

**City of Grosse Pointe Park**

**Comprehensive  
Annual Financial Report**

**Fiscal Year Ended June 30, 2021**

# City of Grosse Pointe Park, Michigan

## Table of Contents

	<u>Pages</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9 - 10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Proprietary Funds - Enterprise Funds:	
Statement of Net Position	15
Statement of Revenue, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17
Component Units:	
Statement of Net Position	18
Statement of Activities	19
Notes to Financial Statements	20 - 43

## Table of Contents

	<u>Pages</u>
Required Supplemental Information	44
Budgetary Comparison Schedule - General Fund	45
Note to Required Supplemental Information	46
Schedule of Changes in the Net Pension Liability and Related Ratios	47
Schedule of Pension Contributions	48
Schedule of Changes in the Net OPEB Liability and Related Ratios	49
Schedule of the Net OPEB Liability	50
Schedule of OPEB Contributions	51
Other Supplemental Information	52
Nonmajor government Funds:	
Combining Balance Sheet	53 - 54
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	55 - 56



RAMIE E. PHILLIPS, JR., PC, CPA

1130 TIENKEN COURT, SUITE 100  
ROCHESTER HILLS, MICHIGAN 48306

Phone: 248.656.1131

Fax: 248.656.1496

E-mail: rphillips@ramiephillipscca.com

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Grosse Pointe Park, Michigan

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Park, Michigan as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Grosse Pointe Park, Michigan's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Park, Michigan, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–7 and 44–50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I

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

*Other Information*

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Rochester Hills  
December 9, 2021

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

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

**Using This Annual Report**

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

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

In a condensed format, the table below shows the comparison of net assets as of June 30, 2021 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current assets	\$ 9,412,357	\$ 9,412,357	\$ 3,051,221	\$ 3,320,426	\$ 12,463,578	\$ 12,732,783
Noncurrent assets:						
Investments	112,900	299,800	-	-	112,900	299,800
Capital assets	60,614,742	59,153,736	16,209,418	16,727,935	76,824,160	75,881,671
Total assets	70,139,999	68,865,893	19,260,639	20,048,361	89,400,638	88,914,254
<b>Deferred Outflows</b>						
of Resources-Pensions	3,133,533	4,797,828			3,133,533	4,797,828
<b>Liabilities</b>						
Current liabilities	3,124,196	4,326,524	951,685	1,883,461	4,075,881	6,209,985
Long-term liabilities	49,209,784	48,950,636	-	-	49,209,784	48,950,636
Total liabilities	52,333,980	53,277,160	951,685	1,883,461	53,285,665	55,160,621
<b>Deferred Inflows</b>						
of Resources-Pensions	10,373,972	11,835,321	-	-	10,373,972	11,835,321
<b>Net Position</b>						
Net investment in						
capital assets	60,614,742	59,153,736	16,209,418	16,727,935	76,824,160	75,881,671
Restricted	3,096,040	2,905,754			3,096,040	2,905,754
Unrestricted	(53,823,441)	(53,508,250)	2,099,536	1,436,965	(51,723,905)	(52,071,285)
Total net position	\$ 9,887,341	\$ 8,551,240	\$ 18,308,954	\$ 18,164,900	\$ 28,196,295	\$ 26,716,140

The City's 2021 combined governmental and business type activities total net assets are \$28,196,295. Governmental Activities represented \$9,887,341 of the total while the balance of assets were provided by the City Business-type assets of \$18,308,954.

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

The following table shows the changes in net position for the year ended June 30, 2021 as compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 2,316,195	\$ 2,326,770	\$ 6,034,701	\$ 5,837,042	\$ 8,350,896	\$ 8,163,812
Operating grants and contributions	-	-	-	100,000	-	100,000
General revenue:						
Property taxes	10,571,244	10,258,485			10,571,244	10,258,485
State-shared revenue	2,493,631	2,228,777			2,493,631	2,228,777
Cable franchise fees	153,366	174,278			153,366	174,278
Investment earnings	263,151	907,453			263,151	907,453
Total revenue	15,797,587	15,895,763	6,034,701	5,937,042	21,832,288	21,832,805
<b>Program Expenses</b>						
General government	1,371,603	452,177			1,371,603	452,177
Public safety	8,918,403	6,511,625			8,918,403	6,511,625
Public works	2,636,608	252,309			2,636,608	252,309
Community and economic development					-	-
Recreation and culture	1,534,872	1,663,391			1,534,872	1,663,391
Intergovernmental					-	-
Interest on long-term debt	-	-			-	-
Water and sewer			5,724,998	5,680,612	5,724,998	5,680,612
Marina			165,649	225,827	165,649	225,827
Total expenses	14,461,486	8,879,502	5,890,647	5,906,439	20,352,133	14,785,941
<b>Change in Net Position</b>	1,336,101	7,016,261	144,054	30,603	1,480,155	7,046,864
<b>Net Position - Beginning of year</b>	8,551,240	1,534,979	18,164,900	18,134,297	26,716,140	19,669,276
	-	-	-	-	-	-
<b>Net Position - End of year</b>	\$ 9,887,341	\$ 8,551,240	\$ 18,308,954	\$ 18,164,900	\$ 28,196,295	\$ 26,716,140

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

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

Despite the COVID-19 Pandemic that started in March of 2020 which has continued into 2021 with the potential impacts on the City the City experienced continued growth during the fiscal year with the community's residential and commercial property stock values and this growth is expected to continue in 2022. For the calendar year 2021, total assessed values rose by 4.6%. This growth with the continued effective management of city resources, ability to obtain Federal and state grant funding and with the availability of additional millage allowances, the City will provide for continued balanced budget and increase financial support for all outstanding pension obligations and provide resources to reinvest in future community capital projects. The City in June and July of 2021 experienced two extreme storm events with recovery and cleanup efforts estimated at this time of \$900,000. Despite these events the City finances have absorbed these costs due to our healthy fund balance while awaiting potential FEMA Recovery funds which is estimated at a total of 75% of potential recovery costs. In addition President Biden signed into effect the American Rescue Plan which will total \$1,156,588 to Grosse Pointe Park with 50% provided for in 2021 and 50% in 2022 covering various expenditures as required under the act. These dollars are being invested into business recovery efforts and infrastructure upgrades throughout the City.

**GOVERNMENTAL ACTIVITIES**

Revenues to support the city's governmental activities totaled \$16,213,558 for the June 30, 2021 fiscal year. These funds were utilized to provide essential municipal services including that of all public safety activities, parks and recreation programming along with general public services and the City's street maintenance programs. In addition to these essential departmental expenditures the revenues also provided the necessary resources for the City's governmental capital outlays and debt retirement requirements. For the period ending June 30, 2021 the net change in governmental fund balances increased by \$745,089 and resulted in total reserves of \$6,694,922.

Included within the City's governmental funds are the City's General Fund activities which records the City's day to day operations. The fund is primarily supported through the collection of general property taxes which totaled \$8,348,286 for the fiscal year. The 2021 General Operating Millage rate was 13.329 mills. Included with the City's governmental funds were revenues collected from the City's 2019 voter approved street resurfacing millage of 1.0000 mills. This millage generated \$640.800 for the fiscal year which assisted with the year's resurfacing expenditures.

The City's governmental revenues also included collections from the voter approved public safety millage in November of 2016. The total approved allowance of 2.5977 mills was levied to support the City's public safety operational and capital needs. This fiscal year's public safety department expenditures totaled \$7,252,235 which represented the City's greatest departmental outlay and represented 56% of the city's total General Fund operational expenditures (excluding capital outlay and transfer out expenditures). The public works and recreation departments represented 26% of operating costs while general and administrative costs representing the balance of 16% of the governmental operating costs.

