

City of Grosse Pointe Farms, Michigan

Comprehensive Annual Financial Report with Supplemental Information

June 30, 2003

Comprehensive Annual Financial Report
City of Grosse Pointe Farms, Michigan
For the Fiscal Year Ended June 30, 2003

City Council

Ronald V. Kneiser - Mayor

Charles S. Davis

Therese Joseph

James C. Farquhar

Frances L. Schonenberg

Robert Herdegen

Louis Theros

Richard G. Solak - City Manager

John Modzinski - City Controller

Audit Committee

Charles S. Davis

Ronald V. Kneiser

Louis Theros

City of Grosse Pointe Farms, Michigan

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City of Grosse Pointe Farms, Michigan

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Introductory Section



City of Grosse Pointe Farms

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21 November, 2003

Mayor

Edward J. Gaffney

Mayor Pro Tem

Ronald V. Kneiser

Councilmembers

John E. Danaher

Elizabeth M. Gandelot

Frances L. Schonenberg

Peter W. Waldmeir

Martin F. West

Attorney

William T. Burgess

City Manager

Richard G. Solak

Asst. City Mgr., City Clerk

Shane L. Reeside

Treasurer

Marge M. Foster

Controller

John L. Modzinski

Director of Public Service

Joseph T. Leonard

Honorable Mayor and City Council
City of Grosse Pointe Farms
Grosse Pointe Farms, Michigan

The Comprehensive Annual Financial Report of the City of Grosse Pointe Farms, Michigan for the fiscal year ended June 30, 2003, is submitted herewith. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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 general purpose 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 and account groups of the City. The City provides a full range of services. These services include police and fire protection; sanitation services, recreational activities, parks, construction and maintenance of streets and infrastructures and the operations 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 over 4,000 households, having a median household income of \$61,374 and an average household income of \$95,002. The labor force is composed largely of managerial and professional personnel, of which over 70% has some amount of college education. The unemployment rate among Farms' residents is less than 2%.

The average home sale price is in excess of \$370,000 and has virtually doubled over the past decade, illustrating the strength of the community as an attractive location to settle and raise a family.

The City of Grosse Pointe Farms has no industrial base. Only 4% of its state equalized value is commercial property, located primarily in two areas: a one mile strip of shops on its border with Detroit along Mack Avenue, and its central business district known as "the Hill". Both areas have experienced resurgence and experience few storefront vacancies today. This positive economic situation On-the-Hill has received further stimulus as witnessed by a flurry of expansion activity just completed and further activity anticipated during the upcoming year.

The economic outlook for the City of Grosse Pointe Farms is bright as we begin the new millennium. 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 incalculable 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.

MAJOR INITIATIVES

For the Year:

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, careful control of expenditure requests and favorable revenue variances, this initiative has been achieved. While maintaining the lowest operating millage in the Grosse Pointes, we have been, in past years, able to grow the surplus by \$979,249 in FY 2000-2001, \$9,342 in FY 2001-2002. However, in fiscal year 2002-2003, the

City used \$554,399 of fund balance to implement a leaf collection program, purchase a Vactor Jet for sewer cleaning, and purchase a home in the Farms, which was originally intended to create parking on the 'Hill', but now will be resold. The use of fund balance was lower than budgeted, though, as the City's budgeted appropriation of surplus was \$939,552. With an accounting change adding \$317,904 to the beginning fund balance, the total fund balance of the General Fund now totals \$3,638,899 of which \$1,136,223 is reserved or designated for future capital outlay and \$2,502,676 is undesignated. This endeavor continues to be difficult because of the weak economy, resulting in falling interest income and declining state revenue sharing.

On July 2, 1997, the metropolitan Detroit area was subjected to heavy thunderstorms and extreme straight-line winds, which inflicted loss of life and major property damage through the region. In Grosse Pointe Farms, the damage was city-wide, but by far the most traumatic experience was at the Pier Park where five persons lost their lives and a major portion of the park was essentially leveled. Farms' citizens rallied in a concerted effort to restore the Pier Park to its former beauty and grace. In a Herculean effort, this task was accomplished by July 4 of the next year.

But the effort, did not stop there. A five year program of improvements at the Pier Park was established which would initiate further improvements and enhancements. In FY 2002-2003, these improvements included a new maintenance building and rehabilitation of the pool equipment building a combination splash playground and tot pool to replace the 30 year old tot pool, a beach aeration system to hopefully maintain an open beach all summer long and the acquisition of a border collie to rid the Pier Park of geese and the droppings which have littered the parks surfaces in recent years.

Progress has continued toward the eventual development of the commercial property acquired at Mack Avenue and Moross Road in December of 1994. Based upon the results of an initial planning process completed by Gerald Luedtke & Associates, the City has acted to acquire eight homes on Moross Road to create frontage on this major roadway and to add necessary acreage to sustain future development plans. The City has achieved this goal utilizing a portion of the \$1.886 million received from the sale of Grosse Pointe Cable in 1994.

In May of 1998, the City Council took one further large step by authorizing the purchase of the Kroger property. Concurrently, the City has continued with due diligence to explore and "flesh out" more fully the many factors which may influence and define the final development plan for Mack/Moross. With the untimely death of Gerald Luedtke, Premise and Associates, represented by Katherine Beebe, was engaged to assist the City in this continuing review.

In December of 1999, the City received a report from Ms. Beebe and architect William Kessler examining the use of the property for an 80,000 square foot community center. Previously, studies

had been received by the Council for the property to be used for senior housing, for a city hall and for playfield space. An initiative by the Neighborhood Club, a local non-profit civic organization, to develop a multi-city recreation master plan, temporarily suspended consideration of the Mack/Moross property until this further input was provided. The master plan study was completed in November of 2000 and recommended the formation of an inter-municipal recreation commission to coordinate and oversee the many recreational and leisure activities provided by various organizations and fill any gaps. A cross-jurisdictional committee was formed to study the formation of such a commission in the winter of 2001, but the proposal failed for lack of support. When it appeared that Kroger (the last tenant on the Mack/Moross property) was determined to exercise its last five-year option, the council placed further consideration of alternative uses at Mack/Moross in abeyance.

The City has not confined its interest in enhancing the commercial infrastructure of our community to Mack and Moross. Indeed, major improvement initiatives were pursued in both major commercial districts - the Hill and Mack Avenue. Not long ago comments were frequent about the demise of the Hill shopping district reflected in the number of vacant storefronts, lack of parking and dearth of excitement. Various developments since that time have totally reversed this situation. A Special Assessment District was established to remove old concrete sidewalk and replace it with brick pavers. This project was accomplished concurrently with the repaving of Kercheval Avenue with the assistance of federal funding. Upon completion, the Hill had a totally new look, which further enhanced its small town image. Shortly thereafter, two exciting new restaurants opened their doors and some months later, Kennedy & Co., acquired a lease/purchase interest in the formerly vacant Meade property. Suddenly, the Hill was vibrant and alive, but the lack of adequate parking was still an issue. The solution to that problem was found as part of a multi-faceted project to improve the safety of nearby school children, expand their playground facilities and add parking area for Hill businesses as well as for the nearby church and school. This project, utilizing city and school system funding, has apparently solved the parking problem On-the-Hill and created more playground area and a safer environment for Richard School children.

To maintain and enhance the viability of the Hill, the Council in the summer of 1999 authorized a study to be conducted by Gibbs Planning Group investigating several elements of concern. These included market dynamics, retail/office mix, possibilities for business expansion, infrastructure amenities and parking, and was reviewed in detail in the spring of 2000. It succeeded in raising the consciousness of the community with respect to retail use vs. office use. Since that study, the Council has negotiated a parking agreement with Cottage Hospital to provide additional leased parking in its parking garage and approved three applications for expansion of floor space On-the-Hill. The Council has also approved a new sign ordinance and general rules for review of building facades during site plan review.

