

City of Grosse Pointe Park

Financial Statements

June 30, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

Table of Contents

Section	Page
1 Independent Auditors' Report	1 – 1
2 Management's Discussion and Analysis	2 – 1
3 Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	3 – 1
Statement of Activities	3 – 2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3 – 3
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	3 – 4
Statement of Revenues, Expenditures and Changes in Fund Balances	3 – 5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	3 – 6
Proprietary Funds	
Statement of Net Position	3 – 7
Statement of Revenues, Expenses and Changes in Fund Net Position	3 – 8
Statement of Cash Flows	3 – 9
Fiduciary Funds	
Statement of Fiduciary Net Position	3 – 10
Statement of Changes in Fiduciary Net Position	3 – 11
Component Units	
Statement of Net Position	3 – 12
Statement of Activities	3 – 13
Notes to the Financial Statements	3 – 14

Section	Page	
4	Required Supplementary Information	
	Budgetary Comparison Schedules	
	General Fund	4 – 1
	Major Street Fund	4 – 2
	Pension Plan	
	Schedule of Changes in Net Pension Liability and Related Ratios	4 – 3
	Schedule of Employer Contributions	4 – 5
	Other Postemployment Benefits	
	Schedule of Changes in Net OPEB Liability and Related Ratios	4 – 6
	Schedule of Employer Contributions	4 – 7
	Schedule of Investment Returns	4 – 8
5	Other Supplementary Information	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	5 – 1
	Combining Statement of Revenue, Expenditures and Changes in Fund Balance	5 – 4

Independent Auditors' Report

City Council and Management
City of Grosse Pointe Park
Grosse Pointe Park, Michigan

Report on the Audit of the Financial Statements

Opinions

We 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 (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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 as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 12 to the financial statements, the City recorded several prior period adjustments. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and, other than the prior year information, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Auburn Hills, Michigan
December 21, 2023

City of Grosse Pointe Park

Management's Discussion and Analysis

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

Business Highlights

- In November 2022, voters approved a water & sewer infrastructure millage of 2.5 mills for a period of 10 years generating just over \$1.7 million in revenue in FY2023 with the purposes of maintaining, repairing, and enhancing the city's aged water and sewer system. Major projects include work on 35.3 miles of water mains and 41 miles of sanitary sewer mains, replacing 2,025 lead service lines, and updating two pump stations,
- In April 2023, the Tax Increment Financing Authority invested \$4.0 million in a major project for the construction of the city's new Department of Public Works building located on Mack Avenue.

Financial Highlights

- At the end of the 2023 fiscal year, the city's total assets of \$84.5 million exceeded its total liabilities of \$50.8 million by approximately \$33.7 million. When viewed separately, the governmental activities total assets of \$64.3 million in assets exceeded the \$46.9 million in liabilities by \$17.4 million, and the business-type activities had assets of \$20.2 million exceed its liabilities of \$3.9 million by \$16.3 million.
- The City's financial rating with Standard & Poor's rating service remains at AA-.
- The FY2022 General Fund's unassigned fund balance of \$3.4 million was corrected to \$2.5 million as a result of revenue and expenditure activities improperly recorded on the balance sheet.
- In FY2023 the General Fund's fund balance of \$2.4 million reflects the restricted balance of \$148 thousand of PEG fees and \$193 thousand for pre-paid, that make up the remaining fund balance leaving the unassigned fund balance at roughly \$2.1 million or 16.4 percent of the FY2023 expenditures.
- The total primary government expenditures in FY2023 of \$18.9 million were down \$5.1 million over FY2022. The total primary government revenues of \$16.0 million were down by approximately \$532 thousand reflecting a reduction in the general government's collection of charges for services.
- The city's overall FY2023 changes in net position reflect prior period adjustments of FY2022 for the governmental activities of \$5.1 million, business-type activities with a decrease of \$3 million, and component unit activities decreasing by almost \$369 thousand.
- The general governmental 2022 prior period adjustments restating the FY2022 ending balances are primarily due to the net corrections of long-term debt, capital assets, pension liabilities, incurred-but-not-yet-reported liabilities, net OPEB liabilities, and grant funding.
- Business-type 2022 prior period adjustments reflected corrections were primarily to capital assets, net pension and OPEB liability.
- 2022 restatements to component units also included capital assets, accrued interest, long-term debt, and excluded the partially constructed department of public works building started in the prior fiscal year.

Using This Annual Report

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

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

City of Grosse Pointe Park

Management's Discussion and Analysis

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by approximately \$37.5 million at the close of the most recent fiscal year.

The analysis below presents separate tables for the governmental activities and the business-type activities. The governmental activities include most of the City's basic services, such as public safety and dispatch services, the municipal court, the city's private parks and recreational facilities, for building code enforcement, for rubbish pickup and disposal, to maintain our municipal roads, provide for community development, and the city's general administration.

Most of the governmental funding sources are provided from the city's operating and extra voted property taxes, state-shared revenues, charges for service, and interlocal governmental agreements.

The business-type activities consist of the Water and Sewer Fund and Marina Fund.

- The City provides water and the treatment of our sewer services to residents from the Great Lakes Water Authority (GLWA).
- The Marina Fund was created to account for the operational revenue and business expenditure for the daily operation and long-term public infrastructure needs, essential to support its purpose.

In November of 2020, the State of Michigan, Department of Treasury communicated its final release of the updated Michigan Uniform Chart of Accounts. Under Public Act 71 the Michigan State Treasurer is tasked with establishing and maintaining a uniform system of accounting and reporting requirements in compliance with the Governmental Accounting Standards Board (GASB). The City of Grosse Pointe Park has not yet implemented the State of Michigan's new Uniform Chart of Accounts.

City of Grosse Pointe Park
Management's Discussion and Analysis

The City's Net Position

	Governmental Activities			
	Restated 2022	2023	Change	Percent Change
Assets				
Current and other assets				
Cash and investments	\$ 5,376,096	\$ 4,384,669	\$ (991,427)	-18.4%
Receivables	2,168,325	1,932,825	(235,500)	-10.9%
Other assets	-	208,819	208,819	100.0%
Capital assets	<u>55,940,331</u>	<u>57,809,536</u>	<u>1,869,205</u>	3.3%
Total assets	<u>63,484,752</u>	<u>64,335,849</u>	<u>851,097</u>	1.3%
Deferred Outflows of Resources	<u>3,184,465</u>	<u>5,062,077</u>	<u>1,877,612</u>	59.0%
Liabilities				
Current liabilities	2,352,180	1,192,706	(1,159,474)	-49.3%
Noncurrent liabilities				
Due within one year	875,000	1,209,651	334,651	38.2%
Due in more than one year	<u>41,313,994</u>	<u>44,500,233</u>	<u>3,186,239</u>	7.7%
Total liabilities	<u>44,541,174</u>	<u>46,902,590</u>	<u>2,361,416</u>	5.3%
Deferred Inflows of Resources	<u>6,167,392</u>	<u>1,649,193</u>	<u>(4,518,199)</u>	-73.3%
Net Position				
Net investment in capital assets	50,454,900	52,987,871	2,532,971	5.0%
Restricted	1,763,121	2,108,574	345,453	19.6%
Unrestricted (deficit)	<u>(36,257,370)</u>	<u>(34,250,302)</u>	<u>2,007,068</u>	-5.5%
Total net position	<u>\$ 15,960,651</u>	<u>\$ 20,846,143</u>	<u>\$ 4,885,492</u>	30.6%

The governmental activities assets and deferred outflows of \$69.4 million exceeded its liabilities and deferred inflows of \$48.6 million by \$20.8 million. Total assets increased by 1.3% primarily due to the change in capital assets while liabilities grew 5.3% primarily due to pension and OPEB liabilities.

City of Grosse Pointe Park
Management's Discussion and Analysis

	Business-type Activities			
	Restated 2022	2023	Change	Percent Change
Assets				
Current and other assets				
Cash and investments	\$ 1,147,326	\$ 2,301,745	\$ 1,154,419	100.6%
Receivables	2,240,199	1,999,214	(240,985)	-10.8%
Other assets	-	26,138	26,138	100.0%
Capital assets	<u>15,415,012</u>	<u>15,853,228</u>	<u>438,216</u>	2.8%
Total assets	<u>18,802,537</u>	<u>20,180,325</u>	<u>1,377,788</u>	7.3%
Deferred Outflows of Resources	<u>254,482</u>	<u>415,326</u>	<u>160,844</u>	63.2%
Liabilities				
Current liabilities	1,736,844	656,191	(1,080,653)	-62.2%
Noncurrent liabilities				
Due within one year	-	33,544	33,544	100.0%
Due in more than one year	<u>2,377,851</u>	<u>3,191,753</u>	<u>813,902</u>	34.2%
Total liabilities	<u>4,114,695</u>	<u>3,881,488</u>	<u>(233,207)</u>	-5.7%
Deferred Inflows of Resources	<u>492,858</u>	<u>43,935</u>	<u>(448,923)</u>	-91.1%
Net Position				
Net investment in capital assets	15,698,749	15,853,228	154,479	1.0%
Unrestricted (deficit)	<u>(1,249,283)</u>	<u>817,000</u>	<u>2,066,283</u>	-165.4%
Total net position	<u>\$ 14,449,466</u>	<u>\$ 16,670,228</u>	<u>\$ 2,220,762</u>	15.4%

The net position of the City's business-type activities totals \$16.6 million. This is an increase of approximately \$2.2 million over the 2022's balance of \$17.5 million corrected to \$14.5 million.

The increase in cash and investments is attributable to the voted 2022 water and sewer infrastructure millage collection, of just under \$1.8 million, and new capital assets of \$438 thousand, reflected in FY2023.

The change in total liabilities resulted in a decrease in 2022's stated accrued and other liabilities consisting of accounts payables, payroll liabilities, unearned revenue, and compensated absences.

City of Grosse Pointe Park
Management's Discussion and Analysis

The City's Changes in Net Position

The city recorded multiple prior period adjustments to restate balances for the year ending June 30, 2022. However, the effect of the restatements was not applied to the amounts in the statement of activities. The amounts presented below for 2022 are as originally reported.

Due to this, evaluating changes between fiscal years is more complicated.

	Governmental Activities			
	<u>2022</u>	<u>2023</u>	<u>Change</u>	<u>Percent Change</u>
Revenue				
Program revenue				
Charges for services	\$ 1,778,147	\$ 3,005,226	\$ 1,227,079	69.0%
Operating grants	-	434,992	434,992	100.0%
General revenue				
Taxes	10,770,390	11,450,676	680,286	6.3%
Intergovernmental	2,676,972	2,717,426	40,454	1.5%
Investment earnings	-	16,420	16,420	100.0%
Other revenue	3,125,909	45,279	(3,080,630)	-98.6%
Total revenue	<u>18,351,418</u>	<u>17,670,019</u>	<u>(681,399)</u>	-3.7%
Expenses				
General government	4,180,720	(649,606)	(4,830,326)	-115.5%
Public safety	10,264,090	7,910,466	(2,353,624)	-22.9%
Public works	853,351	3,562,206	2,708,855	317.4%
Community and economic development		20,000	20,000	100.0%
Recreation and culture	1,996,221	1,765,988	(230,233)	-11.5%
Debt services	135,725	175,473	39,748	29.3%
Total expenses	<u>17,430,107</u>	<u>12,784,527</u>	<u>(4,645,580)</u>	-26.7%
Change in Net Position	<u>\$ 921,311</u>	<u>\$ 4,885,492</u>	<u>\$ 3,964,181</u>	430.3%

The City's total governmental activities 2023 revenue was \$17.6 million, which reflects a decrease from 2022 of approximately \$681 thousand while expenditures decreased \$4.6 million in 2023 as the result of revenue and expenditures activities reflected on the city's balance sheet, now reclassified to the city's income statement.

Governmental activities include the overall increase and decrease of the income statement activities for all funds from 101 General Fund to 499 Capital Improvement funds.

The main contribution to this decrease in governmental revenue activities is related to a restatements of historical capital assets not yet removed from the Downtown Development Authority resulting in a loss on the sale of capital assets revenue, recognized in prior periods of \$615 thousand.

City of Grosse Pointe Park
Management's Discussion and Analysis

	Business-type Activities			
	<u>2022</u>	<u>2023</u>	<u>Change</u>	<u>Percent Change</u>
Revenue				
Program revenue				
Charges for services	\$ 5,810,710	\$ 5,765,367	\$ (45,343)	-0.8%
Operating grants	-	800,435	800,435	100.0%
General revenue				
Property taxes	-	1,757,078	1,757,078	100.0%
Investment earnings	-	54,836	54,836	100.0%
Total revenue	<u>5,810,710</u>	<u>8,377,716</u>	<u>2,567,006</u>	44.2%
Expenses				
Water and sewer	6,434,579	6,039,772	(394,807)	-6.1%
Marina	<u>189,821</u>	<u>117,182</u>	<u>(72,639)</u>	-38.3%
Total expenses	<u>6,624,400</u>	<u>6,156,954</u>	<u>(467,446)</u>	-7.1%
Change in Net Position	<u>\$ (813,690)</u>	<u>\$ 2,220,762</u>	<u>\$ 3,034,452</u>	-372.9%

In 2023, business-type activities revenue totaled \$8.4 million, an increase over 2022 of approximately \$2.6 million. This was primarily due to the collection of the 2022 extra voted water and sewer infrastructure millage and the recognition of the ARPA grant funding reclassified from the water and sewer fund's balance sheet.

Expenses for business-type activities totaled \$6.2 million, a decrease from 2022 of approximately \$467 thousand. The water and sewer expenditure decrease was primarily due to an overall decrease in operating costs.

