

Comprehensive Annual Financial Report
City of Grosse Pointe Farms, Michigan
For the Fiscal Year Ended June 30, 2010

City Council

James C. Farquhar - Mayor

Charles S. "Terry" Davis III

Joseph T. Leonard

Martin West

Therese Joseph

Peter W. Waldmeir

Louis Theros

Shane L. Reeside - City Manager

John Modzinski - City Controller/Treasurer

Audit Committee

Charles S. "Terry" Davis III

James C. Farquhar

Louis Theros

City of Grosse Pointe Farms, Michigan

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Introductory Section



City of Grosse Pointe Farms

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21 January, 2011

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

With this letter, we transmit the City of Grosse Pointe Farms' Comprehensive Annual Financial Report (CAFR) for the fiscal year which ended June 30, 2010. These statements are in compliance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) section of this report and should be used in conjunction with it. The MD&A immediately follows the report of the independent auditors.

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

The City of Grosse Pointe Farms' financial statements have been audited by Plante & Moran, PLLC. The purpose of an independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The audit concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Grosse Pointe Farms' financial statements for the year ended June 30, 2010 are fairly presented in conformity with GAAP. Plante & Moran, PLLC's report is presented as the first component of the financial section of this report.

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

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

ECONOMIC CONDITION & OUTLOOK

The City of Grosse Pointe Farms is an affluent, suburban community located in the northeast corner of Wayne County and nestled among its four Grosse Pointe neighbors between the City of Detroit on its west and Lake St. Clair on its east. Its population of 9,764 is distributed among almost 3,900 households, having a median household income of \$106,118 and an average per capita income of \$59,284. The median value of an owner-occupied residence in the City is \$327,800. The labor force is composed largely of managerial and professional personnel, of which over 60% has a graduate or a post graduate degree. The unemployment rate among the City's residents is considerably lower than in the rest of the region.

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

The country continues to be in an economic downturn, with Michigan being impacted particularly hard. Approximately 6 percent of the City's total revenue comes from sales tax that is collected by the State and shared with local units of government. Due to reductions in statewide collections of state taxes, the state government has retained a high portion of the sales tax in order to balance its own budget. This has resulted in a decrease in state-shared revenue in the current year, and further reductions are being anticipated by the City for the near future.

More than most communities in the state, Grosse Pointe Farms' reliance on state-shared revenue is a relatively small portion of the City's budget. The residential tax base makes up almost 95% of the tax roll or 70% of the City's total revenue. The impact of a weak Michigan economy and the housing finance crisis has resulted in more homes on the market, for longer periods of time. This has resulted in lower home values which adversely impact State Equalized Value (SEV). For fiscal year 2010, about 25% of the properties have a taxable value below the SEV. For these properties, the City will only have the ability to raise the taxable value by the Headlee rate of inflation. As

SEVs continue to decline, more properties will have their taxable value reduced, as opposed to an inflationary increase, as the taxable value cannot exceed the SEV. Thus, the City's overall tax revenue will decline if the millage rate remains constant. Under State Law, the City does have the ability to levy an additional .64 mills for general operations.

In conclusion, the economic outlook for the City of Grosse Pointe Farms continues to be better than most cities in the state of Michigan. The City has maintained a strong financial position as a result of cost-cutting measures from management's prudent budgeting practices. It should be noted that a continued economic downturn will put further strains on Michigan communities.

MAJOR INITIATIVES

An important initiative for any fiscal year is securing and protecting the stabilization of the total fund balance position, while addressing current and future capital outlay requirements. Through a series of budgetary actions and careful control of expenditure requests, this initiative has been achieved. While reducing the tax rate each year in five of the past seven years, the City has maintained the lowest operating millage in the Grosse Pointes. This has been accomplished while creating surpluses and increasing fund balance. The City has added \$337,029 to undesignated fund balance in the General Fund in the past five years. In FY 2010, the City designated \$200,000 of the current year's surplus to balance the FY 2011 budget, and an additional \$105,700 for a comprehensive HVAC renovation at City Hall. Even with these designations of surplus, the undesignated fund balance increased \$35,795 to \$2,760,810. This was made possible, in part, by the sale of city property, which added about \$140,000 in "other revenue" to the General Fund. The reserve for inventories and prepaid items increased \$5,789 to \$99,578 and the reserved fund balance was set at \$2,080,981. Finally, the reserve for capital commitments decreased \$36,753, as the City undertook an extensive sidewalk and curb repairing program.

Second, with the success of the Community Building, expanded harbor and recreation programs, and the new outdoor refrigerated ice rink, warming building and paddle tennis courts, the City will refocus its attention to the other recreational area at Kerby Field. Plans have been undertaken to regrade the existing baseball fields to improve the topography and drainage, as well as the planned construction of a new play structure, privately funded by the Grosse Pointe Farms Foundation. The continuing process of enhancing the recreational amenities contributes to the desirability of Grosse Pointe Farms as a great place to live and raise a family.

Third, the City continues its aggressive refurbishment of its water and sewer system infrastructure. Beginning in FY 2009, the City Council has approved the installation of residential water meters that can be read wirelessly from City Hall. With the successful completion of the first phase, the City Council approved an additional \$778,023 to finish changing the remaining meters in homes and businesses. This new meter reading system will improve service to our residents, as the meters will be checked on a daily basis for unusually large consumption, and thus detecting a potential leak at the home or business.

Finally, our business districts continue to thrive. The City of Grosse Pointe Farms does not have a significant industrial base. Only approximately 4% of its state equalized value is commercial property, located primarily in two neighborhoods: a one-mile strip of shops on its border with Detroit along Mack Avenue and its central business district known as the "Hill" on Kercheval, between Muir Road and Fisher Road. Though these districts make up a small part of the overall community in terms of geography, they are vitally important to the quality of life our residents enjoy. Both districts have a high rate of occupancy.

In addition to the accomplishments addressing infrastructure needs, the City continues to implement efficiencies in various operating departments in an ongoing effort to provide excellence in city services.

For the Future:

Another major asset of the City is its ability to provide water service to its citizens through its own water filtration plant. The City has consistently provided water to our residents and our customer, Grosse Pointe City, at a lower rate than charged by the Detroit Water and Sewage Department (DWSD). In addition, by having our own plant, the City has benefited by excess capacity, which has prevented water restrictions during peak use in the hot summer months, and a backup generator that kept water service from being interrupted. In FY 2011, the City will replace this water plant's chlorination process from utilizing chlorine gas to sodium hypochloride liquid. This will improve the water plant's efficiency and address needed safety concerns.

Last, pension and employee health care continue to significantly impact organizations in both the public and private sectors. The City's two retirement systems require increased contributions from the General Fund. Steps have been continued to increase funding contributions made by active employees, and new employees are required to make contributions for post-retirement healthcare benefits. In addition, the City has modified its healthcare plans to increase deductibles and co-pays and has started to self-insure not only Blue Cross/Blue Shield medical insurance, but also prescription drug coverage. All new administration and clerical full-time employees are participating in a new defined contribution pension plan and retirement medical savings accounts, instead of the existing defined benefit plan.

Emphasis will continue on making government more efficient and effective, improving service levels while decreasing costs where possible. Reengineering government to make it more responsive to our rapidly changing world and to citizen and employee needs will be the test of future success.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. Annually, the audit committee directs the external auditors to perform expanded internal control tests as part of their independent audit of the City's Comprehensive Annual Financial Report. This practice, which was implemented in 2003, results in the external auditor performing certain internal control tests which extend beyond the standard necessary for the formulation of their independent auditor's report. We believe the City is one of the few communities in Michigan that have adopted this practice.

Budgeting Controls

The object of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General, Special Revenue, Capital Projects, and Debt Service Funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the line item detail level within an individual fund.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

Long-term Financial Planning

The City's management style integrated long-term considerations into the day-to-day decision-making processes.

For the past seven years, management has been evaluating staffing levels in accordance with departmental needs. Operations have been evaluated and through training and technological advances, efficiency gains have allowed the City to pare back full-time staff mostly through attrition and, if necessary, replaced with part-time staff. Personnel costs are typically the highest cost center of any municipality, and management will continue to evaluate staffing levels annually.

In 2003, the City management and the budget and audit committee requested that all department heads submit capital replacement needs for the next five years. This dynamic document has been developed and annually reviewed. It has been helpful not only in long-term planning, but also prioritizing and coordinating with city staff.

Complementing this document is a pro-active approach to assessing future infrastructure, both above and below ground, needs. The public service department annually assesses road conditions, and prioritizing future repair work in coordination with the water department for below ground repairs/replacement. Then, both departments consult with the finance department for available funding for both short and long-term projects.

Recently, the City has aggressively sought and secured outside resources to finance infrastructure evaluation and construction. In 2008, the S-2 grant from the Michigan Department of Environmental Quality is assisting in evaluating the approximate one-fifth of the City's sanitary sewer system. Also, the City began to repave portions of Fisher and Lakeshore Roads after procuring a federal grant from the American Recovery and Reinvestment Act (ARRA).

General Government Functions

The following schedule presents a summary of all governmental fund-type revenues for the fiscal year ended June 30, 2010 and the amount of percentage of increases and decreases in relation to prior year revenues.

<u>Revenue Source</u>	<u>FY 2010 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2009</u>	<u>Percent of Increase (Decrease)</u>
Property Taxes	\$ 9,849,826	72.79%	\$73,963	0.76%
Licenses and Permits	281,955	2.08%	20,978	8.04%
Federal Sources	2,130	0.02%	(35,255)	-94.30%
State Sources	1,203,093	8.89%	(106,780)	-8.15%
Charges for Services	1,256,747	9.29%	(264,771)	-17.40%
Fines and Forfeitures	331,690	2.45%	(13,571)	4.27%
Interest	242,939	1.79%	(133,639)	-35.49%
Other	364,236	2.69%	(83,157)	-18.59%
	<u>\$13,532,616</u>	<u>100.00%</u>	<u>\$ (515,090)</u>	

The City experienced a 1.97% decrease in taxable SEV city-wide and levied the same operating millage in FY 2010, yet experienced an increase in property tax revenue in the General Fund. This is due to a portion of the operating millage, which had been used in previous years' to offset sewage treatment costs in the Water and Sewer Fund, now being utilized for general government purposes. Building permit revenue rose over \$20,000, accounting for the increase in licenses and permits. In FY 2009, the City collected over \$130,000 in police and fire alarm registration fees and thus accounts for the decrease in charges for services. No federal block grant monies were received in FY 2010. State source revenue continues to decline, as the State of Michigan economy has yet to recover from the recession. Short-term interest rates have plummeted, with overnight rates dropping below .25% as of this date. Longer-term (1-4 years) rates have declined as well, resulting in a decline in investment return for this fiscal year. The City's investment strategy to lock in investment rates has helped to reduce the impact of the Federal Reserve's monetary policies. However, with a stagnant economy, short-term interest rates are likely not to increase for at least another year. Thus, the City's strategy is to maximize the return on investments by purchasing issues maturing from three to five years, as well as longer-term investments that have "step-up" provisions in the rate of return.

The following schedule presents a summary of all governmental fund-type expenditures for the fiscal year ended June 30, 2010 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>FY 2010 Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2009</u>	<u>Percent of Increase (Decrease)</u>
General Government	\$ 1,044,756	8.04%	\$ 36,852	3.66%
Public Safety	4,557,016	35.15%	(126,226)	-2.70%
Public Works	2,744,487	21.14%	167,447	6.50%
Public Service	531,012	4.09%	(88,767)	-14.32%
Municipal Court	236,139	1.81%	(6,171)	-2.55%
Recreation & Culture	1,244,210	9.58%	(42,929)	-3.34%
Other	2,031,466	15.65%	(83,232)	-3.94%
Capital Outlay	172,155	1.32%	(956,180)	-84.74%
Debt Service	419,100	3.22%	(5,438)	-1.28%
	<u>\$ 12,980,341</u>	<u>100.00%</u>	<u>\$(1,104,644)</u>	

Public safety expenditures declined, as the City reassigned existing manpower to cover shifts opened by resigning officers. Public works expenditures increased, as the City resurfaced over one mile of major and locals streets. Lower tree maintenance costs resulted in a reduction of public service expenditures. There were no major capital outlay projects in the fiscal year of 2010.

General Fund Balance

The total fund balance of the General Fund increased \$651,313, to \$5,682,069. A total of \$99,578 was reserved for inventories and prepaid items, \$435,000 designated for capital commitments, \$305,700 for subsequent year's expenditures, \$2,080,981 was designated for subsequent years' capital outlay, leaving an undesignated fund balance of \$2,760,810.

Enterprise Operations

The City operates its own water supply and sewage pumping system. The operating revenue of the Water and Sewer Fund amounted to \$3,782,165, which is an increase of \$2,685 from the preceding year. During the same period, operating expenses, excluding depreciation, were \$3,656,288. After providing for depreciation, the system experienced an operating loss of \$241,388.

Pension Trust Fund Operations

The operations of the Public Safety Officers and General Employees' Retirement Systems posted a gain of approximately 14.8%. The systems' reserves increased \$2,542,364 (PSRS) and \$1,579,673 (GERS), respectively. The annual actuarial valuation is relatively strong, as the funding level for PSRS is approximately 113% and 87% for GERS.

Debt Administration

At June 30, 2010, the City had \$14,508,606 of general obligation debt outstanding, which is also the net direct tax-supported debt. This is the equivalent of \$1,485.93 per capita and represents about 1 percent of the City's state equalized taxable valuation. Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10 percent of total equalized value of real and personal property. As of June 30, 2010, the City's general obligation bonded debt was well below the legal limit of \$97,713,993.

Financial Policies

The City continues to allow the pool of surplus funds to be invested over a longer duration than most municipalities. Note 2 of the CAFR shows that the Weighted Average Maturity of the U.S. Obligations is 12.19 years. However, many of the U.S. obligations have "step-up" provisions in their interest rate structures, and thus a reduced interest rate risk to the portfolio. This strategy has helped support the City's financial position with higher rates of return.

Risk Management

The City has entered into a joint powers agreement with other Michigan units of government by joining the Michigan Municipal Liability & Property Pool for its general liability insurance, including auto and public official liability as well as property damage insurance. The City has also established a self-insured workers' compensation program with third-party administration and reinsurance coverage for claims over \$375,000.

OTHER INFORMATION

Independent Audit

The City Charter and state statutes require an annual audit of all accounts of the City by certified public accountants. The accounting firm of Plante & Moran, PLLC was selected by the City Council. The auditor's report on the basic financial statements and combining and individual fund financial statements is included in the financial section of this report.

Certificate of Achievement

The Government Finance Officer's Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grosse Pointe Farms for its comprehensive annual financial report for the fiscal year ended June 30, 2009. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Grosse Pointe Farms has received a Certificate for the last 17 consecutive years (fiscal years 1993-2009). We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and are submitting it to the GFOA.

