

**City of Grosse Pointe Park**

**Comprehensive  
Annual Financial Report**

**Fiscal Year Ended June 30, 2020**

# City of Grosse Pointe Park, Michigan

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Grosse Pointe Park, Michigan

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Park, Michigan as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Grosse Pointe Park, 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**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

### **Opinions**

In my 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Park, Michigan, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 44-50 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I

have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grosse Pointe Park, Michigan's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 my opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read "Dan B. Miller", is written over the date.

November 2, 2020

City of Grosse Pointe Park, Michigan  
Management's Discussion and Analysis

The following discussion and analysis of the City of Grosse Pointe Park, Michigan's (the "City") financial performance offers an overview of the City's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the City's financial statements.

**Using This Annual Report**

This fiscal year annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the City of Grosse Pointe Park, Michigan on a government-wide basis. They are designed to present a long-term view of the City's finances. Fund financial statements follow the above-mentioned government-wide statements and illustrate how the services provided by the City were financed in the short term, as well as revenue for future spending. Additionally, fund financial statements report the City's operations in more detail than government-wide financial statements.

**The City of Grosse Pointe Park, Michigan as a Whole**

In a condensed format, the table below shows the comparison of net assets as of June 30, 2020 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current assets	\$ 9,412,357	\$ 7,547,787	\$ 3,320,426	\$ 2,653,212	\$ 12,732,783	\$ 10,200,999
Noncurrent assets:						
Investments	299,800	212,700	-	-	299,800	212,700
Capital assets	59,153,736	58,343,142	16,727,935	17,179,127	75,881,671	75,522,269
Total assets	68,865,893	66,103,629	20,048,361	19,832,339	88,914,254	85,935,968
<b>Deferred Outflows</b>						
of Resources-Pensions	4,797,828	1,811,198			4,797,828	1,811,198
<b>Liabilities</b>						
Current liabilities	4,326,524	4,019,970	1,883,461	1,698,042	6,209,985	5,718,012
Long-term liabilities	48,950,636	58,200,043	-	-	48,950,636	58,200,043
Total liabilities	53,277,160	62,220,013	1,883,461	1,698,042	55,160,621	63,918,055
<b>Deferred Inflows</b>						
of Resources-Pensions	11,835,321	4,159,835	-	-	11,835,321	4,159,835
<b>Net Position</b>						
Net investment in capital assets	59,153,736	53,729,587	16,727,935	17,179,127	75,881,671	70,908,714
Restricted	2,905,754	1,798,710			2,905,754	1,798,710
Unrestricted	(53,508,250)	(53,993,318)	1,436,965	955,170	(52,071,285)	(53,038,148)
Total net position	\$ 8,551,240	\$ 1,534,979	\$ 18,164,900	\$ 18,134,297	\$ 26,716,140	\$ 19,669,276

The City's 2020 combined governmental and business type activities total net assets are \$26,716,140. Governmental Activities represented \$8,551,240 of the total while the balance of assets were provided by the City Business-type assets of \$18,164,900.

City of Grosse Pointe Park, Michigan  
Management's Discussion and Analysis

The following table shows the changes in net position for the year ended June 30, 2020 as compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 2,326,770	\$ 1,719,507	\$ 5,837,042	\$ 5,796,338	\$ 8,163,812	\$ 7,515,845
Operating grants and contributions	-	-	100,000	-	100,000	-
General revenue:						
Property taxes	10,258,485	10,492,980	-	-	10,258,485	10,492,980
State-shared revenue	2,228,777	2,362,024	-	-	2,228,777	2,362,024
Cable franchise fees	174,278	162,704	-	-	174,278	162,704
Investment earnings	907,453	631,775	-	-	907,453	631,775
Total revenue	15,895,763	15,368,990	5,937,042	5,796,338	21,832,805	21,165,328
<b>Program Expenses</b>						
General government	452,177	2,884,472	-	-	452,177	2,884,472
Public safety	6,511,625	10,291,201	-	-	6,511,625	10,291,201
Public works	252,309	3,837,583	-	-	252,309	3,837,583
Community and economic development	-	-	-	-	-	-
Recreation and culture	1,663,391	1,870,321	-	-	1,663,391	1,870,321
Intergovernmental	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
Water and sewer	-	-	5,680,612	5,419,909	5,680,612	5,419,909
Marina	-	-	225,827	366,872	225,827	366,872
Total expenses	8,879,502	18,883,577	5,906,439	5,786,781	14,785,941	24,670,358
<b>Change in Net Position</b>	7,016,261	(3,514,587)	30,603	9,557	7,046,864	(3,505,030)
<b>Net Position - Beginning of year</b>	1,534,979	5,049,566	18,134,297	18,124,740	19,669,276	23,174,306
	-	-	-	-	-	-
<b>Net Position - End of year</b>	\$ 8,551,240	\$ 1,534,979	\$ 18,164,900	\$ 18,134,297	\$ 26,716,140	\$ 19,669,276

City of Grosse Pointe Park, Michigan  
Management's Discussion and Analysis

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Despite COVID-19 and the potential impacts on the City, the City experienced continued growth during the fiscal year with the community's residential and commercial property stock values and this growth is expected to continue in 2021. For the calendar year 2019, total assessed values rose by 12.4%. This growth with the continued effective management of city resources, and with the availability of additional millage allowances, the City will provide for continued balanced budget and increase financial support for all outstanding pension obligations and provide resources to reinvest in future community capital projects.

**GOVERNMENTAL ACTIVITIES**

Revenues to support the city's governmental activities totaled \$15,308,123 for the June 30, 2020 fiscal year. These funds were utilized to provide essential municipal services including that of all public safety activities, parks and recreation programming along with general public services and the City's street maintenance programs. In addition to these essential departmental expenditures the revenues also provided the necessary resources for the City's governmental capital outlays and debt retirement requirements. For the period ending June 30, 2020 the net change in governmental fund balances increased by \$1,689,248 and resulted in total reserves of \$5,949,833.

Included within the City's governmental funds is the City's General Fund activities which records the City's day to day operations. The fund is primarily supported through the collection of general property taxes which totaled \$8,115,269 for the fiscal year. The 2019 General Operating Millage rate was 12.7247 mills. Included with the City's governmental funds were revenues collected from the City's 2019 voter approved street resurfacing millage of 1.0000 mills. This millage generated \$616,727 for the fiscal year which assisted with the year's resurfacing expenditures of \$1,853,008.

The City's governmental revenues also included collections from the voter approved public safety millage in November of 2016. The total approved allowance of 2.6846 mills, was levied to support the city's public safety operational and capital needs. This fiscal year's public safety department expenditures totaled \$6,960,869 which represented the City's greatest departmental outlay and represented 67% of the city's total General Fund operational expenditures (excluding capital outlay and transfer out expenditures). The public works and recreation departments represented 21% of operating costs while general and administrative costs representing the balance of 12% of the governmental operating costs.

Within the General Fund the excess of revenues over expenditures, excluding transfers to other funds, totaled \$1,104,241 for the fiscal year and after taking into account transfers, revenues exceeded expenses by \$577,858.

City of Grosse Pointe Park, Michigan  
Management's Discussion and Analysis

Regarding pension programming, the City is a member of the Municipal Employees' Retirement System (MERS) and continues to meet its actuarial recommended contribution from MERS for the employee's defined benefit pension plan.

A detailed analysis of the City's major funds begins on page 11, with the combined governmental fund balance sheet. The financial statements provide detailed information for the most significant funds not the City as a whole. The City Council has established funds to manage activities for specific purposes as well as to show accountability for certain activities, such as State of Michigan Act 51 major and local revenue sharing for roads. The City's major funds include General Fund, the Capital Improvement Fund and the Water and Sewer and Marina Enterprise Funds.

**BUSINESS-TYPE ACTIVITIES**

The City's business-type activities are recorded in the Water and Sewer and Marina Funds. The city provides water and sewer services for all commercial and residential properties, operating expenditures excluding depreciation which totaled \$5,145,309. Of this amount a total of \$3,366,773 was remitted to the City's supplier, Great Lakes Water Authority. This represented 65% of total operating expenses.

The remaining balance of business-type activities represents the City's marina operations which consists of 268 boat wells. Fiscal revenues for marina boat slip rentals totaled \$250,811 while expenditures totaled \$225,827 for the year 2020. For the year end June 30, 2020, the fund reserves balance reflects \$208,420.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of the fiscal year, the City had \$59,153,736 invested in a wide range of governmental fund type capital assets (net of depreciation), including land, building, police and fire equipment, computer equipment, and roads.