General Fund

The 2023 budgetary comparison schedule found in the city's Required Supplemental Information reflects the city's actual revenues of 12.9 million over the FY2023 final expenditures of \$12.6 million with final revenues over expenditures of \$318 thousand. Revenue increases over the amended budget resulted in higher than anticipated charges for services, state shared revenues, federal grant revenue, and licenses and permit fees.

FY2023 actual expenditures reflected a decrease of \$1.0 million over the city's final amended budget. The general government expenditure increases of \$849 thousand offset the city's fringe benefit costs that were not charged back to the general fund department which reflected decreases in the functions of public safety, judicial, and recreation departments.

Net expenditure reductions for general government, parks and recreation and public safety were the direct result primarily of unfilled staff reductions due to retirements and attrition.

Capital Assets and Debt Administration

As of year-end, the city had \$83.0 million invested in a variety of capital assets, including buildings, fire and police equipment, local and major roads, and water and sewer lines. This figure represents a slight increase from 2022 of \$1.5 million. A summary of capital assets is presented in Note 4 to the financial statements.

At the end of the current fiscal year, the City of Grosse Pointe Park had a total outstanding debt of approximately \$3.6 million. A summary of long-term debt is presented in Note 6 to the financial statements.

City of Grosse Pointe Park

Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

The State of Michigan relies on various taxes and fees to provide governmental activities to its citizens. Local governments rely primarily on property taxes and state-shared revenue to provide governmental activities to their citizens.

For business-type activities which include water and sewer (charges) and the marina (boat well fees) and certain governmental activities (including permitting and development), the user pays a related fee or charge associated with the service.

In 2023, State Shared Revenue provided by the State of Michigan was \$2.7 million or (1.4%) more than the FY2022 revenues received by the City. The city's collection of Public Act 51 local and major road funds from the State of Michigan in FY2023 of \$1.3 million, remained stable.

The city received its first tranche of the Federal Grant stimulus funding known as the American Rescue Plan Act (APRA) of \$1.1 million in replacement revenue. Grant stimulus funds of \$576 thousand were utilized in FY2023 as revenue replacement per the grant's eligible uses with the city council's focus to spend these dollars for the rehabilitation of its water lines and sewer mains.

The City Council remains diligent in its quest to continuously improve the quality of service and quality of life within the community while efficiently managing current expenses and addressing long-term legacy costs.

Requests for Further Information

This financial report is intended to provide a general overview of the City's finances and demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the office of the City Clerk at 15115 E. Jefferson Avenue, Grosse Pointe Park, MI 48230. This report, City budgets, and other financial information are available on the City's website at www.grossepointepark.org.

City of Grosse Pointe Park
Statement of Net Position
June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 4,384,669	\$ 2,301,745	\$ 6,686,414	\$ 706,680
Receivables				
Accounts	203,416	-	203,416	-
Taxes	7,594	-	7,594	-
Utility bills	-	1,999,214	1,999,214	-
Due from other units of government	1,721,815	-	1,721,815	-
Prepaid items	208,819	26,138	234,957	-
Capital assets not being depreciated	12,255,756	909,272	13,165,028	2,505,001
Capital assets, net of accumulated depreciation	<u>45,553,780</u>	<u>14,943,956</u>	<u>60,497,736</u>	<u>6,860,099</u>
Total assets	<u>64,335,849</u>	<u>20,180,325</u>	<u>84,516,174</u>	<u>10,071,780</u>
Deferred Outflows of Resources				
Pension related	4,755,759	380,049	5,135,808	-
OPEB related	<u>306,318</u>	<u>35,277</u>	<u>341,595</u>	<u>-</u>
Total deferred outflows of resources	<u>5,062,077</u>	<u>415,326</u>	<u>5,477,403</u>	<u>-</u>
Liabilities				
Accounts payable	310,651	542,636	853,287	19,353
Due to other units of government	23,022	-	23,022	-
Payroll and other liabilities	323,007	19,561	342,568	2,895
Interest payable	40,453	-	40,453	16,893
Unearned revenue	495,573	93,994	589,567	23,470
Noncurrent liabilities				
Debt due within one year	1,209,651	33,544	1,243,195	235,000
Debt due in more than one year	5,048,950	90,147	5,139,097	3,325,000
Net pension liability	26,540,245	2,120,926	28,661,171	-
Net OPEB liability	<u>12,911,038</u>	<u>980,680</u>	<u>13,891,718</u>	<u>-</u>
Total liabilities	<u>46,902,590</u>	<u>3,881,488</u>	<u>50,784,078</u>	<u>3,622,611</u>
Deferred Inflows of Resources				
Pension related	2,136	170	2,306	-
OPEB related	<u>1,647,057</u>	<u>43,765</u>	<u>1,690,822</u>	<u>-</u>
Total deferred inflows of resources	<u>1,649,193</u>	<u>43,935</u>	<u>1,693,128</u>	<u>-</u>
Net Position				
Net investment in capital assets	52,987,871	15,853,228	68,841,099	5,805,100
Restricted for				
PEG fees	148,223	-	148,223	-
Street maintenance	951,652	-	951,652	-
Rubbish collection	482,061	-	482,061	-
Building inspections	394,312	-	394,312	-
Indigent defense	17,150	-	17,150	-
Drug law enforcement	23,189	-	23,189	-
Community development	16,066	-	16,066	-
Opioid remediation	67,767	-	67,767	-
Debt service	8,154	-	8,154	-
Unrestricted (deficit)	<u>(34,250,302)</u>	<u>817,000</u>	<u>(33,433,302)</u>	<u>644,069</u>
Total net position	<u>\$ 20,846,143</u>	<u>\$ 16,670,228</u>	<u>\$ 37,516,371</u>	<u>\$ 6,449,169</u>

See Accompanying Notes to the Financial Statements

City of Grosse Pointe Park
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ (649,606)	\$ 767,049	\$ 109,630	\$ -	\$ 1,526,285	\$ -	\$ 1,526,285	\$ -
Public safety	7,910,466	597,310	305,362	-	(7,007,794)	-	(7,007,794)	-
Public works	3,562,206	965,598	-	-	(2,596,608)	-	(2,596,608)	-
Community and economic development	20,000	-	20,000	-	-	-	-	-
Recreation and culture	1,765,988	675,269	-	-	(1,090,719)	-	(1,090,719)	-
Interest and fiscal charges on long-term debt	175,473	-	-	-	(175,473)	-	(175,473)	-
Total governmental activities	<u>12,784,527</u>	<u>3,005,226</u>	<u>434,992</u>	<u>-</u>	<u>(9,344,309)</u>	<u>-</u>	<u>(9,344,309)</u>	<u>-</u>
Business-type activities								
Water & Sewer	6,039,772	5,415,317	800,435	-	-	175,980	175,980	-
Marina	117,182	350,050	-	-	-	232,868	232,868	-
Total business-type activities	<u>6,156,954</u>	<u>5,765,367</u>	<u>800,435</u>	<u>-</u>	<u>-</u>	<u>408,848</u>	<u>408,848</u>	<u>-</u>
Total primary government	<u>\$ 18,941,481</u>	<u>\$ 8,770,593</u>	<u>\$ 1,235,427</u>	<u>\$ -</u>	<u>(9,344,309)</u>	<u>408,848</u>	<u>(8,935,461)</u>	<u>-</u>
Component units								
Tax Increment Finance Authority	56,408	12,000	-	-	-	-	-	(44,408)
Downtown Development Authority	685,884	980	-	-	-	-	-	(684,904)
Total component units	<u>\$ 742,292</u>	<u>\$ 12,980</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(729,312)</u>
General revenues								
Property taxes					11,450,676	1,757,078	13,207,754	1,223,094
Unrestricted state-shared revenue					2,717,426	-	2,717,426	-
Unrestricted investment earnings					16,420	54,836	71,256	5,346
Miscellaneous					45,279	-	45,279	-
Total general revenues					<u>14,229,801</u>	<u>1,811,914</u>	<u>16,041,715</u>	<u>1,228,440</u>
Change in net position					<u>4,885,492</u>	<u>2,220,762</u>	<u>7,106,254</u>	<u>499,128</u>
Net position - beginning of year					10,808,652	17,495,264	28,303,916	6,318,862
Prior period adjustment					5,151,999	(3,045,798)	2,106,201	(368,821)
Net position - beginning of year, as restated					<u>15,960,651</u>	<u>14,449,466</u>	<u>30,410,117</u>	<u>5,950,041</u>
Net position - end of year					<u>\$ 20,846,143</u>	<u>\$ 16,670,228</u>	<u>\$ 37,516,371</u>	<u>\$ 6,449,169</u>

See Accompanying Notes to the Financial Statements

City of Grosse Pointe Park
Governmental Funds
Balance Sheet
June 30, 2023

	General	Special Revenue Fund Major Street	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 2,232,207	\$ 760,875	\$ 1,391,587	\$ 4,384,669
Receivables				
Accounts	15,350	-	188,066	203,416
Taxes	7,594	-	-	7,594
Due from other units of government	1,496,799	164,457	60,559	1,721,815
Prepaid items	<u>193,094</u>	<u>6,262</u>	<u>9,463</u>	<u>208,819</u>
Total assets	<u>\$ 3,945,044</u>	<u>\$ 931,594</u>	<u>\$ 1,649,675</u>	<u>\$ 6,526,313</u>
Liabilities				
Accounts payable	\$ 226,836	\$ 9,216	\$ 74,599	\$ 310,651
Due to other units of government	23,022	-	-	23,022
Payroll and other liabilities	299,631	10,874	12,502	323,007
Unearned revenue	<u>38,386</u>	<u>415,692</u>	<u>41,495</u>	<u>495,573</u>
Total liabilities	<u>587,875</u>	<u>435,782</u>	<u>128,596</u>	<u>1,152,253</u>
Deferred Inflows of Resources				
Unavailable revenue - receivables	<u>952,442</u>	<u>-</u>	<u>71,408</u>	<u>1,023,850</u>
Fund Balances				
Non-spendable				
Prepaid items	193,094	6,262	9,463	208,819
Restricted for				
PEG fees	148,223	-	-	148,223
Street maintenance	-	489,550	452,287	941,837
Rubbish collection	-	-	482,061	482,061
Building inspections	-	-	388,402	388,402
Indigent defense	-	-	17,150	17,150
Drug law enforcement	-	-	23,189	23,189
Opioid remediation	-	-	16,359	16,359
Debt service	-	-	8,154	8,154
Assigned - capital projects	-	-	56,540	56,540
Unassigned (deficit)	<u>2,063,410</u>	<u>-</u>	<u>(3,934)</u>	<u>2,059,476</u>
Total fund balances	<u>2,404,727</u>	<u>495,812</u>	<u>1,449,671</u>	<u>4,350,210</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,945,044</u>	<u>\$ 931,594</u>	<u>\$ 1,649,675</u>	<u>\$ 6,526,313</u>

See Accompanying Notes to the Financial Statements

City of Grosse Pointe Park
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2023

Total fund balances for governmental funds	\$ 4,350,210
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	12,255,756
Capital assets, net of accumulated depreciation	45,553,780
Certain receivables are not available to pay for current period expenditures and, therefore are deferred in the funds.	
	1,023,850
Deferred outflows (inflows) of resources.	
Deferred outflows of resources resulting from net pension liability	4,755,759
Deferred outflows of resources resulting from net OPEB liability	306,318
Deferred inflows of resources resulting from net pension liability	(2,136)
Deferred inflows of resources resulting from net OPEB liability	(1,647,057)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.	
Accrued interest	(40,453)
Compensated absences	(1,216,763)
Claims and judgments	(220,173)
Bonds, notes, premiums and discounts	(4,821,665)
Net pension liability	(26,540,245)
Net OPEB liability	<u>(12,911,038)</u>
Net position of governmental activities	<u>\$ 20,846,143</u>

City of Grosse Pointe Park
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2023

	General	Special Revenue Fund Major Street	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 9,237,291	\$ -	\$ 2,213,651	\$ 11,450,942
Licenses and permits	401,156	-	599,044	1,000,200
Federal grants	136,617	-	-	136,617
State grants	1,455,297	969,515	384,938	2,809,750
Charges for services	1,027,984	-	366,028	1,394,012
Fines and forfeitures	205,527	-	-	205,527
Rental income	309,598	-	-	309,598
Investment income	8,592	2,620	5,208	16,420
Other revenue	154,689	-	16,359	171,048
	<u>12,936,751</u>	<u>972,135</u>	<u>3,585,228</u>	<u>17,494,114</u>
Expenditures				
Current				
General government	3,271,152	-	20,581	3,291,733
Judicial	324,143	-	-	324,143
Public safety	6,260,375	-	362,805	6,623,180
Public works	971,818	581,444	1,882,289	3,435,551
Community and economic development	-	-	20,000	20,000
Recreation and culture	1,773,128	-	-	1,773,128
Capital outlay	-	-	1,182,005	1,182,005
Debt service				
Principal retirement	14,631	-	649,135	663,766
Interest and fiscal charges	3,270	-	177,359	180,629
	<u>12,618,517</u>	<u>581,444</u>	<u>4,294,174</u>	<u>17,494,135</u>
Excess (deficiency) of revenues over expenditures	<u>318,234</u>	<u>390,691</u>	<u>(708,946)</u>	<u>(21)</u>
Other financing sources (uses)				
Transfers in	191,871	-	1,388,583	1,580,454
Transfers out	(655,638)	(83,300)	(841,516)	(1,580,454)
Sale of capital assets	5,936	-	-	5,936
	<u>(457,831)</u>	<u>(83,300)</u>	<u>547,067</u>	<u>5,936</u>
Net change in fund balances	<u>(139,597)</u>	<u>307,391</u>	<u>(161,879)</u>	<u>5,915</u>
Fund balances - beginning of year	3,392,269	188,421	1,611,550	5,192,240
Prior period adjustment	(847,945)	-	-	(847,945)
Fund balances - beginning of year (restated)	<u>2,544,324</u>	<u>188,421</u>	<u>1,611,550</u>	<u>4,344,295</u>
Fund balances - end of year	<u>\$ 2,404,727</u>	<u>\$ 495,812</u>	<u>\$ 1,449,671</u>	<u>\$ 4,350,210</u>