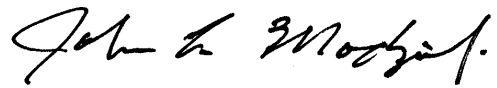
Acknowledgements

The preparation of this Comprehensive Annual Financial Report was made possible by the dedicated service of the accounting staff as well as various employees throughout the City. Our sincere appreciation is expressed to each of them as well as to the City Council for their consistent support throughout the year in matters pertaining to the financial affairs of the City.

Respectfully submitted,



Shane L. Reeside
City Manager



John L. Modzinski
City Controller/Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Grosse Pointe Farms
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in dark ink, likely belonging to the President of the GFOA.

President

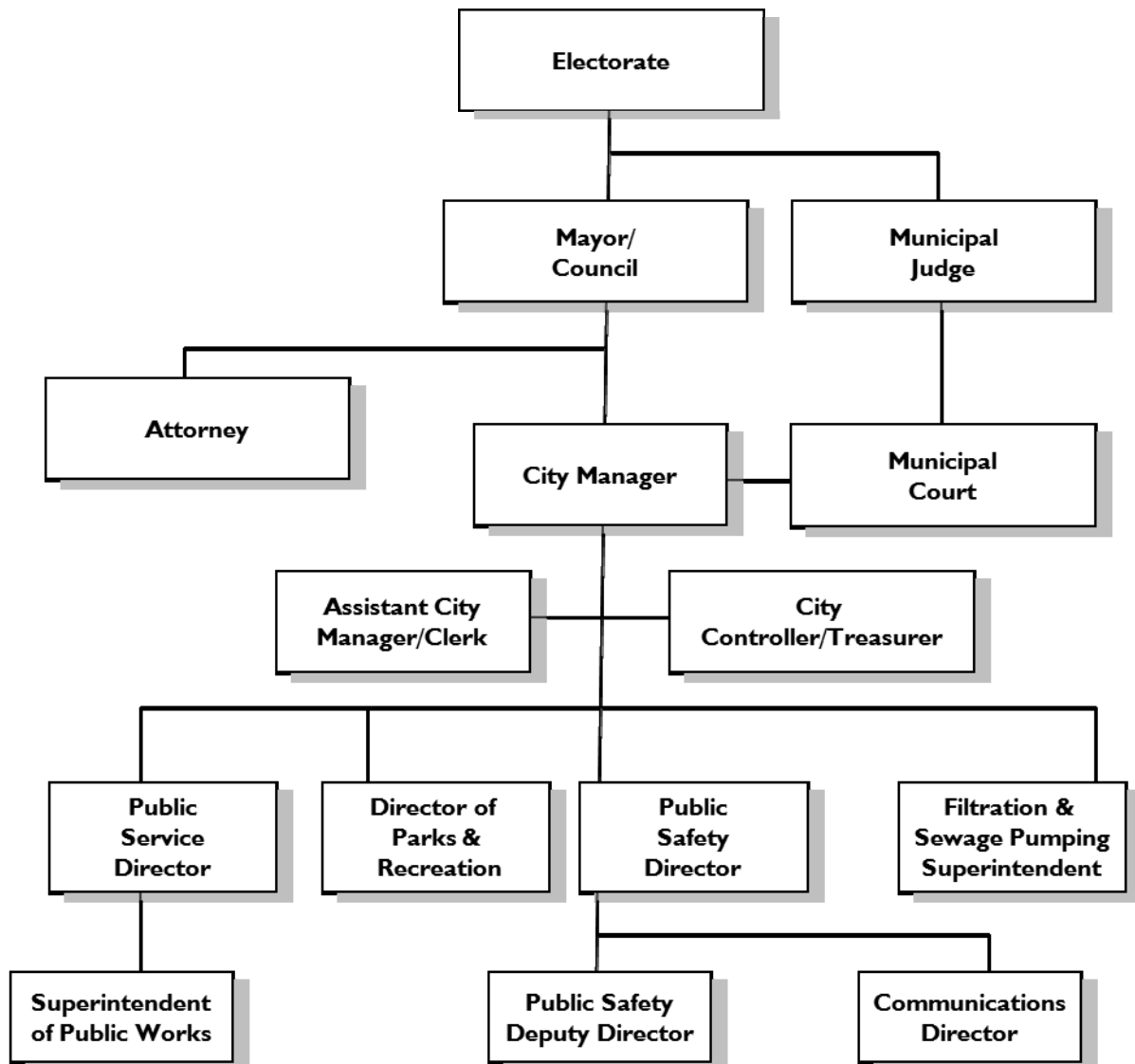
A handwritten signature in dark ink, reading "Jeffrey R. Enen".

Executive Director

City of Grosse Pointe Farms

June 30, 2010

Organizational Chart



Financial Section



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Independent Auditor's Report

To the Honorable Mayor and Members
of the City Council
City of Grosse Pointe Farms, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grosse Pointe Farms, Michigan (the "City") as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

To the Honorable Mayor and Members
of the City Council
City of Grosse Pointe Farms, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The management's discussion and analysis, pension system schedules of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not required parts of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. The introductory section, other supplemental information, and statistical sections, as identified in the table of contents, are presented for the purpose of additional analysis and are not required parts of the basic financial statements. The budgetary comparison schedules and other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. We have applied certain limited procedures to the management's discussion and analysis and the pension systems schedules of funding progress, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it. The introductory section and statistical section have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Plante & Moran, PLLC

January 21, 2011

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis

Using this Annual Report

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

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

The City as a Whole

The following table shows, in a condensed format, the net assets as of June 30, 2010 compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
		(as restated)		(as restated)		(as restated)
Assets						
Current assets	\$ 9,210	\$ 8,611	\$ 1,591	\$ 1,758	\$ 10,801	\$ 10,369
Noncurrent assets	54	62	-	-	54	62
Capital assets	22,465	23,655	17,044	17,004	39,509	40,659
Total assets	31,729	32,328	18,635	18,762	50,364	51,090
Liabilities						
Current liabilities	853	700	678	552	1,531	1,252
Long-term liabilities	10,182	9,142	8,485	8,956	18,667	18,098
Total liabilities	11,035	9,842	9,163	9,508	20,198	19,350
Net Assets						
Invested in capital assets -						
Net of related debt	16,134	17,160	8,867	8,271	25,001	25,431
Restricted	356	498	-	-	356	498
Unrestricted	4,204	4,828	605	983	4,809	5,811
Total net assets	<u>\$ 20,694</u>	<u>\$ 22,486</u>	<u>\$ 9,472</u>	<u>\$ 9,254</u>	<u>\$ 30,166</u>	<u>\$ 31,740</u>

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

The City's combined net assets decreased (1.85 percent from a year ago) from \$31,740,557 to \$30,166,149. Governmental activities net assets decreased, as depreciation expense was higher than capital outlay and \$1,259,730 for the OPEB expense was posted to the statement of activities only (see page 15). Business-type net assets grew due to the paying off of matured debt, as well as a positive cash flow from property taxes.

The following table shows the revenue and expense activity during June 30, 2010 and as compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
	(as restated)		(as restated)		(as restated)	
Revenue						
Program revenue:						
Charges for services	\$ 1,437	\$ 1,613	\$ 3,992	\$ 3,989	\$ 5,429	\$ 5,602
Operating grants and contributions	526	557	-	-	526	557
Capital contributions	-	300	-	-	-	300
General revenue:						
Property taxes	9,850	9,776	866	1,231	10,716	11,007
State-shared revenue	665	768	-	-	665	768
Interest	260	401	14	31	274	432
Franchise fees and other	523	660	-	-	523	660
Total revenue	13,261	14,075	4,872	5,251	18,133	19,326
Program Expenses						
General government	2,655	3,293	-	-	2,655	3,293
Public safety	5,821	5,999	-	-	5,821	5,999
Public works	4,114	3,755	-	-	4,114	3,755
Municipal court	247	252	-	-	247	252
Recreation and culture	1,961	2,033	-	-	1,961	2,033
Interest on long-term debt	255	261	-	-	255	261
Water and sewer	-	-	4,381	4,304	4,381	4,304
Municipal radio system	-	-	273	280	273	280
Total program expenses	15,053	15,593	4,654	4,584	19,707	20,177
Net Change in Net Assets	(1,792)	(1,518)	218	667	(1,574)	(851)
Net Assets - Beginning of year, as restated	22,486	24,004	9,254	8,587	31,740	32,591
Net Assets - End of year	\$ 20,694	\$ 22,486	\$ 9,472	\$ 9,254	\$ 30,166	\$ 31,740

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

Governmental Activities

The City's total governmental revenue decreased approximately \$814,000, or 5.8 percent from the previous fiscal year. All sources of income declined except property taxes, as a portion of the operating millage was allocated back to the General Fund from the Water and Sewer Fund.

The City's total governmental expenses decreased approximately \$540,000 or 3.5 percent, as the City continues to pare back operational costs.

The following represents some of the more significant financial highlights for the year ended June 30, 2010:

- The City's taxable S.E.V. did not decline as much as anticipated when the fiscal year 2010 budget was submitted to the City Council in April 2009. Thus, the City was able to add surplus in this fiscal year to balance the budget for fiscal year 2010-2011.
- The City reserved \$20,755 in the Capital Projects Fund to replace a rubbish packer and \$20,000 for a fire pumper truck. The fund now holds in reserve \$78,473 of the \$130,000 needed for the packer and \$182,200 of the \$300,000 for the fire truck.

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund and Municipal Radio System. The City provides water to our residents and the residents of the City of Grosse Pointe through our municipal water filtration plant. The City pumps its sewage to the City of Detroit for treatment and disposal. This year, Detroit's Water and Sewer Department (DWSD) increased the City's flow rate by 3.6 percent and the City's storm water charge by 6.68 percent. Also, DWSD has a third fee or "lookback," which is an adjustment to the storm water charge from two years prior. The "lookback" can be either a charge or a credit, as the storm water fee charged two years prior is calculated to have been too low or too high, respectively. In fiscal year 2010, the City went from a \$775 charge to a \$98,630 credit, resulting in a decrease in cost of \$99,405. Water and sewer rates were increased not only to cover projected operational costs, but also to recover a portion of the subsidy from the City's operating millage. The City billed out about 12 million cubic feet less than its breakeven amount of 75 million cubic feet. Fortunately, the shortage in billings was largely offset by reduced variable costs, mainly with charges by DWSD for flow treatment, as well as operating supplies at the water plant. When the City's operating loss is netted with the excess of property tax revenue over the bond interest payments, the result is a surplus of about \$280,707.

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

The City's Funds

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

The General Fund pays for most of the City's governmental services. The most significant are police and fire, which incurred expenses of \$4,557,016 during fiscal year 2010. The General Fund is supported primarily by property taxes and state-shared revenue. The Major Streets Fund maintains the City's major streets (as contrasted with the neighborhood streets that are maintained by the Local Streets Fund) and is supported by state gas and weight taxes. The Local Streets Fund also receives gas and weight taxes, as well as transfers from the City's General Fund and Major Streets Fund. The Insurance Retention Fund accounts for expenditures for the City's self-insured workers' compensation. The Capital Projects Fund is utilized to account for purchases of individual items greater than \$11,000.

General Fund Budgetary Highlights

Approaching the end of the year, the City administration and City Council amend the budget to account for new expenditures not in the budget, as well as unanticipated expenditures. The most significant adjustments were (1) state-shared revenue, due to the slow economy, (2) charges for services, because of lower rental fees from boat wells and other city properties, (3) personnel cutbacks in the public safety and public works departments, (4) significantly lower tree maintenance costs, and (5) operating transfers out - Major and Local Streets Fund, to finance future paving projects.

Capital Asset and Debt Administration

At the end of fiscal year 2010, the City had \$39.5 million invested in a wide range of capital assets, including land, buildings, fire equipment, vehicles, and water, sewer, and storm sewer lines. The value of the infrastructure, net of depreciation contained in this report, is \$3.72 million and \$3.61 million for fiscal years 2010 and 2009, respectively (see Note 3 of the notes to the basic financial statements for additional information). The value of the land improvements and buildings and improvements, net of depreciation, is \$11.63 million and \$12.65 million for fiscal years 2010 and 2009, respectively.

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

Debt reported in these financial statements is related largely to the sewer separation project during fiscal years 2000 and 2001 and is recorded in the Water and Sewer Fund (see Note 5 of the notes to financial statements for additional information). However, there have been three bond issues totaling \$10.595 million in the past five years, \$4.3 million for the refurbishment of the Pier Park's harbor, \$2.5 million for a new Community Center at the Pier Park, \$1.5 million for Water Plant and System Improvements, and \$2.295 million for 2007 Refunding Bond relating to the partial defeasance of the 2000 General Obligation Lakeside Sewer Separation Bond.

Economic Factors and Next Year's Budgets and Rates

The City's budget for next year increases the City's total millage rate to 13.5000 mills, as the City Council approved a recommended increase to the rubbish millage to maintain the current level of services to our residents. Although the total levy to the City was increased, the overall property tax levy was lowered city-wide. This was accomplished because of a resilient tax base, cost-cutting measures undertaken by the City administration, and keen budgeting by the City Council.

On the expenditure side, medical insurance premiums continue to increase at a rate much greater than inflation. In May 2005, the City began a self-insurance program with Blue Cross/Blue Shield in an effort to reduce costs. In December 2005, the City began self-insuring all prescription drug benefits for current employees and most retirees. Because of these efforts, the City has been able to maintain benefits to its employees without increasing co-pays or deductibles. Also, the City has begun receiving subsidy payments from the federal government for providing prescription drug coverage to its retirees.

