Fund	1,089,101	898,647	1,264,432	1,065,475	1,028,722	2,508,612	2,138,083	1,297,936	1,115,992	1,023,667
Total all other governmental funds	2,266,397	1,965,584	2,199,222	2,033,472	1,884,434	3,009,495	2,717,021	2,051,958	1,767,523	1,644,380
Total governmental funds	\$ 6,433,846	\$ 6,549,334	\$ 7,101,507	\$ 7,064,228	\$ 7,566,503	\$ 7,757,207	\$ 7,636,283	\$ 6,989,462	\$ 6,819,610	\$ 6,781,032

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

Source: City Annual Financial Statements

City of Grosse Pointe Farms, Michigan

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

	Year Ended June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue										
Property taxes	\$ 9,372,015	\$ 9,618,172	\$ 9,816,949	\$ 9,775,863	\$ 9,849,826	\$ 9,481,378	\$ 9,490,657	\$ 9,238,242	\$ 9,344,347	\$ 9,491,475
Licenses and permits	280,651	260,824	296,960	260,977	281,955	274,707	378,512	399,410	602,308	492,425
Federal sources	17,525	42,886	25,307	37,385	2,130	169,988	78,642	9,682	57,847	19,339
State sources	1,390,255	1,470,440	1,357,659	1,309,873	1,203,093	1,332,661	1,278,600	1,301,236	1,337,381	1,416,869
Charges for services	1,356,125	1,365,729	1,361,557	1,521,518	1,256,747	1,366,841	1,313,592	1,417,111	1,427,017	1,558,602
Fines and forfeitures	409,959	334,208	356,939	318,119	331,690	335,119	327,235	353,995	354,391	382,237
Interest	589,178	544,419	542,860	376,578	242,939	103,730	216,647	56,457	114,280	153,658
Other	162,589	191,866	298,346	447,393	364,236	251,993	256,563	161,717	563,198	211,074
Total revenue	13,578,297	13,828,544	14,056,577	14,047,706	13,532,616	13,316,417	13,340,448	12,937,850	13,800,769	13,725,679
Expenditures										
Current:										
General government	964,323	1,024,011	1,041,644	1,007,904	1,044,756	1,480,916	1,350,651	1,368,999	1,337,510	1,461,908
Municipal court	272,935	259,534	229,924	242,310	236,139	209,382	234,536	246,021	244,844	286,567
Public safety:										
Police, fire, and EMS	4,388,644	4,385,382	4,514,031	4,683,242	4,557,016	4,550,749	4,636,317	4,369,616	4,410,846	4,576,012
Building inspections	475,135	557,572	535,600	511,296	414,816	-	-	-	-	-
Public works and streets:										
Streets	1,040,304	1,264,729	1,056,972	940,704	1,173,349	941,499	665,131	685,120	726,816	710,690
Rubbish disposal and recycling	1,554,988	1,668,888	1,652,121	1,744,819	1,687,334	1,487,760	1,523,204	1,529,207	1,524,611	1,531,322
Community and economic development	8,903	42,886	25,308	34,947	-	-	47,289	-	49,899	58,599
Recreation and culture	1,104,767	1,162,040	1,220,498	1,287,139	1,244,210	1,198,465	1,249,703	1,138,274	1,164,964	1,205,872
Other functions	1,687,616	1,997,665	2,226,043	2,079,751	2,031,466	2,585,658	2,663,911	2,554,176	2,639,316	2,589,322
Capital outlay	5,735,292	764,220	881,398	1,128,335	172,155	225,629	363,382	1,189,933	1,305,809	814,475
Debt service principal	-	46,875	121,875	162,500	162,500	193,750	243,750	243,750	293,750	346,875
Debt service interest	198,653	269,255	266,489	262,038	256,600	251,905	243,325	234,575	245,608	239,218
Total expenditures	17,431,560	13,443,057	13,771,903	14,084,985	12,980,341	13,125,713	13,221,199	13,559,671	13,943,973	13,820,860
Excess of Revenue (Under) Over Expenditures	(3,853,263)	385,487	284,674	(37,279)	552,275	190,704	119,249	(621,821)	(143,204)	(95,181)
Other Financing Sources (Uses)										
Debt issuance/refinanced	4,300,000	-	-	-	-	-	-	-	23,352	(303,613)
Debt premium or discount	37,433	-	-	-	-	-	-	-	-	360,216
Transfers in	2,262,719	1,535,767	1,926,879	1,466,871	1,084,170	2,519,797	894,165	1,119,909	1,590,476	1,475,955
Transfers out	(2,532,719)	(1,805,767)	(2,159,380)	(1,466,871)	(1,134,170)	(2,519,797)	(1,031,917)	(1,144,909)	(1,640,476)	(1,475,955)
Net Change in Fund Balances	214,170	115,487	52,173	(37,279)	502,275	190,704	(18,503)	(646,821)	(169,852)	(38,578)
Fund Balances - Beginning of year	6,219,677	6,433,847	7,049,334	7,101,507	7,064,228	7,566,503	7,757,207	7,636,283	6,989,462	6,819,610
Change in Accounting Method	-	500,000	-	-	-	-	(102,421)	-	-	-
Fund Balances - End of year	\$ 6,433,847	\$ 7,049,334	\$ 7,101,507	\$ 7,064,228	\$ 7,566,503	\$ 7,757,207	\$ 7,636,283	\$ 6,989,462	\$ 6,819,610	\$ 6,781,032
Debt service as a percentage of noncapital expenditures	1.73%	2.56%	3.11%	3.39%	3.38%	3.58%	3.94%	4.02%	4.42%	4.87%