See Accompanying Notes to the Financial Statements

City of Grosse Pointe Park
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$	5,915
Total change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Depreciation and amortization expense		(1,346,951)
Capital outlay		3,345,132
Sale of capital assets (net book value)		(128,976)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
		175,905
Expenses are recorded when incurred in the statement of activities.		
Accrued interest		5,156
Compensated absences		(286,874)
Claims and judgments		(74,501)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.		
Net change in the net pension liability		(5,281,808)
Net change in the deferred outflow of resources related to the net pension liability		1,578,974
Net change in the deferred inflow of resources related to the net pension liability		2,088,388
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.		
Net change in the net OPEB liability		1,412,917
Net change in the deferred outflow of resources related to the net OPEB liability		298,638
Net change in the deferred inflow of resources related to the net OPEB liability		2,429,811
Long-term liabilities and related transactions applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.		
Repayments of long-term debt		663,766
Change in net position of governmental activities	\$	<u>4,885,492</u>

City of Grosse Pointe Park
Proprietary Funds
Statement of Net Position
June 30, 2023

	Water & Sewer	Nonmajor Enterprise Fund Marina	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,672,267	\$ 629,478	\$ 2,301,745
Receivables			
Utility bills	1,999,214	-	1,999,214
Prepaid items	26,138	-	26,138
Total current assets	<u>3,697,619</u>	<u>629,478</u>	<u>4,327,097</u>
Noncurrent assets			
Capital assets not being depreciated	909,272	-	909,272
Capital assets, net of accumulated depreciation	<u>14,806,409</u>	<u>137,547</u>	<u>14,943,956</u>
Total noncurrent assets	<u>15,715,681</u>	<u>137,547</u>	<u>15,853,228</u>
Total assets	<u>19,413,300</u>	<u>767,025</u>	<u>20,180,325</u>
Deferred Outflows of Resources			
Pension related	380,049	-	380,049
OPEB related	<u>35,277</u>	<u>-</u>	<u>35,277</u>
Total deferred outflows of resources	<u>415,326</u>	<u>-</u>	<u>415,326</u>
Liabilities			
Current liabilities			
Accounts payable	535,770	6,866	542,636
Payroll and other liabilities	18,087	1,474	19,561
Unearned revenue	93,994	-	93,994
Compensated absences	<u>33,544</u>	<u>-</u>	<u>33,544</u>
Total current liabilities	<u>681,395</u>	<u>8,340</u>	<u>689,735</u>
Noncurrent liabilities			
Compensated absences	90,147	-	90,147
Net pension liability	2,120,926	-	2,120,926
Net OPEB liability	<u>980,680</u>	<u>-</u>	<u>980,680</u>
Total noncurrent liabilities	<u>3,191,753</u>	<u>-</u>	<u>3,191,753</u>
Total liabilities	<u>3,873,148</u>	<u>8,340</u>	<u>3,881,488</u>
Deferred Inflows of Resources			
Pension related	170	-	170
OPEB related	<u>43,765</u>	<u>-</u>	<u>43,765</u>
Total deferred inflows of resources	<u>43,935</u>	<u>-</u>	<u>43,935</u>
Net Position			
Net investment in capital assets	15,715,681	137,547	15,853,228
Unrestricted	<u>195,862</u>	<u>621,138</u>	<u>817,000</u>
Total net position	<u>\$ 15,911,543</u>	<u>\$ 758,685</u>	<u>\$ 16,670,228</u>

See Accompanying Notes to the Financial Statements

City of Grosse Pointe Park
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2023

	Water & Sewer	Nonmajor Enterprise Fund Marina	Total
Operating revenue			
Customer fees	\$ 5,635,594	\$ 346,458	\$ 5,982,052
Other revenue	4,332	3,592	7,924
Total operating revenue	<u>5,639,926</u>	<u>350,050</u>	<u>5,989,976</u>
Operating expenses			
Personnel services	657,082	48,749	705,831
Supplies	247,866	5,067	252,933
Contractual services	3,527,305	9,668	3,536,973
Utilities	42,837	-	42,837
Repairs and maintenance	243,457	24,455	267,912
Other expenses	712,547	12,485	725,032
Depreciation	606,948	16,758	623,706
Total operating expenses	<u>6,038,042</u>	<u>117,182</u>	<u>6,155,224</u>
Operating income (loss)	<u>(398,116)</u>	<u>232,868</u>	<u>(165,248)</u>
Nonoperating revenue (expenses)			
Property taxes	1,757,078	-	1,757,078
Federal grants	575,826	-	575,826
Investment income	52,853	1,983	54,836
Loss on disposal of capital assets	(1,730)	-	(1,730)
Total nonoperating revenues (expenses)	<u>2,384,027</u>	<u>1,983</u>	<u>2,386,010</u>
Change in net position	<u>1,985,911</u>	<u>234,851</u>	<u>2,220,762</u>
Net position - beginning of year	17,034,922	460,342	17,495,264
Prior period adjustment	(3,109,290)	63,492	(3,045,798)
Net position - beginning of year (restated)	<u>13,925,632</u>	<u>523,834</u>	<u>14,449,466</u>
Net position - end of year	<u>\$ 15,911,543</u>	<u>\$ 758,685</u>	<u>\$ 16,670,228</u>

See Accompanying Notes to the Financial Statements

City of Grosse Pointe Park
Proprietary Funds
Statement of Cash Flows
For the Year Ended June 30, 2023

	Water & Sewer	Nonmajor Enterprise Fund Marina	Total
Cash flows from operating activities			
Receipts from customers	\$ 5,574,946	\$ 350,050	\$ 5,924,996
Receipts from other funds	489,022	5,953	494,975
Payments to suppliers	(5,191,269)	(50,540)	(5,241,809)
Payments to employees	(533,391)	(48,749)	(582,140)
Net cash provided by operating activities	339,308	256,714	596,022
Cash flows from noncapital financing activities			
Property taxes	1,757,078	-	1,757,078
Cash flows from capital and related financing activities			
Purchases/construction of capital assets	(1,228,470)	(25,047)	(1,253,517)
Cash flows from investing activities			
Interest received	52,853	1,983	54,836
Net change in cash and cash equivalents	920,769	233,650	1,154,419
Cash and cash equivalents - beginning of year	751,498	395,828	1,147,326
Cash and cash equivalents - end of year	<u>\$ 1,672,267</u>	<u>\$ 629,478</u>	<u>\$ 2,301,745</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (398,116)	\$ 232,868	\$ (165,248)
Adjustments to reconcile operating income (loss) to net cash from operating activities			
Depreciation and amortization expense	606,948	16,758	623,706
Changes in assets and liabilities			
Receivables (net)	517,670	-	517,670
Due from other funds	489,022	5,953	494,975
Prepaid items	(26,138)	-	(26,138)
Pension related deferred outflows of resources	(126,181)	-	(126,181)
OPEB related deferred outflows of resources	(34,663)	-	(34,663)
Accounts payable	(43,065)	5,088	(37,977)
Accrued and other liabilities	3,624	(3,953)	(329)
Unearned revenue	(582,650)	-	(582,650)
Compensated absences	123,691	-	123,691
Net pension liability	422,088	-	422,088
Net OPEB liability	(163,999)	-	(163,999)
Pension related deferred inflows of resources	(166,891)	-	(166,891)
OPEB related deferred inflows of resources	(282,032)	-	(282,032)
Net cash provided by operating activities	<u>\$ 339,308</u>	<u>\$ 256,714</u>	<u>\$ 596,022</u>

See Accompanying Notes to the Financial Statements

City of Grosse Pointe Park
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

	<u>Other Employee Benefit Trust Funds</u>	<u>Custodial Fund Current Tax Collection</u>
Assets		
Investments	\$ 260,588	\$ -
Net Position		
Restricted for:		
Postemployment benefits other than pension	<u>\$ 260,588</u>	<u>\$ -</u>

City of Grosse Pointe Park
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Other Employee Benefit Trust Funds	Custodial Fund Current Tax Collection
Additions		
Contributions		
Employer	\$ 740,957	\$ -
Members	27,777	-
Total contributions	<u>768,734</u>	<u>-</u>
Investment earnings		
Net increase in fair value of investments	18,369	-
Less investment costs		
Investment activity costs	455	-
Net investment earnings	<u>17,914</u>	<u>-</u>
Property tax collections for other governments	<u>-</u>	<u>24,833,710</u>
Total additions	<u>786,648</u>	<u>24,833,710</u>
Deductions		
Benefits paid to participants or beneficiaries	708,734	-
Payments of property tax to other governments	<u>-</u>	<u>24,833,710</u>
Total deductions	<u>708,734</u>	<u>24,833,710</u>
Change in net position	<u>77,914</u>	<u>-</u>
Net position - beginning of year	-	-
Prior period adjustment	<u>182,674</u>	<u>-</u>
Net position - beginning of year (restated)	<u>182,674</u>	<u>-</u>
Net position - end of year	<u>\$ 260,588</u>	<u>\$ -</u>

See Accompanying Notes to the Financial Statements

City of Grosse Pointe Park
Component Units
Statement of Net Position
June 30, 2023

	Tax Increment Finance Authority	Downtown Development Authority	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 493,421	\$ 213,259	\$ 706,680
Noncurrent assets			
Capital assets not being depreciated	1,924,356	580,645	2,505,001
Capital assets, net of accumulated depreciation	<u>6,806,253</u>	<u>53,846</u>	<u>6,860,099</u>
Total noncurrent assets	<u>8,730,609</u>	<u>634,491</u>	<u>9,365,100</u>
Total assets	<u>9,224,030</u>	<u>847,750</u>	<u>10,071,780</u>
Liabilities			
Current liabilities			
Accounts payable	18,138	1,215	19,353
Payroll and other liabilities	2,895	-	2,895
Interest payable	16,893	-	16,893
Unearned revenue	23,470	-	23,470
Current portion of long-term liabilities	<u>235,000</u>	<u>-</u>	<u>235,000</u>
Total current liabilities	296,396	1,215	297,611
Noncurrent liabilities			
Long-term liabilities	<u>3,325,000</u>	<u>-</u>	<u>3,325,000</u>
Total liabilities	<u>3,621,396</u>	<u>1,215</u>	<u>3,622,611</u>
Net Position			
Net investment in capital assets	5,170,609	634,491	5,805,100
Unrestricted	<u>432,025</u>	<u>212,044</u>	<u>644,069</u>
Total net position	<u>\$ 5,602,634</u>	<u>\$ 846,535</u>	<u>\$ 6,449,169</u>

See Accompanying Notes to the Financial Statements

City of Grosse Pointe Park
Component Units
Statement of Activities
For the Year Ended June 30, 2023

	Tax Increment Finance Authority	Downtown Development Authority	Total
Expenses			
Community and economic development	\$ 56,408	\$ 685,884	\$ 742,292
Program revenues			
Charges for services	12,000	980	12,980
Net program expense	(44,408)	(684,904)	(729,312)
General revenues			
Property taxes	1,106,693	116,401	1,223,094
Unrestricted investment earnings	4,672	674	5,346
Total general revenues	1,111,365	117,075	1,228,440
Change in net position	1,066,957	(567,829)	499,128
Net position - beginning of year	4,723,237	1,595,625	6,318,862
Prior period adjustment	(187,560)	(181,261)	(368,821)
Net position - beginning of year (restated)	4,535,677	1,414,364	5,950,041
Net position - end of year	<u>\$ 5,602,634</u>	<u>\$ 846,535</u>	<u>\$ 6,449,169</u>

See Accompanying Notes to the Financial Statements

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Note 1 - Summary of Significant Accounting Policies

Basis of Presentation

The accounting policies of the City of Grosse Pointe Park (the City) conform to accounting principles generally accepted in the United state 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 of Grosse Pointe Park (the City) is governed by an elected seven-member Board. The accompanying financial statements present the City and its component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

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 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. The DDA does not issue any other form of financial statements except as contained in the City's annual financial statements.

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 TIFA does not issue any other form of financial statements except as contained in the City's annual financial statements.

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 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 costs. The City has no equity interest in the Authority. Complete financial statements for the Authority can be obtained from the Village of Grosse Pointe Shores upon request.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, 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 segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Revenues are 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 revenues 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues 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 City.

The City reports the following major governmental funds:

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.

The Major Street Fund accounts for the maintenance and improvement activities for streets designated as "major" within the City. Funding is primarily through state-shared gas and weight taxes.

The City reports the following major proprietary funds:

The Water & Sewer Fund accounts for the activities of the water distribution and sewage collection systems.

Additionally, the City reports the following:

The Nonmajor Special Revenue Funds account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative requirements.

The Debt Service Funds account for the accumulation of resources for, and payment of governmental activities principal, interest and related costs.

The Capital Projects Fund accounts for the accumulation of resources for, and payment of significant capital expenditures and improvement projects.

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

The Marina Fund accounts for the charges for services and related costs for activities at the Windmill Pointe Park Marina facilities.

The Other Postemployment Employee Benefit Trust Funds account for the accumulation of resources to be used for retirement payments to eligible employees and certain healthcare costs.