Debt reported in these financial statements is related to the construction of the above-mentioned capital and infrastructure assets and is reported as a liability on the statement of net assets (see Note 6). During the fiscal year total outstanding long-term debt for Governmental activities totaled \$7,436,092. This represented an increase of \$2,735,90 which was primarily attributed to an issue of a Capital Improvement Bond of \$2,635,000. There is no outstanding debt for business related activities.

The City of Grosse Pointe Park's general operational fund, as expensed in June 30,2019, reflected a significant increase in reserves totaling \$2,461,875. General fund reserves for the year ending June 30, 2020 increased \$3,039,733. This reserve represents 27.7% of the fiscal year's annual general funds operational expenses.

The City's policy has and will continue to maintain a fund reserves balance of not less than 12% of general fund annual operating expenditures.

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

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to demonstrate the City's accountability for the funds received. If you have any questions about this report or need additional information, we invite you to contact the administrative offices at City Hall.

City of Grosse Pointe Park, Michigan  
Statement of Net Position  
Year Ended June 30, 2020

	Primary Government			Component Units
	Governmental	Business-type	Total	
	Activities	Activities		
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 6,244,705	\$ 377,572	\$ 6,622,277	\$ 1,418
Receivables - Net:				
Taxes	16,126	-	16,126	-
Accounts	310,752	1,998,634	2,309,386	-
Other governmental units:				
Component units	54,294	-	54,294	-
Other	2,786,480	944,220	3,730,700	528,108
Other receivables				-
Internal balances (Note 5)	-	-	-	-
Investment in joint venture (Note 11)	299,800	-	299,800	-
Prepaid expenses and deposits (Note 8)	-	-	-	-
Capital assets (Note 4):				
Assets not depreciated	18,337,420	1,804,399	20,141,819	6,081,419
Assets being depreciated - Net	40,816,316	14,923,536	55,739,852	-
<b>Total assets</b>	<b>68,865,893</b>	<b>20,048,361</b>	<b>88,914,254</b>	<b>6,610,945</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pension	1,712,206		1,712,206	
Deferred outflows related to OPEB	3,085,622	-	3,085,622	-
<b>Liabilities</b>				
Accounts payable	274,902	598,572	873,474	88,189
Accrued and other liabilities	235,634	411,816	647,450	54,449
Due to other funds (Note 5)	-			
Due to other governmental units:				
Other	565,175	-	565,175	-
Primary government	2,395,813	873,073	3,268,886	54,294
Noncurrent liabilities (Note 6):				
Due within one year				
Compensated absences (Note 6)	265,000		265,000	-
Current portion of long-term debt (Note 6)	590,000	-	590,000	-
Due in more than one year				
Compensated absences (Note 6)	609,356	-	609,356	-
Net OPEB obligation (Note 10)	18,721,586	-	18,721,586	-
Net pension liability (Note 9)	23,677,958	-	23,677,958	-
Long-term debt (Note 6)	5,941,736	-	5,941,736	-
<b>Total liabilities</b>	<b>53,277,160</b>	<b>1,883,461</b>	<b>55,160,621</b>	<b>196,932</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pension	1,082,729	-	1,082,729	
Deferred inflows related to OPEB	10,752,592	-	10,752,592	-
<b>Net Position</b>				
Net investment in capital assets	59,153,736	16,727,935	75,881,671	6,081,419
Restricted:				
Streets	267,379		267,379	
Garbage and rubbish collection	159,426		159,426	
Building inspection	69,608		69,608	
Drug law enforcement	6,848		6,848	
Indigent Defence Grant	18,299		18,299	
Grants	5,176		5,176	
Debt service	2,379,018		2,379,018	
Unrestricted	(53,508,250)	1,436,965	(52,071,285)	332,594
<b>Total net Position</b>	<b>\$ 8,551,240</b>	<b>\$ 18,164,900</b>	<b>\$ 26,716,140</b>	<b>\$ 6,414,013</b>

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

City of Grosse Pointe Park, Michigan  
Statement of Activities  
Year Ended June 30, 2020

	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Functions/Programs</b>				
Primary government:				
Governmental activities:				
General government	\$ 1,296,213	\$ 1,079,155	\$ -	\$ -
Public safety	6,960,869	196,935	-	-
Public works	252,309	192,940	-	-
Recreation and culture	1,886,528	223,137	-	-
Intergovernmental	-	-	-	-
Interest on long-term debt	175,750	-	-	-
<b>Total governmental activities</b>	<b>10,571,669</b>	<b>1,692,167</b>	<b>-</b>	<b>-</b>
Business-type activities:				
Water and sewer	5,680,612	5,586,231	-	-
Marina	225,827	250,811	-	-
<b>Total business-type activities</b>	<b>5,906,439</b>	<b>5,837,042</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 16,478,108</b>	<b>\$ 7,529,209</b>	<b>\$ -</b>	<b>\$ -</b>
Component units:				
Downtown Development Authority	\$ 89,911	\$ -	\$ -	\$ -
Tax Increment Finance Authority	390,482	-	-	-
<b>Total component units</b>	<b>\$ 480,393</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

General revenue:

Property taxes  
State-shared revenue  
Cable franchise fees  
Miscellaneous

Total general revenue

**Change in Net Position**

**Net Position - Beginning of year**

**Net Position - End of year**

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (217,058)	\$ -	\$ (217,058)	\$ -
(6,763,934)	-	(6,763,934)	-
(59,369)	-	(59,369)	-
(1,663,391)	-	(1,663,391)	-
-	100,000	100,000	-
(175,750)	-	(175,750)	-
<u>(8,879,502)</u>	<u>100,000</u>	<u>(8,779,502)</u>	<u>-</u>
-	(94,381)	(94,381)	-
-	24,984	24,984	-
<u>-</u>	<u>(69,397)</u>	<u>(69,397)</u>	<u>-</u>
-	30,603	(8,848,899)	-
-	-	-	(89,911)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(390,482)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(480,393)</u>
\$ 10,258,485	\$ -	\$ 10,258,485	\$ 963,013
2,228,777	-	2,228,777	-
174,277	-	174,277	-
3,234,224	-	3,234,224	10,000
<u>15,895,763</u>	<u>-</u>	<u>15,895,763</u>	<u>973,013</u>
7,016,261	30,603	7,046,864	492,620
1,534,979	18,134,297	19,669,276	5,921,393
<u>\$ 8,551,240</u>	<u>\$ 18,164,900</u>	<u>\$ 26,716,140</u>	<u>\$ 6,414,013</u>

City of Grosse Pointe Park, Michigan  
 Governmental Funds  
 Balance Sheet  
 June 30, 2020

	Major Fund - General Fund	Major Fund - Capital Improvement Fund	Other Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 3,107,306	\$ 405,146	\$ 2,732,253	\$ 6,244,705
Receivables - Net:				
Taxes	16,126	-	-	16,126
Accounts receivable	203,032	37,014	70,706	310,752
Other governmental units:				
Component units	54,294	-	-	54,294
Other	310,165	-	153,098	463,263
Due from other funds (Note 5)	1,755,759	-	567,458	2,323,217
<b>Total assets</b>	<b>\$ 5,446,682</b>	<b>\$ 442,160</b>	<b>\$ 3,523,515</b>	<b>\$ 9,412,357</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 154,117	\$ 33,595	\$ 87,190	\$ 274,902
Accrued and other liabilities	186,454	-	49,180	235,634
Due to other governmental units	37,067	-	-	37,067
Component units	528,108	-	-	528,108
Due to other funds (Note 5)	1,501,203	404,219	490,391	2,395,813
<b>Total liabilities</b>	<b>2,406,949</b>	<b>437,814</b>	<b>626,761</b>	<b>3,471,524</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted				
Capital Projects	-	-	-	-
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Unassigned	3,039,733	4,346	2,905,754	5,949,833
<b>Total fund balances</b>	<b>3,039,733</b>	<b>4,346</b>	<b>2,905,754</b>	<b>5,949,833</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,446,682</b>	<b>\$ 442,160</b>	<b>\$ 3,532,515</b>	<b>\$ 9,421,357</b>

City of Grosse Pointe Park, Michigan  
 Governmental Funds  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2020