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.

City of Grosse Pointe Farms, Michigan

Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2005	2006	\$ 10,224,520	\$ 9,894,046	96.77%	\$ 315,166	\$ 10,209,212	99.85%
2006	2007	10,476,529	10,196,966	97.33%	278,004	10,474,970	99.99%
2007	2008	10,692,189	10,291,856	96.26%	397,709	10,689,565	99.98%
2008	2009	10,698,768	10,379,926	97.02%	316,916	10,696,842	99.98%
2009	2010	10,361,975	10,092,125	97.40%	266,051	10,358,176	99.96%
2010	2011	9,957,894	9,737,583	97.79%	217,324	9,954,907	99.97%
2011	2012	10,175,907	9,964,551	97.92%	210,805	10,175,356	99.99%
2012	2013	9,767,873	9,627,480	98.56%	140,315	9,767,795	100.00%
2013	2014	10,024,210	9,890,783	98.67%	133,427	10,024,210	100.00%
2014	2015	10,220,965	10,046,933	98.30%	141,150	10,188,083	99.68%

Source: City Controller/Treasurer's office

City of Grosse Pointe Farms, Michigan

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

Tax Year	Fiscal Year Ended June 30	Taxable Value by Property Type				Tax Rate (Mills)	Estimated Actual Value	Taxable Value as a Percent of Actual
		Real Property		Personal Property	Total Value			
		Residential	Commercial					
2005	2006	\$ 731,565,929	\$ 30,089,081	\$ 9,343,764	\$ 770,998,774	13.250	\$ 2,041,603,156	37.76%
2006	2007	760,270,755	31,461,585	8,261,000	799,993,340	13.125	2,052,746,562	38.97%
2007	2008	780,877,307	33,597,996	8,593,936	823,069,239	13.000	2,043,496,202	40.28%
2008	2009	777,751,134	36,324,134	9,463,900	823,539,168	13.000	1,954,279,858	42.14%
2009	2010	749,690,097	38,303,234	9,094,206	797,087,537	13.500	1,701,709,100	46.84%
2010	2011	693,900,487	38,130,876	9,056,631	741,087,994	13.500	1,515,989,690	48.88%
2011	2012	663,038,327	37,934,338	9,062,200	710,034,865	14.000	1,459,682,169	48.64%
2012	2013	643,115,192	35,486,972	9,799,700	688,401,864	14.000	1,401,376,290	49.12%
2013	2014	649,919,090	35,579,801	9,597,200	695,096,091	14.000	1,412,976,200	49.19%
2014	2015	659,605,098	36,039,379	10,755,200	706,399,677	14.000	1,455,379,156	48.54%