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

Within the General Fund the excess of revenues over expenditures, excluding transfers to other funds, totaled \$1,431,427 for the fiscal year and after taking into account transfers, revenues exceeded expenses by \$878,959.

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

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

**BUSINESS-TYPE ACTIVITIES**

The City's business-type activities are recorded in the Water and Sewer and Marina Funds. The city provides water and sewer services for all commercial and residential properties, operating expenditures excluding depreciation totaled \$5,179,870. Of this amount a total of \$3,375,260 was remitted to the City's supplier, Great Lakes Water Authority. This represented 65% of total operating expenses.

The remaining balance of business-type activities represents the City's marina operations which consists of 268 boat wells. Fiscal revenues for marina boat slip rentals totaled \$312,646 while expenditures totaled \$165,649 for the year 2021. For the year end June 30, 2021, the fund reserves balance reflects \$355,417.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of the fiscal year, the City had \$60,614,742 invested in a wide range of governmental fund type capital assets (net of depreciation), including land, building, police and fire equipment, computer equipment, and roads.

Debt reported in these financial statements is related to the construction of the above-mentioned capital and infrastructure assets and is reported as a liability on the statement of net assets (see Note 6). During the fiscal year total outstanding long-term debt for Governmental activities totaled \$9,941,736. This represented an increase of \$2,505,644 which was primarily attributed to an issue of a Tax Increment Finance Authority Bond of \$4,000,000. There is no outstanding debt for business related activities.

The City of Grosse Pointe Park's general operational fund reflected an increase in reserves totaling \$878,959. General fund reserves for the year ending June 30, 2021 were \$3,918,692 This reserve represents 37.1% of the fiscal year's annual general funds operational expenses.

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

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

**Contacting the City's Management**

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

City of Grosse Pointe Park, Michigan  
Statement of Net Position  
Year Ended June 30, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 7,029,093	\$ 294,208	\$ 7,323,301	\$ 294,701
Receivables - Net:				
Taxes	-	-	-	-
Accounts	266,384	2,444,567	2,710,951	-
Other governmental units:				
Component units	54,294	-	54,294	-
Other	1,384,347	312,446	1,696,793	-
Other receivables				28,000
Internal balances (Note 5)	-	-	-	-
Investment in joint venture (Note 11)	112,900	-	112,900	-
Prepaid expenses and deposits (Note 8)	-	-	-	-
Capital assets (Note 4):				
Assets not depreciated	18,473,378	1,784,399	20,257,777	6,220,776
Assets being depreciated - Net	42,141,364	14,425,019	56,566,383	-
Total assets	<u>69,461,760</u>	<u>19,260,639</u>	<u>88,722,399</u>	<u>6,543,477</u>
<b>Deferred Outflows of Resources</b>				
Deferred outflows related to pension	1,761,383		1,761,383	
Deferred outflows related to OPEB	1,372,150	-	1,372,150	-
<b>Liabilities</b>				
Accounts payable	323,282	504,898	828,180	124,247
Accrued and other liabilities	608,715	446,787	1,055,502	54,895
Due to other funds (Note 5)	-			
Due to other governmental units:				
Other	38,532	-	38,532	-
Primary government	1,068,667	-	1,068,667	54,294
Noncurrent liabilities (Note 6):				
Due within one year				
Compensated absences (Note 6)	275,000		275,000	-
Current portion of long-term debt (Note 6)	810,000	-	810,000	-
Due in more than one year				
Compensated absences (Note 6)	637,340	-	637,340	-
Net OPEB obligation (Note 10)	15,396,551	-	15,396,551	-
Net pension liability (Note 9)	24,044,157	-	24,044,157	-
Long-term debt (Note 6)	9,131,736	-	9,131,736	-
Total liabilities	<u>52,333,980</u>	<u>951,685</u>	<u>53,285,665</u>	<u>233,436</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows related to pension	913,906	-	913,906	
Deferred inflows related to OPEB	9,460,066	-	9,460,066	-
<b>Net Position</b>				
Net investment in capital assets	60,614,742	16,209,418	76,824,160	6,220,776
Restricted:				
Streets	470,818		470,818	
Garbage and rubbish collection	197,282		197,282	
Building inspection	175,978		175,978	
Drug law enforcement	5,840		5,840	
Indigent Defense Grant	22,963		22,963	
Grants	16,066		16,066	
Debt service	2,207,093		2,207,093	
Unrestricted	<u>(53,823,441)</u>	<u>2,099,536</u>	<u>(51,723,905)</u>	<u>89,265</u>
Total net Position	<u>\$ 9,887,341</u>	<u>\$ 18,308,954</u>	<u>\$ 28,196,295</u>	<u>\$ 6,310,041</u>

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

City of Grosse Pointe Park, Michigan  
Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,526,189	\$ 972,366	\$ -	\$ -
Public safety	8,918,403	150,114	-	-
Public works	2,636,608	188,822	-	-
Recreation and culture	1,534,871	883	-	-
Intergovernmental	-	-	-	-
Interest on long-term debt	157,600	-	-	-
Total governmental activities	<u>15,773,671</u>	<u>1,312,185</u>	<u>-</u>	<u>-</u>
Business-type activities:				
Water and sewer	5,724,998	5,722,055	-	-
Marina	165,649	312,646	-	-
Total business-type activities	<u>5,890,647</u>	<u>6,034,701</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 21,664,318</u>	<u>\$ 7,346,886</u>	<u>\$ -</u>	<u>\$ -</u>
Component units:				
Downtown Development Authority	\$ 106,834	\$ -	\$ -	\$ -
Tax Increment Finance Authority	1,129,219	-	-	-
Total component units	<u>\$ 1,236,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Cable franchise fees				
Miscellaneous				
Total general revenue				

**Change in Net Position**

**Net Position - Beginning of year**

**Net Position - End of year**

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,553,823)	\$ -	\$ (1,553,823)	\$ -
(8,768,289)	-	(8,768,289)	-
(2,447,786)	-	(2,447,786)	-
(1,533,988)	-	(1,533,988)	-
-	-	-	-
(157,600)	-	(157,600)	-
<u>(14,461,486)</u>	<u>-</u>	<u>(14,461,486)</u>	<u>-</u>
-	(2,943)	(2,943)	-
-	146,997	146,997	-
-	144,054	144,054	-
-	144,054	(14,317,432)	-
-	-	-	(106,834)
-	-	-	(1,129,219)
-	-	-	(1,236,053)
\$ 10,571,244	\$ -	\$ 10,571,244	\$ 1,042,658
2,493,631	-	2,493,631	-
153,366	-	153,366	-
2,579,346	-	2,579,346	89,423
<u>15,797,587</u>	<u>-</u>	<u>15,797,587</u>	<u>1,132,081</u>
1,336,101	144,054	1,480,155	(103,972)
8,551,240	18,164,900	26,716,140	6,414,013
<u>\$ 9,887,341</u>	<u>\$ 18,308,954</u>	<u>\$ 28,196,295</u>	<u>\$ 6,310,041</u>

City of Grosse Pointe Park, Michigan  
Governmental Funds  
Balance Sheet  
June 30, 2021