**Fund Balance - Total Governmental Funds** \$ 5,949,833

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	59,153,736
Investment in joint venture is not included as an asset in the governmental funds	299,800
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:	
Notes and bonds payable	(6,531,736)
Compensated absences	(874,356)
Net pension liability is not due and payable in the current period and is not reported in the funds	(23,677,958)
Net other postemployment benefit obligation is not reported in the governmental funds	(18,721,586)
Deferred outflows related to pension and OPEB are not a financial resource and are not reported in the funds	4,797,828
Deferred inflows related to pension and OPEB are not a financial resource and are not reported in the funds	(11,844,321)

**Net Position - Governmental Activities** \$ 8,551,240

City of Grosse Pointe Park, Michigan  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2020

	Major Fund - General Fund	Major Fund - Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 8,115,269	\$ -	\$ 2,143,216	\$ 10,258,485
License and permits	37,195	-	-	37,195
Federal sources	-	-	33,280	33,280
State sources	1,093,040	-	1,135,737	2,228,777
Charges for services	583,425	-	495,730	1,079,155
Fines and forfeitures	389,876	-	-	389,876
Interest and rent	319,813	-	-	319,813
Sale of Assets	95,918	-	-	95,918
Other	865,624	-	-	865,624
Total revenue	<u>11,500,160</u>	<u>-</u>	<u>3,807,963</u>	<u>15,308,123</u>
<b>Expenditures</b>				
Current:				
General government	1,296,213	-	-	1,296,213
Public safety	6,960,869	-	49,347	7,010,216
Public works	252,309	-	4,291,746	4,544,055
Recreation and culture	1,886,528	19,380	-	1,905,908
Capital outlay	-	402,657	435,014	837,671
Debt service:				
Principal	-	-	400,000	400,000
Interest	-	-	175,750	175,750
Total expenditures	<u>10,395,919</u>	<u>422,037</u>	<u>5,351,857</u>	<u>16,169,813</u>
<b>Excess of Revenue Over(Under) Expenditures</b>	<u>1,104,241</u>	<u>(422,037)</u>	<u>(1,543,894)</u>	<u>(861,690)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 5)	-	426,383	3,327,765	3,754,148
Transfers out (Note 5)	(526,383)	-	(676,827)	(1,203,210)
Total other financing (uses) sources	<u>(526,383)</u>	<u>426,383</u>	<u>2,650,938</u>	<u>2,550,938</u>
<b>Net Change in Fund Balances</b>	577,858	4,346	1,107,044	1,689,248
<b>Fund Balances - Beginning of year</b>	<u>2,461,875</u>	<u>-</u>	<u>1,798,710</u>	<u>4,260,585</u>
<b>Fund Balances - End of year</b>	<u>\$ 3,039,733</u>	<u>\$ 4,346</u>	<u>\$ 2,905,754</u>	<u>\$ 5,949,833</u>

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

City of Grosse Pointe Park, Michigan  
 Governmental Funds  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the  
 Statement of Activities  
 June 30, 2020

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,689,248

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; In the statement of activities, these costs are allocated over their estimated useful lives as depreciation	3,177,006
Capital Outlay	3,177,006
Depreciation Expense	(1,139,634)
Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	175,750
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	400,000
Changes in accumulated employee sick and vacation pay are recorded when earned in the statement of activities	(90,900)
The change in the net OPEB liability does not require the use of current resources and is not reported in the governmental funds	11,783,506
The change in the net pension liability does not require the use of current resources and is not reported in the governmental funds	(1,079,683)
The change in the deferred inflows of resources related to pensions and OPEB does not require the use of current resources and is not reported in the governmental funds	(7,675,486)
The change in the deferred outflows of resources related to pensions and OPEB does not require the use of current resources and is not reported in the governmental funds	(136,446)
Net change in investment in joint venture in the statement of activities does not provide current financial resources and, therefore, is not reported in the fund statements until it comes due for payment	(87,100)

**Change in Net Position of Governmental Activities** \$ 7,016,261

City of Grosse Pointe Park, Michigan  
Enterprise Funds  
Statement of Net Position  
June 30, 2020

	Major Fund - Water and Sewer Fund	Nonmajor Fund - Marina Fund	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 249,529	\$ 128,043	\$ 377,572
Accounts receivable - Customers - Net	1,998,634	-	1,998,634
Due From General Fund	938,267	5,953	944,220
<b>Total current assets</b>	<b>3,186,430</b>	<b>133,996</b>	<b>3,320,426</b>
Capital assets (Note 4):			
Assets not depreciated	1,804,399	-	1,804,399
Assets being depreciated - Net	14,777,460	146,076	14,923,536
<b>Total assets</b>	<b>19,768,289</b>	<b>280,072</b>	<b>20,048,361</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	584,910	13,662	598,572
Due to other governmental units:			
Other primary government	873,073		873,073
Accrued and other liabilities	353,826	57,990	411,816
<b>Total current liabilities</b>	<b>1,811,809</b>	<b>71,652</b>	<b>1,883,461</b>
<b>Total liabilities</b>	<b>1,811,809</b>	<b>71,652</b>	<b>1,883,461</b>
<b>Net Position</b>			
Net investment in capital assets	16,581,859	146,076	16,727,935
Unrestricted (deficit)	1,374,621	62,344	1,436,965
<b>Total net position</b>	<b>\$ 17,956,480</b>	<b>\$ 208,420</b>	<b>\$ 18,164,900</b>

City of Grosse Pointe Park, Michigan  
Enterprise Funds  
Statement of Revenue, Expenses, and Changes in Net Position  
June 30, 2020

	Major Fund - Water and Sewer Fund	Nonmajor Fund - Marina Fund	Total
<b>Operating Revenue -</b>			
Customer billings	\$ 5,586,231	\$ 250,811	\$ 5,837,042
<b>Operating Expenses</b>			
Cost of water	1,540,464	-	1,540,464
Cost of sewage disposal	1,812,000	-	1,812,000
Operation and maintenance	1,554,773	211,118	1,765,891
General and administrative	238,072	6,300	244,372
Depreciation	535,303	8,409	543,712
Total operating expenses	5,680,612	225,827	5,906,439
<b>Operating Income</b>	(94,381)	24,984	(69,397)
<b>Nonoperating Expense -</b>			
Interest expense	-	-	-
<b>Other Financing Sources (Uses)</b>			
Transfers In (Note 5)	-	100,000	100,000
Transfers Out (Note 5)	-	-	-
<b>Change in Net Position</b>	(94,381)	124,984	30,603
<b>Net Position - Beginning of year</b>	18,050,861	83,436	18,134,297
<b>Net Position - End of year</b>	\$ 17,956,480	\$ 208,420	\$ 18,164,900

City of Grosse Pointe Park, Michigan  
Enterprise Funds  
Statement of Cash Flows  
June 30, 2020

	Major Fund - Water and Sewer Fund	Nonmajor Fund - Marina Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 5,726,618	\$ 261,796	\$ 5,988,414
Payments to suppliers for water and sewage disposal	(3,362,464)	-	(3,362,464)
Payments to other suppliers and employees	(2,090,865)	(233,753)	(2,324,618)
Net cash provided by (used in) operating activities	273,289	28,043	301,332
<b>Cash Flows from Capital and Related Financing Activities</b> - Principal and interest paid on			
Capital debt	-	-	-
Transfer -In	-	100,000	100,000
Purchase of capital assets	(83,060)	-	(83,060)
<b>Net Increase in Cash and Cash Equivalents</b>	190,229	128,043	318,272
<b>Cash and Cash Equivalent:</b> - Beginning of year	59,300	-	59,300
<b>Cash and Cash Equivalent:</b> - End of year	\$ 249,529	\$ 128,043	\$ 377,572
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income/(loss)	\$ (94,381)	\$ 24,984	\$ (69,397)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	535,303	8,409	543,712
Changes in assets and liabilities:			
Receivables	(140,388)	-	(140,388)
Accounts payable	131,915	(11,803)	120,112
Accrued and other liabilities	58,812	6,453	65,265
Due from other funds	(217,972)	-	(217,972)
Due to other funds	-	-	-
Net cash provided by (used in) operating activities.	\$ 273,289	\$ 28,043	\$ 301,332

There were no significant noncash investing or financing activities during the year.