Comprising the City's other commercial district, Mack Avenue has also been experiencing a revitalization of its infrastructure. A master plan was developed several years ago to upgrade the medians and sidewalk areas along Mack Avenue, including landscaping, new overhead street lighting, new concrete and brick paver areas and other sidewalk amenities. Working in conjunction with the City of Detroit - which shares jurisdiction of Mack Avenue with Grosse Pointe Farms, a cost-sharing arrangement was achieved for both the capital expenditure and the ongoing operating costs of the overhead street lighting. Landscaping and irrigation has beautified the medians along the entire commercial strip and work has progressed to the sidewalk areas. Evidence of matching private investment has already been displayed by several commercial entities along Mack Avenue, including Charvat's Florist, the U.S. Post Office, Wright's Gift Shop and Re-Max Realtors.

But the Council has not only addressed the needs of its commercial areas. Local city planner Brandon Rogers has analyzed the whole City and has completed the first update of the City's Master Plan since 1972. Concern for maintaining the character of the City's residential base was the impetus for initiating the study but the plan has addressed all variety of land uses from residential to recreational. The revised Master Plan was submitted in December of 1999. In the spring of 2000, a zoning ordinance amendment was adopted, increasing the size of lots and their setbacks in certain residential districts in conformance with the recommendation of the updated Master Plan. Recently, the Council has been investigating means of controlling "bigfoot" developments - residences that are overbuilt and infringe upon open space.

Lake St. Clair's water quality has been an important public concern for the past several years; the most visible result being beach closings due to high bacteria counts. A second concern has been the lack of capacity to transport storm water to the lake during major rainstorms.

In the fall of 1999, the City began the largest public works project in its history - the separation of the combined storm and sanitary sewers east of Ridge Road (the Lakeside District). New sewers were installed in nearly every street in the Lakeside Sewer District. In addition, the City took advantage of this opportunity while the streets were torn up, to install any needed water mains and rehabilitate the curb and pavement to a structurally sound condition, essentially conducting three projects at one time. The result was an updated infrastructure that would not require further work for many years to come in the Lakeside District, and a cleaner lake through the elimination of sanitary sewer overflows.

The public safety of our residents is a concern that receives priority attention in Grosse Pointe Farms. The City provides a high level of police, fire and ambulance service, but has been operating with an antiquated public safety communication system. After considerable review and study, it was decided to upgrade our system to an 800 MHz digital radio system that would provide

a more secure and less congested communications network and would allow the ability to interconnect with other communications systems on a regional basis. Grosse Pointe Farms, being the operating municipality for the consortium communities of the Grosse Pointes and Harper Woods, purchased the infrastructure on behalf of the other cities and oversaw its installation during calendar year 2001.

In addition to the accomplishments above, the City continues to pursue, with other communities, the implementation of the goals of the Futuring Report, continues to address infrastructure needs with the resurfacing of city streets, rehabilitation of sewers in disrepair and water plant and water distribution improvements, and continues to implement efficiencies in various operating departments.

For the Future:

Planning for the future development of the property at Mack Avenue and Moross Road will consume a great deal of effort in the coming years. We must be careful to diligently evaluate any master plan proposal in terms of its impact on Farms residents as to total tax burden and as to the expressed needs of those residents. It is highly unlikely that a strategically located seven-acre parcel of property will again become available. This fact underscores the importance this property possesses for addressing essential, community-wide needs. Other potential resources must also be investigated so that they may be efficiently utilized to meet expressed and prioritized demands.

Parking in the Hill Business District continues to be a concern as two new buildings have recently been completed as well as the rehabilitation of a third. The eventual impact on parking has been estimated, but the reality will not be known until the buildings are fully occupied. Reviewing the alternative means of providing parking will undoubtedly occupy much of Council and staff time in 2004.

Infrastructure needs must continue to be addressed. To continue the Pier Park Master Plan implementation, the City plans to budget an average of \$150,000 to \$300,000 per year to the Capital Projects Fund, accumulating or supplementing funds where necessary and as feasible. Possible projects in the future include tennis court and fencing improvements, parking lot enhancements, Recreation Building redesign and harbor improvements.

In preparation for a major remodeling or reconstruction of the Pier Park Recreation Building, the maintenance area of the current building has been moved to the south side of the Pier Park parking lot where it was combined with the outmoded pool filter building to create one structure. Because of its proximity to the main swimming pool and to Lake Shore Road, this building was designed to be architecturally appealing, similar in design to the recently renovated pool bathhouse.

A relatively recent problem at the park that has caused concern, and which we are dedicated to resolve, is the frequency of beach closures due to high bacteria counts. Several factors probably influence bacteria level, some of which we may have little or no control over. The sewer separation project should help significantly. Discussion with experts at the University of Michigan and at Environmental Consulting & Technology regarding a plan to improve circulation and dissolved oxygen content within the beach area, looked promising enough that the City Council approved its installation. The results for the remainder of the summer of 2003 looked promising that this might be the correct solution.

Other infrastructure issues include the need to: Update equipment and initiate needed maintenance projects in the water and sewage pumping stations; update fire apparatus; update the City Hall's HVAC system; and continue the accelerated program of repavement of roads that are in disrepair. Beautification efforts "On-the-Hill" and on Mack Avenue will continue, promulgated by the recommendations of the Gibbs study and evidenced by continuing sidewalk improvements planned along Mack Avenue. The taste and odor problem of the City's drinking water created by the changing ecology of Lake St. Clair has been solved, but will require periodic replacement of the carbon medium in the water plant filter beds. New equipment has been installed at the water plant to control the entry of potentially dangerous cryptosporidium and similar organisms into our drinking water. This has proven to be an especially fortuitous installation given the new concerns over bioterrorism that have now invaded our national consciousness. Of paramount importance will be broadened efforts to make 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, 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, but not absolute, assurances that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

The object of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General, Special Revenue, Capital Projects and Debt Service Funds are

included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by function within an individual fund.

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

General Government Functions

The following schedule presents a summary of all governmental fund type revenues for the fiscal year ended June 30, 2003 and the amount of percentage of increases and decreases in relation to prior year revenues.

<u>Revenue Source</u>	<u>FY 2003 Amount</u>	<u>Percent Of Total</u>	<u>Increase <Decrease> from 2002</u>	<u>Percent of Increase <Decrease></u>
Property taxes	\$ 8,677,149	69.84%	\$ 205,031	2.42%
Licenses & Permits	263,414	2.12%	21,743	9.00%
Federal Sources	58,775	0.47%	(12,802)	-17.89%
State Sources	1,469,539	11.83%	(118,829)	-7.48%
Charges for Services	980,009	7.89%	56,071	6.07%
Fines & Forfeitures	427,104	3.44%	129,994	43.75%
Interest	324,100	2.61%	(190,796)	-37.06%
Other	223,779	1.80%	92,313	70.22%
	<u>\$ 12,423,869</u>	<u>100.00%</u>	<u>\$ 182,725</u>	

Citywide property taxes increased 3.5%, as home improvements and reconstruction continues to be a driving force in increasing taxable S.E.V.'s. Some of the increase was accounted for in the Water & Sewer Fund, as the tax revenue from the 1.5 mills for the sewer separation project debt payments were posted in that fund for the first time. The state's economic slowdown has again caused a decline the City's State-shared revenue. Fines & forfeitures increased greatly due to stronger traffic and parking law enforcement. Declining interest rates have further reduced interest revenue, as overnight interest rates have dropped from 3.9% in FY 2001, to 1.6% in FY 2002, and to .92% in FY 2003. The City's long-term investment strategy has reduced the impact of the Federal Reserves interest rate cuts; however future interest earnings will continue to decline as current investments mature.

The following schedule presents a summary of all governmental fund type expenditures for the fiscal year ended June 30, 2003 and the percentage of increases and decreases in relation to prior year amounts.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent Of Total</u>	<u>Increase <Decrease> from 2002</u>	<u>Percent of Increase <Decrease></u>
General Government	\$ 950,157	7.15%	\$ 4,293	0.45%
Public Safety	3,894,950	29.33%	(52,935)	-1.34%
Public Works, Drains	2,391,887	18.01%	256,611	12.02%
Rubbish, Streets				
Public Service	583,150	4.39%	31,310	5.67%
Municipal Court	252,487	1.90%	32,916	14.99%
Parks and Harbor	842,467	6.34%	26,384	3.23%
Other Functions, CDBG	1,509,326	11.36%	103,514	7.36%
Capital Outlay	2,319,628	17.46%	1,678,738	261.94%
Debt Service	<u>539,976</u>	<u>4.06%</u>	<u>(54,627)</u>	-9.19%
	<u>\$ 13,284,028</u>	<u>100.00%</u>	<u>\$ 2,026,204</u>	

Public Works expenditures increased largely due to leaf collection program. Activity in the Municipal Court continues to increase, hence the increase in both court related revenues and expenditures. The City built a new maintenance building at the Pier Park as well as a spray pad playground, and purchased a \$600,000 fire truck. These items account for the majority of the capital outlay expenditures.