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

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

Source: Wayne County Department of Assessing and Equalization

City of Grosse Pointe Farms, Michigan

Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years

Tax Year	Millage Rates - Direct City Taxes				Overlapping Taxes								Total Tax Rate	
	General	Debt	Special	Total Direct	County	Detroit	Detroit	Grosse	Community	Intermediate	School	School	School Non-	Non-
	Operating		Purpose	Taxes		Zoo	Inst. Arts	Pointe	College	School	Homestead	homestead	homestead	
2005	10.4500	1.5000	1.3000	13.2500	8.6346	-	-	1.5000	2.4769	3.4643	14.5498	26.2851	43.8756	55.6109
2006	10.3500	1.5000	1.2750	13.1250	8.6266	-	-	1.5413	2.4769	3.4643	14.2741	26.2932	43.5082	55.5273
2007	10.2750	1.5000	1.2250	13.0000	8.6266	-	-	1.5412	2.4769	3.4643	14.0661	26.2216	43.1751	55.3306
2008	10.2750	1.5000	1.2250	13.0000	8.6266	0.1000	-	1.5412	2.4769	3.4643	14.0165	26.2499	43.2255	55.4589
2009	10.6916	1.0834	1.2250	13.0000	8.6266	0.1000	-	1.5413	2.4769	3.4643	14.9534	26.4821	44.1625	55.6912
2010	10.6916	1.0834	1.7250	13.5000	8.6266	0.1000	-	1.5412	2.4769	3.4643	14.9534	26.4821	44.6624	56.1911
2011	11.1916	1.0834	1.7250	14.0000	8.6266	0.1000	-	1.5412	2.2408	3.4643	15.5790	26.6750	45.5519	56.6479
2012	11.5000	1.0834	1.4166	14.0000	8.6266	0.1000	0.2000	2.0012	2.2408	3.4643	16.0882	26.7587	46.7211	57.3916
2013	11.5000	1.0834	1.4166	14.0000	8.6266	0.1000	0.2000	2.0412	3.2408	3.4643	16.0890	26.7852	47.7619	58.4581
2014	11.5000	1.0834	1.4166	14.0000	9.0366	0.1000	0.2000	2.0512	3.2408	3.4643	15.9166	26.7550	48.0095	58.8479

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

	General	Debt	Special
	Operating		Purpose
2014	12.4176	no limit	2.7341

Source: Wayne County, Michigan Apportionment Report

City of Grosse Pointe Farms, Michigan

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

Taxpayer	2014 Taxable Value	Percentage of Total	2005 Taxable Value	Percentage of Total	2005 Rank
Kercheval Development Co.	\$ 4,864,908	0.70%	\$ 3,925,000	0.51%	2
Country Club of Detroit	4,474,600	0.64%	6,093,347	0.79%	1
Detroit Edison Co.	3,684,400	0.53%	2,456,130	0.32%	3
DTE Gas	3,215,000	0.46%	1,913,534	0.25%	7
Premiere Equities GP, LLC	2,625,190	0.38%	2,118,000	0.27%	5
Soave, Anthony-Darlene	2,619,653	0.38%	2,152,208	0.28%	4
Elena Ford	1,903,870	0.27%	-	- %	-
Cracchiolo, Ray	1,885,357	0.27%	1,729,475	0.22%	9
Ford, Mr. and Mrs. Edsel	1,665,400	0.24%	2,102,388	0.27%	6
Grosse Pointe Club	1,546,643	0.22%	-	- %	-
Josephine Ford	-	- %	1,810,716	0.23%	8
Cullen Meath	-	- %	1,611,225	0.21%	10