City of Grosse Pointe Park, Michigan  
Component Units  
Statement of Net Position  
June 30, 2020

	Downtown Development Authority	Tax Increment Finance Authority	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,176	\$ 242	\$ 1,418
Receivable		-	-
Due from other governmental units:			
Other Primary government	128,753	399,355	528,108
Capital assets (Note 4):			
Assets not being depreciated	<u>1,413,654</u>	<u>4,667,765</u>	<u>6,081,419</u>
Total assets	<u>1,543,583</u>	<u>5,067,362</u>	<u>6,610,945</u>
<b>Liabilities</b>			
Accounts payable	44,520	43,669	88,189
Due to other governmental units:			
Other Primary government	-	54,294	54,294
Accrued and other liabilities	<u>-</u>	<u>54,449</u>	<u>54,449</u>
Total liabilities	<u>44,520</u>	<u>152,412</u>	<u>196,932</u>
<b>Net Position</b>			
Net investment in capital assets	1,413,654	4,667,765	6,081,419
Unrestricted	<u>85,409</u>	<u>247,185</u>	<u>332,594</u>
Total net position	<u>\$ 1,499,063</u>	<u>\$ 4,914,950</u>	<u>\$ 6,414,013</u>

City of Grosse Pointe Park, Michigan  
Component Units  
Statement of Activities  
Year Ended June 30, 2020

	Expenses	Net Expense and	Changes in Net Position	
		Downtown Development Authority	Tax Increment Finance Authority	Total
Downtown Development Authority - Public works	\$ -	\$ (89,911)	\$ -	\$ (89,911)
Tax Increment Finance Authority - Public works	-	-	(390,482)	(390,482)
<b>Total governmental activities</b>	<b>\$ -</b>	<b>(89,911)</b>	<b>(390,482)</b>	<b>(480,393)</b>
General revenue:				
Property taxes		106,055	856,958	963,013
Intergovernmental		-	-	-
Other revenue		-	10,000	10,000
<b>Total general revenue</b>		<b>106,055</b>	<b>866,958</b>	<b>973,013</b>
<b>Change in Net Position</b>		<b>16,144</b>	<b>476,476</b>	<b>492,620</b>
<b>Other Financing Sources</b>				
Transfers out			-	-
<b>Net Position - Beginning of year</b>		<b>1,482,919</b>	<b>4,438,474</b>	<b>5,921,393</b>
<b>Net Position - End of year</b>		<b>\$ 1,499,063</b>	<b>\$ 4,914,950</b>	<b>\$ 6,414,013</b>

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

## **Note I - Summary of Significant Accounting Policies**

The accounting policies of the City of Grosse Pointe Park, 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. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the City's operations. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the City, although the City has the ability to impose its will over the entities.

### **Blended Component Unit**

**Building Authority** - The Building Authority is governed by a board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings. The Building Authority is reported as a nonmajor Debt Service Fund.

### **Discretely Presented Component Units**

**Downtown Development Authority** - The Downtown Development Authority (DDA) was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and promote economic growth within the downtown district. The DDA collects captured property taxes in accordance with state law and budgets expenditures within the DDA district boundaries. The DDA's governing body is appointed by the City Council.

**Tax Increment Finance Authority** - The Tax Increment Finance Authority (TIFA) was created to encourage economic activity within the TIFA district boundaries. The TIFA collects captured property taxes in accordance with state law and budgets expenditures within the TIFA district boundaries. The TIFA's governing body is appointed by the City Council.

The DDA and TIFA do not issue their own financial statements.

## **Note I - Summary of Significant Accounting Policies (Continued)**

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 who purchase, use or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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. The major governmental fund and major enterprise fund are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the city's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Capital Improvement Fund** - Capital Improvement Fund is the City's account for construction activities for new City projects.

The City reports the following major Enterprise Fund:

**Water and Sewer Fund** - The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system.

## **Note I - Summary of Significant Accounting Policies (Continued)**

Additionally, the City reports the following Fiduciary Fund:

**Other Postemployment Benefit Costs** - 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.

### **Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures relating to compensated absences are recorded only when payment is due.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operation revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary 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.

## **Note I - Summary of Significant Accounting Policies (Continued)**

When resources have been received for which both restricted and unrestricted net assets are available, it is the City's policy to first apply restricted resources.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to follow private sector standards issued after November 30, 1989 for its Enterprise Fund.

Property taxes, licenses, and interest are susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits 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.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All accounts and property tax receivables are shown as net of allowance for uncollectible amounts.

**Deferred Revenue** - Deferred revenue includes amounts the City has advanced to third parties and will be reimbursed to the City in future years.

**Property Held for Resale** - The City's component units hold certain residential real estate property that is expected to be resold in the future. The properties are stated at the lower of cost or market.

## **Note I - Summary of Significant Accounting Policies (Continued)**

**Property Taxes** - The City participates in the Delinquent Tax Revolving Fund maintained by Wayne County. Property taxes are assessed on December 31 and are levied and become a lien on July 1. These taxes are due on September 15; however, payment may be made from September 16 through February 28 with penalty. Taxes are considered delinquent and are turned over to Wayne County for collection on March 1.

The 2019 taxable valuation (real and personal property) of the City totaled \$616,727,728, on which ad valorem taxes levied consisted of 11.209 mills for the City's operating purposes, 1.66 mills for refuse, .085 mills for public relations, and 1.00 mills for debt levy. The ad valorem taxes generated approximately \$6,406,0 for general operations, \$949,700 for refuse, \$49,600 for public relations, and \$575,300 for the debt levy, net of taxes captured by the DDA and TIFA. These amounts are reported in the General Fund, the Garbage and Rubbish Collection Special Revenue Fund, the General Fund, and the 2007 Debt Issuance Fund, respectively, as tax revenue.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, water and sewer systems, etc.), 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.

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

- Roads and sidewalks - 20 to 25 years
- Water and sewer systems - 40 to 60 years
- Land improvements - 20 years
- Buildings and building improvements - 20 to 50 years
- Machinery and equipment - 8 to 20 years

**Compensated Absences** - It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A Liability for these amounts is reported in governmental funds only when due for payment (generally for employee terminations as of year end).

## **Note I - Summary of Significant Accounting Policies (Continued)**

**Long-term Obligations** - In the government-wide financial statements and the proprietary 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 assets.

**Fund Balance** - The City has adopted GASB Statement No. 54 which redefined how fund balances are presented in the fund financial statements. In the governmental fund financial statements, fund balances are classified as follows:

***Nonspendable*** - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

***Restricted*** - Resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

***Committed*** - Resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

***Assigned*** - Resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes.

***Unassigned*** - Resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

***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 reporting period. Actual results could differ from those estimates.

**Reclassifications** - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

**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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The City does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City does not have any items that qualify for reporting in this category.

**Net Position Flow Assumption** - Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to be reported as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Pensions** - 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 Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

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

**Budgetary Information** - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds, except transfers to other funds are budgeted as expenditures. All annual appropriations lapse at fiscal year end.

Budgets for the fiscal year commencing July 1 are prepared by the city manager and submitted to the City Council prior to May 1 each year. A public hearing is conducted to obtain taxpayer comments and the City Council legally adopts the budget through the appropriation ordinance prior to June 1.

## **Note 2 - Stewardship, Compliance, and Accountability (Continued)**

The budget document presents information by fund, activity, and line item. The legal level of budgetary control adopted by the City Council is the activity level for both the General Fund and the Special Revenue Funds. Budget amendments were not significant during the year; however, the budget was amended prior to June 30, 2020.

Amounts encumbered for purchase orders, contracts, and other commitments are not tracked during the year. Budget appropriations are considered to be spent only when an expenditure has been recognized (i.e., when goods are received or services are rendered).

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the City did not incur expenditures in excess of the budgeted amounts.

## **Note 3 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes the City 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 City is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The City has designated one bank for the deposit of its funds. The City's investment policy, adopted in accordance with Public Act 196 of 1997, authorizes all investments permitted by Public Act 20 of 1943.

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

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

**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. The bank balance of the City's deposits, including the component units, whose deposits are held in the name of the City of Grosse Pointe Park, totaled \$6,244,705 of which \$250,000 is covered by federal depository insurance. The City evaluated 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.

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not further limit its investment choices. At June 30, 2020, the City did not hold any investments in commercial paper.

**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, there are no investments subject to interest rate risk.

**Concentration of Credit Risk** - The City's investment policy places no limit on the amount that may be invested in any one issuer. At June 30, 2020, there were no investments in any one issuer (other than the U.S. government) that exceeded 5 percent of total investments.