	Major Fund - General Fund	Major Fund - Capital Improvement Fund	Other Non-major Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents (Note 3)	\$ 3,669,415	\$ 431,484	\$ 2,928,194	\$ 7,029,093
Receivables - Net:				
Taxes	-	-	-	-
Accounts receivable	147,239	37,015	82,130	266,384
Other governmental units:				
Component units	54,294	-	-	54,294
Other	430,524	-	197,602	628,126
Due from other funds (Note 5)	704,370	-	51,851	756,221
<b>Total assets</b>	<b>\$ 5,005,842</b>	<b>\$ 468,499</b>	<b>\$ 3,259,777</b>	<b>\$ 8,734,118</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 158,120	\$ 27,428	\$ 137,734	\$ 323,282
Taxes payable	157,950			157,950
Accrued and other liabilities	380,176	-	70,589	450,765
Due to other governmental units	38,532	-	-	38,532
Component units	-	-	-	-
Due to other funds (Note 5)	352,372	404,219	312,076	1,068,667
<b>Total liabilities</b>	<b>1,087,150</b>	<b>431,647</b>	<b>520,399</b>	<b>2,039,196</b>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted				
Capital Projects	-	-	-	-
Special Revenue Funds	-	-	-	-
Debt Service Funds	-	-	-	-
Unassigned	3,918,692	36,852	2,739,378	6,694,922
<b>Total fund balances</b>	<b>3,918,692</b>	<b>36,852</b>	<b>2,739,378</b>	<b>6,694,922</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,005,842</b>	<b>\$ 468,499</b>	<b>\$ 3,259,777</b>	<b>\$ 8,734,118</b>

City of Grosse Pointe Park, Michigan  
 Governmental Funds  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2021

**Fund Balance - Total Governmental Funds** \$ 6,694,922

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds	60,691,706
Investment in joint venture is not included as an asset in the governmental funds	112,900
Long-term liabilities are not due and payable in the current period and are not reported in the governmental funds:	
Notes and bonds payable	(9,941,736)
Compensated absences	(912,340)
Net pension liability is not due and payable in the current period and is not reported in the funds	(24,044,157)
Net other postemployment benefit obligation is not reported in the governmental funds	(15,396,551)
Deferred outflows related to pension and OPEB are not a financial resource and are not reported in the funds	3,133,533
Deferred inflows related to pension and OPEB are not a financial resource and are not reported in the funds	(10,450,936)

**Net Position - Governmental Activities** \$ 9,887,341

City of Grosse Pointe Park, Michigan  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2021

	Major Fund - General Fund	Major Fund - Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenue</b>				
Property taxes	\$ 8,348,286	\$ -	\$ 2,222,958	\$ 10,571,244
License and permits	39,846	-	-	39,846
Federal sources	-	-	64,369	64,369
State sources	1,245,725	-	1,247,906	2,493,631
Charges for services	278,602	-	693,764	972,366
Fines and forfeitures	338,936	-	-	338,936
Interest and rent	263,151	-	1,194	264,345
Sale of Assets	-	-	-	-
Other	1,468,821	-	-	1,468,821
	<u>11,983,367</u>	<u>-</u>	<u>4,230,191</u>	<u>16,213,558</u>
Total revenue				
<b>Expenditures</b>				
Current:				
General government	1,334,045	-	-	1,334,045
Public safety	7,252,235	-	50,565	7,302,800
Public works	290,432	-	3,567,961	3,858,393
Recreation and culture	1,675,228	19,274	-	1,694,502
Capital outlay	-	500,688	120,441	621,129
Debt service:				
Principal	-	-	500,000	500,000
Interest	-	-	157,600	157,600
	<u>10,551,940</u>	<u>519,962</u>	<u>4,396,567</u>	<u>15,468,469</u>
<b>Excess of Revenue Over(Under) Expenditures</b>	<u>1,431,427</u>	<u>(519,962)</u>	<u>(166,376)</u>	<u>745,089</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in (Note 5)	-	552,468	700,100	1,252,568
Transfers out (Note 5)	(552,468)	-	(700,100)	(1,252,568)
	<u>(552,468)</u>	<u>552,468</u>	<u>-</u>	<u>-</u>
Total other financing (uses) sources				
<b>Net Change in Fund Balances</b>	878,959	32,506	(166,376)	745,089
<b>Fund Balances - Beginning of year</b>	<u>3,039,733</u>	<u>4,346</u>	<u>2,905,754</u>	<u>5,949,833</u>
<b>Fund Balances - End of year</b>	<u>\$ 3,918,692</u>	<u>\$ 36,852</u>	<u>\$ 2,739,378</u>	<u>\$ 6,694,922</u>

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

City of Grosse Pointe Park, Michigan  
 Governmental Funds  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the  
 Statement of Activities  
 June 30, 2021

**Net Change in Fund Balances - Total Governmental Funds** \$ 745,089

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

Governmental funds report capital outlays as expenditures; In the statement of activities, these costs are allocated over their estimated useful lives as depreciation		
Capital Outlay		3,250,567
Depreciation Expense		(1,395,857)
Interest expense is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid		157,600
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		600,000
Changes in accumulated employee sick and vacation pay are recorded when earned in the statement of activities		(37,984)
The change in the net OPEB liability does not require the use of current resources and is not reported in the governmental funds		3,325,035
The change in the net pension liability does not require the use of current resources and is not reported in the governmental funds		366,199
The change in the deferred inflows of resources related to pensions and OPEB does not require the use of current resources and is not reported in the governmental funds		(4,187,153)
The change in the deferred outflows of resources related to pensions and OPEB does not require the use of current resources and is not reported in the governmental funds		(1,664,295)
Net change in investment in joint venture in the statement of activities does not provide current financial resources and, therefore, is not reported in the fund statements until it comes due for payment		186,900

<b>Change in Net Position of Governmental Activities</b>	\$ 1,346,101
--	--------------

City of Grosse Pointe Park, Michigan  
Enterprise Funds  
Statement of Net Position  
June 30, 2021

	Major Fund - Water and Sewer Fund	Nonmajor Fund - Marina Fund	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents (Note 3)	\$ 18,054	\$ 276,154	\$ 294,208
Accounts receivable - Customers - Net	2,444,567	-	2,444,567
Due From General Fund	306,493	5,953	312,446
Total current assets	2,769,114	282,107	3,051,221
Capital assets (Note 4):			
Assets not depreciated	1,784,399	-	1,784,399
Assets being depreciated - Net	14,287,352	137,667	14,425,019
Total assets	<u>18,840,865</u>	<u>419,774</u>	<u>19,260,639</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	504,898	-	504,898
Due to other governmental units:			
Other primary government	-	-	-
Accrued and other liabilities	382,430	64,357	446,787
Total current liabilities	887,328	64,357	951,685
Total liabilities	<u>887,328</u>	<u>64,357</u>	<u>951,685</u>
<b>Net Position</b>			
Net investment in capital assets	16,071,751	137,667	16,209,418
Unrestricted (deficit)	1,881,786	217,750	2,099,536
Total net position	<u>\$ 17,953,537</u>	<u>\$ 355,417</u>	<u>\$ 18,308,954</u>

City of Grosse Pointe Park, Michigan  
Enterprise Funds  
Statement of Revenue, Expenses, and Changes in Net Position  
June 30, 2021

	Major Fund - Water and Sewer Fund	Nonmajor Fund - Marina Fund	Total
<b>Operating Revenue -</b>			
Customer billings	\$ 5,722,055	\$ 312,646	\$ 6,034,701
<b>Operating Expenses</b>			
Cost of water	1,551,260	-	1,551,260
Cost of sewage disposal	1,824,000	-	1,824,000
Operation and maintenance	1,570,011	146,482	1,716,493
General and administrative	234,599	10,758	245,357
Depreciation	545,128	8,409	553,537
Total operating expenses	5,724,998	165,649	5,890,647
<b>Operating Income</b>	(2,943)	146,997	144,054
<b>Nonoperating Expense -</b>			
Interest expense	-	-	-
<b>Other Financing Sources (Uses)</b>			
Transfers In (Note 5)	-	-	-
Transfers Out (Note 5)	-	-	-
<b>Change in Net Position</b>	(2,943)	146,997	144,054
<b>Net Position - Beginning of year</b>	17,956,480	208,420	18,164,900
<b>Net Position - End of year</b>	\$ 17,953,537	\$ 355,417	\$ 18,308,954