Contacting the City's Management

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

City of Grosse Pointe Farms, Michigan

Statement of Net Assets June 30, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 2)	\$ 8,229,734	\$ 147,488	\$ 8,377,222
Receivables:			
Customers	-	1,319,978	1,319,978
Property taxes	273,042	54,086	327,128
Accrued interest	97,252	2,397	99,649
Other	120,872	-	120,872
Internal balances (Note 4)	11,664	(11,664)	-
Due from other governmental units	194,787	67,541	262,328
Due from pension funds	183,382	-	183,382
Inventories	28,574	-	28,574
Prepaid costs and other assets	71,004	10,919	81,923
Investments in Grosse Pointes-Clinton Refuse Disposal Authority (Note 9)	54,026	-	54,026
Noncurrent assets:			
Capital assets not being depreciated (Note 3)	5,918,821	119,909	6,038,730
Capital assets being depreciated - Net (Note 3)	16,546,298	16,924,221	33,470,519
Total assets	31,729,456	18,634,875	50,364,331
Liabilities			
Accounts payable	375,084	586,876	961,960
Accrued and other liabilities	386,873	71,167	458,040
Due to other governmental units	2,920	-	2,920
Deposits	88,235	19,777	108,012
Noncurrent liabilities (Note 5):			
Due within one year	679,120	636,681	1,315,801
Due in more than one year	9,503,033	7,848,416	17,351,449
Total liabilities	11,035,265	9,162,917	20,198,182
Net Assets			
Invested in capital assets - Net of related debt	16,134,098	8,866,545	25,000,643
Restricted - Roads and commitments	251,756	-	251,756
Recycling	103,956	-	103,956
Unrestricted	4,204,381	605,413	4,809,794
Total net assets	\$ 20,694,191	\$ 9,471,958	\$ 30,166,149

City of Grosse Pointe Farms, Michigan

		Program Revenue		
		Charges for	Operating	Capital Grants
	Expenses	Services	Grants and Contributions	and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 2,654,838	\$ 258,178	\$ 2,130	\$ -
Public safety	5,821,182	491,606	-	-
Public works	4,114,191	110,888	524,376	-
Municipal court	247,370	115,142	-	-
Recreation and culture	1,960,948	461,093	-	-
Interest on long-term debt	255,130	-	-	-
Total governmental activities	15,053,659	1,436,907	526,506	-
Business-type activities:				
Water and sewer	4,381,482	3,782,165	-	-
Municipal radio system	273,320	210,250	-	-
Total business-type activities	4,654,802	3,992,415	-	-
Total primary government	<u>\$ 19,708,461</u>	<u>\$ 5,429,322</u>	<u>\$ 526,506</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue (unrestricted)				
Interest				
Franchise fees and other				
Total general revenue				
Change in Net Assets				
Net Assets - Beginning of year, as restated				
Net Assets - End of year				

Statement of Activities
Year Ended June 30, 2010

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,394,530)	\$ -	\$ (2,394,530)
(5,329,576)	-	(5,329,576)
(3,478,927)	-	(3,478,927)
(132,228)	-	(132,228)
(1,499,855)	-	(1,499,855)
(255,130)	-	(255,130)
(13,090,246)	-	(13,090,246)
-	(599,317)	(599,317)
-	(63,070)	(63,070)
-	(662,387)	(662,387)
(13,090,246)	(662,387)	(13,752,633)
9,849,826	866,081	10,715,907
665,163	-	665,163
259,662	13,943	273,605
523,550	-	523,550
11,298,201	880,024	12,178,225
(1,792,045)	217,637	(1,574,408)
22,486,236	9,254,321	31,740,557
\$ 20,694,191	\$ 9,471,958	\$ 30,166,149

City of Grosse Pointe Farms, Michigan

Governmental Funds Balance Sheet June 30, 2010

	General Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments (Note 2)	\$ 6,170,237	\$ 1,024,153	\$ 300,270	\$ 7,494,660
Receivables:				
Property taxes	273,042	-	-	273,042
Interest	72,189	2,427	20,162	94,778
Other	118,730	2,142	-	120,872
Prepays	71,004	-	-	71,004
Due from other funds (Note 4)	11,664	-	500,000	511,664
Due from pension funds	183,382	-	-	183,382
Due from other governmental units	110,047	-	84,740	194,787
Inventories	28,574	-	-	28,574
Total assets	\$ 7,038,869	\$ 1,028,722	\$ 905,172	\$ 8,972,763
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 332,134	\$ -	\$ 42,950	\$ 375,084
Accrued and other liabilities	291,522	-	6,510	298,032
Due to other funds (Note 4)	500,000	-	-	500,000
Due to other governmental units	2,920	-	-	2,920
Deferred revenue	141,989	-	-	141,989
Cash bonds and deposits	88,235	-	-	88,235
Total liabilities	1,356,800	-	49,460	1,406,260
Fund Balances				
Reserved for prepaid items and inventories	99,578	-	-	99,578
Unreserved, designated for:				
Capital commitments	2,515,981	-	-	2,515,981
Subsequent years' expenditures	305,700	-	-	305,700
Unreserved, reported in:				
General Fund	2,760,810	-	-	2,760,810
Capital Projects Fund	-	1,028,722	-	1,028,722
Special Revenue Funds	-	-	855,712	855,712
Total fund balances	5,682,069	1,028,722	855,712	7,566,503
Total liabilities and fund balances	\$ 7,038,869	\$ 1,028,722	\$ 905,172	\$ 8,972,763

City of Grosse Pointe Farms, Michigan

Governmental Funds Reconciliation of Fund Balance to the Statement of Net Assets Year Ended June 30, 2010

Total Fund Balances for Governmental Funds	\$ 7,566,503
Amounts reported for governmental activities in the statement of net assets are different because:	
Certain receivables are expected to be collected over several years and are not available to pay for current year expenditures in the General Fund	110,047
Capital assets used in governmental activities are not financial resources and are not reported in the funds	22,465,119
Investment in joint venture is not included as an asset in the governmental funds	54,026
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(10,100,153)
Accrued interest payable is not included as a liability in governmental funds	(56,899)
Internal Service Fund is included as part of governmental activities	655,548
Net Assets of Governmental Activities	<u>\$ 20,694,191</u>

City of Grosse Pointe Farms, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2010

	General Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 9,849,826	\$ -	\$ -	\$ 9,849,826
Licenses and permits	281,955	-	-	281,955
Federal sources	2,130	-	-	2,130
State sources	685,717	-	517,376	1,203,093
Charges for services	1,151,895	-	104,852	1,256,747
Fines and forfeitures	331,690	-	-	331,690
Interest	219,676	18,231	5,032	242,939
Other	362,135	2,101	-	364,236
Total revenue	12,885,024	20,332	627,260	13,532,616
Expenditures				
Current:				
General government	1,044,756	-	-	1,044,756
Public safety	4,557,016	-	-	4,557,016
Public works and streets	1,571,138	-	1,173,349	2,744,487
Public service	414,816	-	116,196	531,012
Municipal court	236,139	-	-	236,139
Recreation and culture	1,244,210	-	-	1,244,210
Other	2,031,466	-	-	2,031,466
Capital outlay	-	172,155	-	172,155
Debt service	-	-	419,100	419,100
Total expenditures	11,099,541	172,155	1,708,645	12,980,341
Excess of Revenue Over (Under) Expenditures	1,785,483	(151,823)	(1,081,385)	552,275
Other Financing Sources (Uses)				
Transfers in (Note 4)	-	115,070	969,100	1,084,170
Transfers out (Note 4)	(1,134,170)	-	-	(1,134,170)
Total other financing sources (uses)	(1,134,170)	115,070	969,100	(50,000)
Net Change in Fund Balances	651,313	(36,753)	(112,285)	502,275
Fund Balances - Beginning of year	5,030,756	1,065,475	967,997	7,064,228
Fund Balances - End of year	\$ 5,682,069	\$ 1,028,722	\$ 855,712	\$ 7,566,503

City of Grosse Pointe Farms, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ 502,275

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 expenditures	574,065
Depreciation expense	(1,492,548)
Loss on disposal of capital assets	(271,629)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	162,500
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Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid	1,470
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Increase in deferred revenue is recorded in the statement of activities; it is not reported in the governmental funds until collected	(7,917)
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Underwriter's discount was originally reported as a decrease in bond proceeds in the funds and amortized in the statement of activities over the life of the corresponding bond issue	1,502
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Decrease in accumulated employee sick and vacation pay, as well as estimated general liability claims, is recorded when earned in the statement of activities	56,119
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Other postemployment benefit obligation expense is recognized in the statement of activities, but not in the governmental funds	(1,259,730)
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Internal Service Funds are also included as governmental activities	(49,973)
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Change in investment in Grosse Pointes-Clinton Refuse Disposal Authority joint venture is recorded in the governmental funds	(8,179)
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Change in Net Assets of Governmental Activities \$ (1,792,045)

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Net Assets June 30, 2010

	Business-type Activities			Governmental Activity
	Enterprise - Water and Sewer	Municipal Radio System	Total Business-type Activities	Internal Service Fund - Insurance Retention
Assets				
Current assets:				
Cash and investments (Note 2)	\$ 147,488	\$ -	\$ 147,488	\$ 735,074
Receivables:				
Customers	1,319,978	-	1,319,978	-
Property taxes	54,086	-	54,086	-
Interest	2,397	-	2,397	2,474
Due from other governmental units	-	67,541	67,541	-
Inventories	-	-	-	-
Prepaid costs and other assets	9,755	1,164	10,919	-
Total current assets	1,533,704	68,705	1,602,409	737,548
Noncurrent assets:				
Capital assets not being depreciated (Note 3)	119,909	-	119,909	-
Capital assets being depreciated - Net (Note 3)	16,207,919	716,302	16,924,221	-
Total noncurrent assets	16,327,828	716,302	17,044,130	-
Total assets	17,861,532	785,007	18,646,539	737,548
Liabilities				
Current liabilities:				
Accounts payable	586,876	-	586,876	-
Accrued and other liabilities	70,619	548	71,167	-
Due to other funds (Note 4)	-	11,664	11,664	-
Deposits	-	19,777	19,777	-
Current portion of long-term debt (Note 5)	636,681	-	636,681	-
Total current liabilities	1,294,176	31,989	1,326,165	-
Noncurrent liabilities:				
Provision for uninsured losses (Note 6)	-	-	-	82,000
Other postemployment benefit obligation (Note 8)	123,850	19,053	142,903	-
Long-term debt - Net of current portion (Note 5)	7,687,850	17,663	7,705,513	-
Total noncurrent liabilities	7,811,700	36,716	7,848,416	82,000
Total liabilities	9,105,876	68,705	9,174,581	82,000
Net Assets				
Investment in capital assets - Net of related debt	8,150,243	716,302	8,866,545	-
Unrestricted	605,413	-	605,413	655,548
Total net assets	\$ 8,755,656	\$ 716,302	\$ 9,471,958	\$ 655,548

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2010

	Business-type Activities			Governmental Activity
	Enterprise - Water and Sewer	Municipal Radio System	Total Business-type Activities	Internal Service Fund - Insurance Retention
Operating Revenue				
Sale of water and charges for services	\$ 1,770,052	\$ -	\$ 1,770,052	\$ -
Sewage disposal charges	1,663,444	-	1,663,444	-
Radio system charges	-	210,250	210,250	-
Other	348,669	-	348,669	-
Total operating revenue	3,782,165	210,250	3,992,415	-
Operating Expenses				
Water pumping and filtration	899,261	-	899,261	-
Sewage treatment	1,591,929	-	1,591,929	-
Sewage pumping	506,450	-	506,450	-
Water distribution	276,741	-	276,741	-
Radio system	-	206,710	206,710	-
Benefit payments	-	-	-	116,696
General and administrative expenses	381,907	-	381,907	-
Depreciation	367,765	66,610	434,375	-
Total operating expenses	4,024,053	273,320	4,297,373	116,696
Operating Loss	(241,888)	(63,070)	(304,958)	(116,696)
Nonoperating Revenue (Expense)				
Interest income	13,943	-	13,943	16,723
Interest expense	(357,429)	-	(357,429)	-
Property taxes	866,081	-	866,081	-
Total nonoperating revenue	522,595	-	522,595	16,723
Income (Loss) - Before operating transfers	280,707	(63,070)	217,637	(99,973)
Operating Transfers In	-	-	-	50,000
Change in Net Assets	280,707	(63,070)	217,637	(49,973)
Net Assets - Beginning of year - As restated	8,474,949	779,372	9,254,321	705,521
Net Assets - End of year	<u>\$ 8,755,656</u>	<u>\$ 716,302</u>	<u>\$ 9,471,958</u>	<u>\$ 655,548</u>

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2010

	Business-type Activities			Governmental Activity
	Enterprise - Water and Sewer Fund	Municipal Radio System	Total Business-type Activities	Internal Service Fund - Insurance Retention
Cash Flows from Operating Activities				
Receipts from customers	\$ 3,319,165	\$ 198,347	\$ 3,517,512	\$ -
Payments to suppliers	(1,913,465)	(110,596)	(2,024,061)	-
Payments to employees	(1,560,508)	(56,051)	(1,616,559)	-
Claims paid	-	-	-	(116,696)
Other receipts	361,699	-	361,699	-
Other payments	-	(31,700)	(31,700)	-
Net cash provided by (used in) operating activities	206,891	-	206,891	(116,696)
Cash Flows from Noncapital Financing Activities -				
Transfers in from other funds	-	-	-	-
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(474,585)	-	(474,585)	-
Property taxes	866,081	-	866,081	-
Principal, interest, and other costs paid on long-term debt	(912,654)	-	(912,654)	(1,151)
Net cash used in capital and related financing activities	(521,158)	-	(521,158)	(1,151)
Cash Flows from Investing Activities - Interest received on investments	13,943	-	13,943	16,723
Net Decrease in Cash and Cash Equivalents	(300,324)	-	(300,324)	(101,124)
Cash and Cash Equivalents - Beginning of year	447,812	-	447,812	786,198
Cash and Cash Equivalents - End of year	<u>\$ 147,488</u>	<u>\$ -</u>	<u>\$ 147,488</u>	<u>\$ 685,074</u>
Balance Sheet Classification of Cash and Cash Equivalents -				
Cash and cash equivalents	<u>\$ 147,488</u>	<u>\$ -</u>	<u>\$ 147,488</u>	<u>\$ 735,074</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating loss	\$ (241,888)	\$ (63,070)	\$ (304,958)	\$ (116,696)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	367,765	66,610	434,375	-
Changes in assets and liabilities:				
Receivables	(114,331)	-	(114,331)	-
Due from other funds	-	-	-	-
Due from other governmental units	-	(11,903)	(11,903)	-
Other assets	13,030	(219)	12,811	-
Accounts payable	60,371	120	60,491	-
Due to other funds	-	(19,274)	(19,274)	-
Accrued and other liabilities	56,466	17,663	74,129	-
Other postemployment benefit obligation	65,478	10,073	75,551	-
Net cash provided by (used in) operating activities	<u>\$ 206,891</u>	<u>\$ -</u>	<u>\$ 206,891</u>	<u>\$ (116,696)</u>

Supplemental Cash Flow Information - There were no noncash transactions for the year ended June 30, 2010.

City of Grosse Pointe Farms, Michigan

Fiduciary Funds Statement of Net Assets June 30, 2010

	Pension and Other Postemployment Benefit Trust Funds	Agency Fund - Tax Collection
Assets		
Cash and cash equivalents	\$ 331,026	\$ 76,430
Investments - Mutual funds	43,204,530	-
Receivables:		
Interest	109,993	-
Other	32,298	-
Total assets	43,677,847	<u><u>\$ 76,430</u></u>
Liabilities		
Accounts payable	25,496	\$ -
Due to other governmental units	-	76,430
Due to primary government	183,382	-
Total liabilities	208,878	<u><u>\$ 76,430</u></u>
Net Assets		
Held in trust for pension benefits	40,675,063	
Held in trust for postemployment healthcare benefits	2,793,906	
Total net assets	<u><u>\$ 43,468,969</u></u>	

City of Grosse Pointe Farms, Michigan

Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2010

	Pension and Other Postemployment Benefit Trust Funds
Additions	
Investment income:	
Interest and dividends	\$ 944,467
Net increases to fair market value	<u>4,881,928</u>
Net investment gain	5,826,395
Contributions:	
Employer	1,148,310
Employee	<u>379,275</u>
Total additions	7,353,980
Deductions	
Benefit payments	2,300,364
Health benefits	680,528
Administrative expenses	<u>135,232</u>
Total deductions	<u>3,116,124</u>
Net Increase	4,237,856
Net Assets	
Beginning of year	<u>39,231,113</u>
End of year	<u><u>\$ 43,468,969</u></u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, 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.