General Fund Balance

The total fund balance of the General Fund decreased by \$236,495 to \$3,638,899. \$89,777 was reserved for inventories and prepaid items, and \$1,046,446 was designated for subsequent years' Capital Outlay, leaving an undesignated fund balance of \$2,502,676.

Enterprise Operations

The City operates its own water supply and sewage pumping system. The operating revenue of the Water and Sewer Fund amounted to \$3,224,205, which is an increase of \$206,558 over the preceding year. During the same period, operating expenses, excluding depreciation, were \$3,323,106. After providing for depreciation, the system experienced an operating loss of \$98,901.

Pension Trust Fund Operations

The operations of the Public Safety Officers and General Employees Retirement Systems weathered the storm in the financial markets during the fiscal year, posting a modest gain of about 3.7%. The System's reserves decreased \$459,229 (PSRS) and \$178,511 (GERS) respectively. However, the annual actuarial valuation continues to be strong, with funding levels being well over 100% for both systems.

Debt Administration

At June 30, 2003, the City had \$10,656,738 of general obligation debt outstanding, including two installment purchase agreements totaling \$811,901. The net direct tax supported debt of \$10,159,738 is the equivalent of \$1,040.53 per capita and represents less than two percent of the City's state equalized valuation. Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on ten percent of total equalized value of real and personal property. As of June 30, 2003, the City's general obligation bonded debt of \$10,200,000 was well below the legal limit of \$68,920,559.

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury and government pooled investment accounts. The pension trust and nonexpendable trust funds' investment portfolios also include corporate bonds and stocks.

The City administers an active cash management and investment program. The primary goals are to maximize the amount of cash available for investments, to earn the maximum financial return on available funds, and to safeguard the invested principal. The City takes full advantage of temporary idle funds, which also includes vendor payments. To ensure the most competitive rates on investments, the cash resources of the individual funds, excluding certain fiduciary funds, are combined to form a pool of cash for investment.

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 worker's 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 general purpose 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 reports for the fiscal year ending June 30, 2002. 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 ten consecutive years (fiscal years 1993-2002). 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 on a timely basis 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,



Richard G. Solak
City Manager



John L. Modzinski
City Controller

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, 2002

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.

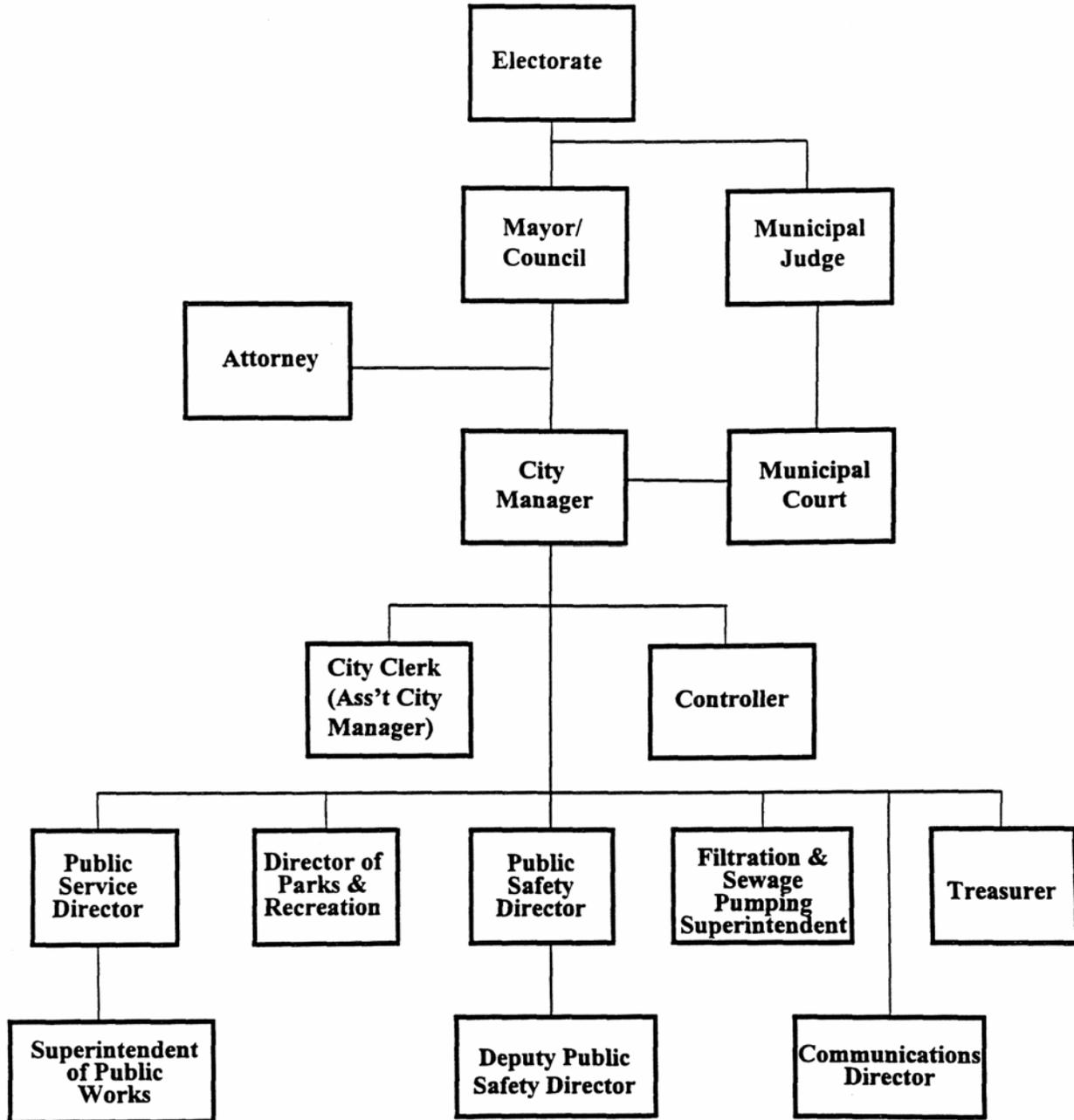


President

Executive Director

City of Grosse Pointe Farms

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, as of and for the year ended June 30, 2003, 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 of Grosse Pointe Farms, Michigan'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, issued by the Comptroller General of the United States. 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 of Grosse Pointe Farms, Michigan as of June 30, 2003, 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.

The management's discussion and analysis, budgetary comparison information and schedules of pension system funding progress (as identified in the table of contents) are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, 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.



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 of Grosse Pointe Farms, Michigan's basic financial statements. The accompanying introductory section, other supplemental information, and statistical section as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements included in 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. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

As described in Note 9, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2002. In addition, the governmental funds now accrue a liability for compensated absences only to the extent that they become due for payment prior to year end.