City of Grosse Pointe Park, Michigan  
Enterprise Funds  
Statement of Cash Flows  
June 30, 2021

	Major Fund - Water and Sewer Fund	Nonmajor Fund - Marina Fund	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 5,737,624	\$ 318,868	\$ 6,056,492
Payments to suppliers for water and sewage disposal	(3,375,260)	-	(3,375,260)
Payments to other suppliers and employees	(2,115,896)	(170,757)	(2,286,653)
Net cash provided by (used in) operating activities	246,468	148,111	394,579
<b>Cash Flows from Capital and Related Financing Activities</b> - Principal and interest paid on			
Capital debt	-	-	-
Transfer -In	-	-	-
Purchase of capital assets	(477,943)	-	(477,943)
<b>Net Increase (Decrease) in Cash and Equivalents</b>	(231,475)	148,111	(83,364)
<b>Cash and Cash Equivalent:</b> - Beginning of year	249,529	128,043	377,572
<b>Cash and Cash Equivalent:</b> - End of year	\$ 18,054	\$ 276,154	\$ 294,208
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income/(loss)	\$ (2,943)	\$ 146,997	\$ 144,054
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation and amortization	545,128	8,409	553,537
Changes in assets and liabilities:			
Receivables	15,569	-	15,569
Accounts payable	(80,012)	(13,662)	(93,674)
Accrued and other liabilities	28,604	6,367	34,971
Due from other funds	(737,821)	-	(737,821)
Due to other funds	-	-	-
Net cash provided by (used in) operating activities.	\$ (231,475)	\$ 148,111	\$ (83,364)

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

City of Grosse Pointe Park, Michigan  
Component Units  
Statement of Net Position  
June 30, 2021

	Downtown Development Authority	Tax Increment Finance Authority	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 103,815	\$ 190,886	\$ 294,701
Receivable		28,000	28,000
Due from other governmental units:			
Other Primary government	-	-	-
Capital assets (Note 4):			
Assets not being depreciated	1,413,654	4,807,122	6,220,776
Total assets	1,517,469	5,026,008	6,543,477
<b>Liabilities</b>			
Accounts payable	15,667	108,580	124,247
Due to other governmental units:			
Other Primary government	-	54,294	54,294
Accrued and other liabilities	-	54,895	54,895
Total liabilities	15,667	217,769	233,436
<b>Net Position</b>			
Net investment in capital assets	1,413,654	4,807,122	6,220,776
Unrestricted	88,148	1,117	89,265
Total net position	\$ 1,501,802	\$ 4,808,239	\$ 6,310,041

City of Grosse Pointe Park, Michigan  
Component Units  
Statement of Activities  
Year Ended June 30, 2021

	Expenses	Net Expense and	Changes in Net Position	
		Downtown Development Authority	Tax Increment Finance Authority	Total
Downtown Development Authority - Public works	\$ -	\$ (106,834)	\$ -	\$ (106,834)
Tax Increment Finance Authority - Public works	-	-	(1,129,219)	(1,129,219)
Total governmental activities	<u>\$ -</u>	<u>(106,834)</u>	<u>(1,129,219)</u>	<u>(1,236,053)</u>
General revenue:				
Property taxes		109,573	933,085	1,042,658
Intergovernmental		-	-	-
Other revenue		-	89,423	89,423
Total general revenue		<u>109,573</u>	<u>1,022,508</u>	<u>1,132,081</u>
<b>Change in Net Position</b>		2,739	(106,711)	(103,972)
<b>Other Financing Sources</b>				
Transfers out			-	-
<b>Net Position - Beginning of year</b>		<u>1,499,063</u>	<u>4,914,950</u>	<u>6,414,013</u>
<b>Net Position - End of year</b>		<u>\$ 1,501,802</u>	<u>\$ 4,808,239</u>	<u>\$ 6,310,041</u>

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

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

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

### **Reporting Entity**

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

### **Blended Component Unit**

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

### **Discretely Presented Component Units**

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

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

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

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

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or identifiable activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

The City reports the following major governmental funds:

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

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

The City reports the following major Enterprise Fund:

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

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

Additionally, the City reports the following Fiduciary Fund:

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operation revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

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

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

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

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

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

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

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

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

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

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

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

The 2020 taxable valuation (real and personal property) of the City totaled \$671,681,127, on which ad valorem taxes levied consisted of 10.7074 mills for the City's operating purposes, 1.58 mills for refuse, .074 mills for public relations, .9676 mills for debt levy, 2.5977 for public safety, and .9500 for roads. The ad valorem taxes generated approximately \$6,611,300 for general operations, \$977,200 for refuse, \$49,900 for public relations, \$604,900 for the debt levy, \$1,687,100 for public safety, and \$640,800 for roads, net of taxes captured by the DDA and TIFA. These amounts are reported in the General Fund, the Garbage and Rubbish Collection Special Revenue Fund, the General Fund, and the 2007 Debt Issuance Fund, respectively, as tax revenue.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, water and sewer systems, etc.), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

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

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

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

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

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

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

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

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

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

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The City does not have any items that qualify for reporting in this category.

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

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

**Pensions** - For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

The budget document presents information by fund, activity, and line item. The legal level of budgetary control adopted by the City Council is the activity level for both the General Fund and the Special Revenue Funds. Budget amendments were not significant during the year; however, the budget was amended prior to June 30, 2021.

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

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

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

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

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

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

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

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. The bank balance of the City's deposits, including the component units, whose deposits are held in the name of the City of Grosse Pointe Park, totaled \$6,729,070 of which \$250,000 is covered by federal depository insurance. The City evaluated each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy does not further limit its investment choices. At June 30, 2021, the City did not hold any investments in commercial paper.

**Interest Rate Risk** -Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The City's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, there are no investments subject to interest rate risk.

**Concentration of Credit Risk** - The City's investment policy places no limit on the amount that may be invested in any one issuer. At June 30, 2021, there were no investments in any one issuer (other than the U.S. government) that exceeded 5 percent of total investments.

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2021

**Note 4 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated -				
Land	\$ 18,337,420	\$ 135,958	\$ -	\$ 18,473,378
Capital assets being depreciated:				
Roads and sidewalks	43,090,113	2,916,269	737,896	45,268,486
Land improvements	6,790,868	87,322	-	6,878,190
Buildings	10,675,090	-	-	10,675,090
Machinery and equipment	5,100,178	246,976	28,895	5,318,259
Subtotal	65,656,249	3,250,567	766,791	68,140,025
Accumulated depreciation:				
Roads and sidewalks	11,826,260	705,962	-	12,532,222
Land improvements	3,895,914	254,872	-	4,150,786
Buildings	5,127,062	200,260	-	5,327,322
Machinery and equipment	3,990,697	234,763	237,129	3,988,331
Subtotal	24,839,933	1,395,857	237,129	25,998,661
Net capital assets being depreciated	40,816,316	1,854,710	529,662	42,141,364
Net capital assets	\$ 59,153,736	\$ 1,990,668	\$ 529,662	\$ 60,614,742