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2020

**Note 4 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated -				
Land	\$ 18,124,814	\$ 931,980	\$ 719,374	\$ 18,337,420
Capital assets being depreciated:				
Roads and sidewalks	41,310,303	1,939,462	159,652	43,090,113
Land improvements	7,087,856	78,012	375,000	6,790,868
Buildings	10,656,412	18,678	-	10,675,090
Machinery and equipment	4,917,167	208,874	25,863	5,100,178
Subtotal	63,971,738	2,245,026	560,515	65,656,249
Accumulated depreciation:				
Roads and sidewalks	11,413,082	419,564	6,386	11,826,260
Land improvements	3,686,357	247,057	37,500	3,895,914
Buildings	4,927,869	199,193	-	5,127,062
Machinery and equipment	3,726,102	273,820	9,225	3,990,697
Subtotal	23,753,410	1,139,634	53,111	24,839,933
Net capital assets being depreciated	40,218,328	1,105,392	507,404	40,816,316
Net capital assets	\$ 58,343,142	\$ 2,037,372	\$ 1,226,778	\$ 59,153,736

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2020

**Note 4 - Capital Assets (Continued)**

**Business-type Activities**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>Capital assets not being depreciated -</b>				
Land	\$ 1,384,042	\$ -	\$ -	\$ 1,384,042
Construction in progress	420,357	-	-	420,357
Subtotal	<u>1,804,399</u>	<u>-</u>	<u>-</u>	<u>1,804,399</u>
<b>Capital assets being depreciated:</b>				
Water system	368,240	74,592	-	442,832
Sewer system	27,649,681	17,929	-	27,667,610
Buildings and improvements	465,037	-	-	465,037
Machinery and equipment	668,529	-	-	668,529
Marina	581,784	-	-	581,784
Subtotal	<u>29,733,271</u>	<u>92,521</u>	<u>-</u>	<u>29,825,792</u>
<b>Accumulated depreciation:</b>				
Water system	225,606	4,865	-	230,471
Sewer system	12,741,560	489,266	-	13,230,826
Buildings and improvements	421,974	15,500	-	437,474
Machinery and equipment	542,104	25,673	-	567,777
Marina	427,299	8,409	-	435,708
Subtotal	<u>14,358,543</u>	<u>543,713</u>	<u>-</u>	<u>14,902,256</u>
Net capital assets being depreciated	<u>15,374,728</u>	<u>(451,192)</u>	<u>-</u>	<u>14,923,536</u>
Net capital assets	<u>\$ 17,179,127</u>	<u>\$ (451,192)</u>	<u>\$ -</u>	<u>\$ 16,727,935</u>

**Component Units**

**Capital Assets and Property Held for Resale** - The capital assets of the component units totaled \$6,081,419.

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2020

**Note 4 - Capital Assets (Continued)**

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

Governmental activities:		
General government	\$	117,382
Public safety		216,530
Public works		582,353
Recreation and culture		<u>223,368</u>
Total governmental activities	\$	<u><u>1,139,633</u></u>
Business-type activities:		
Water and sewer	\$	535,303
Marina		<u>8,409</u>
Total business-type activities	\$	<u><u>543,712</u></u>

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

The composition of interfund balances in the fund financial statements is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Capital Improvement Fund	\$ 404,219
	Component Unit	<u>528,108</u>
	Total General Fund	<u><u>\$ 932,327</u></u>

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2020

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

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

	Transfers Out			Total
	General Fund	Component Units	Other Governmental Funds	
Transfers in:				
Capital Improvement Fund	\$ 426,383 (1)	\$ -	\$ -	\$ 426,383
Component Units	-	-	-	-
Other Governmental Funds	100,000 (1)	-	676,827 (2)	776,827
<b>Total</b>	<b>\$ 526,383</b>	<b>\$ -</b>	<b>\$ 676,827</b>	<b>\$ 1,203,210</b>

(1) Transfer of discretionary funds to be used for the benefit of the community \$526,0383.

(2) Transfer of Act 51 revenue-sharing payments from Major Streets Fund to Local Streets Fund as permitted by state law \$60,100. Transfer from Road Resurfacing to Major & Local Roads \$616,727.

**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. Installment purchase agreements are also general obligations of the government.

On October 29, 2019 the City of Grosse Pointe Park sold Capital Improvement Bonds, Series 2019 (Limited Tax General Obligation) with a par of \$2,635,000. The proceeds are to be used for improvements to City Hall, public safety building, pump station, certain City Department of Parks and Recreational facilities, and related equipment and furnishing; acquisition of a fire department pump and related equipment and apparatus; other capital improvements items. The bonds principal payable commencing October 1, 2020 through October 1, 2039.

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2020

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

Long term debt activity is summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020	Due Within One Year
<b>Governmental Activities</b>							
General Obligation Unlimited							
Tax Bonds, Series 2007:							
Amount of Issue- \$7,000,000	4.00%-	\$100,000-	\$ 4,286,736	-	\$ 400,000	\$ 3,886,736	\$ 500,000
Maturing through 2017	4.35%	1,300,000					
General Obligation Unlimited							
Tax Bonds, Series 2019:							
Amount of Issue- \$2,635,000	2.375%	90,000	-	2,645,000		\$ 2,645,000	90,000
Maturing through 2039	3.00%	175,000					
2017 Sutphen Monarch Pumper							
Ford Credit							
Total Lease Payments: \$379,206	3.10%	\$52,687- 58,710	326,819	-	326,819	-	-
Accrued compensated absences							
			783,456	90,900	-	874,356	265,000
Total governmental activities			<u>\$ 5,397,011</u>	<u>\$ 2,735,900</u>	<u>\$ 726,819</u>	<u>\$ 7,406,092</u>	<u>\$ 855,000</u>

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2020

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

Annual debt service requirements to maturity for the above bond and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2021	590,000	221,069	811,069	-	-	-
2022	600,000	196,894	796,894	-	-	-
2023	600,000	172,569	772,569	-	-	-
2024	605,000	55,293	660,293	-	-	-
2025	710,000	52,069	762,069	-	-	-
2026-2030	1,891,736	208,569	2,100,305	-	-	-
2031-2035	700,000	112,478	812,478	-	-	-
2036-2040	825,000	49,775	874,775	-	-	-
<b>Total</b>	<b>\$ 6,521,736</b>	<b>\$ 1,068,716</b>	<b>\$ 7,590,452</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Note 7 - Subsequent Events**

The City's management evaluated subsequent events from June 30, 2020 through November 2, 2020, the date the financial statements were available to be issued.

**Note 8 - 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 claims related to property loss, torts, and errors and omissions. For workers' compensation claims, the City participates in the Michigan Municipal League Risk Pool. For medical benefits, the City previously purchased commercial insurance. As described below, the City is partially self-insured for medical claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program for workers' compensation claims 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.

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 Farms, Grosse Pointe Woods, and the City of Grosse Pointe Shores. The Village of Grosse Pointe Woods serves as the administrative agent for the program; however, each municipality is responsible for its individual claims.

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2020

**Note 8 - Risk Management (Continued)**

The City made no deposits to the claims administrator for payment of future claims. The City estimates the liability for medical benefits claims that have been incurred through the end of the fiscal year, including both those 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. The entire liability is current and is recorded in the General Fund and government-wide statement of net assets. The changes in the estimated liability for the years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Estimated liability - Beginning of year	\$ 661,161	\$ 614,965
Estimated claims incurred	635,685	630,427
Claim payments	(655,585)	(584,231)
Estimated liability - End of year	\$ 641,261	\$ 661,161

**Note 9 - Pension Plan**

Plan Description. The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at: [www.mersofmich.com](http://www.mersofmich.com).

Employee membership data as of June 30, 2020 is as follows:

Active members	66
Retirees and beneficiaries	95
Inactive vested participants	19
Total plan participants	180

## Note 9 - Pension Plan (Continued)

**Benefits Provided** - The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

All full-time City employees are eligible to participate in the MERS. Benefits vest after 10 years of service. City employees who retire at or after attaining a minimum service retirement age of 60 with 10 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to their average annual compensation during their last five years of employment multiplied by an entitled benefit percentage, for each year of credited service. The minimum service retirement age may be reduced with additional years of credited service. The MERS also provides death and disability benefits. These benefit provisions are established by state statutes and City ordinance.

**Contributions** - The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

The annual employer contribution amount was \$2,277,000 (mandatory contribution of \$1,646,724 and additional contribution of \$630,276) for the fiscal year ended June 30, 2020

**Net Pension Liability** - The employer's Net Pension Liability was measured as of December 31, 2019, and the total pension liability used to calculate the Net a Pension Liability was determined by an annual actuarial valuation as of that date.

**Actuarial Assumptions** - The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 3% - 4%

Salary Increases: 3.75% in the long term (2%, 3%, and 2% for calendar years 2016, 2017, and 2018, respectively.