Plante & Moran, PLLC

November 21, 2003

City of Grosse Pointe Farms

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 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 by providing information. 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, 2003 compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Current assets	\$ 8,234	\$ 9,116	\$ 1,329	\$ 1,831	\$ 9,563	\$ 10,947
Noncurrent assets:						
Long-term receivables	-	-	550	-	550	-
Restricted assets	-	-	117	130	117	130
Capital assets	<u>16,341</u>	<u>14,157</u>	<u>15,541</u>	<u>15,383</u>	<u>31,882</u>	<u>29,540</u>
Total assets	24,575	23,273	17,537	17,344	42,112	40,617
Current liabilities	1,250	1,644	654	483	1,904	2,127
Long-term liabilities	<u>1,566</u>	<u>1,496</u>	<u>10,970</u>	<u>11,804</u>	<u>12,536</u>	<u>13,300</u>
Total liabilities	2,816	3,140	11,624	12,287	14,440	15,427
Net assets:						
Invested in capital assets -						
Net of related debt	15,701	12,992	4,636	3,579	20,337	16,571
Restricted	492	-	20	31	512	31
Unrestricted (deficit)	<u>5,566</u>	<u>7,141</u>	<u>1,257</u>	<u>1,447</u>	<u>6,823</u>	<u>8,588</u>
Total net assets	<u>\$ 21,759</u>	<u>\$ 20,133</u>	<u>\$ 5,913</u>	<u>\$ 5,057</u>	<u>\$ 27,672</u>	<u>\$ 25,190</u>

City of Grosse Pointe Farms

Management's Discussion and Analysis (Continued)

The City's combined net assets increased 9.8% from a year ago – from \$25,189,757 to \$27,671,949. Both the governmental activities and the business-type activities increased in net assets, by 8.1% and 16.9%, respectively. A new building and playground at the Pier Park, along with a new fire truck account for most of the governmental activities increase. Improvements to the water filtration plant and water distribution system added to the net assets of the business-type activities.

The following table shows the revenue and expense activity during June 30, 2003 and as compared to the prior year (in thousands of dollars):

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
Revenue						
Program revenue:						
Charges for services	\$ 1,269	\$ 1,463	\$ 3,383	\$ 3,200	\$ 4,652	\$ 4,663
Operating grants and contributions	59	72	-	-	59	72
General revenue:						
Property taxes	8,677	8,472	1,032	755	9,709	9,227
State-shared revenue	1,490	1,544	-	-	1,490	1,544
Interest	324	515	70	82	394	597
Franchise fees and other	620	131	-	43	620	174
Transfers	(335)	(380)	335	380	-	-
Total revenue	12,104	11,817	4,820	4,460	16,924	16,277
Program Expenses						
General government	2,171	2,406	-	-	2,171	2,406
Public safety	3,900	3,608	-	-	3,900	3,608
Public works	3,131	2,307	-	-	3,131	2,307
Municipal court	246	196	-	-	246	196
Recreation and culture	1,015	916	-	-	1,015	916
Interest on long-term debt	15	90	-	-	15	90
Water and sewer	-	-	3,676	3,140	3,676	3,140
Municipal radio system	-	-	288	298	288	298
Total program expenses	10,478	9,523	3,964	3,438	14,442	12,961
Net Change in Net Assets	1,626	2,294	856	1,022	2,482	3,316
Net Assets - Beginning of year	20,133	17,839	5,057	4,035	25,190	21,874
Net Assets - End of year	\$ 21,759	\$ 20,133	\$ 5,913	\$ 5,057	\$ 27,672	\$ 25,190

City of Grosse Pointe Farms

Management's Discussion and Analysis (Continued)

Governmental Activities

The City's total governmental revenues increased about \$287,000, or 2.4% from the last fiscal year. State-shared revenue decreases and declining interest income were offset by strong growth in the City's tax base and almost \$100,000 in additional revenue from court and traffic fines.

Expenses increased by approximately \$955,000, as the City invested heavily into capital equipment and buildings.

The following represents the most significant financial highlights for the year ended June 30, 2003:

The General Fund used surplus funds to pay for a new Vector Jet truck for sewer cleaning, for equipment and new personnel to implement a new program for curbside leaf collection, and to purchase a home in Grosse Pointe Farms. With these items not included in the original budget, the City anticipated using \$939,552 of surplus fund balance after the budget amendments. By fiscal year end, the General Fund used only \$554,399 of surplus.

Interest income declined by approximately \$191,000, or about 37%. The overall reduction in the rates of return on all P.A. 20 investments is the primary cause for the decline in this revenue source. The City continues to look for good rates of return by investing in longer-term, liquid securities such as negotiable certificates of deposit and federal instruments.

Public Works expenditures increased over \$824,000, or about 26.3%, as the City Council directed the City Staff to implement a new program of curbside leaf collection. This resulted in the hiring of three, new full-time positions in the Department of Public Works for that task, as well as a drain and catch basin maintenance program and the purchase of additional equipment.

The general government's transfer to the Capital Projects Fund of \$1,479,701 was one of the highest in the City's history. A new maintenance building, as well as Splash Water Playground with a new tot pool, at the Pier Park and a new \$600,000 platform fire truck consumed the majority of the transfer.

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund and Municipal Radio System Fund. We provide potable water to our residents, and the City of Grosse Pointe's residents, at our municipal water filtration plant. The City pumps its sewage to the City of Detroit for treatment and disposal. This year's operations were not positive, as the City of Detroit's Water and Sewer Department (DWSD) increased the City's flow rate 11.47%, as well as a 9.67% to our storm water charge. Water and sewer rates were increased just enough to

City of Grosse Pointe Farms

Management's Discussion and Analysis (Continued)

cover projected operational costs. Although the City sold more water than budgeted, which should result in a profit, the City's aggressive sewer repairing contributed to the small operational loss this year.

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 Cable TV Fund and Recycling Fund. The City's major funds are the General Fund and 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 approximately \$3,900,000 in 2003. The General Fund is primarily supported by property taxes and state shared revenue. The Major Street Fund maintains the City's major streets (as contrasted with the neighborhood streets that are maintained by the Local Street Fund), and is supported by state gas and weight taxes. The Local Street Fund also receives gas and weight taxes, as well as transfers from the City's General Fund and Major Street 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 \$5,000.

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 of the new expenditures were the leaf collection program and the purchase of 163 McKinley. State-shared revenues and interest income have continued to decline due to slower economic conditions.

Capital Asset and Debt Administration

At the end of fiscal year 2003, the City had \$31.9 million invested in a wide range of capital assets, including land, buildings, fire equipment, vehicles, and water, sewer, and storm sewer lines. In addition, for the first time, the City is reporting infrastructure assets, which include roads, sidewalks, and alleys in which it has invested since 1980, as well as assets previously reported in the General Fixed Assets Account Group, as assets, net of depreciation, on the statement of net assets. The value of the infrastructure, net of depreciation contained in this report, is \$3.59 million and \$3.47 million for fiscal years 2003 and 2002, 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 \$5.18 million and \$3.79 million for fiscal years 2003 and 2002, respectively.

City of Grosse Pointe Farms

Management's Discussion and Analysis (Continued)

Debt reported in these financial statements is related mostly 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 the financial statements for additional information). The City entered into a land installment purchase agreement in fiscal year 1995. The final installment will be made in fiscal year 2004.

Economic Factors and Next Year's Budgets and Rates

The City's budget for next year calls for a cut of .25 mills. This can be accomplished because of the strong growth in our tax base, as the residents continue to improve and rebuild on their properties. However, because of the impact of Proposal A, the City needs to continue to watch its budget closely.

On the expenditure side, medical insurance continues to increase at a rate much greater than inflation. The City has moved the administrative employees and Teamster Union employees into Blue Cross-Blue Shield Community Blue with higher prescription co-pays. The City is also looking at alternate forms of financing employees' health care costs in order to contain costs, other than with insurance.