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 segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general 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. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and Trust 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due. In 2010, the City's receipt of its property tax settlement for delinquent taxes from Wayne County, which is normally received within 60 days of year end, was significantly delayed. Due to the unusual circumstances surrounding the delay and the fact that the City does normally receive this within the 60-day time frame, the City did record this as revenue on the modified accrual basis in the fiscal year ended 2010. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the City.

The City reports the following major governmental funds:

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

- The Capital Projects Fund is used to account for the development of capital facilities other than those financed by the operations of the business-type activities.

The City reports the following major proprietary funds:

- The Water and Sewer Fund accounts for the results of operations that provide water and sewer services to citizens and is financed by a user charge for the provision of those services.
- The Municipal Radio System Fund accounts for the financing of the municipal radio system utilized by the City and other local governments.

Additionally, the City reports the following fund types:

- The Internal Service Fund accounts for risk management services provided to other departments of the City on a cost reimbursement basis.
- The Pension and Other Employee Benefit Trust Funds account for the activities of the General Employees' and Public Safety Retirement Systems, which accumulate resources for pension and healthcare benefit payments to qualified general and public safety employees.
- The Agency Fund accounts for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments. Agency Fund activity consists of tax collections activity.

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 business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. The principal operating revenue of the City's proprietary funds relates to charges to customers or other governments 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.

Assets, Liabilities, and Net Assets or Equity

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

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

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on February 28 of the following year, at which time penalties and interest are assessed.

The 2009 taxable valuation of the City totaled \$798,019,941, on which ad valorem taxes levied consisted of 10.6916 mills for the City's operating purposes, 1.0834 mills for debt service, and 1.2250 mills for rubbish removal. The ad valorem taxes raised \$8,542,570 for general operations, \$866,081 for debt service, and \$978,487 for rubbish removal. These amounts are recorded in their respective funds as tax revenue.

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Restricted Assets - When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the City's policy to first apply the restricted resources.

Capital Assets - Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired subsequent to June 30, 1980), 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.

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

Infrastructure	20 to 25 years
Utility systems	20 to 80 years
Buildings and building improvements	20 to 50 years
Vehicles	5 to 10 years
Office furnishings	10 to 20 years
Machinery and equipment	3 to 20 years

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Pension and Other Postemployment Benefit Costs - The City offers both pension and retiree healthcare benefits to retirees. The City receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In governmental funds, pension and 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 any interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Prior Period Adjustment - Beginning net assets in the funds listed below have been restated as of July 1, 2009 to properly reflect the healthcare premiums for 2009 to no longer show as a contribution toward the ARC. These premiums are paid out of the Other Postemployment Benefit Trust Funds and therefore should not be shown as a reduction of the OPEB liability. The effects of these corrections on the financial statements are as follows:

	Net Assets as of July 1, 2009	Net Assets as of July 1, 2009 - As Restated
Governmental activities	\$ 23,258,508	\$ 22,486,236
Business-type activities	9,280,902	9,254,321
Water and Sewer Fund	8,497,986	8,474,949
Municipal Radio Fund	782,916	779,372

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

Shortfall - July 1, 2009		\$ (560,169)
Current year building permit revenue	\$ 129,278	
Related expenses	<u>159,079</u>	
Net shortfall for the year ended June 30, 2009		<u>(29,801)</u>
Cumulative shortfall - June 30, 2010		<u>\$ (589,970)</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 1 - Summary of Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement - In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the uses of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved will be replaced with five new classifications: nonspendable, restricted, committed, assigned, and unassigned. The City is currently evaluating the impact this standard will have on the financial statements when adopted.

Note 2 - Deposits and Investments

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

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 2 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$1,519,782 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The City held deposits in 36 financial institutions as of June 30, 2010.

Interest Rate Risk

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

At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Negotiable certificate of deposits	\$ 2,245,753	1.59
U.S. government agency obligations	4,398,169	12.18

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 2 - Deposits and Investments (Continued)

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Negotiable certificate of deposits	\$ 2,245,753	Not rated	N/A
U.S. government agency obligations	4,398,169	AAA	S&P
Bank investment pool	97,348	Aaa	Moody's
Mutual funds - Pension funds	43,204,530	Not rated	N/A

Concentration of Credit Risk

The City places no limit on the amount that may be invested in any one issuer; however, the City's funds are limited by law in that investments in any one issuer (other than the U.S. government) may not exceed 5 percent of total investments. At June 30, 2010, there were no investments in any one issuer (other than the U.S. government) that exceeded 5 percent of total investments for the fiduciary funds.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 3 - Capital Assets

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

	Balance July 1, 2009	Additions	Disposals and Adjustments	Balance June 30, 2010
Governmental Activities				
Capital assets not being depreciated - Land	\$ 5,918,821	\$ -	\$ -	\$ 5,918,821
Capital assets being depreciated:				
Infrastructure	7,165,874	398,520	-	7,564,394
Land improvements	9,368,138	-	-	9,368,138
Buildings and improvements	10,240,909	10,634	(311,512)	9,940,031
Vehicles	2,825,480	150,031	(35,419)	2,940,092
Office furnishings	674,470	14,880	(11,615)	677,735
Machinery and equipment	601,615	-	-	601,615
Subtotal	30,876,486	574,065	(358,546)	31,092,005
Accumulated depreciation:				
Infrastructure	3,558,439	283,541	-	3,841,980
Land improvements	4,185,030	442,797	-	4,627,827
Buildings and improvements	2,774,440	312,082	(39,883)	3,046,639
Vehicles	1,844,494	330,194	(35,419)	2,139,269
Office furnishings	491,200	52,674	(11,615)	532,259
Machinery and equipment	286,473	71,260	-	357,733
Subtotal	13,140,076	1,492,548	(86,917)	14,545,707
Net capital assets being depreciated	17,736,410	(918,483)	(271,629)	16,546,298
Net capital assets	<u>\$ 23,655,231</u>	<u>\$ (918,483)</u>	<u>\$ (271,629)</u>	<u>\$ 22,465,119</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 3 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2009	Additions	Disposals and Adjustments	Balance June 30, 2010
Capital assets not being depreciated:				
Land	\$ 45,482	\$ -	\$ -	\$ 45,482
Construction in progress	-	479,999	(405,572)	74,427
Subtotal	45,482	479,999	(405,572)	119,909
Capital assets being depreciated:				
Utility systems	17,607,763	47,978	-	17,655,741
Buildings and building improvements	1,879,686	-	-	1,879,686
Vehicles	272,030	-	-	272,030
Land improvements	69,106	-	-	69,106
Office furnishings	72,749	-	(3,169)	69,580
Machinery and equipment	2,479,818	383,427	(31,247)	2,831,998
Subtotal	22,381,152	431,405	(34,416)	22,778,141
Accumulated depreciation:				
Utility systems	3,363,459	248,993	-	3,612,452
Buildings and building improvements	1,097,505	41,785	-	1,139,290
Vehicles	101,932	13,871	-	115,803
Land improvements	10,181	3,456	-	13,637
Office furnishings	72,749	-	(3,169)	69,580
Machinery and equipment	776,888	126,270	-	903,158
Subtotal	5,422,714	434,375	(3,169)	5,853,920
Net capital assets being depreciated	16,958,438	(2,970)	(31,247)	16,924,221
Net capital assets	\$ 17,003,920	\$ 477,029	\$ (436,819)	\$ 17,044,130

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

Governmental activities:

General government	\$ 114,853
Public safety	170,327
Public works	563,628
Recreation and culture	643,740

Total governmental activities \$ 1,492,548

Business-type activities:

Water and sewer	\$ 367,765
Municipal radio system	66,610

Total business-type activities \$ 434,375

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Municipal Radio System	\$ 11,664
Nonmajor governmental funds	General Fund	<u>500,000</u>
	Total	<u>\$ 511,664</u>

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

Interfund Transfers Reported in the Fund Statements

Fund Transferred From	Fund Transferred To	Amount
General Fund	Nonmajor governmental funds	\$ 969,100
	Insurance Retention Fund	50,000
	Capital Projects Fund	<u>115,070</u>
	Total General Fund	<u>\$ 1,134,170</u>

Transfers provide funding for capital projects, capital acquisitions, and debt services from unrestricted sources.

Note 5 - 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.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 5 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
General obligation bonds:							
Harbor Project Bonds							
Amount of issue - \$4,300,000	3.50% -	\$100,000 -					
Maturing through 2026	4.00%	\$350,000	\$ 4,125,000	\$ -	\$ 100,000	\$ 4,025,000	\$ 100,000
Unamortized premium of issuance			31,817	-	1,872	29,945	1,872
2004 Recreation Building Bonds							
Amount of issue - \$2,500,000	2.50% -	\$93,750 -					
Maturing through 2025	4.50%	\$250,000	2,343,750	-	62,500	2,281,250	93,750
Unamortized discount of issuance			(5,544)	-	(370)	(5,174)	(370)
Total bond obligations			6,495,023	-	164,002	6,331,021	195,252
Other long-term obligations:							
Provision for uninsured losses			82,000	1,308,155	1,308,155	82,000	-
Compensated absences			1,404,070	770,825	826,944	1,347,951	483,868
Other postemployment benefit obligation (Note 8)			1,161,451	1,259,730	-	2,421,181	-
Total governmental activities			9,142,544	3,338,710	2,299,101	10,182,153	679,120
Business-type Activities							
General obligation bonds:							
2000 Lakeside Sewer Separation							
Amount of issue - \$3,205,000	5.00% -	\$150,000 -					
Maturing through 2021	5.40%	\$250,000	150,000	-	150,000	-	-
Unamortized discount of issuance			(4,326)	-	(4,326)	-	-
1999 Lakeside Sewer Separation							
Amount of issue - \$7,625,000		\$375,000 -					
Maturing through 2021	2.50%	\$480,000	5,015,000	-	365,000	4,650,000	375,000
2004 General Obligation Bond							
Amount of issue - \$1,500,000	2.50% -	\$56,250 -					
Maturing through 2025	4.50%	\$150,000	1,406,250	-	37,500	1,368,750	56,250
Unamortized discount of issuance			(3,328)	-	(222)	(3,106)	(222)
2007 General Obligation Refunding Bond							
Amount of issue - \$2,295,000	3.55% -	\$165,000 -					
Maturing through 2021	4.00%	\$250,000	2,260,000	-	15,000	2,245,000	165,000
Unamortized deferred charge on refunding			(90,786)	-	(7,727)	(83,059)	(7,727)
Total bond obligations			8,732,810	-	555,225	8,177,585	588,301
Other long-term obligations:							
Compensated absences			155,333	74,536	65,260	164,609	48,380
Other postemployment benefit obligation (Note 8)			67,352	75,551	-	142,903	-
Total business-type activities			8,955,495	150,087	620,485	8,485,097	636,681
Total			\$ 18,098,039	\$ 3,488,797	\$ 2,919,586	\$ 18,667,250	\$ 1,315,801

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 5 - Long-term Debt (Continued)

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

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 195,252	\$ 250,639	\$ 445,891	\$ 588,301	\$ 260,748	\$ 849,049
2012	245,252	243,100	488,352	593,300	242,875	836,175
2013	245,252	234,100	479,352	628,301	224,525	852,826
2014	295,252	222,256	517,508	638,301	204,644	842,945
2015	326,502	207,334	533,836	662,051	184,091	846,142
2016-2020	1,926,260	822,132	2,748,392	3,711,505	593,712	4,305,217
2021-2025	2,745,386	363,790	3,109,176	1,355,826	94,754	1,450,580
2026-2030	351,865	7,000	358,865	-	-	-
Total	<u>\$ 6,331,021</u>	<u>\$ 2,350,351</u>	<u>\$ 8,681,372</u>	<u>\$ 8,177,585</u>	<u>\$ 1,805,349</u>	<u>\$ 9,982,934</u>

Note 6 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical claims in excess of \$375,000 and participates in the Michigan Municipal League risk pool for claims relating to property loss and general liability; the City is uninsured for workers' compensation claims up to \$375,000. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past five fiscal years.

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

Medical

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 6 - Risk Management (Continued)

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 estimated liability for medical claims at June 30, 2010 and 2009 is as follows:

	2010	2009
Estimated liability - Beginning of year	\$ 32,000	\$ 32,000
Estimated claims incurred (including claims incurred but not reported)	1,308,155	1,348,438
Claim payments	(1,308,155)	(1,348,438)
Estimated liability - End of year	<u>\$ 32,000</u>	<u>\$ 32,000</u>

Workers' Compensation

The City is self-insured for workers' compensation claims. Under the program, the City is held liable for the first \$375,000 of any occurrence. The City has purchased excess insurance to cover claims greater than \$375,000.

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 6 - Risk Management (Continued)

Changes in the estimated liability for the past two fiscal years were as follows:

	2010	2009
Unpaid claims - Beginning of year	\$ 50,000	\$ 50,000
Incurred claims (including claims incurred but not reported)	116,696	146,500
Claim payments	(116,696)	(146,500)
Unpaid claims - End of year	<u>\$ 50,000</u>	<u>\$ 50,000</u>

Note 7 - Retirement Plans

Description of Plans

The City contributes to two retirement plans, the Public Safety Retirement System and the General Employees' Retirement System. The Public Safety Retirement System and the General Employees' Retirement System are the administrators of single-employer defined benefit public employee retirement systems that cover all police and fire employees and substantially all other general employees, respectively. The plans do not issue separate financial reports.

Public Safety Retirement System - The system provides retirement, disability, and death benefits to plan members and their beneficiaries. In addition to providing pension benefits, the system provides healthcare benefits (in accordance with labor contracts) for plan members if they reach the normal retirement age while working for the City. Currently, 31 retirees are eligible and receiving healthcare benefits. At June 30, 2009, the date of the most recent actuarial valuation, membership consisted of 41 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 39 current active employees.

General Employees' Retirement System - The system provides retirement, disability, and death benefits to plan members and their beneficiaries. In addition to providing pension benefits, the system provides healthcare benefits (in accordance with labor contracts) for plan members if they reach the normal retirement age while working for the City. At June 30, 2009, the date of the most recent actuarial valuation, membership consisted of 46 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 54 current active employees.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 7 - Retirement Plans (Continued)

Contributions

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plans are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans. Please refer to Note 1 for further significant accounting policies.