Investment rate of return: 7.75%, net of investment expense, including inflation

Mortality rates used were based on the RP-2014 Mortality Table of a 50% Male and 40% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2020

**Note 9 - Pension Plan (Continued)**

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2019. The most recent actuarial experience study for the System was completed in 2019, and covered the period from January 1, 2014, through December 31, 2018.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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. The target allocation and best estimates of arithmetic real rates of return for each major

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Global Equity	55.5%	6.15 %
Global Fixed Income	18.5%	1.26 %
Real Assets	13.5%	7.22 %
Diversifying Strategies	12.5%	5.00 %

Discount rate. The discount rate used to measure the total pension liability is 7.75% for 2018. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<b>Balances at 12/31/2018</b>	<b>47,300,513</b>	<b>24,269,886</b>	<b>23,030,627</b>
<b>Changes for the year</b>			
Service Cost	460,210		460,210
Interest on Pension Liability	3,831,245		3,831,245
Difference between expected and actual experience	166,313		166,313
Changes in Assumptions	1,548,893	-	1,548,893
Employer Contributions	-	1,881,524	(1,881,524)
Employee Contributions	-	250,750	(250,750)
Net Investment Income/(Loss)	-	3,282,826	(3,282,826)
Benefit Payments including Employee Refunds	(3,252,815)	(3,252,815)	-
Administrative Expense	-	(55,770)	55,770
Other Changes	-	-	-
<b>Net Changes</b>	<b>2,753,846</b>	<b>2,106,515</b>	<b>647,331</b>
<b>Balances at 12/31/2019</b>	<b>50,054,359</b>	<b>26,376,401</b>	<b>23,677,958</b>

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2020

**Note 9 - Pension Plan (Continued)**

**Sensitivity of the Net Pension Liability to changes in the discount rate** - The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.60 as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Lower (6.60%)	Discount Rate (7.60%)	1% Higher (8.60%)
Net pension liability of the City	\$ 5,384,183	\$ -	\$ (4,552,993)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended June 30, 2020, the City recognized pension expense of \$2,277,000. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Net differences between projected and actual plan investments earnings	\$ -	\$ 1,082,729.00
Changes in Assumptions	1,548,893	-
Difference between expected and actual experience	163,313	-
	-	
	\$ 1,712,206	\$ 1,082,729

Of the total net deferred outflows of resources, \$73,922 has been allocated to governmental activities and \$51,413 has been allocated to the Waste Water Treatment Plan Fund. Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$257,348), which will impact the net pension liability in fiscal year 2020 rather than pension expense.

Year ended June 30,	Amount
2020	669,867
2021	486,936
2022	626,552

**Note 9 - Pension Plan (Continued)**

**Schedule of Funding Progress**

	Actuarial Valuation as of December 31		
	2019	2018	2017
Actuarial value of assets	\$ 26,724,013	\$ 26,633,481	\$ 26,453,792
Actuarial accrued liability (AAL) (entry age)	\$ 50,773,323	\$ 47,988,343	\$ 46,762,398
Unfunded AAL (UAAL)	\$ 24,049,310	\$ 21,354,862	\$ 20,308,606
Funded ratio	53%	55%	56%
Covered payroll	\$ 4,719,411	\$ 4,891,136	\$ 4,801,140
UAAL as a percentage of covered payroll	509%	437%	423%

The ratio of current employees to retirees and beneficiaries has significantly declined in the prior ten years. As a result, the City's unfunded liability as a percentage of payroll has increased. In June, 2003 active members totaled 86 as compared to a total of 66 in June, 2020. Conversely the number of retirees has increased from 77 to 95. Accordingly, pension obligations have increased, however such costs in considerable part have been offset by savings incurred by the reduction of full time personnel.

**Note 10 - Other Postemployment Benefits**

**Plan Description** - The City provides retiree healthcare benefits to eligible employees and their spouses in accordance with labor contracts. The healthcare costs are paid by the City on a "pay-as-you-go" basis. Benefits are provided to public safety and general employees (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 general employees until age 65. Expenditures for postemployment healthcare benefits of \$635,685 were recognized as paid by the City during the year ended June 30, 2020.

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

**Funding Policy** - The collective bargaining agreements require a contribution of 1 percent of wages by public safety officers hired before July 1, 2005, 1 percent for police command employees, and 1.5 percent for certain other non-union employees. Retiree healthcare costs

**Note 10 - Other Postemployment Benefits (Continued)**

are recognized when paid by the City on a "pay-as-you-go" basis. However, as shown below, the City has made contributions to advance-fund these benefits, as determined by the City Council through annual budget resolutions. The costs of administering the plan are borne by the City's General Fund.

**Employees Covered by Benefit Terms**

The following members were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	54
Active Plan Members	43
Total Plan Members	97

**Contributions**

Retiree healthcare costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contribution in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2020 the City made payments for postemployment healthcare benefits of \$655,585.

**Net OPEB Liability**

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2020 measurement date. The June 30, 2020 measurement date total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018 and updated through June 30, 2020 by the actuaries.

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

	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at July 1, 2019</b>	\$ 30,305,092	\$ -	\$ 30,305,092
Changes for the year:			
Service Cost	486,727	-	486,727
Interest	946,218	-	946,218
Differences between expected and actual experience	(215,302)	-	(215,302)
Changes in assumptions	(12,165,464)	-	(12,165,464)
Contributions - Employer		635,685	(635,685)
Benefit payments, including refunds	(635,685)	(635,685)	-
Net changes	(11,583,506)	-	(11,583,506)
<b>Balance at June 30, 2020</b>	\$ 18,721,586	\$ -	\$ 18,721,586

**Note 10 - Other Postemployment Benefits (Continued)**

**OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020 the city recognized OPEB expenses of \$984,129.

At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,661,695
Assumption changes	3,085,622	9,089,024
Net difference between projected and actual earnings on OPEB plan investments		1,873
Total	<u>\$ 3,085,622</u>	<u>\$ 10,752,592</u>

Amounts reported as deferred outflows and deferred inflows of resources by year to be recognized in future OPEB expense:

Years Ending June 30	Amount
2021	\$ (2,386,191)
2022	(2,507,242)
2023	(2,773,068)
2024	(469)
2025	-
2026	-
Thereafter	-
Total	<u>\$ (7,666,970)</u>

**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.

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

**Note 10 - Other Postemployment Benefits (Continued)**

In the December 31, 2018 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.62 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 9 percent initially, reduced by increments to an ultimate rate of 3.50 percent after 10 years. Both rates included a 2.5 percent inflation assumption. 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 December 31, 2018 was 23 years.

**Sensitivity if Net OPEB Liability to the Single Discount Rate Assumption**

The following presents the Plan's Net OPEB Liability, calculated using a Single Discount Rate of 7.00%, as well as what the Plan's Net OPEB Liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Net OPEB liability	\$ 20,978,226	\$ 18,688,462	\$ 16,742,392

**Sensitivity of Net OPEB Liability to the Healthcare Cost Trend Rate Assumption**

The following presents the Plan's Net OPEB Liability, calculated using the assumed trend rates as well as what the Plan's Net OPEB Liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB liability	\$ 16,435,843	\$ 18,688,462	\$ 21,366,022

**Note 11 - Joint Venture**

The City is a member of the Grosse Pointes-Clinton Refuse Disposal Authority (the "Authority") joint venture, which provides refuse disposal services to participating municipalities in the counties of Wayne and Macomb, Michigan. Other members include the cities of Grosse Pointe Farms, Grosse Pointe, Grosse Pointe Woods, Harper Woods, and the Village of Grosse Pointe Shores. The City Council appoints one member to the

**Note 11 - Joint Venture (Continued)**

Authority's governing board, which then approves its annual 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 approximated \$299,800 at June 30, 2020 and is reported as part of the governmental activities in the statement of net assets. 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 4454 Woodridge Ct., Waterford, MI 48328.

**Note 12 - Subsequent Event**

Due to the global coronavirus (COVID-19), the United States and State of Michigan declared a state of emergency in March, 2020. The length of time and full effects of this virus are currently unknown. The impact on the City of Grosse Pointe Park's future revenues, costs, and form of emergency funding that may be received from Federal, state, or local sources cannot be determined.