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2021

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

**Business-type Activities**

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated -				
Land	\$ 1,384,042	\$ -	\$ 20,000	\$ 1,364,042
Construction in progress	420,357	-	-	420,357
Subtotal	<u>1,804,399</u>	<u>-</u>	<u>20,000</u>	<u>1,784,399</u>
Capital assets being depreciated:				
Water system	442,832	249,322	-	692,154
Sewer system	27,667,610	20,911	1,073,837	26,614,684
Buildings and improvements	465,037	-	-	465,037
Machinery and equipment	668,529	207,710	437,883	438,356
Marina	581,784	-	-	581,784
Subtotal	<u>29,825,792</u>	<u>477,943</u>	<u>1,511,720</u>	<u>28,792,015</u>
Accumulated depreciation:				
Water system	230,471	10,597	-	241,068
Sewer system	13,230,826	474,552	649,765	13,055,613
Buildings and improvements	437,474	15,499	-	452,973
Machinery and equipment	567,777	36,071	430,623	173,225
Marina	435,708	8,409	-	444,117
Subtotal	<u>14,902,256</u>	<u>545,128</u>	<u>1,080,388</u>	<u>14,366,996</u>
Net capital assets being depreciated	<u>14,923,536</u>	<u>(67,185)</u>	<u>431,332</u>	<u>14,425,019</u>
Net capital assets	<u>\$ 16,727,935</u>	<u>\$ (67,185)</u>	<u>\$ 451,332</u>	<u>\$ 16,209,418</u>

**Component Units**

**Capital Assets and Property Held for Resale** - The capital assets of the component units totaled \$6,231,879.

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2021

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

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

Governmental activities:		
General government	\$	143,773
Public safety		265,213
Public works		713,283
Recreation and culture		<u>273,588</u>
Total governmental activities	\$	<u><u>1,395,857</u></u>
Business-type activities:		
Water and sewer	\$	536,719
Marina		<u>8,409</u>
Total business-type activities	\$	<u><u>545,128</u></u>

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

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

Receivable Fund	Payable Fund	Amount
General Fund	Capital Improvement Fund	\$ 404,219
	Component Unit	<u>54,294</u>
	Total General Fund	<u><u>\$ 458,513</u></u>

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2021

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

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

	Transfers Out			Total
	General Fund	Component Units	Other Governmental Funds	
Transfers in:				
Capital Improvement Fund	\$ 552,468 (1)	\$ -	\$ -	\$ 552,468
Other Governmental Funds	-	-	700,100 (2)	700,100
<b>Total</b>	<b>\$ 552,468</b>	<b>\$ -</b>	<b>\$ 700,100</b>	<b>\$ 1,252,568</b>

(1) Transfer of discretionary funds to be used for the benefit of the community \$552,468.

(2) Transfer of Act 5 I revenue-sharing payments from Major Streets Fund to Local Streets Fund as permitted by state law \$60,100. Transfer from Road Resurfacing to Major & Local Roads \$640,000.

**Note 6 - Long-term Debt**

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

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2021

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

Long term debt activity is summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Due Within One Year
<b>Governmental Activities</b>							
General Obligation Unlimited							
Tax Bonds, Series 2007:							
Amount of Issue- \$7,000,000	4.00%-	\$100,000-	\$ 3,886,736	-	\$ 500,000	\$ 3,386,736	\$ 500,000
Maturing through 2017	4.35%	1,300,000					
General Obligation Unlimited							
Tax Bonds, Series 2019:							
Amount of Issue- \$2,635,000	2.375%	90,000	2,645,000	-	90,000	\$ 2,555,000	100,000
Maturing through 2039	3.00%	175,000					
Tax Increment Finance Authority of the City of Grosse Pointe Park							
Series 2020:							
Amount of Issue - \$4,000,000	1.94%	210,000	-	4,000,000	-	4,000,000	210,000
Maturing through 2036		315,000					
Accrued compensated absences			874,356	37,984	-	912,340	275,000
Total governmental activities			<u>\$ 7,406,092</u>	<u>\$ 4,037,984</u>	<u>\$ 590,000</u>	<u>\$ 10,854,076</u>	<u>\$ 1,085,000</u>

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

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

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	810,000	292,487	1,102,487	-	-	-
2023	830,000	244,139	1,074,139	-	-	-
2024	840,000	215,179	1,055,179	-	-	-
2025	950,000	183,696	1,133,696	-	-	-
2026	960,000	149,667	1,109,667	-	-	-
2027-2031	2,641,736	422,373	3,064,109	-	-	-
2032-2036	2,230,000	193,114	2,423,114	-	-	-
2037-2040	670,000	32,329	702,329	-	-	-
<b>Total</b>	<b>\$ 9,931,736</b>	<b>\$ 1,732,984</b>	<b>\$ 11,664,720</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Note 7 - Subsequent Events

The City's management evaluated subsequent events from June 30, 2021 through November 30, 2021, the date the financial statements were available to be issued.

## Note 8 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for claims related to property loss, torts, and errors and omissions. For workers' compensation claims, the City participates in the Michigan Municipal League Risk Pool. For medical benefits, the City previously purchased commercial insurance. As described below, the City is partially self-insured for medical claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

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

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

The City made no deposits to the claims administrator for payment of future claims. The City estimates the liability for medical benefits claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. The City's liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims. The entire liability is current and is recorded in the General Fund and government-wide statement of net assets. The changes in the estimated liability for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Estimated liability - Beginning of year	\$ 641,261	\$ 661,161
Estimated claims incurred	766,804	635,685
Claim payments	(598,821)	(655,585)
Estimated liability - End of year	\$ 809,244	\$ 641,261

**Note 9 - Pension Plan**

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

Employee membership data as of June 30, 2021 is as follows:

Active members	69
Retirees and beneficiaries	100
Inactive vested participants	19
Total plan participants	188

## Note 9 - Pension Plan (Continued)

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

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

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

The annual employer contribution amount was \$2,333,746 (mandatory contribution of \$1,851,072 and additional contribution of \$482,674) for the fiscal year ended June 30, 2021.

**Net Pension Liability** - The employer's Net Pension Liability was measured as of December 31, 2020, and the total pension liability used to calculate the Net a Pension Liability was determined by an annual actuarial valuation as of that date.

**Actuarial Assumptions** - The total pension liability in the December 31, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3%

Investment rate of return: 7.60%, net of investment expense, including inflation

Mortality rates used were based on the Pub-2010 mortality tables.

City of Grosse Pointe Park, Michigan  
Notes to Financial Statements  
June 30, 2021

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

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study conducted in 2020 period from January 1, 2014, through December 31, 2018.

The long -term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Global Equity	60.0%	5.25 %
Global Fixed Income	20.0%	1.25 %
Private Investments	20.0%	7.25 %

Discount rate. The discount rate used to measure the total pension liability is 7.60% for 2020. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<b>Balances at 12/31/2019</b>	50,054,359	26,376,401	23,677,958
<b>Changes for the year</b>			
Service Cost	518,321		518,321
Interest on Pension Liability	3,943,179		3,943,179
Difference between expected and actual experience	417,053		417,053
Changes in Assumptions	1,344,330	-	1,344,330
Employer Contributions	-	2,392,384	(2,392,384)
Employee Contributions	-	250,450	(250,450)
Net Investment Income/(Loss)	-	3,266,047	(3,266,047)
Benefit Payments			
including Employee Refunds	(3,460,122)	(3,460,122)	-
Administrative Expense	-	(52,197)	52,197
Other Changes	-	-	-
<b>Net Changes</b>	<u>2,762,761</u>	<u>2,396,562</u>	<u>366,199</u>
<b>Balances at 12/31/2020</b>	<u>52,817,120</u>	<u>28,772,963</u>	<u>24,044,157</u>

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

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

	1% Lower (6.60%)	Discount Rate (7.60%)	1% Higher (8.60%)
Net pension liability of the City	\$ 5,757,230	\$ -	\$ (4,841,428)

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended June 30, 2021, the City recognized pension expense of \$2,333,746. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Net differences between projected and actual plan investments earnings	\$ -	\$ 913,906.00
Changes in Assumptions	1,344,330	-
Difference between expected and actual experience	417,053	-
	\$ 1,761,383	\$ 913,906

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date, which will impact the net pension liability in fiscal year 2022 rather than pension expense.