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 Net General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Pledged		Net General Bonded Debt	Taxable Value	Debt as a Percentage of		Debt per Capita	Debt per Total Personal Income
		Debt Service Funds				Taxable Value	Population		
2006	\$ 17,023,737	\$ -		\$ 17,023,737	\$ 770,998,774	2.21%	9,764	\$ 1,743.52	4.11%
2007	16,547,055	-		16,547,055	799,993,340	2.07%	9,764	1,694.70	3.41%
2008	15,914,942	-		15,914,942	823,069,239	1.93%	9,764	1,629.96	2.77%
2009	15,227,833	-		15,227,833	823,539,168	1.85%	9,764	1,559.59	2.61%
2010	14,508,606	-		14,508,606	797,087,537	1.82%	9,764	1,485.93	2.71%
2011	13,725,053	-		13,725,053	741,087,994	1.85%	9,479	1,447.94	2.41%
2012	17,393,475	-		17,393,475	710,034,865	2.45%	9,479	1,834.95	*
2013	16,519,574	-		16,519,574	688,401,864	2.40%	9,479	1,742.75	*
2014	15,588,734	-		15,588,734	695,096,091	2.24%	9,479	1,644.55	*
2015	18,145,406	-		18,145,406	706,399,677	2.57%	9,479	1,914.27	*

* Information not available

Source: City Controller/Treasurer's office

City of Grosse Pointe Farms, Michigan

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
General obligation bonds	\$ 6,830,779	\$ 6,782,402	\$ 6,659,025	\$ 6,495,023	\$ 6,331,021	\$ 6,135,769	\$ 5,890,517	\$ 5,645,265	\$ 5,413,082	\$ 5,158,966
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Total	6,830,779	6,782,402	6,659,025	6,495,023	6,331,021	6,135,769	5,890,517	5,645,265	5,413,082	5,158,966
Business-type Activities										
General obligation bonds	10,192,958	9,764,653	9,255,917	8,732,810	8,177,585	7,589,284	11,502,958	10,874,657	10,175,652	12,986,440
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Total	10,192,958	9,764,653	9,255,917	8,732,810	8,177,585	7,589,284	11,502,958	10,874,657	10,175,652	12,986,440
Total debt of the government	\$ 17,023,737	\$ 16,547,055	\$ 15,914,942	\$ 15,227,833	\$ 14,508,606	\$ 13,725,053	\$ 17,393,475	\$ 16,519,922	\$ 15,588,734	\$ 18,145,406
Taxable Value	\$ 770,998,774	\$ 799,993,340	\$ 823,069,239	\$ 823,539,168	\$ 797,087,537	\$ 741,087,994	\$ 710,034,865	\$ 688,401,864	\$ 695,096,091	\$ 706,399,677
Ratio of Total Debt to Taxable Value	2.21%	2.07%	1.93%	1.85%	1.82%	1.85%	2.45%	2.40%	2.24%	2.57%
Total Population	9,764	9,764	9,764	9,764	9,764	9,479	9,479	9,479	9,479	9,479
Total Debt Per Capita	\$ 1,744	\$ 1,695	\$ 1,630	\$ 1,560	\$ 1,486	\$ 1,448	\$ 1,835	\$ 1,743	\$ 1,645	\$ 1,914
Percentage - Total Debt to Total Personal Income	4.11%	3.41%	2.77%	2.61%	2.71%	2.41%	*	*	*	*

* Information not available

Source: City Controller/Treasurer's Office

City of Grosse Pointe Farms, Michigan

Direct and Overlapping Governmental Activities Debt June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Wayne County	\$ 315,956,111	1.84%	\$ 5,813,592
Grosse Pointe School District	40,635,000	27.94%	11,353,419
Grosse Pointe Library	12,705,000	27.94%	3,549,777
Wayne County Community College	-	3.04%	-
Intermediate School District	-	1.81%	-
Total overlapping debt			20,716,788
Direct City debt			5,158,966
Total direct and overlapping debt			<u>\$ 25,875,754</u>