Contacting the City's Management

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

City of Grosse Pointe Farms, Michigan

Statement of Net Assets June 30, 2003

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 2)	\$ 7,425,783	\$ 15,097	\$ 7,440,880
Receivables:			
Customers	15,789	995,034	1,010,823
Property taxes	170,264	28,576	198,840
Accrued interest	96,274	302	96,576
Other	213,875	-	213,875
Internal balances (Note 4)	29,890	(29,890)	-
Due from other governmental units	191,878	290,886	482,764
Inventories	17,755	11,538	29,293
Prepaid costs and other assets	72,022	17,886	89,908
Noncurrent assets:			
Due from other governmental units	-	549,605	549,605
Restricted assets (Note 6)	-	117,524	117,524
Capital assets not being depreciated (Note 3)	5,918,821	129,249	6,048,070
Capital assets being depreciated - Net (Note 3)	<u>10,422,098</u>	<u>15,411,324</u>	<u>25,833,422</u>
Total assets	24,574,449	17,537,131	42,111,580
Liabilities			
Accounts payable	534,773	525,732	1,060,505
Accrued and other liabilities	567,853	11,541	579,394
Due to other governmental units	2,222	-	2,222
Deposits	144,955	19,777	164,732
Current liabilities payable from restricted assets (Note 6)	-	96,896	96,896
Noncurrent liabilities (Note 5):			
Due within one year	550,000	698,119	1,248,119
Due in more than one year	<u>1,015,713</u>	<u>10,272,049</u>	<u>11,287,762</u>
Total liabilities	2,815,516	11,624,114	14,439,630
Net Assets			
Invested in capital assets - Net of related debt	15,700,919	4,635,602	20,336,521
Restricted:			
Debt service	-	20,628	20,628
Roads	492,289	-	492,289
Unrestricted	<u>5,565,725</u>	<u>1,256,787</u>	<u>6,822,512</u>
Total net assets	<u>\$ 21,758,933</u>	<u>\$ 5,913,017</u>	<u>\$ 27,671,950</u>

City of Grosse Pointe Farms, Michigan

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,171,022	\$ 142,428	\$ 58,775	\$ -
Public safety	3,899,790	625,247	-	-
Public works	3,130,507	121,833	-	-
Municipal court	246,518	131,037	-	-
Recreation and culture	1,015,596	248,167	-	-
Interest on long-term debt	14,976	-	-	-
Total governmental activities	10,478,409	1,268,712	58,775	-
Business-type activities:				
Water and sewer	3,675,558	3,224,205	-	-
Municipal Radio System	287,815	159,169	-	-
Total business-type activities	3,963,373	3,383,374	-	-
Total primary government	<u>\$ 14,441,782</u>	<u>\$ 4,652,086</u>	<u>\$ 58,775</u>	<u>\$ -</u>
General revenues:				
Property taxes				
State-shared revenues				
Interest				
Franchise fees and other				
Transfers				
Total general revenues, and transfers				
Change in Net Assets				
Net Assets - Beginning of year				
Net Assets - End of year				

Statement of Activities
Year Ended June 30, 2003

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,969,819)	\$ -	\$ (1,969,819)
(3,274,543)	-	(3,274,543)
(3,008,674)	-	(3,008,674)
(115,481)	-	(115,481)
(767,429)	-	(767,429)
(14,976)	-	(14,976)
(9,150,922)	-	(9,150,922)
-	(451,353)	(451,353)
-	(128,646)	(128,646)
-	(579,999)	(579,999)
(9,150,922)	(579,999)	(9,730,921)
8,677,149	1,031,421	9,708,570
1,489,794	-	1,489,794
324,100	69,772	393,872
620,878	-	620,878
(335,000)	335,000	-
10,776,921	1,436,193	12,213,114
1,625,999	856,194	2,482,193
20,132,934	5,056,823	25,189,757
\$ 21,758,933	\$ 5,913,017	\$ 27,671,950

City of Grosse Pointe Farms, Michigan

Governmental Funds Balance Sheet June 30, 2003

	General	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments (Note 2)	\$ 4,419,145	\$ 1,585,971	\$ 679,471	\$ 6,684,587
Receivables:				
Taxes	170,264	-	-	170,264
Customers	-	-	15,789	15,789
Interest	69,993	7,059	10,448	87,500
Other	48,066	-	-	48,066
Prepaid costs and other assets	72,022	-	-	72,022
Due from other funds (Note 4)	80,865	-	500,000	580,865
Due from other governmental units	140,903	-	50,975	191,878
Inventories	17,755	-	-	17,755
Total assets	\$ 5,019,013	\$ 1,593,030	\$ 1,256,683	\$ 7,868,726
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 184,647	\$ 331,138	\$ 18,988	\$ 534,773
Accrued and other liabilities	548,290	-	19,563	567,853
Due to other funds (Note 4)	500,000	-	50,975	550,975
Due to other governmental units	2,222	-	-	2,222
Cash bonds and deposits	144,955	-	-	144,955
Total liabilities	1,380,114	331,138	89,526	1,800,778
Fund Balances				
Reserved for prepaids items and inventories	89,777	-	-	89,777
Unreserved, reported in:				
General Fund	2,502,676	-	-	2,502,676
Special Revenue Funds	-	-	1,006,457	1,006,457
Designated for subsequent year's capital outlay	1,046,446	1,261,892	160,700	2,469,038
Total fund balances	3,638,899	1,261,892	1,167,157	6,067,948
Total liabilities and fund balances	\$ 5,019,013	\$ 1,593,030	\$ 1,256,683	\$ 7,868,726

City of Grosse Pointe Farms, Michigan

Governmental Funds Reconciliation of Fund Balance to the Statement of Net Assets Year ended June 30, 2003

Total fund balances for governmental funds	\$ 6,067,948
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	165,809
Capital assets used in governmental activities are not financial resources, and are not reported in the funds	16,340,919
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(1,283,713)
Internal Service Fund is included as part of governmental activities	<u>467,970</u>
Net assets of governmental activities	<u><u>\$ 21,758,933</u></u>

City of Grosse Pointe Farms, Michigan

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2003

	General	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Property taxes	\$ 8,677,149	\$ -	\$ -	\$ 8,677,149
Licenses and permits	263,414	-	-	263,414
Federal sources	-	-	58,775	58,775
State sources	927,456	-	542,083	1,469,539
Charges for services	867,105	-	112,904	980,009
Fines and forfeitures	427,104	-	-	427,104
Interest	280,314	26,656	17,130	324,100
Other	114,924	105,270	3,585	223,779
Total revenue	<u>11,557,466</u>	<u>131,926</u>	<u>734,477</u>	<u>12,423,869</u>
Expenditures				
Current:				
General government	950,157	-	-	950,157
Public safety	3,894,950	-	-	3,894,950
Public works and streets	1,472,726	-	919,161	2,391,887
Public service	475,850	-	107,300	583,150
Municipal court	252,487	-	-	252,487
Recreation and culture	842,467	-	-	842,467
Other	1,450,551	-	58,775	1,509,326
Capital outlay	-	2,319,628	-	2,319,628
Debt service	450,000	-	89,976	539,976
Total expenditures	<u>9,789,188</u>	<u>2,319,628</u>	<u>1,175,212</u>	<u>13,284,028</u>
Excess of Revenue Over (Under) Expenditures	1,768,278	(2,187,702)	(440,735)	(860,159)
Other Financing Sources (Uses)				
Transfers in	-	1,549,701	562,976	2,112,677
Transfers out	(2,322,677)	-	(265,000)	(2,587,677)
Total other financing sources (uses)	<u>(2,322,677)</u>	<u>1,549,701</u>	<u>297,976</u>	<u>(475,000)</u>
Net Change in Fund Balances	(554,399)	(638,001)	(142,759)	(1,335,159)
Fund Balances - Beginning of year, as restated (Note 9)	<u>4,193,298</u>	<u>1,899,893</u>	<u>1,309,916</u>	<u>7,403,107</u>
Fund Balances - End of year	<u>\$ 3,638,899</u>	<u>\$ 1,261,892</u>	<u>\$ 1,167,157</u>	<u>\$ 6,067,948</u>

City of Grosse Pointe Farms, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2003

Net Change in Fund Balances - Total Governmental Funds \$ (1,335,159)