## **Required Supplemental Information**

City of Grosse Pointe Park, Michigan  
 Budgetary Comparison Schedule - General Fund  
 June 30, 2020

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 8,101,840	\$ 8,101,840	\$ 8,115,269	\$ 13,429
License and permits	30,100	30,100	37,195	7,095
State sources	1,155,299	1,155,299	1,093,040	(62,259)
Charges for services	750,806	750,806	583,425	(167,381)
Fines and forfeitures	451,890	451,890	389,876	(62,014)
Interest and rent	330,500	330,500	319,813	(10,687)
Proceeds from sale of fixed asset	100,000	100,000	95,918	(4,082)
Other	962,754	962,754	865,624	(97,130)
<b>Total revenue</b>	<b>11,883,189</b>	<b>11,883,189</b>	<b>11,500,160</b>	<b>(383,029)</b>
<b>Expenditures</b>				
City Council	49,878	66,878	45,939	20,939
Judicial	335,600	335,600	315,648	19,952
City Manager	133,075	133,075	106,745	26,330
Public Service	314,550	338,870	282,942	55,928
Elections	118,825	118,825	117,646	1,179
Financial Administration	334,071	334,071	241,889	92,182
City Clerk	195,359	195,359	185,404	9,955
Public safety	7,260,796	7,260,796	6,960,869	299,927
Public works	323,697	323,697	252,309	71,388
Tree Maintenance	244,620	244,620	232,661	11,959
Parks	629,783	629,783	625,139	4,644
Recreation	633,089	633,089	505,297	127,792
Fitness/Activity Center	699,737	699,737	518,283	181,454
Planning & Beautification	13,366	13,366	5,148	8,218
Transfer to other funds	596,743	696,743	526,383	170,360
<b>Total expenditures</b>	<b>11,883,189</b>	<b>12,024,509</b>	<b>10,922,302</b>	<b>1,102,207</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>-</b>	<b>(141,320)</b>	<b>577,858</b>	<b>719,178</b>
<b>Fund Balance - Beginning of year</b>	<b>2,461,875</b>	<b>2,461,875</b>	<b>2,461,875</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 2,461,875</b>	<b>\$ 2,320,555</b>	<b>\$ 3,039,733</b>	<b>\$ 719,178</b>

City of Grosse Pointe Park, Michigan  
 Note to Required Supplemental Information  
 June 30, 2020

**Note - Reconciliation of Budgeted Amounts to Basic Financial Statements**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds except that operating transfers and proceeds from sale of fixed assets have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)." The following is a reconciliation of the budgetary comparison schedule to the governmental funds (statement of revenue, expenditures, and changes in fund balance):

	General Fund	
	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 11,500,160	\$ 10,395,919
Operating transfers budgeted as revenue and expenditures on budget statements	-	526,383
Amounts per budget statements	\$ 11,500,160	\$ 10,922,302

City of Grosse Pointe Park  
Schedule of Changes in the Net Pension Liability and Related Ratios  
Fiscal Years Ended

	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>						
Service Cost	\$ 460,210	\$ 492,669	\$ 540,353	\$ 542,894	\$ 535,569	\$ 567,736
Interest	3,831,245	3,638,348	3,740,897	3,626,384	3,188,738	3,191,216
Changes in benefit terms	-	(19,149)	(302,393)	(169,614)	(496,426)	
Differences between expected and actual experience	166,313	150,668	(248,181)	-	2,115,513	
Changes in assumptions	1,548,893	-	-	-	(2,595,050)	(2,535,049)
Benefit payments, including refunds	(3,252,815)	(2,992,128)	(2,794,405)	(2,642,787)	99,648	
Other	-	-	-	-	-	-
<b>Net Change in total Pension Liability</b>	<b>2,753,846</b>	<b>1,270,408</b>	<b>936,271</b>	<b>1,356,877</b>	<b>2,847,992</b>	<b>1,223,903</b>
<b>Total Pension Liability - Beginning of year</b>	<b>47,300,513</b>	<b>46,030,105</b>	<b>45,093,834</b>	<b>43,736,957</b>	<b>40,888,965</b>	<b>39,665,062</b>
<b>Total Pension Liability - End of year</b>	<b>\$ 50,054,359</b>	<b>\$ 47,300,513</b>	<b>\$ 46,030,105</b>	<b>\$ 45,093,834</b>	<b>\$ 43,736,957</b>	<b>\$ 40,888,965</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 1,881,524	\$ 1,914,805	\$ 1,582,773	\$ 1,452,821	\$ 1,324,490	\$ 1,094,750
Contributions - Member	250,750	250,331	247,154	248,209	243,136	255,055
Net investment income/(loss)	3,282,826	(1,001,032)	3,119,794	2,511,003	(348,714)	1,474,175
Administrative expenses	(55,770)	(49,987)	(49,476)	(49,617)	(51,582)	(53,913)
Benefit payments, including refunds	(3,252,815)	(2,992,128)	(2,804,171)	(2,642,787)	(2,595,050)	(2,535,049)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>2,106,515</b>	<b>(1,878,011)</b>	<b>2,096,074</b>	<b>1,519,629</b>	<b>(1,427,720)</b>	<b>235,018</b>
<b>Plan Fiduciary Net Position - Beginning of year</b>	<b>24,269,886</b>	<b>26,147,897</b>	<b>24,051,823</b>	<b>22,532,194</b>	<b>23,959,914</b>	<b>23,724,896</b>
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 26,376,401</b>	<b>\$ 24,269,886</b>	<b>\$ 26,147,897</b>	<b>\$ 24,051,823</b>	<b>\$ 22,532,194</b>	<b>\$ 23,959,914</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 23,677,958</b>	<b>\$ 23,030,627</b>	<b>\$ 19,882,208</b>	<b>\$ 21,042,011</b>	<b>\$ 21,204,763</b>	<b>\$ 16,929,051</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>52.70%</b>	<b>51.31%</b>	<b>56.81%</b>	<b>53.34%</b>	<b>51.52%</b>	<b>58.60%</b>
<b>Covered Employee Payroll</b>	<b>\$ 4,719,411</b>	<b>\$ 4,891,136</b>	<b>\$ 4,801,140</b>	<b>\$ 4,810,060</b>	<b>\$ 4,745,956</b>	<b>\$ 5,008,631</b>
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>501.71%</b>	<b>470.86%</b>	<b>414.11%</b>	<b>437.46%</b>	<b>446.80%</b>	<b>338.00%</b>

City of Grosse Pointe Park  
Schedule of Pension Contributions  
Fiscal Years Ended

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,646,724	\$ 1,543,039	\$ 1,446,796	\$ 1,378,416	\$ 1,324,490	\$ 1,094,750
Contributions in relation to the actuarially determined contribution	2,277,000	1,943,000	1,699,100	1,526,671	1,324,490	1,094,750
Contribution Deficiency (Excess)	<u>\$ (630,276)</u>	<u>\$ (399,961)</u>	<u>\$ (252,304)</u>	<u>\$ (148,255)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 4,719,411	\$ 4,891,136	\$ 4,801,140	\$ 4,810,060	\$ 4,745,956	\$ 5,008,631
Contributions as a percent of covered employee payroll	48.25%	39.72%	35.39%	31.74%	27.91%	21.86%

**Notes to Schedule**

Actuarial valuation information relative to the determination of contributions:

Valuation Date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, closed
Remaining amortization period	5 - 24 years
Asset valuation method	10 Year smoothed
Inflation	3 - 4%
Salary increases	4.5%, including inflation
Investment rate of return	8.0%
Retirement age	60
Mortality	50% male/50% female blend of the 1994 Group Annuity Mortality Table

City of Grosse Pointe Park  
Schedule of Changes in the Net OPEB Liability and Related Ratios  
Fiscal Years Ended

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 486,727	\$ 325,334	\$ 396,186
Interest	946,218	942,916	917,288
Changes in benefit terms	-	-	-
Differences between expected and actual experience	(215,302)	(3,068,356)	(157,033)
Changes in assumptions	(12,165,464)	6,512,566	(229,413)
Benefit payments, including refunds	(635,685)	(584,231)	(637,176)
<b>Net Change in total OPEB liability</b>	(11,583,506)	4,128,229	289,852
<b>Total OPEB Liability - Beginning of year</b>	30,305,092	26,176,863	25,887,011
<b>Total OPEB Liability - End of year</b>	<u>\$ 18,721,586</u>	<u>\$ 30,305,092</u>	<u>\$ 26,176,863</u>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 655,585	\$ 545,269	\$ 598,538
Contributions - Member	30,100	38,962	38,638
Net investment income	3,124		
Benefit payments, including refunds	(635,685)	(584,231)	(637,176)
<b>Net Change in Plan Fiduciary Net Position</b>	53,124	-	-
<b>Plan Fiduciary Net Position - Beginning of year</b>	-	-	-
<b>Plan Fiduciary Net Position - End of year</b>	<u>\$ 53,124</u>	<u>\$ -</u>	<u>\$ -</u>
<b>City's Net OPEB Liability - Ending</b>	<u>\$ 18,668,462</u>	<u>\$ 30,305,092</u>	<u>\$ 26,176,863</u>
<b>Plan Fiduciary Net Position as a Percentage of total OPEB Liability</b>	0.28%	0.00%	0.00%
<b>Covered Employee Payroll</b>	\$ 3,193,731	\$ 3,991,753	\$ 3,731,451
<b>City's Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	584.53%	759.19%	701.52%