Public Safety Retirement System - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's collective bargaining units and requires contributions from the employees of 5 percent. Future amendments to benefit provisions would involve negotiation with these collective bargaining units. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

General Employees' Retirement System - The obligation to contribute to and maintain the system for these employees was established by negotiation with the City's collective bargaining units and requires a contribution from the Police Officers' Association of Michigan - Dispatchers employees of 3 percent of the first \$4,200 of gross wages and 5 percent of remaining gross wages and a contribution from the Teamsters and administrative and clerical employees of 4.5 percent. Future amendments to benefit provisions would involve negotiation with these collective bargaining units. All other employees' collective bargaining units require a contribution from employees of 3.5 percent of all gross wages. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

Annual Pension Cost

Public Safety Retirement System - For the fiscal year ended June 30, 2010, the City's annual pension cost of \$149,596 was equal to the required and actual pension contribution. The annual required pension contribution was determined as part of an actuarial valuation at June 30, 2008, using the entry age actuarial valuation method. Significant actuarial assumptions used include (i) a 7.5 percent investment rate of return, (ii) projected salary increases of 4.5 percent to 8.3 percent per year, and (iii) cost of living adjustments of 2.5 percent per year. Assumption (ii) includes a wage inflation component of 4.5 percent.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 7 - Retirement Plans (Continued)

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on an open basis. The remaining amortization period is 10 years.

General Employees' Retirement System - For the fiscal year ended June 30, 2010, the City's annual pension cost of \$558,910 was equal to the required and actual pension contribution. The annual required pension contribution was determined as part of an actuarial valuation at June 30, 2008, using the entry age actuarial valuation method. Significant actuarial assumptions used include (i) a 7.5 percent investment rate of return, (ii) projected salary increases of 4.5 percent to 8.3 percent per year, and (iii) cost of living adjustments at varying percents depending on retirement date. Assumption (ii) includes a wage inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on an open basis. The remaining amortization period is 20 years.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

	Fiscal Year Ended June 30		
	2008	2009	2010
General Employees' Retirement System:			
Annual pension costs (APC)	\$ 538,419	\$ 515,927	\$ 558,910
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
Public Safety Retirement System:			
Annual pension costs (APC)	\$ 238,539	\$ 251,611	\$ 149,596
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 7 - Retirement Plans (Continued)

	Actuarial Valuation as of June 30		
	2007	2008	2009
General Employees' Retirement System:			
Actuarial value of assets	\$ 16,393,663	\$ 17,274,686	\$ 17,352,170
Actuarial accrued liability (AAL)	\$ 18,287,840	\$ 19,268,265	\$ 20,004,683
Overfunded (Unfunded) AAL (UAAL)	\$ (1,894,177)	\$ (1,993,579)	\$ (2,652,513)
Funded ratio (percent)	89.6%	89.7%	86.7%
Covered payroll	\$ 2,953,901	\$ 3,057,857	\$ 3,116,703
UAAL as a percentage of covered payroll	64.1%	65.2%	85.1%
Public Safety Retirement System:			
Actuarial value of assets	\$ 26,899,772	\$ 28,276,745	\$ 28,485,906
Actuarial accrued liability (AAL)	\$ 23,672,707	\$ 24,007,005	\$ 25,183,488
Overfunded AAL (UAAL)	\$ 3,227,065	\$ 4,269,740	\$ 3,302,418
Funded ratio (percent)	113.6%	117.8%	113.1%
Covered payroll	\$ 2,790,700	\$ 2,881,435	\$ 2,980,880
UAAL as a percentage of covered payroll	n/a	n/a	n/a

Reserves - As of June 30, 2010, the plans' legally required reserves have been fully funded as follows:

	General Employees' Retirement System	Public Safety Retirement System	Total
Reserve for employees' contributions	\$ 2,343,273	\$ 2,764,260	\$ 5,107,533
Reserve for employers' contributions	3,990,734	9,507,568	13,498,302
Reserve for retired benefit payments	9,175,898	12,893,330	22,069,228
Total reserve for pension benefits	<u>\$ 15,509,905</u>	<u>\$ 25,165,158</u>	<u>\$ 40,675,063</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 7 - Retirement Plans (Continued)

Financial Statement Information - As of June 30, 2010, the statement of net assets for the pension plans is as follows:

	General Employees' Retirement System	Public Safety Retirement System
Assets		
Cash and cash equivalents	\$ 102,817	\$ 228,209
Investments - Mutual funds	15,461,472	24,949,152
Receivables:		
Interest	39,992	70,001
Other	<u>17,459</u>	<u>14,839</u>
Total assets	15,621,740	25,262,201
Liabilities		
Accounts payable	9,277	16,219
Due to primary government	<u>102,558</u>	<u>80,824</u>
Total liabilities	<u>111,835</u>	<u>97,043</u>
Net Assets - Held in trust for pension	<u>\$ 15,509,905</u>	<u>\$ 25,165,158</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 7 - Retirement Plans (Continued)

Financial Statement Information - As of June 30, 2010, the statement of net assets for the pension plans is as follows:

	General Employees' Retirement System	Public Safety Retirement System	Total
Additions			
Investment income:			
Interest and dividends	\$ 343,751	\$ 600,716	\$ 944,467
Net increases to fair market value	<u>1,769,198</u>	<u>2,759,157</u>	<u>4,528,355</u>
Net investment gain	2,112,949	3,359,873	5,472,822
Contributions:			
Employer	558,910	149,596	708,506
Employee	<u>159,194</u>	<u>217,111</u>	<u>376,305</u>
Total additions	2,831,053	3,726,580	6,557,633
Deductions			
Benefit payments	1,196,198	1,104,166	2,300,364
Administrative expenses	<u>55,182</u>	<u>80,050</u>	<u>135,232</u>
Total deductions	<u>1,251,380</u>	<u>1,184,216</u>	<u>2,435,596</u>
Net Increase	1,579,673	2,542,364	4,122,037
Net Assets Held in Trust for Pension Benefits			
Beginning of year	<u>13,930,232</u>	<u>22,622,794</u>	<u>36,553,026</u>
End of year	<u>\$ 15,509,905</u>	<u>\$ 25,165,158</u>	<u>\$ 40,675,063</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 8 - Other Postemployment Benefits

Descriptions of Plans - The City provides retiree healthcare benefits to eligible employees and their spouses in accordance with the Public Safety Retirement System and the General Employees' Retirement System. Currently, the plans have 166 combined members (including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits). The City pays all of the medical insurance premiums for system employees until age 65. Expenditures of postemployment healthcare benefits of approximately \$681,000 were recognized as paid on a combined basis during the year ended June 30, 2010.

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

Funding Progress - For the year ended June 30, 2010, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2008. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

	General	Police and Fire	Total
Annual required contribution (ARC) (recommended)	\$ 913,598	\$ 845,615	\$ 1,759,213
Net interest and adjustment to ARC	8,033	7,839	15,872
Annual OPEB cost	921,631	853,454	1,775,085
Amounts contributed - Advanced funding	(228,400)	(211,404)	(439,804)
Increase in net OPEB obligation	693,231	642,050	1,335,281
OPEB obligation - Beginning of year - As restated	621,910	606,893	1,228,803
OPEB obligation - End of year	\$ 1,315,141	\$ 1,248,943	\$ 2,564,084

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 8 - Other Postemployment Benefits (Continued)

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current year are as follows:

	General	Police and Fire	Total
Annual OPEB costs	\$ 921,631	\$ 853,454	\$ 1,775,085
Percentage contributed	24.78%	24.77%	24.78%
Net OPEB obligation	\$ 1,315,141	\$ 1,248,943	\$ 2,564,084

The funding progress of the plans as of the most recent valuation date is as follows:

	General	Police and Fire	Total
Valuation as of June 30, 2009:			
Actuarial value of assets	\$ 401,788	\$ 2,308,126	\$ 2,709,914
Actuarial accrued liability (AAL)	\$ 13,703,761	\$ 14,151,437	\$ 27,855,198
Unfunded AAL (UAAL)	\$ (13,301,973)	\$ (11,843,311)	\$ (25,145,284)
Funded ratio	2.93%	16.31%	9.73%
Covered payroll	\$ 3,116,703	\$ 2,980,880	\$ 6,097,583
UAAL as a percentage of covered payroll	-426.8%	-397.3%	-412.4%

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

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 8 - Other Postemployment Benefits (Continued)

In the June 30, 2008 actuarial valuations for the plans, the entry age actuarial cost method was used. The actuarial assumptions included a 4.75 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 4.5 percent, which includes inflationary assumptions. 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 UAALs are being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2008 was 30 years.

Financial Statement Information - As of June 30, 2010, the statement of net assets for the other postemployment benefit trust funds is as follows:

	Other Postemployment Benefit Trust Funds		
	General Employees' Other Postemployment Benefit Trust Fund	Other Postemployment Benefit Trust Fund	Total
Assets - Investments - Mutual funds	<u>\$ 251,965</u>	<u>\$ 2,541,941</u>	<u>\$ 2,793,906</u>
Net Assets	<u>\$ 251,965</u>	<u>\$ 2,541,941</u>	<u>\$ 2,793,906</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2010

Note 8 - Other Postemployment Benefits (Continued)

Financial Statement Information - As of June 30, 2010, the statement of changes in net assets for the Other Postemployment Benefit Trust Funds is as follows:

	General Employees' Other Postemployment Benefit Trust Fund	Public Safety Other Postemployment Benefit Trust Fund	Total
Additions			
Investment gain - Net increases to fair market value	\$ 8,425	\$ 345,148	\$ 353,573
Contributions:			
Employer	228,400	211,404	439,804
Employee	-	2,970	2,970
Total additions	236,825	559,522	796,347
Deductions - Health benefits	386,649	293,879	680,528
Net (Decrease) Increase	(149,824)	265,643	115,819
Net Assets			
Beginning of year	401,789	2,276,298	2,678,087
End of year	\$ 251,965	\$ 2,541,941	\$ 2,793,906

Note 9 - Joint Venture

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

The City's interest in the net assets of the Authority totaled \$54,026 at June 30, 2010 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 27941 Harper Avenue, Suite 106, St. Clair Shores, MI 48081.

Required Supplemental Information

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2010

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 5,030,756	\$ 5,030,756	\$ 5,030,756	\$ -
Resources (Inflows)				
Property taxes	9,633,000	9,881,000	9,849,826	(31,174)
Licenses and permits	286,000	275,600	281,955	6,355
Federal sources	-	-	2,130	2,130
State sources	809,500	678,500	685,717	7,217
Charges for services	1,199,995	1,144,995	1,151,895	6,900
Fines and forfeitures	288,500	310,000	331,690	21,690
Interest	150,000	180,000	219,676	39,676
Other	219,000	351,300	362,135	10,835
Total resources (inflows)	17,616,751	17,852,151	17,915,780	63,629
Charges to Appropriations (Outflows)				
General government	1,066,530	1,041,530	1,044,756	(3,226)
Public safety	4,805,772	4,658,272	4,557,016	101,256
Public works and streets	1,658,400	1,603,800	1,571,138	32,662
Public service	520,750	444,750	414,816	29,934
Municipal court	268,600	246,600	236,139	10,461
Recreation and culture	1,357,209	1,312,409	1,244,210	68,199
Other	2,074,114	2,158,314	2,031,466	126,848
Transfers to other funds	834,620	1,134,620	1,134,170	450
Total charges to appropriations (outflows)	12,585,995	12,600,295	12,233,711	366,584
Fund Balance - End of year	\$ 5,030,756	\$ 5,251,856	\$ 5,682,069	\$ 430,213

City of Grosse Pointe Farms, Michigan

Notes to Required Supplemental Information June 30, 2010

Note 1 - 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 have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)." Following is a reconciliation of the budgetary comparison schedule to the governmental funds (statement of revenue, expenditures, and changes in fund balances):

	General Fund	
	Total Revenue	Total Expenditures
Amounts per operating statement	\$ 12,885,024	\$ 11,099,541
Operating transfers budgeted as revenue and expenditures on budget statement	-	1,134,170
Beginning of year fund balance is included in resources (inflows) on budget statement	5,030,756	-
Amounts per budget statement	<u>\$ 17,915,780</u>	<u>\$ 12,233,711</u>

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. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department, and line item. The legal level of budgetary control adopted by the governing body is the department detail level. A comparison of the budget to actual expenditures at the line item level is available from the City controller's office.

Encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2010 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress June 30, 2010

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Overfunded AAL (UAAL) (a-b)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
General Employees' Retirement System						
06/30/04	\$ 13,916,791	\$ 15,692,732	\$ (1,775,941)	88.7	\$ 3,022,261	59
06/30/05	14,087,520	16,337,986	(2,250,466)	86.2	2,953,576	76.2
06/30/06	15,012,836	17,058,627	(2,045,791)	88.0	3,050,954	67.1
06/30/07	16,393,663	18,287,840	(1,894,177)	89.6	2,953,901	64.1
06/30/08	17,274,686	19,268,265	(1,993,579)	89.7	3,057,857	65.2
06/30/09	17,352,170	20,004,683	(2,652,513)	86.7	3,116,703	85.1
Public Safety Retirement System						
06/30/04	\$ 24,902,998	\$ 20,774,538	\$ 4,128,460	120.0	\$ 2,468,182	N/A
06/30/05	24,716,840	21,729,319	2,987,521	113.7	2,568,917	N/A
06/30/06	25,271,184	22,405,595	2,865,589	112.8	2,605,573	N/A
06/30/07	26,899,772	23,672,707	3,227,065	113.6	2,790,700	N/A
06/30/08	28,276,745	24,007,005	4,269,740	117.8	2,881,435	N/A
06/30/09	28,485,906	25,183,488	3,302,418	113.1	2,980,880	N/A

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress (Continued) June 30, 2010

General Employees' Retirement System

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
06/30/05	6/30/03	\$ 354,461	100%
06/30/06	6/30/04	549,175	100%
06/30/07	6/30/05	570,455	100%
06/30/08	6/30/06	538,419	100%
06/30/09	6/30/07	515,927	100%
06/30/10	6/30/08	558,910	100%

Public Safety Retirement System

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
06/30/05	6/30/03	\$ -	-
06/30/06	6/30/04	56,424	100%
06/30/07	6/30/05	212,680	100%
06/30/08	6/30/06	238,539	100%
06/30/09	6/30/07	251,611	100%
06/30/10	6/30/08	149,596	100%

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress (Continued) June 30, 2010

General Employees' Retirement System

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Amortization period (perpetual)	20 years from July 1, 2009
Asset valuation method	4-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases*	4.5% - 8.3%
*Includes inflation at	4.5%
Cost of living adjustments	2.5% per year on the base retirement allowance (noncompounding) on January 1 after being retired six months. The maximum number of increases is 15.
	Applicable to
	Retirements with an
	Effective Date on or
	After
Group	
Department heads	July 1, 1991
Clerical	July 1, 1991
Dispatchers	January 1, 1992

For retirees and beneficiaries on the rolls as of June 30, 1991, a minimum retirement allowance was established equal to \$25/month times the number of years of credited service. The \$25 amount was reduced for optional forms of payment.