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

Source: Municipal Advisory Council of Michigan

City of Grosse Pointe Farms, Michigan

Legal Debt Margin Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Calculation of Debt Limit										
State equalized valuation	<u>\$ 1,020,801,578</u>	<u>\$ 1,026,373,281</u>	<u>\$ 1,021,748,101</u>	<u>\$ 977,139,929</u>	<u>\$ 852,130,900</u>	<u>\$ 757,994,845</u>	<u>\$ 725,993,024</u>	<u>\$ 700,688,145</u>	<u>\$ 706,488,100</u>	<u>\$ 727,689,578</u>
10% of state equalized valuation	<u>\$ 102,080,158</u>	<u>\$ 102,637,328</u>	<u>\$ 102,174,810</u>	<u>\$ 97,713,993</u>	<u>\$ 85,213,090</u>	<u>\$ 75,799,485</u>	<u>\$ 72,599,302</u>	<u>\$ 70,068,815</u>	<u>\$ 70,648,810</u>	<u>\$ 72,768,958</u>
Calculation of Debt Subject to Limit										
Total debt	\$ 17,023,737	\$ 16,547,055	\$ 15,914,942	\$ 15,227,833	\$ 14,508,606	\$ 13,725,053	\$ 17,393,474	\$ 16,519,922	\$ 15,588,734	18,145,406
Less debt not subject to limit:										
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Water Resources Commission or court-ordered bonds	10,192,958	9,764,653	9,255,917	8,732,810	8,177,585	7,589,284	6,995,983	6,367,682	4,662,849	4,000,576
Net debt subject to limit	<u>\$ 6,830,779</u>	<u>\$ 6,782,402</u>	<u>\$ 6,659,025</u>	<u>\$ 6,495,023</u>	<u>\$ 6,331,021</u>	<u>\$ 6,135,769</u>	<u>\$ 10,397,491</u>	<u>\$ 10,152,240</u>	<u>\$ 10,925,885</u>	<u>\$ 14,144,830</u>
Legal Debt Margin	<u>\$ 95,249,379</u>	<u>\$ 95,854,926</u>	<u>\$ 95,515,785</u>	<u>\$ 91,218,970</u>	<u>\$ 78,882,069</u>	<u>\$ 69,663,716</u>	<u>\$ 62,201,811</u>	<u>\$ 59,916,575</u>	<u>\$ 59,722,925</u>	<u>\$ 58,624,128</u>
Net Debt Subject to Limit as Percent of Debt Limit	6.69%	6.60%	6.51%	6.65%	7.43%	8.09%	14.32%	14.49%	15.47%	19.44%

Source: City Controller/Treasurer's Office

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 Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate (I)
		(in thousands)		
2006	9,764	\$ 414,706	\$ 42,473	<2%
2007	9,764	485,222	49,695	<2%
2008	9,764	574,299	58,818	<3%
2009	9,764	584,131	59,825	<4%
2010	9,764	535,946	54,890	<4%
2011	9,479	567,887	59,910	<3%
2012	9,479	*	*	<3%
2013	9,479	*	*	*
2014	9,479	*	*	*
2015	9,479	*	*	*

Source: City-Data.com

(I) For population over 25 years old and over

* Information not available

City of Grosse Pointe Farms, Michigan

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

Taxpayer	2015 Employees	Percentage of Total City Employment
1 Grosse Pointe Schools	254	8%
2 City of Grosse Pointe Farms	123	4%
3 Country Club of Detroit	120	4%
4 United States Post Office	102	3%
5 Henry Ford/Pearson Clinic	90	3%
6 Grosse Pointe Academy	80	2%
7 Hill Chop House	50	2%
8 St. Paul's Church/School	45	1%
9 Village Market	36	1%
10 Coldwell Banker	35	1%
Total	<u>935</u>	

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

Source: InfoGroup

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.

City of Grosse Pointe Farms, Michigan

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government	11.50	11.50	10.50	10.15	10.15	10.00	10.00	10.00	10.00	9.00
Public safety:										
Police	44.34	44.34	44.34	44.34	42.34	40.34	40.34	40.34	40.34	40.34
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	3.52	3.52	3.68	3.68	3.68	3.68	3.00	3.00	3.00	3.00
Radio system	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal court	3.60	3.60	3.60	2.60	2.00	2.00	2.50	2.50	2.50	2.50
Public works:										
DPW	30.72	30.72	29.72	29.72	26.00	24.50	25.50	25.50	25.50	25.00
Water and sewer	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	9.00
Parks and recreation	24.18	26.16	26.36	28.75	28.75	29.75	28.75	28.75	28.75	28.75
Total	<u>131.11</u>	<u>133.09</u>	<u>131.45</u>	<u>132.49</u>	<u>126.17</u>	<u>123.52</u>	<u>123.34</u>	<u>123.34</u>	<u>123.34</u>	<u>122.59</u>