Year ended June 30,	Amount
2021	843,582
2022	609,045
2023	839,673
2024	182,782

## Note 9 - Pension Plan (Continued)

### Schedule of Funding Progress

	Actuarial Valuation as of December 31		
	2020	2019	2018
Actuarial value of assets	\$ 27,977,593	\$ 26,724,013	\$ 26,633,481
Actuarial accrued liability (AAL) (entry age)	\$ 53,299,215	\$ 50,773,323	\$ 47,988,343
Unfunded AAL (UAAL)	\$ 25,321,622	\$ 24,049,310	\$ 21,354,862
Funded ratio	52%	53%	55%
Covered payroll	\$ 4,901,635	\$ 4,719,411	\$ 4,891,136
UAAL as a percentage of covered payroll	517%	509%	437%

The ratio of current employees to retirees and beneficiaries has significantly declined in the prior ten years. As a result, the City's unfunded liability as a percentage of payroll has increased. In June, 2003 active members totaled 86 as compared to a total of 69 in June, 2021. Conversely the number of retirees has increased from 77 to 100. Accordingly, pension obligations have increased, however such costs in considerable part have been offset by savings incurred by the reduction of full time personnel.

## Note 10 - Other Postemployment Benefits

**Plan Description** - The City provides retiree healthcare benefits to eligible employees and their spouses in accordance with labor contracts. The healthcare costs are paid by the City on a "pay-as-you-go" basis. Benefits are provided to public safety and general employees (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The City pays all of the medical insurance premiums for general employees until age 65. Expenditures for postemployment healthcare benefits of \$598,821 were recognized as paid by the City during the year ended June 30, 2021.

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

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

## Note 10 - Other Postemployment Benefits (Continued)

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

### Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	57
Active Plan Members	32
Total Plan Members	89

### Contributions

Retiree healthcare costs are paid by the City on a pay-as-you-go basis. The City has no obligation to make contribution in advance of when the insurance premiums are due for payment. For the fiscal year ended June 30, 2021 the City made payments for postemployment healthcare benefits of \$598,821.

### Net OPEB Liability

The City has chosen to use the June 30 measurement date as its measurement date for the net OPEB liability. The June 30, 2021 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2021 measurement date. The June 30, 2021 measurement date total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020 and updated through June 30, 2021 by the actuaries.

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

Changes in Net OPEB Liability	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at July 1, 2020</b>	<b>\$ 18,721,586</b>	<b>\$ -</b>	<b>\$ 18,721,586</b>
Changes for the year:			
Service Cost	140,117	-	140,117
Interest	1,294,456	-	1,294,456
Differences between expected and actual experience	(3,163,081)	-	(3,163,081)
Changes in assumptions	(997,706)	-	(997,706)
Contributions - Employer		598,821	(598,821)
Benefit payments, including refunds	(598,821)	(598,821)	-
Net changes	(3,325,035)	-	(3,325,035)
<b>Balance at June 30, 2021</b>	<b>\$ 15,396,551</b>	<b>\$ -</b>	<b>\$ 15,396,551</b>

## Note 10 - Other Postemployment Benefits (Continued)

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

For the year ended June 30, 2021 the city recognized OPEB expenses of \$2,355,207.

At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,887,283
Assumption changes	1,372,150	6,559,268
Net difference between projected and actual earnings on OPEB plan investments		13,515
Total	<u>\$ 1,372,150</u>	<u>\$ 9,460,066</u>

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

Years Ending June 30	Amount
2021	\$ (3,876,029)
2022	(4,141,855)
2023	(67,003)
2024	(3,029)
2025	-
2026	-
Thereafter	-
Total	<u>\$ (8,087,916)</u>

**Actuarial Methods and Assumptions** - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects

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

In the December 31, 2020 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.00 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by increments to an ultimate rate of 3.50 percent after 10 years. Both rates included a 2.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2020 was 21 years.

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

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

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Net OPEB liability	\$ 17,062	\$ 15,262,471	\$ 13,762,995

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

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

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB liability	\$ 13,642,553	\$ 15,262,471	\$ 17,212,434

**Note 11 - Joint Venture**

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

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

Authority's governing board, which then approves its annual budget. The Authority currently contracts with a commercial refuse disposal company and bills members for their proportionate share of the costs.

The City's interest in the net position of the Authority approximated \$112,900 at June 30, 2021 and is reported as part of the governmental activities in the statement of net assets. The City is unaware of any circumstances, including potential environmental remediation, that would cause an additional burden to the participating municipalities in the near future. Complete financial statements for the Authority can be obtained from its administrative offices at 4454 Woodridge Ct., Waterford, MI 48328.

**Required Supplemental Information**

City of Grosse Pointe Park, Michigan  
 Budgetary Comparison Schedule - General Fund  
 June 30, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 8,347,015	\$ 8,347,015	\$ 8,348,286	\$ 1,271
License and permits	39,100	39,100	39,763	663
State sources	1,059,161	1,059,161	1,059,161	-
Charges for services	750,636	750,636	278,602	(472,034)
Fines and forfeitures	428,433	428,433	338,936	(89,497)
Interest and rent	339,700	339,700	263,151	(76,549)
Proceeds from sale of fixed asset	-	-	-	-
Other	890,526	890,526	1,655,452	764,926
<b>Total revenue</b>	<b>11,854,571</b>	<b>11,854,571</b>	<b>11,983,351</b>	<b>128,780</b>
<b>Expenditures</b>				
City Council	107,594	107,594	60,831	46,763
Judicial	335,800	335,800	317,040	18,760
City Manager	185,000	185,000	145,241	39,759
Public Service	345,582	362,337	327,472	34,865
Elections	122,690	122,690	81,824	40,866
Financial Administration	282,026	293,113	257,070	36,043
City Clerk	183,196	183,196	144,567	38,629
Public safety	7,441,734	7,501,211	7,252,235	248,976
Public works	344,470	344,470	290,432	54,038
Tree Maintenance	255,153	255,153	239,025	16,128
Parks	535,490	666,095	563,135	102,960
Recreation	546,722	546,722	510,100	36,622
Fitness/Activity Center	599,525	628,139	360,523	267,616
Planning & Beautification	13,607	13,607	2,445	11,162
Transfer to other funds	552,468	552,468	552,468	-
<b>Total expenditures</b>	<b>11,851,057</b>	<b>12,097,595</b>	<b>11,104,408</b>	<b>993,187</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>3,514</b>	<b>(243,024)</b>	<b>878,943</b>	<b>1,121,967</b>
<b>Fund Balance - Beginning of year</b>	<b>3,039,733</b>	<b>3,039,733</b>	<b>3,039,733</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 3,043,247</b>	<b>\$ 2,796,709</b>	<b>\$ 3,918,676</b>	<b>\$ 1,121,967</b>

City of Grosse Pointe Park, Michigan  
 Note to Required Supplemental Information  
 June 30, 2021

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

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

	General Fund	
	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 11,983,351	\$ 10,551,940
Operating transfers budgeted as revenue and expenditures on budget statements	-	552,468
Amounts per budget statements	\$ 11,983,351	\$ 11,104,408