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 2,184,264

Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds (GASB No. 33) 15,539

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 525,000

Decrease in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities 233,139

Internal Service Funds are also included as governmental activities 3,216

Change in Net Assets of Governmental Activities \$ 1,625,999

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Net Assets June 30, 2003

	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 cash equivalents (Note 2)	\$ 15,097	\$ -	\$ 15,097	\$ 350,196
Investments (Note 2)	-	-	-	391,000
Receivables:				
Customers	995,034	-	995,034	-
Property taxes	28,576	-	28,576	-
Interest	302	-	302	8,774
Due from other governmental units	-	290,886	290,886	-
Inventories	11,538	-	11,538	-
Prepaid costs and other assets	16,521	1,365	17,886	-
Total current assets	1,067,068	292,251	1,359,319	749,970
Noncurrent assets:				
Restricted assets (Note 6)	117,524	-	117,524	-
Due from other governmental units	-	549,605	549,605	-
Capital assets not being depreciated (Note 3)	129,249	-	129,249	-
Capital assets being depreciated - Net (Note 3)	14,226,718	1,184,606	15,411,324	-
Total noncurrent assets	14,473,491	1,734,211	16,207,702	-
Total assets	15,540,559	2,026,462	17,567,021	749,970
Liabilities				
Current liabilities:				
Accounts payable	515,011	10,721	525,732	-
Accrued and other liabilities	9,093	2,448	11,541	-
Due to other funds (Note 4)	882	29,008	29,890	-
Deposits	-	19,777	19,777	-
Current liabilities payable from restricted assets (Note 6)	96,896	-	96,896	-
Current portion of long-term debt (Note 5)	452,928	245,191	698,119	-
Total current liabilities	1,074,810	307,145	1,381,955	-
Noncurrent liabilities:				
Provision for compensated absences	65,197	-	65,197	-
Provision for uninsured losses	-	-	-	282,000
Long-term debt - Net of current portion (Note 5)	9,672,142	534,710	10,206,852	-
Total noncurrent liabilities	9,737,339	534,710	10,272,049	282,000
Total liabilities	10,812,149	841,855	11,654,004	282,000
Net Assets				
Investment in capital assets - Net of related debt	4,230,897	404,705	4,635,602	-
Restricted for debt service (Note 6)	20,628	-	20,628	-
Unrestricted	476,885	779,902	1,256,787	467,970
Total net assets	\$ 4,728,410	\$ 1,184,607	\$ 5,913,017	\$ 467,970

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2003

	Business-type Activities			Governmental Activity
	Water and Sewer	Municipal Radio System	Total Business- type Activities	Internal Service Fund - Insurance Retention
Operating Revenue				
Sale of water	\$ 1,152,639	\$ -	\$ 1,152,639	\$ -
Sewage disposal charges	1,546,323	-	1,546,323	-
Radio system charges	-	159,169	159,169	-
Other	525,243	-	525,243	-
Total operating revenue	3,224,205	159,169	3,383,374	-
Operating Expenses				
Water pumping and filtration	784,095	-	784,095	-
Sewage treatment	1,395,312	-	1,395,312	-
Sewage pumping	358,950	-	358,950	-
Water distribution	230,471	-	230,471	-
Radio system	-	159,169	159,169	-
Benefit payments	-	-	-	159,841
General and administrative expenses	269,950	-	269,950	-
Depreciation	284,328	68,872	353,200	-
Total operating expenses	3,323,106	228,041	3,551,147	159,841
Operating Loss	(98,901)	(68,872)	(167,773)	(159,841)
Nonoperating Revenue (Expenses)				
Interest income	9,998	59,774	69,772	23,057
Interest expense	(352,452)	(59,774)	(412,226)	-
Property taxes	1,031,421	-	1,031,421	-
Income (Loss) - Before operating transfers	590,066	(68,872)	521,194	(136,784)
Operating Transfers In	335,000	-	335,000	140,000
Change in Net Assets	925,066	(68,872)	856,194	3,216
Net Assets - Beginning of year	3,803,344	1,253,479	5,056,823	464,754
Net Assets - End of year	\$ 4,728,410	\$ 1,184,607	\$ 5,913,017	\$ 467,970

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Cash Flows Year Ended June 30, 2003

	Business-type Activities			Governmental
	Water and Sewer Fund	Municipal Radio System	Total Business- type Activities	Activity Internal Service Fund - Insurance Retention
Cash Flows from Operating Activities				
Receipts from customers	\$ 2,704,310	\$ 159,168	\$ 2,863,478	\$ -
Payments to suppliers	(1,395,312)	(49,153)	(1,444,465)	-
Payments to employees	(1,373,316)	(96,908)	(1,470,224)	-
Claims paid	-	-	-	(159,841)
Other receipts (payments)	117,732	(13,107)	104,625	(3,547)
Net cash (used in) provided by operating activities	53,414	-	53,414	(163,388)
Cash Flows from Noncapital Financing Activities -				
Operating transfers in from other funds	335,000	-	335,000	140,000
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(475,260)	-	(475,260)	-
Property taxes	1,002,845	-	1,002,845	-
Contributions received for capital lease payments	-	231,509	231,509	-
Principal and interest paid on long-term debt	(928,175)	-	(928,175)	-
Principal and interest paid on capital lease	-	(291,283)	(291,283)	-
Net cash used in capital and related financing activities	(400,590)	(59,774)	(460,364)	-
Cash Flows from Investing Activities - Interest received on investments	9,998	59,774	69,772	23,057
Net Increase (Decrease) in Cash and Cash Equivalents	(2,178)	-	(2,178)	(331)
Cash and Cash Equivalents - Beginning of year	134,799	-	134,799	350,527
Cash and Cash Equivalents - End of year	\$ 132,621	\$ -	\$ 132,621	\$ 350,196
Balance Sheet Classification of Cash and Cash Equivalents				
Cash and cash equivalents	\$ 15,097	\$ -	\$ 15,097	\$ 350,196
Restricted assets (Note 6)	117,524	-	117,524	-
Total cash and cash equivalents	\$ 132,621	\$ -	\$ 132,621	\$ 350,196
Reconciliation of Operating Loss to Net Cash from Operating Activities				
Operating loss	\$ (98,901)	\$ (68,873)	\$ (167,774)	\$ (159,841)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation	284,328	68,872	353,200	-
Amortization of bond discounts	2,404	-	2,404	-
Changes in assets and liabilities:				
Receivables	(150,776)	-	(150,776)	(3,347)
Due from other funds	-	(19,074)	(19,074)	-
Due from other governmental units	-	27,434	27,434	-
Other assets	(870)	(91)	(961)	-
Accounts payable	185,629	3,066	188,695	(200)
Due to other funds	(126,054)	-	(126,054)	-
Accrued and other liabilities	(42,346)	(11,334)	(53,680)	-
Net cash (used in) provided by operating activities	\$ 53,414	\$ -	\$ 53,414	\$ (163,388)

There were no noncash transactions.

City of Grosse Pointe Farms, Michigan

Fiduciary Funds Statement of Net Assets June 30, 2003

	Pension Trust Funds	Agency Funds Tax Collection
Assets		
Cash and cash equivalents	\$ 1,111,529	\$ 51,657
Investments:		
Corporate bonds	12,613,202	-
U.S. government securities	33,564	-
Common stock	17,234,895	-
Mutual funds	5,912,623	-
Receivables:		
Interest	72,719	-
Other	9,733	-
Due from other governmental units	230	-
Total assets	36,988,495	\$ 51,657
Liabilities		
Accounts payable	32,415	\$ -
Due to other governmental units	7,383	51,657
Total liabilities	39,798	\$ 51,657
Net Assets - Held in trust for pension and other employee benefits		\$ 36,948,697

City of Grosse Pointe Farms, Michigan

Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2003

	Pension Trust Funds
Additions	
Investment income:	
Interest and dividends	\$ 1,155,502
Net increases to fair market value	30,133
Net investment income	1,185,635
Contributions:	
Employer	148,187
Employee	212,754
Total additions	1,546,576
Deductions	
Benefit payments	1,492,747
Health benefits	322,738
Refunds to withdrawing members	219,311
Administrative expenses	149,520
Total deductions	2,184,316
Change in Net Assets	(637,740)
Net Assets Held in Trust for Pension Benefits	
Beginning of year	37,586,437
End of year	\$ 36,948,697
<u>Net Assets</u>	
Reserved for Pension Benefits - Beginning of year	\$ 34,883,358
Net Decrease	(508,439)
Reserved for Pension Benefits - End of year	\$ 34,374,919
Reserved for Postemployment Health Care Benefits - Beginning of year	\$ 2,703,079
Net Decrease	(129,301)
Reserved for Postemployment Health Care Benefits - End of year	\$ 2,573,778

City of Grosse Pointe Farms, Michigan

**Notes to Financial Statements
June 30, 2003**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Grosse Pointe Farms (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 of Grosse Pointe Farms:

Reporting Entity

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

Jointly Governed Organization - The City is a member of the Grosse Pointes-Clinton Refuse Disposal Authority joint venture, which provided 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, Grosse Pointe Shores, Harper Woods, Mount Clemens, Grosse Pointe Woods, and the Township of Clinton. As a result of financial difficulty, in April 1999, the Authority's governing board ceased operations. Complete financial statements for the Grosse Pointes-Clinton Refuse Disposal Authority joint venture can be obtained from the administrative offices at 33701 Lipke Road, Clinton Township, Michigan. The City is unaware of any circumstance that would cause an additional benefit or burden to the participating governments of the above joint venture in the near future.