Custodial Funds account for property tax and other deposits collected on behalf of other units and individuals.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

Assets, Liabilities, and Net Position or Fund Balance

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of a lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The City considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

The taxable valuation of the City totaled approximately \$703 million, on which ad valorem taxes consisted of the following mills, and resulted in the following revenue, exclusive of any Michigan Tax Tribunal or Board of Review adjustments:

Purpose	Mills Levied	Ad Valorem Taxes Levied Raised (in millions)
General operating	10.5917	\$ 6.92
Rubbish	1.5679	1.02
Public relations	0.0710	0.05
Roads	0.9571	0.67
Debt	0.7300	0.51
Public safety	2.5696	1.80
Water & sewer	2.5000	1.76

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Inventories and prepaid items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the City follows the consumption method, and they therefore are capitalized as prepaid items in both government-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment, 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 two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Land improvements	5 to 50 years
Roads and sidewalks	18 to 25 years
Buildings and improvements	7 to 50 years
Machinery and equipment	3 to 50 years
Vehicles	7 to 30 years
Water system infrastructure	5 to 50 years
Sewer system infrastructure	15 to 60 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period. The City reports deferred outflows of resources as a result of pension earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The City also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year.

Compensated absences – It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term obligations – In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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 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 to MERS. For this purpose, benefit

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Grosse Pointe Park Retiree Health Care Plan (the Health Care Plan) and additions to/deductions from the Health Care Plan’s fiduciary net position have been determined on the same basis as they are reported by the Health Care Plan. For this purpose, the Health Care Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred inflows of resources – A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. The City reports deferred inflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension liability and net OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan.

Fund Balances – In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the government’s highest level of decision-making, its City Council. A fund balance commitment may be established, modified, or rescinded by a resolution of the City Council.

Assigned – amounts intended to be used for specific purposes, as determined by the City Council. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City’s policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the City’s policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, deferred outflows, liabilities, deferred inflows and disclosure of contingent assets and liabilities at the

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The criteria generally is on (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria.

Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

Upcoming Accounting and Reporting Changes

Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

The City is evaluating the impact that the above GASB statements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The City is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 2 of 1968, as amended). 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. All annual appropriations lapse at fiscal year end.

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. Public hearings are held to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to June 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the City Council is the activity level. The City Manager is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the City Council.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent when goods are received or services rendered.

Expenditures in Excess of Appropriations

	Appropriations	Actual	Budget Variance
General Fund			
General government	\$ 2,422,395	\$ 3,271,152	\$ 848,757
Public works	596,509	971,818	375,309
Principal retirement	-	14,631	14,631
Interest and fiscal charges	-	3,270	3,270
Transfers out	632,308	655,638	23,330

Construction Code Fees

The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

A summary of the current year activity and the cumulative surplus or shortfall generated since July 1, 2009 is as follows:

Current year permit revenue		\$ 601,308
Related expenses:		
Direct costs	\$ (360,406)	
Estimated indirect costs	<u>(189,311)</u>	<u>(549,717)</u>
Current year surplus		51,591
Cumulative surplus - beginning of year		<u>342,721</u>
Cumulative surplus - end of year		<u>\$ 394,312</u>

Fund Deficits

The City has an accumulated fund balance deficit in the Community Development Block Grant Fund in the amount of \$3,934 as of June 30, 2023. A deficit elimination plan is not required to be submitted to the Michigan Department of Treasury as deferred inflows are greater than the deficit.

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Note 3 - Deposits and Investments

At year end the City's deposits and investments were reported in the financial statements in the following categories:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>	<u>Total</u>
Governmental activities	\$ 4,384,669	\$ -	\$ 4,384,669
Business-type activities	<u>2,301,745</u>	<u>-</u>	<u>2,301,745</u>
Total	6,686,414	-	6,686,414
Fiduciary funds	-	260,588	260,588
Component units	<u>706,680</u>	<u>-</u>	<u>706,680</u>
Total	<u>\$ 7,393,094</u>	<u>\$ 260,588</u>	<u>\$ 7,653,682</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>	<u>Total</u>
Bank deposits (checking and savings accounts, money markets and certificates of deposit)	\$ 6,684,808	\$ -	\$ 706,680	\$ 7,391,488
Investments in securities, mutual funds and similar vehicles	-	260,588	-	260,588
Petty cash and cash on hand	<u>1,606</u>	<u>-</u>	<u>-</u>	<u>1,606</u>
	<u>\$ 6,686,414</u>	<u>\$ 260,588</u>	<u>\$ 706,680</u>	<u>\$ 7,653,682</u>

Interest rate risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the purchase of commercial paper which can only be purchased with a 270-day maturity. The City's investment policy does not restrict other investment maturities.

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 doesn't not further limit its investment choices. As of year end, the City did not hold any investments in commercial paper.

Concentration of credit risk – The City has no policy that would limit the amount that may be issued in any one issuer. The entire balance of the City's investments is held in the MERS Total Market Portfolio.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk. As of year end, \$7,398,947 was exposed to custodial credit risk because it was uninsured and uncollateralized.

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Investments in Entities that Calculate Net Asset Value per Share

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

At June 30, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment	Carrying Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
MERS Total Market Portfolio	\$ 260,588	\$ -	N/A	N/A

The MERS Total Market Portfolio is a diversified portfolio that provides current income and capital appreciation while minimizing the volatility of the capital markets. MERS manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio.

Note 4 - Capital Assets

Capital assets activity of the primary government for the current year is as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 12,241,499	\$ -	\$ 72,022	\$ 12,169,477
Construction-in-progress	-	86,279	-	86,279
Total capital assets not being depreciated	<u>12,241,499</u>	<u>86,279</u>	<u>72,022</u>	<u>12,255,756</u>
Capital assets being depreciated				
Land improvements	4,202,098	71,000	112,074	4,161,024
Roads and sidewalks	48,950,871	477,194	-	49,428,065
Buildings and improvements	11,930,604	2,440,812	28,220	14,343,196
Machinery and equipment	5,574,040	269,847	577,816	5,266,071
Total capital assets being depreciated	<u>70,657,613</u>	<u>3,258,853</u>	<u>718,110</u>	<u>73,198,356</u>
Less accumulated depreciation for				
Land improvements	2,875,153	121,602	99,917	2,896,838
Roads and sidewalks	14,574,435	746,151	-	15,320,586
Buildings and improvements	5,497,707	233,122	24,418	5,706,411
Machinery and equipment	4,011,486	246,076	536,821	3,720,741
Total accumulated depreciation	<u>26,958,781</u>	<u>1,346,951</u>	<u>661,156</u>	<u>27,644,576</u>
Net capital assets being depreciated	<u>43,698,832</u>	<u>1,911,902</u>	<u>56,954</u>	<u>45,553,780</u>
Governmental activities net capital assets	<u>\$ 55,940,331</u>	<u>\$ 1,998,181</u>	<u>\$ 128,976</u>	<u>\$ 57,809,536</u>

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 285,000	\$ -	\$ -	\$ 285,000
Construction-in-progress	<u>-</u>	<u>624,272</u>	<u>-</u>	<u>624,272</u>
Total capital assets not being depreciated	<u>285,000</u>	<u>624,272</u>	<u>-</u>	<u>909,272</u>
Capital assets being depreciated				
Water system infrastructure	754,210	-	4,500	749,710
Sewer system infrastructure	26,092,699	12,628	-	26,105,327
Land improvements	581,784	157,503	-	739,287
Building and improvements	1,625,079	-	440,119	1,184,960
Vehicles	478,945	49,059	-	528,004
Machinery and equipment	837,095	410,055	-	1,247,150
Total capital assets being depreciated	<u>30,369,812</u>	<u>629,245</u>	<u>444,619</u>	<u>30,554,438</u>
Less accumulated depreciation for				
Water system infrastructure	261,480	12,649	4,500	269,629
Sewer system infrastructure	13,139,287	458,780	-	13,598,067
Land improvements	452,526	14,709	-	467,235
Building and improvements	790,891	38,108	438,389	390,610
Vehicles	276,428	31,184	-	307,612
Machinery and equipment	509,053	68,276	-	577,329
Total accumulated depreciation	<u>15,429,665</u>	<u>623,706</u>	<u>442,889</u>	<u>15,610,482</u>
Net capital assets being depreciated	<u>14,940,147</u>	<u>5,539</u>	<u>1,730</u>	<u>14,943,956</u>
Business-type capital assets, net	<u>\$ 15,225,147</u>	<u>\$ 629,811</u>	<u>\$ 1,730</u>	<u>\$ 15,853,228</u>

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

Governmental activities

General government	\$ 129,228
Public safety	196,689
Public works	778,810
Recreation and culture	<u>242,224</u>
Total governmental activities	<u>1,346,951</u>

Business-type activities

Water & Sewer Fund	606,948
Marina Fund	<u>16,758</u>
Total business-type activities	<u>623,706</u>
 Total primary government	 <u>\$ 1,970,657</u>

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Capital assets activity of the component units for the current year is as follows:

	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Component Units				
Capital assets not being depreciated				
Land	\$ 3,062,922	\$ -	\$ 657,921	\$ 2,405,001
Construction-in-progress	<u>1,817,761</u>	<u>100,000</u>	<u>1,817,761</u>	<u>100,000</u>
Total capital assets not being depreciated	<u>4,880,683</u>	<u>100,000</u>	<u>2,475,682</u>	<u>2,505,001</u>
Capital assets being depreciated				
Land improvements	2,321,407	25,601	-	2,347,008
Roads and sidewalks	474,091	6,048	-	480,139
Buildings and improvements	175,000	4,219,772	175,000	4,219,772
Machinery and equipment	<u>131,722</u>	<u>56,400</u>	<u>-</u>	<u>188,122</u>
Total capital assets being depreciated	<u>3,102,220</u>	<u>4,307,821</u>	<u>175,000</u>	<u>7,235,041</u>
Less accumulated depreciation for				
Land improvements	-	204,657	-	204,657
Roads and sidewalks	6,261	25,607	-	31,868
Buildings and improvements	175,000	84,395	175,000	84,395
Machinery and equipment	<u>38,130</u>	<u>15,892</u>	<u>-</u>	<u>54,022</u>
Total accumulated depreciation	<u>219,391</u>	<u>330,551</u>	<u>175,000</u>	<u>374,942</u>
Net capital assets being depreciated	<u>2,882,829</u>	<u>3,977,270</u>	<u>-</u>	<u>6,860,099</u>
Component units capital assets, net	<u>\$ 7,763,512</u>	<u>\$ 4,077,270</u>	<u>\$ 2,475,682</u>	<u>\$ 9,365,100</u>

Construction Commitments

At June 30, 2023, the City had uncompleted construction contracts. The remaining commitment on these construction contracts was approximately \$246,200.

Note 5 - Interfund Transfers

The details for interfund transfers are as follows:

<u>Funds Transferred From</u>	<u>Funds Transferred To</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds (1)	\$ 655,638
Major Street Fund	Nonmajor Governmental Funds (2)	83,300
Nonmajor Governmental Funds	Nonmajor Governmental Funds (3)	649,645
Nonmajor Governmental Funds	General Fund (4)	<u>191,871</u>
		<u>\$ 1,580,454</u>

- (1) Transfer related to the utilization of capital projects fund
- (2) Transfer to support local street operations as allowed under Act 51
- (3) Transfer related to support local street operations and projects
- (4) Transfer related to governmental indirect costs of the building function

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Note 6 - Long-Term Debt

The City issues bonds to provide for the acquisition and construction of major capital projects. 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 City. Other long-term obligations include compensated absences. Compensated absences are typically liquidated with funds from the general fund and the water and sewer fund. Long-term obligation activity is summarized as follows:

	Amount of Issue	Maturity Date	Interest Rate Ranges	Principal Maturity Ranges	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities									
Bonds and notes payable									
General obligation bonds									
General Obligation Unlimited Tax Bond Series 2007	\$ 7,000,000	10/1/2026	4.300% - 4.350%	\$600,000 - \$700,000	\$ 2,900,000	\$ -	\$ 500,000	\$ 2,400,000	\$ 500,000
Capital Improvement Bond Series 2019	\$ 2,635,000	10/1/2039	2.000% - 3.000%	\$105,000 - \$175,000	2,445,000	-	100,000	2,345,000	105,000
Total general obligation bonds					5,345,000	-	600,000	4,745,000	605,000
Installment purchase agreements									
Note Payable - Fitness Gym Equipment	\$ 69,599	6/10/2025	0.00%	\$18,661 - \$32,074	65,366	-	14,631	50,735	18,661
Note Payable - Ford Explorers	\$ 34,372	3/30/2023	6.15%	N/A	11,625	-	11,625	-	-
Note Payable - Chevy Tahoe	\$ 39,183	11/15/2024	5.99%	N/A	13,046	-	13,046	-	-
Note Payable - Ford Motor	\$ 77,220	6/10/2024	5.99%	\$25,930	50,394	-	24,464	25,930	25,930
Total installment purchase agreements					140,431	-	63,766	76,665	44,591
Total bonds and notes payable					5,485,431	-	663,766	4,821,665	649,591
Claims and judgments					145,672	74,501	-	220,173	220,173
Compensated absences					929,889	499,684	212,810	1,216,763	339,887
Total governmental activities					\$ 6,560,992	\$ 574,185	\$ 876,576	\$ 6,258,601	\$ 1,209,651
Business-type activities									
Compensated absences					\$ 94,528	\$ 49,228	\$ 20,065	\$ 123,691	\$ 33,544
Component units									
General obligation bonds									
Tax Increment Finance Authority Bond Series 2020	\$ 4,000,000	10/1/2035	1.940%	\$235,000 - \$315,000	\$ 3,790,000	\$ -	\$ 230,000	\$ 3,560,000	\$ 235,000

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

Year Ending June 30,	Governmental Activities				Component Units	
	Bonds		Notes from Direct Borrowings and Direct Placements		Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 605,000	\$ 148,393	\$ 44,591	\$ 4,373	\$ 235,000	\$ 66,785
2025	710,000	121,519	32,074	1,537	240,000	62,177
2026	715,000	92,194	-	-	245,000	57,473
2027	815,000	60,469	-	-	255,000	52,623
2028	120,000	41,719	-	-	260,000	47,627
2029-2033	660,000	161,669	-	-	1,400,000	158,983
2034-2038	775,000	86,244	-	-	925,000	27,209
2039-2040	345,000	8,253	-	-	-	-
	<u>\$ 4,745,000</u>	<u>\$ 720,460</u>	<u>\$ 76,665</u>	<u>\$ 5,910</u>	<u>\$ 3,560,000</u>	<u>\$ 472,877</u>

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Note 7 - Net Investment in Capital Assets

The composition of net investment in capital assets as of year end, was as follows:

	Governmental Activities	Business-type Activities	Component Unit
Capital assets			
Capital assets not being depreciated	\$ 12,255,756	\$ 909,272	\$ 2,505,001
Capital assets, net of accumulated depreciation	45,553,780	14,943,956	6,860,099
Total capital assets	57,809,536	15,853,228	9,365,100
Related debt			
General obligation bonds	(4,745,000)	-	(3,560,000)
Installment purchase agreements	(76,665)	-	-
Total related debt	(4,821,665)	-	(3,560,000)
Net investment in capital assets	\$ 52,987,871	\$ 15,853,228	\$ 5,805,100

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 governments 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 Gross 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.