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

	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>							
Service Cost	\$ 518,321	\$ 460,210	\$ 492,669	\$ 540,353	\$ 542,894	\$ 535,569	\$ 567,736
Interest	3,943,179	3,831,245	3,638,348	3,740,897	3,626,384	3,188,738	3,191,216
Changes in benefit terms	-	-	(19,149)	(302,393)	(169,614)	(496,426)	
Differences between expected and actual experience	417,053	166,313	150,668	(248,181)	-	2,115,513	
Changes in assumptions	1,344,330	1,548,893	-	-	-	(2,595,050)	(2,535,049)
Benefit payments, including refunds	(3,460,122)	(3,252,815)	(2,992,128)	(2,794,405)	(2,642,787)	99,648	
Other	-	-	-	-	-	-	-
<b>Net Change in total Pension Liability</b>	2,762,761	2,753,846	1,270,408	936,271	1,356,877	2,847,992	1,223,903
<b>Total Pension Liability - Beginning of year</b>	50,054,359	47,300,513	46,030,105	45,093,834	43,736,957	40,888,965	39,665,062
<b>Total Pension Liability - End of year</b>	<u>\$ 52,817,120</u>	<u>\$ 50,054,359</u>	<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>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 2,392,384	\$ 1,881,524	\$ 1,914,805	\$ 1,582,773	\$ 1,452,821	\$ 1,324,490	\$ 1,094,750
Contributions - Member	250,450	250,750	250,331	247,154	248,209	243,136	255,055
Net investment income/(loss)	3,266,047	3,282,826	(1,001,032)	3,119,794	2,511,003	(348,714)	1,474,175
Administrative expenses	(52,197)	(55,770)	(49,987)	(49,476)	(49,617)	(51,582)	(53,913)
Benefit payments, including refunds	(3,460,122)	(3,252,815)	(2,992,128)	(2,804,171)	(2,642,787)	(2,595,050)	(2,535,049)
<b>Net Change in Plan Fiduciary Net Position</b>	2,396,562	2,106,515	(1,878,011)	2,096,074	1,519,629	(1,427,720)	235,018
<b>Plan Fiduciary Net Position - Beginning of year</b>	26,376,401	24,269,886	26,147,897	24,051,823	22,532,194	23,959,914	23,774,896
<b>Plan Fiduciary Net Position - End of year</b>	<u>\$ 28,772,963</u>	<u>\$ 26,376,401</u>	<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>
<b>City's Net Pension Liability - Ending</b>	<u>\$ 24,044,157</u>	<u>\$ 23,677,958</u>	<u>\$ 23,030,627</u>	<u>\$ 19,882,208</u>	<u>\$ 21,042,011</u>	<u>\$ 21,204,763</u>	<u>\$ 16,979,051</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	54.48%	52.70%	51.31%	56.81%	53.34%	51.52%	58.60%
<b>Covered Employee Payroll</b>	\$ 4,901,635	\$ 4,719,411	\$ 4,891,136	\$ 4,801,140	\$ 4,810,060	\$ 4,745,956	\$ 5,008,631
<b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b>	490.53%	501.71%	470.86%	414.11%	437.46%	446.80%	338.00%

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

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,851,072	\$ 1,646,724	\$ 1,543,039	\$ 1,446,796	\$ 1,378,416	\$ 1,324,490	\$ 1,094,750
Contributions in relation to the actuarially determined contribution	2,333,746	2,277,000	1,943,000	1,699,100	1,526,671	1,324,490	1,094,750
Contribution Deficiency (Excess)	<u>\$ (482,674)</u>	<u>\$ (630,276)</u>	<u>\$ (399,961)</u>	<u>\$ (252,304)</u>	<u>\$ (148,255)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 4,901,635	\$ 4,719,411	\$ 4,891,136	\$ 4,801,140	\$ 4,810,060	\$ 4,745,956	\$ 5,008,631
Contributions as a percent of covered employee payroll	47.61%	48.25%	39.72%	35.39%	31.74%	27.91%	21.86%

**Notes to Schedule**

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of pay, closed
Remaining amortization period	5 - 21 years
Asset valuation method	10 Year smoothed
Inflation	3%
Salary increases	3%
Investment rate of return	7.00%
Retirement age	60
Mortality	Public-2010 Mortality Tables

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

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Service Cost	\$ 140,117	\$ 486,727	\$ 325,334	\$ 396,186
Interest	1,294,456	946,218	942,916	917,288
Changes in benefit terms			-	-
Differences between expected and actual experience	(3,163,081)	(215,302)	(3,068,356)	(157,033)
Changes in assumptions	(997,706)	(12,165,464)	6,512,566	(229,413)
Benefit payments, including refunds	(598,821)	(635,685)	(584,231)	(637,176)
<b>Net Change in total OPEB liability</b>	(3,325,035)	(11,583,506)	4,128,229	289,852
<b>Total OPEB Liability - Beginning of year</b>	18,721,586	30,305,092	26,176,863	25,887,011
<b>Total OPEB Liability - End of year</b>	<u>\$ 15,396,551</u>	<u>\$ 18,721,586</u>	<u>\$ 30,305,092</u>	<u>\$ 26,176,863</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - Employer	\$ 629,838	\$ 655,585	\$ 545,269	\$ 598,538
Contributions - Member	28,983	30,100	38,962	38,638
Net investment income	20,956	3,124		
Benefit payments, including refunds	(598,821)	(635,685)	(584,231)	(637,176)
<b>Net Change in Plan Fiduciary Net Position</b>	80,956	53,124	-	-
<b>Plan Fiduciary Net Position - Beginning of year</b>	53,124	-	-	-
<b>Plan Fiduciary Net Position - End of year</b>	<u>\$ 134,080</u>	<u>\$ 53,124</u>	<u>\$ -</u>	<u>\$ -</u>
<b>City's Net OPEB Liability - Ending</b>	<u>\$ 15,262,471</u>	<u>\$ 18,668,462</u>	<u>\$ 30,305,092</u>	<u>\$ 26,176,863</u>
<b>Plan Fiduciary Net Position as a Percentage of total OPEB Liability</b>	0.87%	0.28%	0.00%	0.00%
<b>Covered Employee Payroll</b>	\$ 2,973,885	\$ 3,193,731	\$ 3,991,753	\$ 3,731,451
<b>City's Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	513.22%	584.53%	759.19%	701.52%

City of Grosse Pointe Park  
 Schedule of the Net OPEB Liability  
 Fiscal Years Ended

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability	\$ 15,396,551	\$ 18,721,586	\$ 30,305,092	\$ 26,176,863
Plan Net Position	<u>134,080</u>	<u>53,124</u>	-	-
Net OPEB Liability	<u>\$ 15,262,471</u>	<u>\$ 18,668,462</u>	<u>\$ 30,305,092</u>	<u>\$ 26,176,863</u>
Plan Net Position as a % of total OPEB Liability	0.87%	0.28%	0.00%	0.00%
Covered Employee Payroll	\$ 2,973,885	\$ 3,193,731	\$ 3,991,753	\$ 3,731,451
Net OPEB Liability as a % of Covered Payroll	513.22%	584.53%	759.19%	701.52%