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 revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

City of Grosse Pointe Farms, Michigan

**Notes to Financial Statements
June 30, 2003**

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, 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 revenues 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.
- 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.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements
June 30, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

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 Trust Funds account for the activities of the General Employees' and Public Safety Retirement Systems, which accumulate resources for pension and healthcare benefits payments to qualified general and public safety employees.
- The Agency Funds account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, or other governments.

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 revenues reported for the various functions concerned.

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.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are 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 2002 taxable valuation of the City totaled \$689,205,594, on which ad valorem taxes levied consisted of 11.25 mills for the City's operating purposes, 1.50 mills for debt service, and 1.00 mill for rubbish removal. The ad valorem taxes raised \$7,738,391 for general operations, \$1,031,421 for debt service, and \$687,092 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.

Restricted Assets - The revenue bonds of the Water and Sewer Enterprise Fund require amounts to be set aside for operations and maintenance and debt service. These amounts have been classified as restricted assets.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

Infrastructure	20 to 25 years
Utility system	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.)

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

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. Designations of fund balance represent tentative management plans that are subject to change.

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, 2002		\$ (203,415)
Current year building permit revenue	\$ 126,420	
Related expenses	<u>162,710</u>	
Net shortfall for the year ended June 30, 2003		<u>(36,290)</u>
Cumulative shortfall - June 30, 2003		<u><u>\$ (239,705)</u></u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements
June 30, 2003

Note 2 - Deposits and Investments

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

The Pension Trust Funds are also authorized by Michigan Public Act 485 of 1996 to invest in certain reverse purchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets have exceeded \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The investment policy adopted by the Council in accordance with Public Act 20 of 1943 has authorized investment in bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States, certificates of deposit, savings accounts, deposit accounts, or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office located in the state of Michigan under the laws of the state or United States, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not more than 50% of any fund may be invested in commercial paper at any time, United States government or federal agency obligation repurchase agreements, bankers' acceptances of United States banks, obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service, and in mutual funds composed of investment vehicles that are legal for

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 2 - Deposits and Investments (Continued)

direct investment by local units of government in Michigan. For further clarification, this authorization is limited to securities whose intention is to maintain a NAV (net asset value) of \$1.00 per share, obligations described above if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, and investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Fiduciary and Agency Funds	Total Primary Government
Cash and cash equivalents	\$ 6,253,909	\$ 7,634	\$ 1,163,186	\$ 7,424,729
Investments	1,171,874	7,463	35,794,284	36,973,621
Restricted assets	-	117,524	-	117,524
Total	<u>\$ 7,425,783</u>	<u>\$ 132,621</u>	<u>\$ 36,957,470</u>	<u>\$ 44,515,874</u>

The breakdown between deposits and investments for the City is as follows:

	Primary Government
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 7,537,953
Investments in securities, mutual funds, and similar vehicles	36,973,621
Petty cash or cash on hand	<u>4,300</u>
Total	<u>\$ 44,515,874</u>

The bank balance of the City's deposits is \$9,205,714, of which \$4,200,000 is covered by federal depository insurance and the remainder was uninsured and uncollateralized.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 2 - Deposits and Investments (Continued)

The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

Investments are categorized into these three categories of credit risk:

Category 1 - Insured or registered, or securities held by the City or its agent in the City's name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

At year end, the City's investment balances were categorized as follows:

	Category			Not Categorized	Reported Amount (Fair Value)
	1	2	3		
Primary government:					
Corporate bonds	\$ -	\$ 12,613,201	\$ -	\$ -	\$ 12,613,201
U.S. government securities	-	198,642	-	-	198,642
Corporate stock	-	17,234,894	-	-	17,234,894
Bank investment pool funds	-	-	-	1,014,259	1,014,259
Mutual funds	-	-	-	5,912,625	5,912,625
Total primary government	\$ -	\$ 30,046,737	\$ -	\$ 6,926,884	\$ 36,973,621

City of Grosse Pointe Farms, Michigan

**Notes to Financial Statements
June 30, 2003**

Note 2 - Deposits and Investments (Continued)

Investments not subject to categorization are not evidenced by securities that exist in physical or book entry form. The bank investment pools and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The mutual funds are registered with the SEC. The bank investment pools are regulated by the Michigan Banking Act. The fair value of the position in the bank investment pools is the same as the value of the pool shares.

Included in the investments of the General Employees' and Public Safety Retirement Systems are approximately \$34,000 of collateralized mortgage obligations. These investments are usually not backed by the full faith and credit of the U.S. government, but are generally considered to offer modest credit risks. The yields provided by these mortgage-related securities historically have exceeded the yields of other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 3 - Capital Assets

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

	Balance July 1, 2002	Additions	Disposals and Adjustments	Balance June 30, 2003
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 5,918,821	\$ -	\$ -	\$ 5,918,821
Construction in progress	25,368	-	25,368	-
Subtotal	5,944,189	-	25,368	5,918,821
Capital assets being depreciated:				
Infrastructure	5,294,238	331,056	-	5,625,294
Land improvements	4,349,961	112,629	-	4,462,590
Buildings and improvements	3,018,909	1,572,628	-	4,591,537
Vehicles	2,139,722	987,641	192,523	2,934,840
Office furnishings	312,788	2,593	39,908	275,473
Machinery and equipment	23,171	40,094	-	63,265
Subtotal	15,138,789	3,046,641	232,431	17,952,999
Accumulated depreciation:				
Infrastructure	1,821,513	218,326	-	2,039,839
Land improvements	2,404,259	184,241	-	2,588,500
Buildings and improvements	1,173,189	113,392	-	1,286,581
Vehicles	1,336,394	245,772	172,221	1,409,945
Office furnishings	187,880	28,496	21,788	194,588
Machinery and equipment	3,086	8,362	-	11,448
Subtotal	6,926,321	798,589	194,009	7,530,901
Net capital assets being depreciated	8,212,468	2,248,052	38,422	10,422,098
Net capital assets	\$ 14,156,657	\$ 2,248,052	\$ 63,790	\$ 16,340,919

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 3 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2002	Additions	Disposals and Adjustments	Balance June 30, 2003
Capital assets not being depreciated:				
Land	\$ 45,482	\$ -	\$ -	\$ 45,482
Construction in progress	288,167	179,570	383,970	83,767
Subtotal	333,649	179,570	383,970	129,249
Capital assets being depreciated:				
Utility systems	14,997,305	159,025	-	15,156,330
Buildings and building improvements	1,014,513	98,106	-	1,112,619
Vehicles	25,815	215,000	-	240,815
Office furnishings	74,279	-	-	74,279
Machinery and equipment	1,735,442	242,627	-	1,978,069
Subtotal	17,847,354	714,758	-	18,562,112
Accumulated depreciation:				
Utility systems	1,806,954	198,898	-	2,005,852
Buildings and building improvements	809,276	34,257	-	843,533
Vehicles	20,552	7,175	-	27,727
Office furnishings	63,652	2,781	-	66,433
Machinery and equipment	97,154	110,089	-	207,243
Subtotal	2,797,588	353,200	-	3,150,788
Net capital assets being depreciated	15,049,766	361,558	-	15,411,324
Net capital assets	<u>\$ 15,383,415</u>	<u>\$ 541,128</u>	<u>\$ 383,970</u>	<u>\$ 15,540,573</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 3 - Capital Assets (Continued)