The City made no deposits to the claims administrator for payment of future claims. The City estimated 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 position.

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

The change in the estimated liability for the fiscal years ended June 30 is as follows:

	2023	2022
Estimated liability - beginning of year	\$ 145,672	\$ 38,448
Estimated claims incurred	1,650,137	1,419,841
Claim payments	<u>(1,575,636)</u>	<u>(1,312,617)</u>
Estimated liability - end of year	<u>\$ 220,173</u>	<u>\$ 145,672</u>

Note 9 - Employee Retirement and Benefit Systems

Defined Benefit Pension Plan

Plan description – The City participates in the Michigan Municipal Employees’ Retirement System (MERS), an agent multiple-employer, statewide public employee defined benefit pension plan that covers all employees of the government. The plan was established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917 or on the web at <http://www.mersofmich.com>.

Benefits provided – Benefits provided include plans with multipliers ranging from 2.0% to 2.5%. The vesting period is 10 years. Normal retirement age is 60 with early retirement at 55 with 15 years of service (reduced) or 50 with 25 years of service (unreduced). Final average compensation is calculated based on 3 to 5 years. Member contributions range from 3.0% to 5.5%.

Employees covered by benefit terms – At the December 31, 2022 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	105
Inactive employees entitled to, but not yet receiving benefits	20
Active employees	<u>59</u>
	<u>184</u>

Contributions – The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by 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. Employer contributions range from 4.44% to 7.59% based on annual payroll for open divisions.

Net pension liability – The employer’s net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions – The total pension liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement include: 1) Inflation 2.50%; 2) Salary increases 3.00% in the long-term; 3) Investment rate of return of 7.00%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 2.5%.

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Mortality rates used were based on the Pub-2010 Mortality Tables. 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.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study.

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 or arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Target Allocation Gross Rate Of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Global equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.00%	4.50%	0.90%	2.50%	0.40%
Private investments	20.00%	9.50%	1.90%	2.50%	1.40%
	<u>100.00%</u>		<u>7.00%</u>		<u>4.50%</u>

Discount rate – The discount rate used to measure the total pension liability is 7.25%. 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 plans 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.

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Changes in Net Pension Liability

Total Pension Liability

Service cost	\$ 548,970
Interest on the total pension liability	3,865,950
Experience differences	258,675
Changes of assumptions	(3,459)
Benefit payments and refunds	<u>(3,710,618)</u>
Net change in total pension liability	959,518
Total pension liability - beginning	<u>54,904,267</u>
Total pension liability - ending (a)	<u><u>\$ 55,863,785</u></u>

Plan Fiduciary Net Position

Employer contributions	\$ 2,251,245
Employee contributions	271,764
Net investment loss	(3,499,223)
Benefit payments and refunds	(3,710,618)
Administrative expense	<u>(57,546)</u>
Net change in plan fiduciary net position	(4,744,378)
Plan fiduciary net position - beginning	<u>31,946,992</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 27,202,614</u></u>

Net pension liability (a-b) \$ 28,661,171

Plan fiduciary net position as a percentage of total pension liability	48.69%
Covered employee payroll	\$ 4,660,133
Net pension liability as a percentage of covered employee payroll	615.03%

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 7.25%, as well as what the employer's net pension liability would be using a discount rate that is 1% point lower (6.25%) or 1% higher (8.25%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 62,167,878	\$ 55,863,785	\$ 50,579,502
Fiduciary net position	<u>27,202,614</u>	<u>27,202,614</u>	<u>27,202,614</u>
Net pension liability	<u><u>\$ 34,965,264</u></u>	<u><u>\$ 28,661,171</u></u>	<u><u>\$ 23,376,888</u></u>

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions – For the year ended June 30, 2023 the employer recognized pension expense of \$4,007,998. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total to Amortize
Differences in experience	\$ 352,616	\$ -	\$ 352,616
Differences in assumptions	967,520	(2,306)	965,214
Net difference between projected and actual earning on plan investments	2,680,386	-	2,680,386
Contributions subsequent to the measurement date*	1,135,286	-	-
 Total	 \$ 5,135,808	 \$ (2,306)	 \$ 3,998,216

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in subsequent years.

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

<u>Year ended June 30,</u>	
2024	\$ 879,195
2025	1,147,057
2026	817,917
2027	1,154,047
	\$ 3,998,216

Note 10 - Other Postemployment Benefits

Plan description – The City administers the City of Grosse Pointe Park Retiree Health Care Plan – a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible employees and dependents of the City.

Benefits provided – The Plan provides healthcare for retirees and their dependents. If hired after March 1, 2014, no post-employment health care is provided to non-spouse dependents. The healthcare costs are paid by the City on a “pay-as-you-go” basis.

Employees covered by benefit terms – At June 30, 2023, the plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	56
Active employees	24
	80

The Plan is closed to new members.

Contributions – The City has the authority to establish and amend the contribution requirements of the City and plan members. The City establishes rates based on an actuarially determined rate. For the year ended June 30, 2023, the City contributed based on the “pay-as-you-go-method.” Going forward, the City will use the actuarially determined contribution. Plan members are not required to contribute to the plan.

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Investment policy – The investment policy of the City is determined based on the goals and objectives of the Plan and the risk tolerance of the City. The City’s objective in selecting the expected long-term rate of return on assets is to estimate the single rate of return that reflects the historical returns, future expectations for each asset class, and the asset mix of the plan assets.

Concentrations – The City adopted the MERS Retiree Health Funding Vehicle (RHFV) in 2021. The RHFV is designed as an IRC section 115 and PA 149 compliant Trust. The purpose of the trust is to provide a qualified account to make retiree health contributions for unfunded OPEB liabilities.

Rate of return – For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.28%. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

Net OPEB liability – The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. The components of the net OPEB liability as of June 30, 2023 were as follows:

Total OPEB liability		\$ 14,152,306
Plan fiduciary net position		<u>260,588</u>
Net OPEB liability		<u>\$ 13,891,718</u>

Plan fiduciary net position as a percentage of the total OPEB liability is 1.84%.

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Salary increases	3.00% to 9.70%, including 3.00% wage inflation
Investment rate of return	7%, net of OPEB plan investment expense
Healthcare cost trend rates	Non-Medicare (Pre-65): Initial trend of 7.50%, gradually decreasing to 3.50% in year 12. Medicare (Post-65): Initial trend of 6.25%, gradually decreasing to 3.50% in year 12.

Mortality rates were based on the sex distinct Pub-2010 tables, as published by the Society of Actuaries, and include a margin for future mortality improvements projected using a fully generational improvement scale.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2014 – December 31, 2018.

Discount rate – The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The City is 100% invested in MERS Retiree Health Funding Vehicle’s MERS Total Market Portfolio. The fund is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity and commodities. The objective is to provide current income and appreciation while minimizing the volatility of the capital markets.

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60%	4.00%
Global bonds	20%	1.78%
Private investments	20%	6.22%
Expected real rate of return		4.00%
Inflation rate		2.50%
Total investment rate of return		6.50%

Changes in Net OPEB Liability

Total OPEB Liability

Service cost	\$ 101,959
Interest	1,074,354
Experience differences	(2,523,134)
Changes of assumptions	556,553
Benefit payments	(708,734)
Net change in total OPEB liability	(1,499,002)
Total OPEB liability - beginning	15,651,308
Total OPEB liability - ending (a)	\$ 14,152,306

Plan Fiduciary Net Position

Employer contributions	\$ 740,957
Employee contributions	27,777
Net investment income	17,914
Benefit payments	(708,734)
Net change in plan fiduciary net position	77,914
Plan fiduciary net position - beginning	182,674
Plan fiduciary net position - ending (b)	\$ 260,588

Net OPEB liability (a-b) \$ 13,891,718

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current discount rate.

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB liability	\$ 15,384,690	\$ 13,891,718	\$ 12,631,454

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB liability	\$ 12,526,760	\$ 13,891,718	\$ 15,513,027

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended June 30, 2023 the employer recognized OPEB expense of \$(3,881,103). The employer reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total to Amortize</u>
Differences in experience	\$ -	\$ (1,675,595)	\$ (1,675,595)
Differences in assumptions	336,806	(15,227)	321,579
Net difference between projected and actual earning on plan investments	4,789	-	4,789
 Total	 <u>\$ 341,595</u>	 <u>\$ (1,690,822)</u>	 <u>\$ (1,349,227)</u>

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the OPEB liability in subsequent years.

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

<u>Year ended June 30,</u>	
2024	\$ (939,900)
2025	(412,695)
2026	3,975
2027	(607)
	<u>\$ (1,349,227)</u>

Note 11 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

There are potential legal actions pending against the City. Due to the inconclusive nature of many of the actions, it is not possible for counsel to determine the probable outcome or a reasonable estimate of the potential liability, if any. These actions, for which a reasonable estimate can be determined of the potential liability, if any, are considered by City management and legal counsel to be immaterial.

Note 12 - Prior Period Adjustments

The City’s financial statements required multiple adjustments to the June 30, 2022 balances to correct previously reported amounts. These adjustments affected multiple funds and financial statement areas. A summarized reconciliation is as follows:

City of Grosse Pointe Park
Notes to the Financial Statements
June 30, 2023

	Governmental Activities	General Fund	Other Employee Benefit Trust Funds Fund
Adjustments			
Investment in joint venture	\$ (58,300)	\$ -	\$ -
Capital assets	(3,812,919)	-	-
Long-term debt related	4,505,223	-	-
IBNR	(145,672)	-	-
Net pension liability	3,011,131	-	-
Net OPEB liability	1,652,536	-	-
Deferred inflows - grants	-	(847,945)	-
Investments	-	-	182,674
	5,151,999	(847,945)	182,674
Net position / fund balance at June 30, 2022	10,808,652	3,392,269	-
Restated net position / fund balance at June 30, 2022	\$ 15,960,651	\$ 2,544,324	\$ 182,674
	Water & Sewer Fund	Marina Fund	Business-type Activities
Adjustments			
Capital assets	\$ (283,737)	\$ -	\$ (283,737)
Net pension liability	(1,612,031)	-	(1,612,031)
Net OPEB liability	(1,067,688)	63,492	(1,004,196)
Miscellaneous	(145,834)	-	(145,834)
	(3,109,290)	63,492	(3,045,798)
Net position at June 30, 2022	17,034,922	460,342	17,495,264
Restated net position at June 30, 2022	\$ 13,925,632	\$ 523,834	\$ 14,449,466
	Tax Increment Finance Authority	Downtown Development Authority	Total Component Units
Adjustments			
Capital assets	\$ 1,911,394	\$ (181,261)	\$ 1,730,133
Accrued interest	(17,295)	-	(17,295)
Long-term debt	(3,790,000)	-	(3,790,000)
Construction project fund erroneously excluded	1,708,341	-	1,708,341
	(187,560)	(181,261)	(368,821)
Net position at June 30, 2022	4,723,237	1,595,625	6,318,862
Restated net position at June 30, 2022	\$ 4,535,677	\$ 1,414,364	\$ 5,950,041