## **Other Supplemental Information**

City of Grosse Pointe Park, Michigan  
Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Special Revenue Funds						
	Major Roads	Local Roads	Road Resurfacing	Garbage and Rubbish Collection	Building Inspection Department	Drug Law Enforcement	Indigent Defense Grant
<b>Assets</b>							
Cash and Cash Equivalents	\$ 261,291	\$ -	\$ 2,303	\$ 178,846	\$ 151,437	\$ 3,356	\$ 22,963
Receivables - Net:							
Accounts	-	-	-	82,130	-	-	-
Other governmental units:							
Component units	-	-	-	-	-	-	-
Other	144,408	53,194	-	-	-	-	-
Due from other funds	-	11,925	-	-	37,348	2,578	-
<b>Total assets</b>	<b>\$ 405,699</b>	<b>\$ 65,119</b>	<b>\$ 2,303</b>	<b>\$ 260,976</b>	<b>\$ 188,785</b>	<b>\$ 5,934</b>	<b>\$ 22,963</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 1,715	\$ 19,730	\$ -	\$ 62,848	\$ 10,003	\$ 94	\$ -
Accrued and other liabilities	16,772	8,672	-	846	2,804	-	-
Due to other funds	30,487	281,589	-	-	-	-	-
<b>Total liabilities</b>	<b>48,974</b>	<b>309,991</b>	<b>-</b>	<b>63,694</b>	<b>12,807</b>	<b>94</b>	<b>-</b>
<b>Fund Balances -</b>							
Unreserved	356,725	(244,872)	2,303	197,282	175,978	5,840	22,963
<b>Total liabilities and fund balances</b>	<b>\$ 405,699</b>	<b>\$ 65,119</b>	<b>\$ 2,303</b>	<b>\$ 260,976</b>	<b>\$ 188,785</b>	<b>\$ 5,934</b>	<b>\$ 22,963</b>

City of Grosse Pointe Park, Michigan  
Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

		Debt Service Funds					
Community Development Block Grant	Total Special Revenue Funds	General Debt	2007 Debt Issuance	2019 Debt Issuance	Building Authority Debt	Total Debt Service Funds	Total Nonmajor Governmental Funds
\$ 77,561	\$ 697,757	\$ 727	\$ 106,144	\$ 2,122,179	\$ 1,387	\$ 2,230,437	\$ 2,928,194
-	82,130	-	-	-	-	-	82,130
-	-						
-	197,602						197,602
-	51,851	-	-	-	-	-	51,851
<u>\$ 77,561</u>	<u>\$ 1,029,340</u>	<u>\$ 727</u>	<u>\$ 106,144</u>	<u>\$ 2,122,179</u>	<u>\$ 1,387</u>	<u>\$ 2,230,437</u>	<u>\$ 3,259,777</u>
\$ 20,000	\$ 114,390	\$ -	\$ -	\$ 23,344	\$ -	\$ 23,344	\$ 137,734
41,495	70,589	-	-	-	-	-	70,589
-	312,076	-	-	-	-	-	312,076
61,495	497,055	-	-	23,344	-	23,344	520,399
16,066	532,285	727	106,144	2,098,835	1,387	2,207,093	2,739,378
<u>\$ 77,561</u>	<u>\$ 1,029,340</u>	<u>\$ 727</u>	<u>\$ 106,144</u>	<u>\$ 2,122,179</u>	<u>\$ 1,387</u>	<u>\$ 2,230,437</u>	<u>\$ 3,259,777</u>

City of Grosse Pointe Park, Michigan  
 Other Supplemental Information  
 Combining Statement of Revenue, Expenditures, and Changes  
 in Fund Balances - Nonmajor Governmental Funds  
 June 30, 2021

	Special Revenue Funds						
	Major Roads	Local Roads	Road Resurfacing	Garbage and Rubbish Collection	Building Inspection Department	Drug Law Enforcement	Indigent Defense Grant
<b>Revenue</b>							
Property taxes	\$ -	\$ -	\$ 640,853	\$ 977,183	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-	33,479
State sources	881,938	365,226	-	-	-	742	-
Interest and Rents	-	-	-	-	-	-	-
Charge for services	-	-	-	289,942	403,822	-	-
<b>Total revenue</b>	<b>881,938</b>	<b>365,226</b>	<b>640,853</b>	<b>1,267,125</b>	<b>403,822</b>	<b>742</b>	<b>33,479</b>
<b>Expenditures</b>							
Current:							
Public safety	-	-	-	-	-	1,750	28,815
Public works	1,196,121	845,119	-	1,229,269	297,452	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,196,121</b>	<b>845,119</b>	<b>-</b>	<b>1,229,269</b>	<b>297,452</b>	<b>1,750</b>	<b>28,815</b>
<b>Excess of Revenue Over (Under)</b>							
<b>Expenditures</b>	<b>(314,183)</b>	<b>(479,893)</b>	<b>640,853</b>	<b>37,856</b>	<b>106,370</b>	<b>(1,008)</b>	<b>4,664</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	490,000	210,100	-	-	-	-	-
Transfers out	(60,100)	-	(640,000)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>429,900</b>	<b>210,100</b>	<b>(640,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>115,717</b>	<b>(269,793)</b>	<b>853</b>	<b>37,856</b>	<b>106,370</b>	<b>(1,008)</b>	<b>4,664</b>
<b>Fund Balances - Beg of year</b>	<b>241,008</b>	<b>24,921</b>	<b>1,450</b>	<b>159,426</b>	<b>69,608</b>	<b>6,848</b>	<b>18,299</b>
<b>Fund Balances - End of year</b>	<b>\$ 356,725</b>	<b>\$ (244,872)</b>	<b>\$ 2,303</b>	<b>\$ 197,282</b>	<b>\$ 175,978</b>	<b>\$ 5,840</b>	<b>\$ 22,963</b>

City of Grosse Pointe Park, Michigan  
Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes  
in Fund Balances - Nonmajor Governmental Funds  
June 30, 2021

		Debt Service Funds					
Community Development Block Grant	Total Special Revenue Funds	General Debt	2007 Debt Issuance	2019 Debt Issuance	Building Authority Debt	Total Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ 1,618,036	\$ -	\$ 604,922		\$ -	\$ 604,922	\$ 2,222,958
30,890	64,369	-	-	-	-	-	64,369
-	1,247,906	-	-	-	-	-	1,247,906
-	-	-	-	1,194	-	1,194	1,194
-	693,764	-	-	-	-	-	693,764
<u>30,890</u>	<u>3,624,075</u>	<u>-</u>	<u>604,922</u>	<u>1,194</u>	<u>-</u>	<u>606,116</u>	<u>4,230,191</u>
20,000	50,565	-	-	-	-	-	50,565
-	3,567,961	-	-	-	-	-	3,567,961
-	-	-	-	120,441	-	120,441	120,441
-	-	-	500,000	-	-	500,000	500,000
-	-	-	157,600	-	-	157,600	157,600
<u>20,000</u>	<u>3,618,526</u>	<u>-</u>	<u>657,600</u>	<u>120,441</u>	<u>-</u>	<u>778,041</u>	<u>4,396,567</u>
<u>10,890</u>	<u>5,549</u>	<u>-</u>	<u>(52,678)</u>	<u>(119,247)</u>	<u>-</u>	<u>(171,925)</u>	<u>(166,376)</u>
-	700,100	-	-	-	-	-	700,100
-	(700,100)	-	-	-	-	-	(700,100)
-	-	-	-	-	-	-	-
<u>10,890</u>	<u>5,549</u>	<u>-</u>	<u>(52,678)</u>	<u>(119,247)</u>	<u>-</u>	<u>(171,925)</u>	<u>(166,376)</u>
<u>5,176</u>	<u>526,736</u>	<u>727</u>	<u>158,822</u>	<u>2,218,082</u>	<u>1,387</u>	<u>2,379,018</u>	<u>2,905,754</u>
<u>\$ 16,066</u>	<u>\$ 532,285</u>	<u>\$ 727</u>	<u>\$ 106,144</u>	<u>\$ 2,098,835</u>	<u>\$ 1,387</u>	<u>\$ 2,207,093</u>	<u>\$ 2,739,378</u>