For department head and clerical members who retire effective on or after July 1, 2000, the amount of pension and annuity payable shall be increased each January 1 after being retired six months by 2.50 percent, compounded, of the pension and annuity that would have been paid in the absence of cost of living adjustments.

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress (Continued) June 30, 2010

Public Safety Retirement System

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Amortization period (perpetual)	10 years from July 1, 2009
Asset valuation method	4-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases*	4.5% - 8.3%
*Includes inflation at	4.5%
Cost of living adjustments	<p>For retirements effective on or after June 30, 1991, a minimum retirement allowance was established equal to \$25/month times the number of years of credited service. The \$25 amount was reduced for optional forms of payment.</p> <p>For retirements effective on or after January 1, 1992, the amount of pension and annuity payable shall be increased by 2.50 percent, noncompounded, of the pension and annuity that would have been paid in the absence of cost of living adjustments. The maximum number of increases is 10.</p> <p>For retirements effective on or after June 30, 1998, the amount of pension and annuity payable shall be increased by 2.50 percent (every January 1 after being retired six months), noncompounded, of the pension and annuity that would have been paid in the absence of cost of living adjustments. The maximum number of increases is 15 years.</p> <p>For public safety retirements effective on or after June 30, 2000, the amount of pension and annuity payable shall be increased by 2.50 percent (every January 1 after being retired six months), noncompounded, of the pension and annuity that would have been paid in the absence of cost of living adjustments.</p>

Other Supplemental Information

City of Grosse Pointe Farms, Michigan

	Nonmajor Special Revenue Funds		
	Major Streets	Local Streets	Community Development Block Grant
Assets			
Cash and investments	\$ 73,075	\$ 134,496	\$ -
Accrued interest	-	-	-
Due from other funds	-	-	-
Due from other governmental units	60,402	24,338	-
Total assets	<u><u>\$ 133,477</u></u>	<u><u>\$ 158,834</u></u>	<u><u>\$ -</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 14,918	\$ 19,127	\$ -
Accrued and other liabilities	1,804	4,706	-
Total liabilities	16,722	23,833	-
Fund Balances - Unreserved	116,755	135,001	-
Total liabilities and fund balances	<u><u>\$ 133,477</u></u>	<u><u>\$ 158,834</u></u>	<u><u>\$ -</u></u>

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

Nonmajor Special Revenue Funds		Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
Recycling Program	Budget Stabilization	Debt Service	
\$ 92,699	\$ -	\$ -	\$ 300,270
20,162	-	-	20,162
-	500,000	-	500,000
-	-	-	84,740
\$ 112,861	\$ 500,000	\$ -	\$ 905,172

\$ 8,905	\$ -	\$ -	\$ 42,950
-	-	-	6,510
8,905	-	-	49,460
103,956	500,000	-	855,712
\$ 112,861	\$ 500,000	\$ -	\$ 905,172

City of Grosse Pointe Farms, Michigan

	Nonmajor Special Revenue Funds				
	Major Streets	Local Streets	Community Development Block Grant	Recycling Program	Budget Stabilization
Revenue					
State sources	\$ 368,797	\$ 148,579	\$ -	\$ -	\$ -
Charges for services	-	-	-	104,852	-
Interest income	9	5,012	-	11	-
Total revenue	368,806	153,591	-	104,863	-
Expenditures					
Current:					
Public works and streets	526,613	646,736	-	-	-
Public service	-	-	-	116,196	-
Debt service	-	-	-	-	-
Total expenditures	526,613	646,736	-	116,196	-
Excess of Expenditures Over Revenue	(157,807)	(493,145)	-	(11,333)	-
Other Financing Sources -					
Transfers in	100,000	450,000	-	-	-
Net Change in Fund Balances	(57,807)	(43,145)	-	(11,333)	-
Fund Balances - Beginning of year	174,562	178,146	-	115,289	500,000
Fund Balances - End of year	<u>\$ 116,755</u>	<u>\$ 135,001</u>	<u>\$ -</u>	<u>\$ 103,956</u>	<u>\$ 500,000</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2010

Nonmajor Debt Service Fund	
	Total Nonmajor Governmental Funds
Debt Service	
\$ -	\$ 517,376
-	104,852
-	5,032
-	627,260
-	1,173,349
-	116,196
419,100	419,100
419,100	1,708,645
(419,100)	(1,081,385)
419,100	969,100
-	(112,285)
-	967,997
<u>\$ -</u>	<u>\$ 855,712</u>

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds Year Ended June 30, 2010

Major Streets

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 237,915	\$ 192,915	\$ 174,562	\$ (18,353)
Resources (Inflows)				
State sources	390,000	374,000	368,797	(5,203)
Interest	100	100	9	(91)
Transfers from other funds	-	100,000	100,000	-
Total resources (inflows)	628,015	667,015	643,368	(23,647)
Charges to Appropriations (Outflows) -				
Public works and streets	506,530	526,530	526,613	(83)
Fund Balance - End of year	<u>\$ 121,485</u>	<u>\$ 140,485</u>	<u>\$ 116,755</u>	<u>\$ (23,730)</u>

Local Streets

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 241,150	\$ 241,150	\$ 178,146	\$ (63,004)
Resources (Inflows)				
State sources	155,000	148,000	148,579	579
Interest	1,000	4,000	5,012	1,012
Transfers from other funds	391,850	501,250	450,000	(51,250)
Total resources (inflows)	789,000	894,400	781,737	(112,663)
Charges to Appropriations (Outflows) -				
Public works and streets	547,850	653,250	646,736	6,514
Fund Balance - End of year	<u>\$ 241,150</u>	<u>\$ 241,150</u>	<u>\$ 135,001</u>	<u>\$ (106,149)</u>

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds (Continued) Year Ended June 30, 2010

Community Development Block Grant

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 30,000	\$ -	\$ -	\$ -
Resources (Inflows) - Federal sources	52,600	52,600	-	(52,600)
Charges to Appropriations (Outflows) - Other	52,600	52,600	-	52,600
Fund Balance - End of year	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Recycling Program

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 117,725	\$ 117,725	\$ 115,289	\$ (2,436)
Resources (Inflows)				
Charges for services	105,000	105,000	104,852	(148)
Interest	200	200	11	(189)
Total resources (inflows)	222,925	222,925	220,152	(2,773)
Charges to Appropriations (Outflows) - Public service	108,000	108,000	116,196	(8,196)
Fund Balance - End of year	<u>\$ 114,925</u>	<u>\$ 114,925</u>	<u>\$ 103,956</u>	<u>\$ (10,969)</u>

Budget Stabilization

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 500,000	\$ 500,000	\$ 500,000	\$ -
Resources (Inflows)	-	-	-	-
Charges to Appropriations (Outflows)	-	-	-	-
Fund Balance - End of year	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Combining Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2010

Pension and Other Employee Benefit Trust Funds					
	General Employees' Retirement System	Public Safety Retirement System	General Employees' Other Postemployment Benefit Trust Fund	Public Safety Other Postemployment Benefit Trust Fund	Total
Assets					
Cash and cash equivalents	\$ 102,817	\$ 228,209	\$ -	\$ -	\$ 331,026
Investments - Mutual funds	15,461,472	24,949,152	251,965	2,541,941	43,204,530
Receivables:					
Interest	39,992	70,001	-	-	109,993
Other	17,459	14,839	-	-	32,298
Total assets	15,621,740	25,262,201	251,965	2,541,941	43,677,847
Liabilities					
Accounts payable	9,277	16,219	-	-	25,496
Due to primary government	102,558	80,824	-	-	183,382
Total liabilities	111,835	97,043	-	-	208,878
Net Assets - Held in trust for pension and other employee benefits	<u>\$ 15,509,905</u>	<u>\$ 25,165,158</u>	<u>\$ 251,965</u>	<u>\$ 2,541,941</u>	<u>\$ 43,468,969</u>

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Assets Fiduciary Funds Year Ended June 30, 2010

	General Employees' Retirement System	Public Safety Retirement System	General Employees' Other Postemployment Benefit Trust Fund	Public Safety Other Postemployment Benefit Trust Fund	Total
Additions					
Investment income:					
Interest and dividends	\$ 343,751	\$ 600,716	\$ -	\$ -	\$ 944,467
Net increases to fair market value	<u>1,769,198</u>	<u>2,759,157</u>	<u>8,425</u>	<u>345,148</u>	<u>4,881,928</u>
Net investment gain	2,112,949	3,359,873	8,425	345,148	5,826,395
Contributions:					
Employer	558,910	149,596	228,400	211,404	1,148,310
Employee	<u>159,194</u>	<u>217,111</u>	<u>-</u>	<u>2,970</u>	<u>379,275</u>
Total additions	2,831,053	3,726,580	236,825	559,522	7,353,980
Deductions					
Benefit payments	1,196,198	1,104,166	-	-	2,300,364
Health benefits	-	-	386,649	293,879	680,528
Administrative expenses	<u>55,182</u>	<u>80,050</u>	<u>-</u>	<u>-</u>	<u>135,232</u>
Total deductions	<u>1,251,380</u>	<u>1,184,216</u>	<u>386,649</u>	<u>293,879</u>	<u>3,116,124</u>
Net Increase (Decrease)	1,579,673	2,542,364	(149,824)	265,643	4,237,856
Net Assets Held in Trust for Pension Benefits					
Beginning of year	<u>13,930,232</u>	<u>22,622,794</u>	<u>401,789</u>	<u>2,276,298</u>	<u>39,231,113</u>
End of year	<u>\$ 15,509,905</u>	<u>\$ 25,165,158</u>	<u>\$ 251,965</u>	<u>\$ 2,541,941</u>	<u>\$ 43,468,969</u>

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Statement of Fiduciary Net Assets Agency Fund Year Ended June 30, 2010

	Agency Fund - Tax Collection
	<hr/>
Assets - Cash and cash equivalents	\$ 76,430
	<hr/>
Liabilities - Due to other governmental units	\$ 76,430
	<hr/>

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Statement of Changes in Fiduciary Assets and Liabilities Agency Fund Year Ended June 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>Tax Collection</u>				
Assets - Cash and cash equivalents	<u>\$ 73,534</u>	<u>\$ 34,788,791</u>	<u>\$ 34,785,895</u>	<u>\$ 76,430</u>
Liabilities - Due to other governmental units	<u>\$ 73,534</u>	<u>\$ 34,788,791</u>	<u>\$ 34,785,895</u>	<u>\$ 76,430</u>

Statistical Section

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

The statistical section is organized into the following main categories:

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

Sources - Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Financial Trends

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

City of Grosse Pointe Farms, Michigan

Net Assets by Component Last Seven Fiscal Years (Accrual Basis of Accounting, rounded to the nearest thousand)

	June 30						
	2004	2005	2006	2007	2008	2009	2010
Governmental Activities							
Invested in capital assets - Net of related debt	\$ 16,485,000	\$ 17,585,000	\$ 17,642,000	\$ 17,476,000	\$ 17,283,000	\$ 17,160,000	\$ 16,134,000
Restricted	345,000	571,000	560,000	957,000	816,000	933,000	356,000
Unrestricted	<u>5,904,000</u>	<u>5,419,000</u>	<u>5,547,000</u>	<u>5,824,000</u>	<u>5,905,000</u>	<u>5,165,000</u>	<u>4,204,000</u>
Total net assets	<u>\$ 22,734,000</u>	<u>\$ 23,575,000</u>	<u>\$ 23,749,000</u>	<u>\$ 24,257,000</u>	<u>\$ 24,004,000</u>	<u>\$ 23,258,000</u>	<u>\$ 20,694,000</u>
Business-type Activities							
Invested in capital assets - Net of related debt	\$ 5,159,000	\$ 5,695,000	\$ 6,523,000	\$ 6,848,000	\$ 7,523,000	\$ 8,271,000	\$ 8,867,000
Restricted	10,000	-	-	-	-	-	-
Unrestricted	<u>1,052,000</u>	<u>1,128,000</u>	<u>994,000</u>	<u>1,235,000</u>	<u>1,064,000</u>	<u>1,010,000</u>	<u>605,000</u>
Total net assets	<u>\$ 6,221,000</u>	<u>\$ 6,823,000</u>	<u>\$ 7,517,000</u>	<u>\$ 8,083,000</u>	<u>\$ 8,587,000</u>	<u>\$ 9,281,000</u>	<u>\$ 9,472,000</u>
Primary Government in Total							
Invested in capital assets - Net of related debt	\$ 21,644,000	\$ 23,280,000	\$ 24,165,000	\$ 24,323,000	\$ 24,806,000	\$ 25,431,000	\$ 25,001,000
Restricted	355,000	571,000	560,000	957,000	816,000	933,000	356,000
Unrestricted	<u>6,956,000</u>	<u>6,547,000</u>	<u>6,541,000</u>	<u>7,060,000</u>	<u>6,969,000</u>	<u>6,175,000</u>	<u>4,809,000</u>
Total net assets	<u>\$ 28,955,000</u>	<u>\$ 30,398,000</u>	<u>\$ 31,266,000</u>	<u>\$ 32,340,000</u>	<u>\$ 32,591,000</u>	<u>\$ 32,539,000</u>	<u>\$ 30,166,000</u>

City of Grosse Pointe Farms, Michigan

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

	Year Ended June 30						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental Activities							
General government	\$ 2,552,250	\$ 3,251,023	\$ 3,032,307	\$ 2,741,679	\$ 3,428,248	\$ 3,213,352	\$ 2,654,838
Municipal court	260,245	279,031	273,569	259,534	229,924	246,676	5,821,182
Public safety	4,465,538	4,607,276	4,755,663	4,936,706	5,133,805	5,532,467	4,114,191
Public works	3,028,574	2,919,866	3,282,469	3,694,198	3,419,905	3,573,103	247,370
Recreation and culture	1,157,937	1,234,323	1,700,773	1,807,819	1,864,209	1,995,240	1,960,948
Interest on long-term debt	4,305	35,908	260,050	268,800	265,386	260,568	255,130
Total governmental activities expenses	11,468,849	12,327,427	13,304,831	13,708,736	14,341,477	14,821,406	15,053,659
Business-type Activities							
Water/Sewer	3,584,439	3,481,591	3,964,617	3,962,492	4,347,654	4,051,550	4,024,053
Radio system charges	175,359	181,517	195,506	174,023	177,394	209,373	273,320
Interest on long-term debt	388,521	366,772	379,704	348,599	309,787	296,137	357,429
Total business-type activities expenses	4,148,319	4,029,880	4,539,827	4,485,114	4,834,835	4,557,060	4,654,802
Total primary government expenses	15,617,168	16,357,307	17,844,658	18,193,850	19,176,312	19,378,466	19,708,461
Program Revenue							
Charges for services:							
Municipal court	150,907	144,116	167,030	115,937	136,971	122,023	115,142
Public safety	717,758	664,651	600,677	529,272	565,939	579,890	491,606
Public works	120,780	126,938	114,641	100,658	110,459	108,689	110,888
General government	125,513	192,795	293,764	331,962	286,089	357,373	258,178
Recreation and culture	271,122	272,274	406,907	456,257	450,056	445,431	461,093
Operating and capital grants and contributions	701,485	1,055,255	579,164	681,915	725,991	857,406	526,506
Total governmental activities program revenue	2,087,565	2,456,029	2,162,183	2,216,001	2,275,505	2,470,812	1,963,413
Business-type Activities							
Charges for services:							
Water/Sewer	2,569,416	2,605,248	2,994,076	2,845,677	3,190,978	2,972,857	3,045,418
Other charges for services - Grosse Pointe City	473,974	546,129	667,958	644,975	481,180	806,623	736,747
Radio system charges	175,360	181,518	196,483	173,041	177,396	209,373	210,250
Total business-type activities program revenue	3,218,750	3,332,895	3,858,517	3,663,693	3,849,554	3,988,853	3,992,415
Total primary government program revenue	5,306,315	5,788,924	6,020,700	5,879,694	6,125,059	6,459,665	5,955,828