City of Grosse Pointe Park
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Actual
	Original	Final		Over (Under) Final Budget
Revenues				
Taxes				
Property taxes	\$ 8,772,575	\$ 8,772,575	\$ 8,832,643	\$ 60,068
Penalties and interest	13,000	13,000	12,983	(17)
Administration fee	370,000	370,000	391,665	21,665
Licenses and permits	273,300	273,300	401,156	127,856
Federal grants	-	-	136,617	136,617
State-shared revenue	1,242,000	1,242,000	1,382,815	140,815
State grants	-	-	72,482	72,482
Charges for services	775,888	854,788	1,027,984	173,196
Fines and forfeitures	290,200	290,200	205,527	(84,673)
Rental income	307,500	307,500	309,598	2,098
Investment income	-	-	8,592	8,592
Other revenue	11,100	41,246	154,689	113,443
Total revenues	<u>12,055,563</u>	<u>12,164,609</u>	<u>12,936,751</u>	<u>772,142</u>
Expenditures				
Current				
General government	2,390,995	2,422,395	3,271,152	848,757
Judicial	391,639	391,639	324,143	(67,496)
Public safety	8,168,555	8,198,701	6,260,375	(1,938,326)
Public works	596,509	596,509	971,818	375,309
Recreation and culture	2,028,795	2,028,795	1,773,128	(255,667)
Debt service				
Principal retirement	-	-	14,631	14,631
Interest and fiscal charges	-	-	3,270	3,270
Total expenditures	<u>13,576,493</u>	<u>13,638,039</u>	<u>12,618,517</u>	<u>(1,019,522)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,520,930)</u>	<u>(1,473,430)</u>	<u>318,234</u>	<u>1,791,664</u>
Other financing sources (uses)				
Transfers in	-	-	191,871	191,871
Transfers out	(632,308)	(632,308)	(655,638)	(23,330)
Sale of capital assets	-	-	5,936	5,936
Total other financing sources (uses)	<u>(632,308)</u>	<u>(632,308)</u>	<u>(457,831)</u>	<u>174,477</u>
Net change in fund balance	<u>(2,153,238)</u>	<u>(2,105,738)</u>	<u>(139,597)</u>	<u>1,966,141</u>
Fund balance - beginning of year	3,392,269	3,392,269	3,392,269	-
Prior period adjustment	(847,945)	(847,945)	(847,945)	-
Fund balance - beginning of year (restated)	<u>2,544,324</u>	<u>2,544,324</u>	<u>2,544,324</u>	<u>-</u>
Fund balance - end of year	<u>\$ 391,086</u>	<u>\$ 438,586</u>	<u>\$ 2,404,727</u>	<u>\$ 1,966,141</u>

City of Grosse Pointe Park
Required Supplementary Information
Budgetary Comparison Schedule
Major Street Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Actual
	<u>Original</u>	<u>Final</u>		Over (Under)
				<u>Final</u>
				<u>Budget</u>
Revenues				
State grants	\$ 944,335	\$ 944,335	\$ 969,515	\$ 25,180
Investment income	-	-	2,620	2,620
	<u>944,335</u>	<u>944,335</u>	<u>972,135</u>	<u>27,800</u>
Expenditures				
Current				
Public works	<u>960,390</u>	<u>937,190</u>	<u>581,444</u>	<u>(355,746)</u>
Excess of revenues (deficiency) over expenditures	(16,055)	7,145	390,691	383,546
Other financing uses				
Transfers out	<u>(60,100)</u>	<u>(83,300)</u>	<u>(83,300)</u>	<u>-</u>
Net change in fund balance	(76,155)	(76,155)	307,391	383,546
Fund balance - beginning of year	<u>188,421</u>	<u>188,421</u>	<u>188,421</u>	<u>-</u>
Fund balance - end of year	<u>\$ 112,266</u>	<u>\$ 112,266</u>	<u>\$ 495,812</u>	<u>\$ 383,546</u>

City of Grosse Pointe Park
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2023

Fiscal year ended June 30,	2023	2022	2021	2020
Total Pension Liability				
Service cost	\$ 548,970	\$ 574,967	\$ 518,321	\$ 460,210
Interest	3,865,950	2,811,560	3,943,179	3,831,245
Changes of benefit terms	-	-	-	-
Experience differences	258,675	360,334	417,053	166,313
Changes in assumptions	(3,459)	1,935,042	1,344,330	1,548,893
Benefit payments and refunds	(3,710,618)	(3,594,756)	(3,460,122)	(3,252,815)
Other	-	-	-	-
Net change in total pension liability	959,518	2,087,147	2,762,761	2,753,846
Total pension liability - beginning	54,904,267	52,817,120	50,054,359	47,300,513
Total pension liability - ending (a)	<u>\$ 55,863,785</u>	<u>\$ 54,904,267</u>	<u>\$ 52,817,120</u>	<u>\$ 50,054,359</u>
Plan Fiduciary Net Position				
Employer contributions	\$ 2,251,245	\$ 2,337,001	\$ 2,392,384	\$ 1,881,524
Employee contributions	271,764	268,117	250,450	250,750
Net investment income (loss)	(3,499,223)	4,209,389	3,266,047	3,282,826
Benefit payments and refunds	(3,710,618)	(3,594,756)	(3,460,122)	(3,252,815)
Administrative expense	(57,546)	(45,722)	(52,197)	(55,770)
Net change in plan fiduciary net position	(4,744,378)	3,174,029	2,396,562	2,106,515
Plan fiduciary net position - beginning	31,946,992	28,772,963	26,376,401	24,269,886
Plan fiduciary net position - ending (b)	<u>\$ 27,202,614</u>	<u>\$ 31,946,992</u>	<u>\$ 28,772,963</u>	<u>\$ 26,376,401</u>
Net pension liability (a-b)	<u>\$ 28,661,171</u>	<u>\$ 22,957,275</u>	<u>\$ 24,044,157</u>	<u>\$ 23,677,958</u>
Plan fiduciary net position as a percentage of total pension liability	48.69%	58.19%	54.48%	52.70%
Covered payroll	\$ 4,660,133	\$ 5,148,223	\$ 4,901,635	\$ 4,719,411
Net pension liability as a percentage of covered employee payroll	615.03%	445.93%	490.53%	501.71%

Note: GASB Statement No. 68 was implemented for the fiscal year ended June 30, 2015 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

City of Grosse Pointe Park
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2023

Fiscal year ended June 30,	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 492,669	\$ 540,353	\$ 542,894	\$ 535,569	\$ 567,736
Interest	3,638,348	3,740,897	3,626,384	3,188,738	3,191,216
Changes of benefit terms	(19,149)	(302,393)	-	-	-
Experience differences	150,668	(248,181)	(169,614)	(496,426)	-
Changes in assumptions	-	-	-	2,115,513	-
Benefit payments and refunds	(2,992,128)	(2,804,171)	(2,642,787)	(2,595,050)	(2,535,049)
Other	-	9,766	-	99,648	-
Net change in total pension liability	1,270,408	936,271	1,356,877	2,847,992	1,223,903
Total pension liability - beginning	46,030,105	45,093,834	43,736,957	40,888,965	39,665,062
Total pension liability - ending (a)	<u>\$ 47,300,513</u>	<u>\$ 46,030,105</u>	<u>\$ 45,093,834</u>	<u>\$ 43,736,957</u>	<u>\$ 40,888,965</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 1,914,805	\$ 1,582,773	\$ 1,452,821	\$ 1,324,490	\$ 1,094,750
Employee contributions	250,331	247,154	248,209	243,136	255,055
Net investment income (loss)	(1,001,032)	3,119,794	2,511,003	(348,714)	1,474,175
Benefit payments and refunds	(2,992,128)	(2,804,171)	(2,642,787)	(2,595,050)	(2,535,049)
Administrative expense	(49,987)	(49,476)	(49,617)	(51,582)	(53,913)
Net change in plan fiduciary net position	(1,878,011)	2,096,074	1,519,629	(1,427,720)	235,018
Plan fiduciary net position - beginning	26,147,897	24,051,823	22,532,194	23,959,914	23,724,896
Plan fiduciary net position - ending (b)	<u>\$ 24,269,886</u>	<u>\$ 26,147,897</u>	<u>\$ 24,051,823</u>	<u>\$ 22,532,194</u>	<u>\$ 23,959,914</u>
Net pension liability (a-b)	<u>\$ 23,030,627</u>	<u>\$ 19,882,208</u>	<u>\$ 21,042,011</u>	<u>\$ 21,204,763</u>	<u>\$ 16,929,051</u>
Plan fiduciary net position as a percentage of total pension liability	51.31%	56.81%	53.34%	51.52%	58.60%
Covered payroll	\$ 4,891,136	\$ 4,801,140	\$ 4,810,060	\$ 4,745,956	\$ 5,008,631
Net pension liability as a percentage of covered employee payroll	470.86%	414.11%	437.46%	446.80%	338.00%

City of Grosse Pointe Park
Required Supplementary Information
Municipal Employees Retirement System of Michigan
Schedule of Employer Contributions
For the Year Ended June 30, 2023

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
6/30/2015	\$ 1,094,750	\$ 1,094,750	\$ -	\$ 5,008,631	21.86%
6/30/2016	1,324,490	1,324,490	-	4,745,956	27.91%
6/30/2017	1,378,416	1,526,671	(148,255)	4,810,060	31.74%
6/30/2018	1,446,796	1,699,100	(252,304)	4,801,140	35.39%
6/30/2019	1,543,039	1,943,000	(399,961)	4,891,136	39.72%
6/30/2020	1,646,724	2,277,000	(630,276)	4,719,411	48.25%
6/30/2021	1,851,072	2,333,746	(482,674)	4,901,635	47.61%
6/30/2022	2,093,220	2,206,178	(112,958)	5,148,223	42.85%
6/30/2023	2,264,587	2,264,587	-	4,823,263	46.95%

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry-age
Amortization method	Level-dollar closed
Remaining amortization period	16
Asset valuation method	10-year smoothed value of assets
Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.00%
Retirement age	60
Mortality	2014 Group annuity mortality table of 50% male and 50% female blend

City of Grosse Pointe Park
Required Supplementary Information
Other Postemployment Benefits
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2023

Fiscal year ended June 30,	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 101,959	\$ 121,872	\$ 140,117	\$ 486,727	\$ 325,334	\$ 396,186
Interest	1,074,354	1,060,113	1,294,456	946,218	942,916	917,288
Experience differences	(2,523,134)	(301,192)	(3,163,081)	(215,302)	(3,068,356)	(157,033)
Changes in assumptions	556,553	-	(997,706)	(12,165,464)	6,512,566	(229,413)
Benefit payments and refunds	(708,734)	(626,036)	(598,821)	(635,685)	(584,231)	(637,176)
Net change in total OPEB liability	(1,499,002)	254,757	(3,325,035)	(11,583,506)	4,128,229	289,852
Total OPEB liability - beginning	15,651,308	15,396,551	18,721,586	30,305,092	26,176,863	25,887,011
Total OPEB liability - ending (a)	<u>\$ 14,152,306</u>	<u>\$ 15,651,308</u>	<u>\$ 15,396,551</u>	<u>\$ 18,721,586</u>	<u>\$ 30,305,092</u>	<u>\$ 26,176,863</u>
Plan Fiduciary Net Position						
Employer contributions	\$ 740,957	\$ 657,593	\$ 629,838	\$ 655,585	\$ 545,269	\$ 598,538
Employee contributions	27,777	28,443	28,983	30,100	38,962	38,638
Net investment income (loss)	17,914	(11,406)	20,956	3,124	-	-
Benefit payments and refunds	(708,734)	(626,036)	(598,821)	(635,685)	(584,231)	(637,176)
Net change in plan fiduciary net position	77,914	48,594	80,956	53,124	-	-
Plan fiduciary net position - beginning	182,674	134,080	53,124	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ 260,588</u>	<u>\$ 182,674</u>	<u>\$ 134,080</u>	<u>\$ 53,124</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability (a-b)	<u>\$ 13,891,718</u>	<u>\$ 15,468,634</u>	<u>\$ 15,262,471</u>	<u>\$ 18,668,462</u>	<u>\$ 30,305,092</u>	<u>\$ 26,176,863</u>
Plan fiduciary net position as a percentage						
of total OPEB liability	1.84%	1.17%	0.87%	0.28%	-	-
Covered payroll	\$ 2,716,251	\$ 3,021,979	\$ 2,973,885	\$ 3,193,731	\$ 3,991,753	\$ 3,731,451
Net OPEB liability as a percentage of covered employee payroll	511.43%	511.87%	513.22%	584.53%	759.19%	701.52%

Note: GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2017 and GASB Statement No. 75 was implemented for the fiscal year ended June 30, 2018 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

**City of Grosse Pointe Park
Required Supplementary Information
Other Postemployment Benefits
Schedule of Employer Contributions
For the Year Ended June 30, 2023**

Fiscal Year Ending June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 2,052,693	\$ 598,538	\$ 1,454,155	\$ 3,731,451	16.04%
2019	2,064,055	545,269	1,518,786	3,991,753	13.66%
2020	2,054,055	655,585	1,398,470	3,193,731	20.53%
2021	2,351,831	629,838	1,721,993	2,973,885	21.18%
2022	2,335,083	657,593	1,677,490	3,021,979	21.76%
2023	1,645,875	740,957	904,918	2,716,251	27.28%

Notes to Schedule of Contributions

Valuation date: December 31, 2022

Notes: Actuarially determined contribution amounts are calculated as of December 31 each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution (ADC) included in this schedule is calculated as the normal cost payment plus the amortized portion of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar
Remaining amortization period	20 years, closed
Asset valuation method	Market value of assets
Price inflation	2.50%
Wage inflation	3.00%
Salary increases	3.00% to 9.70%, including 3.00% wage inflation
Investment rate of return	7.00%, net of OPEB plan investment expense
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	<p>Healthy Pre-Retirement Mortality: Sex distinct Pub-2010 General Employees tables without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries. Ninety percent (90%) of active member deaths are assumed to be non-duty deaths and 10% of the deaths are assumed to be duty related.</p> <p>Healthy Post-Retirement Mortality: Sex distinct Pub-2010 General Healthy Retiree tables scaled by a factor of 106%. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries.</p> <p>Disability Retirement Mortality: Sex distinct PubNS-2010 Disabled tables without adjustment. The base year is 2010 and future mortality improvements are assumed each year using scale MP-2019, as published by the Society of Actuaries.</p>
Healthcare cost trend rates	<p>Non-Medicare (Pre-65): Initial trend of 7.50%, gradually decreasing to 3.50% in year 12. Medicare (Post-65): Initial trend of 6.25%, gradually decreasing to 3.50% in year 12.</p>
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

**City of Grosse Pointe Park
Required Supplementary Information
Other Postemployment Benefits
Schedule of Investment Returns**

Fiscal Year Ended June 30,	Annual Return % *
2018	Not applicable
2019	Not applicable
2020	6.82%
2021	20.34%
2022	-6.39%
2023	8.28%

* Annual money-weighted rate of return, net of investment expenses

GASB Statement No. 74 was implemented for the fiscal year ended June 30, 2018 and does not require retroactive implementation.