Source: Various City of Grosse Pointe Farms departments

City of Grosse Pointe Farms, Michigan

Operating Indicators by Function Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Election data:										
Registered voters	7,812	7,860	7,821	7,957	8,062	8,103	7,918	8,307	8,279	8,221
Voters (at the polls or absentee)	987	5,507	1,939	2,756	2,767	5,203	1,936	6,604	1,813	5,166
Percent voting	13%	70%	25%	35%	34%	64%	24%	79%	22%	63%
Municipal court - Court caseload	5,908	5,977	5,816	4,625	5,412	5,926	4,835	5,307	5,163	4,810
Police:										
Physical arrests	357	439	439	337	397	355	362	322	474	462
Investigations	6,025	5,455	5,305	5,171	5,136	4,968	5,204	4,654	4,997	5,380
Fire:										
Fire runs	116	168	114	101	108	97	143	93	103	103
Emergency medical runs	376	367	409	420	407	410	411	400	474	511
Inspections	282	272	279	260	140	13	10	62	86	43
Public works:										
Miles of street resurfaced	-	3	0.97	-	1.21	-	-	1.88	1.86	1.00
Refuse collected (tons)	7,989	8,435	8,244	7,725	7,652	6,940	7,303	6,750	6,517	6,625
Parks and recreation:										
Recreation program attendance	542	1,140	1,547	1,600	1,741	1,223	1,424	1,829	2,632	2,370
Vehicles entering Pier Park	151,422	110,566	115,540	115,698	120,925	112,254	119,502	114,313	113,082	104,883
Water:										
Number of customers billed	4,099	4,094	4,096	4,094	4,088	4,088	4,085	4,085	4,089	4,082
Total consumption (thous. cu. ft.)	83,417	73,115	72,814	66,054	62,786	66,610	69,472	65,257	58,498	55,834
Avg. consumption per user	20.35	17.86	17.78	16.13	15.36	16.29	17.01	15.97	14.31	13.68

Source: Various City of Grosse Pointe Farms departments

City of Grosse Pointe Farms, Michigan

Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	7	7	7	7	7	7	7	7	7
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire response vehicles	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles):										
Major streets	11.18	11.18	11.18	11.18	11.18	11.18	11.18	11.18	11.18	11.18
Local streets	27.07	27.07	27.07	27.07	27.07	27.07	27.07	27.07	27.07	27.07
Sidewalks	74.59	74.59	74.59	74.59	74.59	74.59	74.59	74.59	74.59	74.59
Streetlights	954	954	954	954	954	954	954	959	959	959.00
Traffic signals	23	23	23	23	23	23	23	23	23	23
Refuse collection trucks	8	8	8	8	8	8	8	8	8	8
Parks and recreation:										
Acreage	23.26	23.26	23.26	23.26	23.26	23.26	23.26	23.26	23.26	23.26
Developed parks/playgrounds	2	2	2	2	2	2	2	2	2	2
Developed fields (soccer, baseball, etc.)	4	4	4	4	4	4	4	4	4	4
Harbor boat wells	333	333	333	333	333	333	333	333	333	333
Water:										
Mains (miles)	42.59	42.59	42.59	42.59	42.59	42.59	42.59	42.59	42.59	42.59
Fire hydrants	502	502	502	502	502	502	502	502	502	502
Storage capacity - Millions of gallons	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Sewer:										
Miles of sanitary sewers	18	18	18	18	18	18	18	18	18	18
Miles of storm sewers	18	18	18	18	18	18	18	18	18	18
Miles of combined sanitary and storm	21	21	21	21	21	21	21	21	21	21

Source: Various City of Grosse Pointe Farms departments