City of Grosse Pointe Farms, Michigan

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

	Year Ended June 30						
	2004	2005	2006	2007	2008	2009	2010
Net (Expense) Revenue							
Governmental activities	\$ (9,381,284)	\$ (9,871,398)	\$ (11,142,648)	\$ (11,492,735)	\$ (12,065,972)	\$ (12,350,594)	\$ (13,090,246)
Business-type activities	(929,569)	(696,985)	(681,310)	(821,421)	(985,281)	(568,207)	(662,387)
Total primary government	(10,310,853)	(10,568,383)	(11,823,958)	(12,314,156)	(13,051,253)	(12,918,801)	(13,752,633)
General Revenue							
Governmental activities:							
Property taxes	8,791,286	9,081,308	9,372,015	9,618,175	9,816,949	9,775,863	9,849,826
State-shared revenue	862,438	833,417	823,981	807,176	796,332	768,391	665,163
Interest	261,541	330,665	614,319	577,229	575,900	400,967	259,662
Franchise fees and other	560,250	587,675	626,305	618,108	743,749	660,167	523,550
Transfers	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)	-	-
Total government activities	10,355,515	10,713,065	11,316,620	11,500,688	11,812,930	11,605,388	11,298,201
Business-type activities:							
Property taxes	1,067,832	1,110,873	1,155,806	1,196,606	1,232,991	1,231,536	866,081
Unrestricted investment earnings	50,066	68,086	99,206	70,661	56,291	30,701	13,943
Transfers	120,000	120,000	120,000	120,000	120,000	-	-
Total business-type activities	1,237,898	1,298,959	1,375,012	1,387,267	1,409,282	1,262,237	880,024
Total primary government general revenue	11,593,413	12,012,024	12,691,632	12,887,955	13,222,212	12,867,625	12,178,225
Change in Net Assets							
Governmental activities	974,231	841,667	173,972	7,953	(253,042)	(745,206)	(1,792,045)
Business-type activities	308,329	601,974	693,702	565,846	424,001	694,030	217,637
Total primary government	\$ 1,282,560	\$ 1,443,641	\$ 867,674	\$ 573,799	\$ 170,959	\$ (51,176)	\$ (1,574,408)

City of Grosse Pointe Farms, Michigan

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

	June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:										
Reserved	\$ 1,428,730	\$ 1,596,528	\$ 89,777	\$ 83,862	\$ 79,671	\$ 81,830	\$ 93,563	\$ 615,448	\$ 123,685	\$ 99,578
Unreserved:										
Designated	-	-	-	-	-	-	-	-	2,212,369	2,821,681
Undesignated	2,437,322	2,278,866	3,549,122	3,795,455	3,994,044	4,085,619	4,490,187	4,286,837	2,694,702	2,760,810
Total General Fund	3,866,052	3,875,394	3,638,899	3,879,317	4,073,715	4,167,449	4,583,750	4,902,285	5,030,756	5,682,069
All other governmental funds:										
Reserved, reported in Special Revenue Funds	-	-	-	-	-	-	-	-	19,900	-
Unreserved, reported in:										
Special Revenue Funds	962,776	809,916	1,006,457	997,804	1,205,267	1,177,296	1,066,937	934,790	948,097	855,712
Capital Project Funds	1,753,055	2,399,893	1,422,592	1,372,717	940,695	1,089,101	898,647	1,264,432	1,065,475	1,028,722
Total all other governmental funds	2,715,831	3,209,809	2,429,049	2,370,521	2,145,962	2,266,397	1,965,584	2,199,222	2,033,472	1,884,434
Total governmental funds	<u>\$ 6,581,883</u>	<u>\$ 7,085,203</u>	<u>\$ 6,067,948</u>	<u>\$ 6,249,838</u>	<u>\$ 6,219,677</u>	<u>\$ 6,433,846</u>	<u>\$ 6,549,334</u>	<u>\$ 7,101,507</u>	<u>\$ 7,064,228</u>	<u>\$ 7,566,503</u>

City of Grosse Pointe Farms, Michigan

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

	Year Ended June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenue										
Property taxes	\$ 8,474,589	\$ 8,472,118	\$ 8,677,149	\$ 8,791,286	\$ 9,081,308	\$ 9,372,015	\$ 9,618,172	\$ 9,816,949	\$ 9,775,863	\$ 9,849,826
Licenses and permits	234,481	241,671	263,414	243,552	300,392	280,651	260,824	296,960	260,977	281,955
Federal sources	57,002	71,577	58,775	117,992	153,087	17,525	42,886	25,307	37,385	2,130
State sources	1,622,147	1,588,368	1,469,539	1,445,931	1,435,085	1,390,255	1,470,440	1,357,659	1,309,873	1,203,093
Charges for services	991,717	923,938	980,009	1,140,423	1,078,316	1,356,125	1,365,729	1,361,557	1,521,518	1,256,747
Fines and forfeitures	228,960	297,110	427,104	425,862	426,898	409,959	334,208	356,939	318,119	331,690
Interest	635,187	514,896	324,100	261,541	330,665	589,178	544,419	542,860	376,578	242,939
Other	105,113	131,466	223,779	133,229	482,794	162,589	191,866	298,346	447,393	364,236
Total revenue	12,349,196	12,241,144	12,423,869	12,559,816	13,288,545	13,578,297	13,828,544	14,056,577	14,047,706	13,532,616
Expenditures										
Current:										
General government	841,587	945,864	950,157	1,028,628	984,008	964,324	1,024,011	1,041,644	1,007,904	1,044,756
Municipal court	189,751	219,571	252,487	259,611	278,397	272,935	259,534	229,924	242,310	236,139
Public safety:										
Police, fire, and EMS	3,320,484	3,947,885	3,894,950	4,234,782	4,336,236	4,388,644	4,385,382	4,514,031	4,683,242	4,557,016
Building inspections	398,885	446,842	475,850	451,498	429,524	475,135	557,572	535,600	511,296	414,816
Public works and streets:										
Streets	1,183,620	813,985	919,161	990,101	717,164	1,040,304	1,264,729	1,056,972	940,704	1,173,349
Rubbish disposal and recycling	1,271,899	1,426,289	1,580,026	1,604,130	1,514,497	1,554,988	1,668,888	1,652,121	1,744,819	1,687,334
Other public works	6,182	-	-	-	-	-	-	-	-	-
Community and economic development	57,002	37,999	58,775	13,125	78,850	8,903	42,886	25,307	34,947	-
Recreation and culture	755,149	816,083	842,467	921,950	932,253	1,104,767	1,162,040	1,220,498	1,287,139	1,244,210
Other functions	785,595	1,367,813	1,450,551	1,240,531	1,485,057	1,687,616	1,997,665	2,226,043	2,079,751	2,031,466
Capital outlay	619,164	640,890	2,319,628	814,265	4,632,617	5,735,292	764,220	881,398	1,128,335	172,155
Debt service principal	560,000	585,000	535,000	555,000	90,000	-	46,875	121,875	162,500	162,500
Debt service interest	14,110	9,603	4,976	4,305	36,208	198,653	269,255	266,489	262,038	256,600
Total expenditures	10,003,428	11,257,824	13,284,028	12,117,926	15,514,811	17,431,561	13,443,057	13,771,902	14,084,985	12,980,341
Excess of Revenue Over (Under) Expenditures	2,345,768	983,320	(860,159)	441,890	(2,226,266)	(3,853,264)	385,487	284,675	(37,279)	552,275
Other Financing Sources (Uses)										
Debt issuance/refinanced	-	-	-	-	2,500,000	4,300,000	-	-	-	-
Debt premium or discount	-	-	-	-	(7,394)	37,433	-	-	-	-
Transfers in	2,070,910	2,175,500	2,112,677	1,335,570	1,974,708	2,262,719	1,535,767	1,926,879	1,466,871	1,084,170
Transfers out	(2,670,910)	(2,655,500)	(2,587,677)	(1,595,570)	(2,271,209)	(2,532,719)	(1,805,767)	(2,159,380)	(1,466,871)	(1,134,170)
Prior Period Adjustment (GASB No. 16)	-	-	317,904	-	-	-	-	-	-	-
Net Change in Fund Balances	1,745,768	503,320	(1,017,255)	181,890	(30,161)	214,169	115,487	52,174	(37,279)	502,275
Fund Balances - Beginning of year	4,836,115	6,581,883	7,085,203	6,067,948	6,249,838	6,219,677	6,433,846	7,049,333	7,101,507	7,064,228
Change in Accounting Method	-	-	-	-	-	-	500,000	-	-	-
Fund Balances - End of year	\$ 6,581,883	\$ 7,085,203	\$ 6,067,948	\$ 6,249,838	\$ 6,219,677	\$ 6,433,846	\$ 7,049,333	\$ 7,101,507	\$ 7,064,228	\$ 7,566,503
Debt service as a percentage of noncapital expenditures	6.52%	5.93%	5.18%	5.21%	1.17%	1.73%	2.56%	3.11%	3.39%	3.38%

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

City of Grosse Pointe Farms, Michigan

Property Tax Levies and Collections Last Ten Fiscal Years

Tax Year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2000	2001	\$ 8,565,252	\$ 8,433,696	98.46%	\$ 123,198	\$ 8,556,894	99.90%
2001	2002	9,012,152	8,864,391	98.36%	137,220	9,001,611	99.88%
2002	2003	9,468,734	9,279,094	98.00%	167,673	9,446,767	99.77%
2003	2004	9,608,324	9,434,739	98.19%	152,576	9,587,315	99.78%
2004	2005	10,154,372	9,946,298	97.95%	196,054	10,142,352	99.88%
2005	2006	10,224,520	9,894,046	96.77%	315,166	10,209,212	99.85%
2006	2007	10,476,529	10,196,966	97.33%	278,004	10,474,970	99.99%
2007	2008	10,692,189	10,291,856	96.26%	397,709	10,689,565	99.98%
2008	2009	10,698,768	10,379,926	97.02%	316,916	10,696,842	99.98%
2009	2010	10,361,975	10,092,125	97.40%	266,051	10,358,176	99.96%

City of Grosse Pointe Farms, Michigan

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

		Taxable Value by Property Type						
Fiscal Year		Real Property		Personal				Taxable
Tax Year	Ended June 30	Residential	Commercial	Property	Total Value	Tax Rate (Mills)	Estimated Actual Value	Value as a Percent of Actual
2000	2001	\$589,242,723	\$24,687,716	\$ 7,990,500	\$621,920,939	13.750	\$ 1,607,321,800	38.69%
2001	2002	622,834,662	25,535,181	8,296,600	656,666,443	13.750	1,830,483,554	35.87%
2002	2003	654,917,727	26,307,567	7,980,300	689,205,594	13.750	1,968,040,336	35.02%
2003	2004	675,892,688	27,119,118	8,150,230	711,162,036	13.500	1,994,514,298	35.66%
2004	2005	704,378,778	28,808,986	8,111,800	741,299,564	13.375	2,004,236,600	36.99%
2005	2006	731,565,929	30,089,081	9,343,764	770,998,774	13.250	2,041,603,156	37.76%
2006	2007	760,270,755	31,461,585	8,261,000	799,993,340	13.125	2,052,746,562	38.97%
2007	2008	780,877,307	33,597,996	8,593,936	823,069,239	13.000	2,043,496,202	40.28%
2008	2009	777,751,134	36,324,134	9,463,900	823,539,168	13.000	1,954,279,858	42.14%
2009	2010	749,690,097	38,303,234	9,094,206	797,087,537	13.500	1,701,709,100	46.84%

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

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

Source: Wayne County Department of Assessing and Equalization

City of Grosse Pointe Farms, Michigan

Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years

Tax Year	Millage Rates - Direct City Taxes				Overlapping Taxes							Total Tax Rate	
	General Operating	Debt	Special Purpose	Total Direct Taxes	County	Detroit Zoo	Grosse Pointe Library	Community College	Intermediate School District	School Homestead	School Non- homestead	Homestead	Non- homestead
2000	11.2500	1.5000	1.0000	13.7500	8.4039	-	1.5000	1.0000	1.9789	13.4234	23.8236	40.0562	50.4564
2001	11.2500	1.5000	1.0000	13.7500	8.3905	-	1.6321	2.4995	1.9753	13.1340	23.4207	41.3814	51.6681
2002	11.2500	1.5000	1.0000	13.7500	8.6390	-	1.6074	2.4862	3.4643	13.7291	24.2632	43.6760	54.2101
2003	11.0000	1.5000	1.0000	13.5000	8.6361	-	1.5829	2.4862	3.4643	13.0431	23.3187	42.7126	52.9882
2004	10.5750	1.5000	1.3000	13.3750	8.6354	-	1.5000	2.4844	3.4643	14.8384	25.1152	44.2975	54.5743
2005	10.4500	1.5000	1.3000	13.2500	8.6346	-	1.5000	2.4769	3.4643	14.5498	26.2851	43.8756	55.6109
2006	10.3500	1.5000	1.2750	13.1250	8.6266	-	1.5413	2.4769	3.4643	14.2741	26.2932	43.5082	55.5273
2007	10.2750	1.5000	1.2250	13.0000	8.6266	-	1.5412	2.4769	3.4643	14.0661	26.2216	43.1751	55.3306
2008	10.2750	1.5000	1.2250	13.0000	8.6266	0.1000	1.5412	2.4769	3.4643	14.0165	26.2499	43.2255	55.4589
2009	10.6916	1.0834	1.7250	13.5000	8.6266	0.1000	1.5413	2.4769	3.4643	14.9534	26.4821	44.6625	56.1912