Data will be added as information is available until 10 years of such data is available.

City of Grosse Pointe Park
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				
	Local Street	Rubbish Collection	Building Inspection	Indigent Defense	Drug Law Enforcement
Assets					
Cash and cash equivalents	\$ 435,474	\$ 386,720	\$ 403,277	\$ 17,450	\$ 22,905
Receivables					
Accounts	-	116,374	-	-	284
Due from other units of government	60,559	-	-	-	-
Prepaid items	3,553	-	5,910	-	-
	<u>\$ 499,586</u>	<u>\$ 503,094</u>	<u>\$ 409,187</u>	<u>\$ 17,450</u>	<u>\$ 23,189</u>
Total assets					
Liabilities					
Accounts payable	\$ 38,056	\$ 19,776	\$ 9,320	\$ 300	\$ -
Payroll and other liabilities	5,690	1,257	5,555	-	-
Unearned revenue	-	-	-	-	-
	<u>43,746</u>	<u>21,033</u>	<u>14,875</u>	<u>300</u>	<u>-</u>
Total liabilities					
Deferred inflows of resources					
Unavailable revenue - receivables	-	-	-	-	-
Fund Balances					
Non-spendable					
Prepaid items	3,553	-	5,910	-	-
Restricted for					
Street maintenance	452,287	-	-	-	-
Rubbish collection	-	482,061	-	-	-
Building inspections	-	-	388,402	-	-
Indigent defense	-	-	-	17,150	-
Drug law enforcement	-	-	-	-	23,189
Opioid remediation	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>455,840</u>	<u>482,061</u>	<u>394,312</u>	<u>17,150</u>	<u>23,189</u>
Total fund balances					
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 499,586</u>	<u>\$ 503,094</u>	<u>\$ 409,187</u>	<u>\$ 17,450</u>	<u>\$ 23,189</u>

**City of Grosse Pointe Park
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023**

	Special Revenue Funds		Debt Service Funds		
	Community Development Block Grant	Opioid Settlement	General Debt Service	2007 General Obligation Debt Millage	Municipal Roads
Assets					
Cash and cash equivalents	\$ 37,561	\$ 16,359	\$ -	\$ 5,966	\$ 2,188
Receivables					
Accounts	20,000	51,408	-	-	-
Due from other units of government	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 57,561</u>	<u>\$ 67,767</u>	<u>\$ -</u>	<u>\$ 5,966</u>	<u>\$ 2,188</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll and other liabilities	-	-	-	-	-
Unearned revenue	41,495	-	-	-	-
Total liabilities	<u>41,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources					
Unavailable revenue - receivables	20,000	51,408	-	-	-
Fund Balances					
Non-spendable					
Prepaid items	-	-	-	-	-
Restricted for					
Street maintenance	-	-	-	-	-
Rubbish collection	-	-	-	-	-
Building inspections	-	-	-	-	-
Indigent defense	-	-	-	-	-
Drug law enforcement	-	-	-	-	-
Opioid remediation	-	16,359	-	-	-
Debt service	-	-	-	5,966	2,188
Assigned	-	-	-	-	-
Unassigned (deficit)	(3,934)	-	-	-	-
Total fund balances	<u>(3,934)</u>	<u>16,359</u>	<u>-</u>	<u>5,966</u>	<u>2,188</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,561</u>	<u>\$ 67,767</u>	<u>\$ -</u>	<u>\$ 5,966</u>	<u>\$ 2,188</u>

City of Grosse Pointe Park
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Debt Service Funds		Capital Projects Fund	
	Capital Improvement Bonds Series	Building Authority Debt Fund	Capital Projects	Total Nonmajor Governmental Funds
	2019	Fund		
	2019	Fund		
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 63,687	\$ 1,391,587
Receivables				
Accounts	-	-	-	188,066
Due from other units of government	-	-	-	60,559
Prepaid items	-	-	-	9,463
	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,463</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,687</u>	<u>\$ 1,649,675</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ 7,147	\$ 74,599
Payroll and other liabilities	-	-	-	12,502
Unearned revenue	-	-	-	41,495
	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,495</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>7,147</u>	<u>128,596</u>
Deferred inflows of resources				
Unavailable revenue - receivables	-	-	-	71,408
	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,408</u>
Fund Balances				
Non-spendable				
Prepaid items	-	-	-	9,463
Restricted for				
Street maintenance	-	-	-	452,287
Rubbish collection	-	-	-	482,061
Building inspections	-	-	-	388,402
Indigent defense	-	-	-	17,150
Drug law enforcement	-	-	-	23,189
Opioid remediation	-	-	-	16,359
Debt service	-	-	-	8,154
Assigned	-	-	56,540	56,540
Unassigned (deficit)	-	-	-	(3,934)
	<u>-</u>	<u>-</u>	<u>56,540</u>	<u>(3,934)</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>56,540</u>	<u>1,449,671</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,687</u>	<u>\$ 1,649,675</u>

City of Grosse Pointe Park
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds				
	Local Street	Rubbish Collection	Building Inspection	Indigent Defense	Drug Law Enforcement
Revenues					
Taxes	\$ -	\$ 1,027,869	\$ -	\$ -	\$ -
Licenses and permits	-	-	599,044	-	-
State grants	356,862	-	-	28,076	-
Charges for services	-	366,028	-	-	-
Investment income	649	1,248	2,264	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>357,511</u>	<u>1,395,145</u>	<u>601,308</u>	<u>28,076</u>	<u>-</u>
Expenditures					
Current					
General government	-	-	-	20,581	-
Public safety	-	-	360,406	-	2,399
Public works	705,201	1,177,088	-	-	-
Community and economic development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>705,201</u>	<u>1,177,088</u>	<u>360,406</u>	<u>20,581</u>	<u>2,399</u>
Excess (deficiency) of revenues over expenditures	<u>(347,690)</u>	<u>218,057</u>	<u>240,902</u>	<u>7,495</u>	<u>(2,399)</u>
Other financing sources (uses)					
Transfers in	732,945	-	-	-	-
Transfers out	-	-	(189,311)	-	-
Total other financing sources (uses)	<u>732,945</u>	<u>-</u>	<u>(189,311)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>385,255</u>	<u>218,057</u>	<u>51,591</u>	<u>7,495</u>	<u>(2,399)</u>
Fund balances - beginning of year	<u>70,585</u>	<u>264,004</u>	<u>342,721</u>	<u>9,655</u>	<u>25,588</u>
Fund balances - end of year	<u>\$ 455,840</u>	<u>\$ 482,061</u>	<u>\$ 394,312</u>	<u>\$ 17,150</u>	<u>\$ 23,189</u>

City of Grosse Pointe Park
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds		Debt Service Funds		
	Community Development Block Grant	Opioid Settlement	General Debt Service	2007 General Obligation Debt Millage	Municipal Roads
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 513,118	\$ 672,664
Licenses and permits	-	-	-	-	-
State grants	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	6
Other revenue	-	16,359	-	-	-
Total revenues	<u>-</u>	<u>16,359</u>	<u>-</u>	<u>513,118</u>	<u>672,670</u>
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community and economic development	20,000	-	-	-	-
Capital outlay	-	-	-	-	23,140
Debt service					
Principal retirement	-	-	-	500,000	-
Interest and fiscal charges	-	-	-	114,475	-
Total expenditures	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>614,475</u>	<u>23,140</u>
Excess (deficiency) of revenues over expenditures	<u>(20,000)</u>	<u>16,359</u>	<u>-</u>	<u>(101,357)</u>	<u>649,530</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(727)	-	(649,645)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(727)</u>	<u>-</u>	<u>(649,645)</u>
Net change in fund balances	<u>(20,000)</u>	<u>16,359</u>	<u>(727)</u>	<u>(101,357)</u>	<u>(115)</u>
Fund balances - beginning of year	<u>16,066</u>	<u>-</u>	<u>727</u>	<u>107,323</u>	<u>2,303</u>
Fund balances (deficit) - end of year	<u>\$ (3,934)</u>	<u>\$ 16,359</u>	<u>\$ -</u>	<u>\$ 5,966</u>	<u>\$ 2,188</u>

City of Grosse Pointe Park
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Capital Improvement Bonds Series 2019	Building Authority Debt	Capital Projects	
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ 2,213,651
Licenses and permits	-	-	-	599,044
State grants	-	-	-	384,938
Charges for services	-	-	-	366,028
Investment income	1,041	-	-	5,208
Other revenue	-	-	-	16,359
	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,359</u>
Total revenues	<u>1,041</u>	<u>-</u>	<u>-</u>	<u>3,585,228</u>
Expenditures				
Current				
General government	-	-	-	20,581
Public safety	-	-	-	362,805
Public works	-	-	-	1,882,289
Community and economic development	-	-	-	20,000
Capital outlay	734,936	-	423,929	1,182,005
Debt service				
Principal retirement	-	-	149,135	649,135
Interest and fiscal charges	-	-	62,884	177,359
	<u>-</u>	<u>-</u>	<u>62,884</u>	<u>177,359</u>
Total expenditures	<u>734,936</u>	<u>-</u>	<u>635,948</u>	<u>4,294,174</u>
Deficiency of revenues over expenditures	<u>(733,895)</u>	<u>-</u>	<u>(635,948)</u>	<u>(708,946)</u>
Other financing sources (uses)				
Transfers in	-	-	655,638	1,388,583
Transfers out	(446)	(1,387)	-	(841,516)
	<u>(446)</u>	<u>(1,387)</u>	<u>655,638</u>	<u>547,067</u>
Total other financing sources (uses)	<u>(446)</u>	<u>(1,387)</u>	<u>655,638</u>	<u>547,067</u>
Net change in fund balances	(734,341)	(1,387)	19,690	(161,879)
Fund balances - beginning of year	<u>734,341</u>	<u>1,387</u>	<u>36,850</u>	<u>1,611,550</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,540</u>	<u>\$ 1,449,671</u>

City of Grosse Pointe Park

Single Audit

June 30, 2023



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

Table of Contents

	Page
Single Audit	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	7
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9
Summary Schedule of Prior Audit Findings	12
Corrective Action Plan	13

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

City Council and Management
City of Grosse Pointe Park
Grosse Pointe Park, MI

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 City of Grosse Pointe Park, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Grosse Pointe Park's basic financial statements, and have issued our report thereon dated December 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Grosse Pointe Park's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Grosse Pointe Park's internal control. Accordingly, we do not express an opinion on the effectiveness City of Grosse Pointe Park's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Grosse Pointe Park's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003.

City of Grosse Pointe Park's Response to Findings and Corrective Action Plan

Government Auditing Standards requires the auditor to perform limited procedures on City of Grosse Pointe Park's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City of Grosse Pointe Park's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

City of Grosse Pointe Park is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. City of Grosse Pointe Park's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Auburn Hills, Michigan
December 21, 2023

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

City Council and Management
City of Grosse Pointe Park
Grosse Pointe Park, MI

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Grosse Pointe Park's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Grosse Pointe Park's major federal programs for the year ended June 30, 2023. City of Grosse Pointe Park's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Grosse Pointe Park complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Grosse Pointe Park and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Grosse Pointe Park's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Grosse Pointe Park's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Grosse Pointe Park's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Grosse Pointe Park's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Grosse Pointe Park's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Grosse Pointe Park's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Grosse Pointe Park's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-004. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on City of Grosse Pointe Park's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City of Grosse Pointe Park's response was not subjected to the other auditing procedures applied in the other audit of compliance and, accordingly, we express no opinion on the response.

City of Grosse Pointe Park is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. City of Grosse Pointe Park's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004, to be significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on City of Grosse Pointe Park's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. City of Grosse Pointe Park's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

City of Grosse Pointe Park is responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. City of Grosse Pointe Park's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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 City of Grosse Pointe Park, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Grosse Pointe Park's basic financial statements. We issued our report thereon dated December 21, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Auburn Hills, Michigan
December 21, 2023

City of Grosse Pointe Park
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor Pass-Through Grantor Program or Cluster Title	Grant/ Project Number	Federal Assistance Listing Number	Approved Grant Amount	Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed through Wayne County				
Community Development Block Grant Entitlement Cluster				
Community Development Block Grants/Entitlement Grants	22-12-05E	14.218	\$ 20,000	\$ 20,000
U.S. Department of the Treasury				
Michigan Department of Treasury				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	MI8252	21.027	1,161,230	575,826
U.S. Department of Homeland Security				
Passed through the Michigan Department of State Police Emergency Management and Homeland Security Division				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	PA-05-MI-4607-PW-00056	97.036	43,983	43,983
	PA-05-MI-4607-PW-00054		63,389	63,389
	PA-05-MI-4607-PW-00006		20,532	20,532
	PA-05-MI-4607-PW-00049		903,377	903,377
	PA-05-MI-4607-PW-00073		57,777	57,777
			<u>1,089,058</u>	<u>1,089,058</u>
Total Federal awards			\$ 2,270,288	\$ 1,684,884

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

City of Grosse Pointe Park
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Grosse Pointe Park under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Grosse Pointe Park, it is not intended to and does not present the financial position, changes in net position, or cash flows of City of Grosse Pointe Park.