## **Other Supplemental Information**

City of Grosse Pointe Park, Michigan  
Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020

	Special Revenue Funds						
	Major Roads	Local Roads	Road Resurfacing	Garbage and Rubbish Collection	Building Inspection Department	Drug Law Enforcement	Indigent Defence Grant
<b>Assets</b>							
Cash and Cash Equivalents	\$ 163,960	\$ 201,705	\$ 1,450	\$ 27,275	\$ 47,262	\$ 4,365	\$ 19,119
Receivables - Net:							
Accounts	-	-	-	79,706	-	-	-
Other governmental units:							
Component units	-	-	-	-	-	-	-
Other	111,883	41,215	-	-	-	-	-
Due from other funds	-	11,925	-	357,035	37,348	2,578	-
<b>Total assets</b>	<b>\$ 275,843</b>	<b>\$ 254,845</b>	<b>\$ 1,450</b>	<b>\$ 464,016</b>	<b>\$ 84,610</b>	<b>\$ 6,943</b>	<b>\$ 19,119</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 416	\$ 832	\$ -	\$ 71,322	\$ 13,705	\$ 95	\$ 820
Accrued and other liabilities	3,932	1,513	-	943	1,297	-	-
Due to other funds	30,487	227,579	-	232,325	-	-	-
<b>Total liabilities</b>	<b>34,835</b>	<b>229,924</b>	<b>-</b>	<b>304,590</b>	<b>15,002</b>	<b>95</b>	<b>820</b>
<b>Fund Balances -</b>							
Unreserved	241,008	24,921	1,450	159,426	69,608	6,848	18,299
<b>Total liabilities and fund balances</b>	<b>\$ 275,843</b>	<b>\$ 254,845</b>	<b>\$ 1,450</b>	<b>\$ 464,016</b>	<b>\$ 84,610</b>	<b>\$ 6,943</b>	<b>\$ 19,119</b>

City of Grosse Pointe Park, Michigan  
Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020

		Debt Service Funds						
Community Development Block Grant	Total Special Revenue Funds	General Debt	2007 Debt Issuance	2019 Debt Issuance	Building Authority Debt	Total Debt Service Funds	Total Nonmajor Governmental Funds	
\$ 46,671	\$ 511,807	\$ 727	\$ 250	\$ 2,218,082	\$ 1,387	\$ 2,220,446	\$ 2,732,253	
-	79,706	-	-	-	-	-	79,706	
-	-	-	-	-	-	-	-	
-	153,098	-	-	-	-	-	153,098	
-	408,886	-	158,572	-	-	158,572	567,458	
<u>\$ 46,671</u>	<u>\$ 1,153,497</u>	<u>\$ 727</u>	<u>\$ 158,822</u>	<u>\$ 2,218,082</u>	<u>\$ 1,387</u>	<u>\$ 2,379,018</u>	<u>\$ 3,532,515</u>	
\$ -	\$ 87,190	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,190	
41,495	49,180	-	-	-	-	-	49,180	
-	490,391	-	-	-	-	-	490,391	
41,495	626,761	-	-	-	-	-	626,761	
5,176	526,736	727	158,822	2,218,082	1,387	2,379,018	2,905,754	
<u>\$ 46,671</u>	<u>\$ 1,153,497</u>	<u>\$ 727</u>	<u>\$ 158,822</u>	<u>\$ 2,218,082</u>	<u>\$ 1,387</u>	<u>\$ 2,379,018</u>	<u>\$ 3,532,515</u>	

City of Grosse Pointe Park, Michigan  
Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes  
in Fund Balances - Nonmajor Governmental Funds  
June 30, 2020

	Special Revenue Funds						
	Major Roads	Local Roads	Road Resurfacing	Garbage and Rubbish Collection	Building Inspection Department	Drug Law Enforcement	Indigent Defence Grant
<b>Revenue</b>							
Property taxes	\$ -	\$ -	\$ 618,177	\$ 949,688	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-	23,827
State sources	801,646	334,091	-	-	-	-	-
Charge for services	-	-	-	230,998	262,574	-	-
<b>Total revenue</b>	<b>801,646</b>	<b>334,091</b>	<b>618,177</b>	<b>1,180,686</b>	<b>262,574</b>	<b>-</b>	<b>23,827</b>
<b>Expenditures</b>							
Current:							
Public safety	-	-	-	-	-	4,132	25,215
Public works	1,107,126	1,740,632	-	1,169,743	274,245	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,107,126</b>	<b>1,740,632</b>	<b>-</b>	<b>1,169,743</b>	<b>274,245</b>	<b>4,132</b>	<b>25,215</b>
<b>Excess of Revenue Over (Under)</b>							
<b>Expenditures</b>	<b>(305,480)</b>	<b>(1,406,541)</b>	<b>618,177</b>	<b>10,943</b>	<b>(11,671)</b>	<b>(4,132)</b>	<b>(1,388)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	416,727	260,100	-	-	-	-	-
Transfers out	(60,100)	-	(616,727)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>356,627</b>	<b>260,100</b>	<b>(616,727)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>51,147</b>	<b>(1,146,441)</b>	<b>1,450</b>	<b>10,943</b>	<b>(11,671)</b>	<b>(4,132)</b>	<b>(1,388)</b>
<b>Fund Balances - Beg of year</b>	<b>189,861</b>	<b>1,171,362</b>	<b>-</b>	<b>148,483</b>	<b>81,279</b>	<b>10,980</b>	<b>19,687</b>
<b>Fund Balances - End of year</b>	<b>\$ 241,008</b>	<b>\$ 24,921</b>	<b>\$ 1,450</b>	<b>\$ 159,426</b>	<b>\$ 69,608</b>	<b>\$ 6,848</b>	<b>\$ 18,299</b>

City of Grosse Pointe Park, Michigan  
Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes  
in Fund Balances - Nonmajor Governmental Funds  
June 30, 2020

		Debt Service Funds					Total
Community Development Block Grant	Total Special Revenue Funds	General Debt	2007 Debt Issuance	2019 Debt Issuance	Building Authority Debt	Total Debt Service Funds	Nonmajor Governmental Funds
\$ -	\$ 1,567,865	\$ -	\$ 575,351		\$ -	\$ 575,351	\$ 2,143,216
9,453	33,280	-	-	-	-	-	33,280
-	1,135,737	-	-	-	-	-	1,135,737
-	493,572	-	-	2,158	-	2,158	495,730
<u>9,453</u>	<u>3,230,454</u>	<u>-</u>	<u>575,351</u>	<u>2,158</u>	<u>-</u>	<u>577,509</u>	<u>3,807,963</u>
20,000	49,347	-	-	-	-	-	49,347
	4,291,746	-	-	-	-	-	4,291,746
-	-	-	-	435,014	-	435,014	435,014
-	-	-	400,000	-	-	400,000	400,000
-	-	-	175,750	-	-	175,750	175,750
<u>20,000</u>	<u>4,341,093</u>	<u>-</u>	<u>575,750</u>	<u>435,014</u>	<u>-</u>	<u>1,010,764</u>	<u>5,351,857</u>
(10,547)	(1,110,639)	-	(399)	(432,856)	-	(433,255)	(1,543,894)
-	676,827	-	-	2,650,938	-	2,650,938	3,327,765
-	(676,827)	-	-	-	-	-	(676,827)
-	-	-	-	2,650,938	-	2,650,938	2,650,938
(10,547)	(1,110,639)	-	(399)	2,218,082	-	2,217,683	1,107,044
15,723	1,637,375	727	159,221	-	1,387	161,335	1,798,710
<u>\$ 5,176</u>	<u>\$ 526,736</u>	<u>\$ 727</u>	<u>\$ 158,822</u>	<u>\$ 2,218,082</u>	<u>\$ 1,387</u>	<u>\$ 2,379,018</u>	<u>\$ 2,905,754</u>