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

	General	Debt	Special
	Operating		Purpose
2008	12.4176	no limit	2.7341

Source: Municipal Advisory Council of Michigan

City of Grosse Pointe Farms, Michigan

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

Taxpayer	2009 Taxable Value	Percentage of Total	2000 Taxable Value	Percentage of Total	2000 Rank
Country Club of Detroit	\$ 7,244,126	0.88%	\$ 5,486,300	0.69%	1
Kercheval Development Co.	4,490,500	0.55%	3,702,200	0.46%	2
Soave, Anthony-Darlene	2,462,286	0.30%	1,368,364	0.17%	8
Premiere Equities GP, LLC	2,423,154	0.29%	1,526,839	0.19%	6
Elena Ford	2,376,600	0.29%	2,005,069	0.25%	4
Ford, Mr. and Mrs. Edsel	2,265,300	0.28%	1,823,738	0.23%	5
Detroit Edison Co.	2,063,300	0.25%	2,076,550	0.26%	3
Cracchiolo, Ray	1,978,647	0.24%	1,481,372	0.19%	7
M.R. Fisher Family Office	1,604,000	0.19%	1,200,754	0.15%	9
Grosse Pointe Club	1,447,216	0.18%	1,083,386	0.14%	10

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

City of Grosse Pointe Farms, Michigan

Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less Pledged Debt Service Funds	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt per Capita
2001	\$ 320,000	\$ -	\$ 320,000	\$ 621,920,939	0.05%	9,764	\$ 32.77
2002	250,000	-	250,000	656,666,443	0.03%	9,764	25.60
2003	175,000	-	175,000	689,205,594	0.02%	9,764	17.92
2004	90,000	-	90,000	711,162,036	0.01%	9,764	9.22
2005	2,492,976	-	2,492,976	741,299,564	0.34%	9,764	255.32
2006	6,830,779	-	6,830,779	770,998,774	0.89%	9,764	699.59
2007	6,782,402	-	6,782,402	799,993,340	0.85%	9,764	694.63
2008	6,659,025	-	6,659,025	823,069,239	0.81%	9,764	682.00
2009	6,495,023	-	6,495,023	797,087,537	0.81%	9,764	665.20
2010	6,331,021	-	6,331,021	797,087,537	0.79%	9,764	648.40

City of Grosse Pointe Farms, Michigan

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities										
General obligation bonds	\$ 320,000	\$ 250,000	\$ 175,000	\$ 90,000	\$ 2,492,976	\$ 6,830,779	\$ 6,782,402	\$ 6,659,025	\$ 6,495,023	\$ 6,331,021
Installment purchase agreements	1,350,000	915,000	465,000	-	-	-	-	-	-	-
Total	1,670,000	1,165,000	640,000	90,000	2,492,976	6,830,779	6,782,402	6,659,025	6,495,023	6,331,021
Business-type Activities										
General obligation bonds	10,784,930	10,387,334	9,984,738	9,572,142	10,645,332	10,192,958	9,764,653	9,255,917	8,732,810	8,177,585
Installment purchase agreements	128,000	96,000	32,000	-	-	-	-	-	-	-
Revenue bonds	400,000	300,000	200,000	100,000	-	-	-	-	-	-
Capital leases	-	1,011,410	779,901	534,709	-	-	-	-	-	-
Total	11,312,930	11,794,744	10,996,639	10,206,851	10,645,332	10,192,958	9,764,653	9,255,917	8,732,810	8,177,585
Total debt of the government	<u>\$ 12,982,930</u>	<u>\$ 12,959,744</u>	<u>\$ 11,636,639</u>	<u>\$ 10,296,851</u>	<u>\$ 13,138,308</u>	<u>\$ 17,023,737</u>	<u>\$ 16,547,055</u>	<u>\$ 15,914,942</u>	<u>\$ 15,227,833</u>	<u>\$ 14,508,606</u>
Taxable Value	\$ 621,920,939	\$ 656,666,443	\$ 689,205,594	\$ 711,162,036	\$ 741,299,564	\$ 770,998,774	\$ 799,993,340	\$ 823,069,239	\$ 797,087,537	\$ 797,087,537
Ratio of Total Debt to Taxable Value	2.09%	1.97%	1.69%	1.45%	1.77%	2.21%	2.07%	1.93%	1.91%	1.82%
Total Population	9,764	9,764	9,764	9,764	9,764	9,764	9,764	9,764	9,764	9,764
Total Debt Per Capita	\$ 1,330	\$ 1,327	\$ 1,192	\$ 1,055	\$ 1,346	\$ 1,744	\$ 1,695	\$ 1,630	\$ 1,560	\$ 1,486
Percentage - Total Debt to Capita Income	3.36%	3.31%	2.93%	2.56%	3.22%	4.11%	3.41%	2.77%	2.61%	2.71%

City of Grosse Pointe Farms, Michigan

Direct and Overlapping Governmental Activities Debt June 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Wayne County	\$ 185,512,776	1.60%	\$ 2,968,204
Grosse Pointe School District	55,220,000	26.61%	14,694,042
Grosse Pointe Library	16,500,000	26.61%	4,390,650
Wayne County Community College	9,140,000	2.50%	228,500
Intermediate School District	-	1.58%	-
Total overlapping debt			22,281,396
Direct City debt			14,320,000
Total direct and overlapping debt			<u>\$ 36,601,396</u>

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

Source: Municipal Advisory Council of Michigan

City of Grosse Pointe Farms, Michigan

Legal Debt Margin Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Calculation of Debt Limit										
State equalized valuation	<u>\$ 803,660,900</u>	<u>\$ 915,241,777</u>	<u>\$ 984,020,168</u>	<u>\$ 997,257,149</u>	<u>\$ 1,002,118,300</u>	<u>\$ 1,020,801,578</u>	<u>\$ 1,026,373,281</u>	<u>\$ 1,021,748,101</u>	<u>\$ 977,139,929</u>	<u>\$ 852,130,900</u>
10% of taxable value	<u>\$ 80,366,090</u>	<u>\$ 91,524,178</u>	<u>\$ 98,402,017</u>	<u>\$ 99,725,715</u>	<u>\$ 100,211,830</u>	<u>\$ 102,080,158</u>	<u>\$ 102,637,328</u>	<u>\$ 102,174,810</u>	<u>\$ 97,713,993</u>	<u>\$ 85,213,090</u>
Calculation of Debt Subject to Limit										
Total debt	\$ 11,504,930	\$ 10,937,334	\$ 10,359,738	\$ 9,762,142	\$ 13,138,308	\$ 17,023,737	\$ 16,547,055	\$ 15,914,942	\$ 15,227,833	\$ 14,508,606
Less debt not subject to limit:										
Revenue bonds	400,000	300,000	200,000	100,000	-	-	-	-	-	-
Water Resources Commission or Court-ordered bonds	<u>10,784,930</u>	<u>10,387,334</u>	<u>9,984,738</u>	<u>9,572,142</u>	<u>10,645,332</u>	<u>10,192,958</u>	<u>9,764,653</u>	<u>9,255,917</u>	<u>8,732,810</u>	<u>8,177,585</u>
Net debt subject to limit	<u>\$ 320,000</u>	<u>\$ 250,000</u>	<u>\$ 175,000</u>	<u>\$ 90,000</u>	<u>\$ 2,492,976</u>	<u>\$ 6,830,779</u>	<u>\$ 6,782,402</u>	<u>\$ 6,659,025</u>	<u>\$ 6,495,023</u>	<u>\$ 6,331,021</u>
Legal Debt Margin	<u>\$ 80,046,090</u>	<u>\$ 91,274,178</u>	<u>\$ 98,227,017</u>	<u>\$ 99,635,715</u>	<u>\$ 97,718,854</u>	<u>\$ 95,249,379</u>	<u>\$ 95,854,926</u>	<u>\$ 95,515,785</u>	<u>\$ 91,218,970</u>	<u>\$ 78,882,069</u>
Net Debt Subject to Limit as % of Debt Limit	0.40%	0.27%	0.18%	0.09%	2.49%	6.69%	6.60%	6.51%	6.65%	7.43%

City of Grosse Pointe Farms, Michigan

Pledged Revenue Coverage Last Ten Fiscal Years

Water and Sewer Revenue Bonds							
Fiscal Year	Gross Revenue	Applicable Expenses	Net Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2001	\$ 2,972,025	\$ 2,978,925	\$ (6,900)	\$ 75,000	\$ 27,188	\$ 102,188	(7%)
2002	3,027,640	2,504,654	522,986	100,000	21,825	121,825	429%
2003	3,224,205	3,038,778	185,427	100,000	9,425	109,425	169%
2004	3,047,364	3,239,973	(192,609)	100,000	3,150	103,150	(187%)
2005	3,187,862	3,139,055	48,807	100,000	3,150	103,150	47%
2006	3,744,986	3,590,474	154,512	-	-	-	- %
2007	3,490,651	3,523,503	(32,852)	-	-	-	- %
2008	3,672,158	3,928,415	(256,257)	-	-	-	- %
2009	3,779,480	3,633,688	145,792	-	-	-	- %
2010	3,791,432	3,958,252	(166,820)	-	-	-	- %

Demographics and Economic Information

These schedules offer demographics and economic indicators to help the reader understand the environment within which the City's financial activities take place.

City of Grosse Pointe Farms, Michigan

Demographic and Economic Statistics Last Ten Fiscal Years

Fiscal Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2001	9,764	\$ 385,893	\$ 39,522	<2%
2002	9,764	391,361	40,082	<2%
2003	9,764	396,916	40,651	<2%
2004	9,764	402,540	41,227	<2%
2005	9,764	408,252	41,812	<2%
2006	9,764	414,706	42,473	<2%
2007	9,764	485,222	49,695	<2%
2008	9,764	574,299	58,818	<3%
2009	9,764	584,131	59,825	<4%
2010	9,764	535,946	54,890	<4%

Source: City-Data.com

City of Grosse Pointe Farms, Michigan

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

Taxpayer		2010 Employees	Percentage of Total City Employment
1	Henry Ford/Cottage Hospital	2,100	70%
2	Grosse Pointe Schools	290	10%
3	City of Grosse Pointe Farms	155	5%
4	Country Club of Detroit	120	4%
5	United States Post Office	102	3%
6	Grosse Pointe Academy	72	2%
7	St. Paul's Church/School	54	2%
8	Kroger Grocery Store	54	2%
9	Village Market	39	1%
10	Wendy's Restaurant	29	1%
Total		<u>3,015</u>	

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

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Grosse Pointe Farms, Michigan

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

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	11.40	11.40	11.40	11.10	11.10	11.50	11.50	10.50	10.15	10.15
Public safety:										
Police	44.34	44.34	44.34	44.34	44.34	44.34	44.34	44.34	44.34	42.34
Fire and EMS	4.00	3.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Building inspection	3.60	3.60	3.60	3.96	3.02	3.52	3.52	3.68	3.68	3.68
Radio system	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal court	3.25	3.00	3.20	3.60	3.60	3.60	3.60	3.60	2.60	2.00
Public works:										
DPW	27.89	27.89	27.89	30.72	30.72	30.72	30.72	29.72	29.72	26.00
Water and sewer	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25
Parks and recreation	21.94	22.61	22.61	22.79	23.06	24.18	26.16	26.36	28.75	28.75
Total	<u>126.67</u>	<u>126.09</u>	<u>126.29</u>	<u>129.76</u>	<u>129.09</u>	<u>131.11</u>	<u>133.09</u>	<u>131.45</u>	<u>132.49</u>	<u>126.17</u>

Source: Various City of Grosse Pointe Farms departments

City of Grosse Pointe Farms, Michigan

Operating Indicators by Function Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Election data:										
Registered voters	8,557	8,354	7,809	8,163	8,282	7,812	7,860	7,821	7,957	8,062
Voters (at the polls or absentee)	6,434	3,171	5,274	2,788	6,656	987	5,507	1,939	2,756	2,767
Percent voting	75%	38%	68%	34%	80%	13%	70%	25%	35%	34%
Municipal Court - Court caseload	7,503	8,520	11,000	8,141	6,156	5,908	5,977	5,816	4,625	5,736
Police:										
Physical arrests	218	311	333	359	400	357	439	439	337	397
Investigations	6,164	6,334	6,114	5,972	6,093	6,025	5,455	5,305	5,171	5,136
Fire:										
Fire runs	97	122	86	116	108	116	168	114	101	108
Emergency medical runs	457	400	342	369	402	376	367	409	420	407
Inspections	234	253	258	227	285	282	272	279	260	140
Public works:										
Miles of street resurfaced	0.50	-	2	1.19	-	-	3	0.97	-	1.21
Refuse collected (tons)	N/A	8,254	8,618	9,055	8,670	7,989	8,435	8,244	7,725	7,652
Parks and recreation:										
Recreation program attendance	N/A	N/A	N/A	N/A	N/A	542	1,140	1,547	1,600	1,435
Vehicles entering Pier Park	N/A	N/A	N/A	N/A	N/A	151,422	110,566	115,540	115,698	117,360
Water:										
Number of customers billed	4,093	4,094	4,098	4,100	4,102	4,099	4,094	4,096	4,094	4,088
Total consumption (thous. cu. ft.)	74,096	76,942	82,958	74,100	72,075	83,417	73,115	72,814	66,054	62,786
Avg. consumption per user	18.10	18.79	20.24	18.07	17.57	20.35	17.86	17.78	16.13	15.36

Source: Various City of Grosse Pointe Farms departments

City of Grosse Pointe Farms, Michigan

Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	6	6	6	6	6	7	7	7	7
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire response vehicles	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles):										
Major streets	11.18	11.18	11.18	11.18	11.18	11.18	11.18	11.18	11.18	11.18
Local streets	26.91	26.91	27.07	27.07	27.07	27.07	27.07	27.07	27.07	27.07
Sidewalks	74.28	74.28	74.59	74.59	74.59	74.59	74.59	74.59	74.59	74.59
Streetlights	954	954	954	954	954	954	954	954	954	954
Traffic signals	22	22	23	23	23	23	23	23	23	23
Refuse collection trucks	7	7	8	8	8	8	8	8	8	8
Parks and recreation:										
Acreage	23.26	23.26	23.26	23.26	23.26	23.26	23.26	23.26	23.26	23.26
Developed parks/playgrounds	2	2	2	2	2	2	2	2	2	2
Developed fields (soccer, baseball, etc.)	4	4	4	4	4	4	4	4	4	4
Harbor boat wells	291	291	291	291	291	333	333	333	333	333
Water:										
Mains (miles)	42.34	42.34	42.34	42.34	42.34	42.59	42.59	42.59	42.59	42.59
Fire hydrants	500	500	500	500	500	502	502	502	502	502
Storage capacity - Millions of gallons	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Sewer:										
Miles of sanitary sewers	18	18	18	18	18	18	18	18	18	18
Miles of storm sewers	18	18	18	18	18	18	18	18	18	18
Miles of combined sanitary and storm	21	21	21	21	21	21	21	21	21	21

Source: Various City of Grosse Pointe Farms departments