Note 2 - Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the Schedule are reported on the modified accrual and accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance where certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

City of Grosse Pointe Park has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Reconciliation to the Financial Statements

Certain grants that were awarded as a result of a FEMA disaster require recipients to recognize the federal expenditure when the funds are obligated. Therefore, only \$136,617 of the current year expenditures related to assistance listing number 97.036 recognized in Schedule of Expenditures of Federal Awards is recognized as revenue in the General Fund financial statements.

Following is a reconciliation of the expenditures reported in the schedule of expenditures of federal awards to the revenue recognized in the City's financial statements.

<u>Federal Revenue Recorded in the City's Financial Statements</u>	
General Fund	\$ 136,617
Water and Sewer Fund	575,826
	<u>712,443</u>
AL 14.218 deferred inflow of resources	20,000
AL 97.036 deferred inflow of resources	952,441
Federal expenditures	<u>\$ 1,684,884</u>

**City of Grosse Pointe Park
Schedule of Findings and Questioned Costs
June 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes no

Identification of major federal programs:

<i>Assistance Listing Number(s)</i>	<i>Name of Federal Program or Cluster</i>
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

**City of Grosse Pointe Park
Schedule of Findings and Questioned Costs
June 30, 2023**

Section II – Government Auditing Standards Findings

2023-001 – Material Weakness – Prior Period Adjustments

Criteria: Financial statements should be free of errors that could change the users' overall assessment of the City's finances.

Condition: Several material prior period adjustments were necessary to correct beginning balances. In some instances, Governmental Accounting Standards Board (GASB) statements that should have been implemented in prior periods were not implemented.

Cause/Effect: The City finance department did not properly record items in the prior period causing the financial statements to be materially misstated.

Recommendation: We recommend that management takes steps to strengthen internal controls to ensure that accounting standards are correctly adhered to.

Views of Responsible officials: Management agrees with the finding.

Corrective Action Plan: See attached corrective action plan.

2023-002 – Material Weakness and Noncompliance – Budget Overages

Criteria: The Uniform Budgeting and Accounting Act ("the Act") of the State of Michigan requires the legislative body of the local unit to amend the general appropriations act as soon as it becomes apparent that a deviation from the original general appropriations act is necessary and the amount of the deviation can be determined. An amendment shall indicate each intended alteration in the purpose of each appropriation item affected by the amendment.

Condition: Material budget overages existed in the General Fund.

Cause/Effect: The City finance department was correcting many historical errors near year end that prevented them from having accurate accounting figures that resulted in budget overages to expenditure activities.

Recommendation: We recommend management strengthen internal controls to ensure that all possible budget overages are identified prior to year end and that budget amendments are formally approved by Council to prevent any overages.

Views of Responsible officials: Management agrees with the finding.

Corrective Action Plan: See attached corrective action plan.

**City of Grosse Pointe Park
Schedule of Findings and Questioned Costs
June 30, 2023**

2023-003 – Significant Deficiency and Noncompliance – Policies

Criteria: State statute requires the City to have certain policies established to safeguard the financial assets of the City.

Condition: No formal policies exist for electronic transactions, credit card usage, acceptance of credit cards for payment of taxes, and investments.

Cause/Effect: The City finance department was unaware of certain policy requirements in previous years.

Recommendation: We recommend management ensures that a policy is established for all activities that state statute requires.

Views of Responsible officials: Management agrees with the finding.

Corrective Action Plan: See attached corrective action plan.

Section III – Federal Award Findings

2023-004 – Significant Deficiency – Policies

Criteria: Uniform Guidance requires certain policies be in place to govern federal funding.

Condition: The City did not formally adopt grant policies required by the Uniform Guidance.

Cause/Effect: The City finance department in previous years did not have the grant compliance knowledge and experience to know what policies needed to be implemented.

Recommendation: We recommend management ensures a complete review and implementation of Uniform Guidance policies.

Views of Responsible officials: Management agrees with the finding.

Corrective Action Plan: See attached corrective action plan.

**City of Grosse Pointe Park
Summary Schedule of Prior Audit Findings
June 30, 2023**

Section IV – Prior Audit Findings

Government Auditing Standards Findings

There were no *Government Auditing Standards* findings for the year ended June 30, 2022.

Federal Award Findings

No single audit was required or performed for the fiscal year ended June 30, 2022, therefore; there were no findings or questioned costs for Federal Awards for the year ended June 30, 2022.

**City of Grosse Pointe Park
Corrective Action Plan
June 30, 2023**



The city Treasurer/Finance Director and their Deputy Treasurer retired from the city on March 31, 2023. The City of Grosse Pointe Park hired a new Treasurer/Finance Director who aided the city in the preparation of its financial reporting for fiscal year end on 6/30/2023 for the city's annual audit.

The city's new Finance Director identified various material weaknesses, deficiencies, and noncompliance issues during the process of preparing the necessary financial documents needed for the city's annual audit. Deficiencies and noncompliance issues as discovered were discussed, directly with the City Manager.

The first task in preparing for the audit was to secure an Audit firm. The city's new Finance Director prepared and posted a request for proposal (RFP) for the city's Financial Auditing Services for FY2023 in April of 2023. The city's administration interviewed Auditing Firms and successfully entered into a contract agreement with Yeo & Yeo P. C.

The Schedule of Findings prepared by the Auditor were also identified by the city's new Finance Director with several remedies already completed, with others weaknesses and deficiencies still open, to be completed by fiscal year end 2024, as the focus has been on correcting errors within the city's income statement and balance sheet accounts, and on preparing the proper audit work papers for the city's annual audit ending on 6/30/2023

The following findings were stated by the Auditor's:

2023-001 Material Weakness – Prior Period Adjustments

Prior period adjustments addressed in this section were prepared by both the city's new Finance Director and the city's new Audit firm. Fund and governmental wide statements effected have been restated for 6/30/2022 to correct beginning balances on 7/1/2022 for the FY2023's financial reporting have been completed.

- Prior period adjustments for asset accounts on the city's balance sheet, used to record city general government revenues and expenditures, have been properly reclassified by the city's new Finance Director into their proper income statement revenue and expenditure accounts affecting the city's unassigned fund balance on 6/30/2023.
- The recognition of restricted fund balance for PEG funds and non-spendable pre-paid expenses documented for the first time in FY2023, are funds not available to the unit of government affecting the city's unassigned fund balance.

**City of Grosse Pointe Park
Corrective Action Plan
June 30, 2023**

- The major restatements of the city's financial report affecting the city's balance sheet account activities for FY2023 included, the restatement of long-term debt of \$4.5M (understated for FY2022), pension liability of \$1.7M, OPEB of \$3.0M and the city's capital assets (\$3.8M) were reflected during the audit preparation process.

2023-002 Material Weakness and Noncompliance – Budget Overages

The city's FY2023 governmental budget overages were the direct result of the new Finance Director and Auditor closing the various asset accounts, historically being used to recognize revenues and expenditures. These revenue sources and expenditures existed in the city's 101 general fund and the city's 592 water & sewer fund balance sheets. These asset account balances have now been brought to a zero balance, inactivated in the city's general ledger, and corrected with the closing of the FY2023 fiscal year.

2023-003 Significant Deficiency and Noncompliance – Policies

The city's new Finance Director addressed policies as required to be in place under the Michigan Compiled Law (MCL) and within the Uniform Guidance (UG) and will have all required policies adopted and implemented by 6/30/2024, the end of fiscal year 2024.

- The acceptance of all electronic payment methods, bringing the city into compliance with P.A. 280 of 1995 and MCL 129.221 through 129.224 and P.A. 40 MCL 129.12 adopted by the City Council under resolution 2023-08-14 item 292,
- The use of commercial business procurement cards, bringing the city into compliance with P.A. 266 of 1995 adopted by the City Council under resolution 2023-10-16 item 373,
- The adoption of the city's banking & financial depositories, bringing the city into compliance with MCL 129.12 adopted by the City Council under resolution 2023-08-14 item 295,
- The city will be completing a capital asset policy to account for, protect the city's assets, and present it to the City Council, to be completed and implemented by fiscal year end 6/30/2024.

2023-004 Significant Deficiency – Policies

- The City Manager and new Finance Director are drafting a City Grant Policy to be adopted by the City Council, to be completed and implemented by fiscal year end 6/30/2024.
- The City Manager and new Finance Director will be drafting a new City Procurement Policy that will include the Uniform Guidance (UG) requirements for federal grant procurement to be adopted by the City Council, to be completed and implemented by fiscal year end 6/30/2024.


Ginger Moriarty
City Treasurer/Finance Director



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December 21, 2023

City Council and Management
City of Grosse Pointe Park
Grosse Pointe Park, Michigan

We have audited the 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 (the City) as of and for the year ended June 30, 2023. We are required to communicate certain matters to you in accordance with generally accepted auditing standards that are related to internal control and the audit.

Our communication includes the following:

- I. Auditors' Communication of Significant Matters with Those Charged with Governance
- II. Matters for Management's Consideration

Matters for management's consideration are not required to be communicated but we believe are valuable for management.

We discussed these matters with various personnel in the City during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

This information is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Auburn Hills, Michigan

Appendix I

Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 18, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the footnotes of the financial statements. The City has adopted the following Governmental Accounting Standards Board Statements effective July 1, 2022:

- Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The criteria generally is on (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria.
- Statement No. 87, *Leases* increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities.
- Statement No. 96, *Subscription-Based Information Technology Arrangements* is based on the standards established in Statement No. 87 *Leases*. This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

We noted no transactions entered into by the City during the year for which there is lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service.

- Net pension liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.
- Net other postemployment benefits (OPEB) liability, and related deferred outflows of resources and deferred inflows of resources. The estimate is based on an actuarial report.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Disclosures in the financial statements are neutral, consistent and clear.

A significant risk is an identified and assessed risk of material misstatement that, in the auditors' professional judgment, requires special audit consideration. Within our audit, we focused on the following areas.

- Management override of controls
- Improper revenue recognition
- Implementation of new accounting standard
- Information technology controls
- Turnover in key positions due to retirements

Accounting Standards and Regulatory Updates

The Governmental Accounting Standards Board has released additional Statements. Details regarding these Statements are described in the footnotes of the financial statements.

Implementation Guide No 2021-1, *Implementation Guidance Update-2021* has an amended response related to the capitalization of assets purchased as a group. Under the amended guidance, governments *should* capitalize individual items when the purchase in the aggregate is considered significant, even if the individual items are less than the capitalization threshold of the government. The effective date for implementation is for reporting periods beginning after June 15, 2023 (effectively, for the first year ended June 30, 2024 or later) and requires retroactive implementation.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. Management has corrected all such misstatements except as discussed below.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Management has determined that the effects of the uncorrected misstatements summarized below are immaterial both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

- For the purposes of GASB 87, the impact of certain lease agreements entered into were not reported on the financial statements for the year ended June 30, 2023. This resulted in the assets and liabilities of both the Business-type Activities and the Water & Sewer Fund being understated by \$49,946.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Emphasis of Matters in Independent Auditors' Report

Our report will include the following emphasis of matter paragraph:

Emphasis of Matter

As described in Note 12 to the financial statements, the City recorded several prior period adjustments. Our opinions are not modified with respect to that matter.

Other Reports

Other information that is required to be reported to you is included in the: Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditors' Report on Compliance For Each Major Federal Program; Independent Auditors' Report on Internal Control Over Compliance; Independent Auditors' Report on Schedule of Expenditures of Federal Awards Required by the Uniform Grant Guidance; and the Schedule of Findings and Questioned Costs. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Report on Other Supplementary Information

We were engaged to report on other supplementary information as described in the table of contents of the financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Appendix II

Matters for Management’s Consideration

In planning and performing our audit of the financial statements of the City as of and for the year ended June 30, 2023, we considered the City’s internal control over financial reporting (internal control) as a basis for designing audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

However, during our audit we became aware of the following matters for management’s consideration that are opportunities for strengthening internal controls. This letter does not affect our report dated December 21, 2023, on the financial statements of the City.

Journal Entries

Journal entries posted by the previous Finance Director did not include supporting details indicating what the entry was for, or who approved the entry prior to posting. The new Finance Director is attaching support to all entries, and we recommend that to be documented as a standard of practice moving forward. We also noted during our review of journal entry activities that the Finance Director posts journal entries with no additional level of review. We recommend that all journal entries posted by the Finance Director be reviewed by the City Administrator or a representative of Council.

Accounting Records

Accounting records are not maintained in accordance with the Uniform Accounting Procedures Manual, Chart of Accounts, or other requirements of the Department of Treasury. The Michigan Department of Treasury issued guidance and implementation deadlines during 2020. The City was required to fully implement the Uniform Chart of Accounts no later than June 30, 2023. We recommend that the City reach out to their general ledger software provider and schedule the conversion process in order to adhere to the state requirement.

Distribution of Tax Collections for Other Governments

The City collects taxes for other taxing units. Prior to the new finance director starting, several tax distributions to the other taxing units were not distributed within the required timeframe nor were they recorded in a separate tax fund in the general ledger. The new finance director created and used a tax fund within the general ledger. We recommend that all tax distributions follow the Treasury schedule to ensure those taxes are distributed in accordance with MCL 211.43.

Bank Reconciliations

Prior to the new finance director starting, bank reconciliations were not completed timely throughout the fiscal year. Additionally, once the bank reconciliations were prepared, they were not reviewed by a second individual. We recommend bank reconciliations be completed no later than six weeks after month end. The bank reconciliations should be reviewed by a second individual and that individual should document their review by initialing and dating the reconciliation.