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

Governmental activities:		
General government		\$ 89,807
Public safety		107,495
Public works		405,493
Recreation and culture		195,160
District Court		<u>634</u>
	Total governmental activities	<u>\$ 798,589</u>
Business-type activities:		
Water and Sewer		\$ 284,328
Municipal Radio System		<u>68,872</u>
	Total business-type activities	<u>\$ 353,200</u>

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	Nonmajor governmental funds	\$ 50,975
	Municipal Radio System Fund	29,008
	Water and Sewer Fund	<u>882</u>
	Total General Fund	80,865
Nonmajor governmental funds	General Fund	<u>500,000</u>
Total		<u>\$ 580,865</u>

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 4 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers Reported in the Fund Statements

<u>Fund Transferred From</u>	<u>Fund Transferred To</u>	<u>Amount</u>
General Fund	Nonmajor governmental funds	\$ 367,976
	Self-insurance Fund	140,000
	Capital Projects Fund	1,479,701
	Water and Sewer Fund	<u>335,000</u>
		2,322,677
Nonmajor governmental funds	Capital Projects Fund	70,000
	Nonmajor governmental funds	<u>195,000</u>
		<u>265,000</u>
Total		<u>\$ 2,587,677</u>

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

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

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. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year		
Governmental Activities									
General obligation bond:									
1990 Building Authority Bonds									
		Amount of issue - \$800,000							
		Maturing through 2005	6.80%	\$ 85,000 - \$ 90,000	\$ 250,000	\$ -	\$ 75,000	\$ 175,000	\$ 85,000
Installment purchase agreement:									
1998 Land Contract Agreement									
		Amount of issue - \$2,895,000							
		Maturing through 2005	6.22%	\$465,000	915,000	-	450,000	465,000	465,000
Total bond obligations				1,165,000	-	525,000	640,000	550,000	
Other Long-term Obligations -									
Provision for uninsured losses				282,000	-	-	282,000	-	
Compensated absences				876,852	-	233,139	643,713	-	
Total governmental activities				2,323,852	-	758,139	1,565,713	550,000	
Business-type Activities									
General obligation bonds:									
2000 Lakeside Sewer Separation									
		Amount of issue - \$3,205,000	5.00% -	\$100,000 -					
		Maturing through 2021	5.40%	\$250,000	3,105,000	-	100,000	3,005,000	100,000
		Unamortized discount of issuance		(42,666)	-	(2,404)	(40,262)	(2,404)	
1999 Lakeside Sewer Separation									
		Amount of issue - \$7,625,000							
		Maturing through 2021	2.50%	\$315,000 - \$480,000	7,325,000	-	305,000	7,020,000	315,000
Installment purchase agreement:									
2001 Equipment Purchase Agreement									
		Amount of issue - \$128,000							
		Maturing through 2004	-	\$32,000	96,000	-	64,000	32,000	32,000
Revenue bonds:									
1991 Water and Sewer Improvements									
		Amount of issue - \$995,000	6.25% -	\$100,000 -					
		Maturing through 2005	6.30%	\$200,000	300,000	-	100,000	200,000	100,000
Capital lease obligation:									
2001 Radio System Lease									
		Amount of issue - \$1,230,000							
		Maturing through 2006	5.91%	\$231,509 - \$275,029	1,011,410	-	231,509	779,901	245,191
Less current portion of long-term debt included in current liabilities payable from restricted assets				-	-	91,668	(91,668)	(91,668)	
Total bond obligations				11,794,744	-	889,773	10,904,971	698,119	
Other Long-term Obligations -									
Compensated absences				101,639	-	36,442	65,197	-	
Total business-type activities				11,896,383	-	926,215	10,970,168	698,119	
Total				\$ 14,220,235	\$ -	\$ 1,684,354	\$ 12,535,881	\$ 1,248,119	

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

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
2004	\$ 550,000	\$ 63,955	\$ 613,955	\$ 789,787	\$ 385,917	\$ 1,175,704
2005	90,000	30,983	120,983	782,278	352,277	1,134,555
2006	-	-	-	727,624	320,530	1,048,154
2007	-	-	-	462,596	289,776	752,372
2008	-	-	-	467,596	275,026	742,622
2009-2013	-	-	-	2,602,980	1,139,628	3,742,608
2014-2018	-	-	-	3,042,980	683,955	3,726,935
2019-2021	-	-	-	2,120,798	150,276	2,271,074
Total	<u>\$ 640,000</u>	<u>\$ 94,938</u>	<u>\$ 734,938</u>	<u>\$ 10,996,639</u>	<u>\$ 3,597,385</u>	<u>\$ 14,594,024</u>

Note 6 - Restricted Assets

Specific assets resulting from the revenue of the Water and Sewer Fund have been restricted for operations and maintenance and debt service. Following is the detail of restricted assets at June 30, 2003:

Cash and cash equivalents	\$ 117,524
Less current liabilities payable from restricted assets:	
Bond principal	\$ (91,668)
Accrued interest	<u>(5,228)</u> <u>(96,896)</u>
Total restricted assets	<u>\$ 20,628</u>

Net assets have been reserved for restricted assets.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements
June 30, 2003

Note 7 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical claims in excess of \$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.

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 and business-type activities columns of the statement of net assets. Changes in the estimated liability for the past two fiscal years were as follows:

	2003	2002
Unpaid claims - Beginning of year	\$ 282,000	\$ 270,000
Incurred claims (including claims incurred but not reported)	894,888	771,636
Claim payments	<u>(894,888)</u>	<u>(759,636)</u>
Unpaid claims - End of year	<u>\$ 282,000</u>	<u>\$ 282,000</u>

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements
June 30, 2003

Note 8 - 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 health care benefits (in accordance with labor contracts) for plan members if they reach the normal retirement age while working for the City. Currently, 27 retirees are eligible and receiving health care benefits. At June 30, 2002, the date of the most recent actuarial valuation, membership consisted of 40 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 38 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 health care 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 health care benefits. At June 30, 2002, the date of the most recent actuarial valuation, membership consisted of 39 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 65 current active employees.

Contributions

Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan 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 plan. Please refer to Note 1 for further significant accounting policies.

Note 8 - Retirement Plans (Continued)

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 a contribution from the employees of 5 percent. Future amendments to benefit provisions would involve negotiation with these collective bargaining units. Employer contributions to the system to fund health care benefits are voluntary. 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. 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 percent of all gross wages. Employer contributions to the system to fund health care benefits are voluntary. 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, 2003, the City had no required pension contribution. The annual required pension contribution was determined as part of an actuarial valuation at June 30, 2001, 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 5.0 percent to 8.8 percent per year, and (iii) cost-of-living adjustments at 2.5 percent per year. Assumption (ii) includes an inflation component of 5.0 percent.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 8 - Retirement Plans (Continued)

The actuarial value of assets was determined based 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 a closed basis. The remaining amortization period is 10 years.

General Employees' Retirement System - For the fiscal year ended June 30, 2003, the City's annual pension cost of \$54,764 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, 2001, 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 5.0 percent to 8.8 percent per year, (iii) and cost-of-living adjustments at varying percents depending on retirement date. Assumption (ii) includes an inflation component of 5.0 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 a closed basis. The remaining amortization period is 10 years. Employer contributions to the retirement systems for the year ended June 30, 2003 pertain to the funding of postretirement health care benefits.

	Fiscal Year Ended June 30		
	2001	2002	2003
General Employees' Retirement System:			
Annual pension costs (APC)	\$ -	\$ -	\$ 54,764
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
Public Safety Retirement System:			
Annual pension costs (APC)	\$ -	\$ -	\$ -
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 8 - Retirement Plans (Continued)

	Actuarial Valuation as of June 20		
	2000	2001	2002
General Employees Retirement System:			
Actuarial value of assets	\$ 14,339,521	\$ 15,030,637	\$ 14,823,722
Actuarial accrued liability (AAL)	10,267,564	12,277,957	13,004,279
Unfunded AAL (UAAL)	4,071,957	2,752,680	1,819,443
Funded ratio (percent)	139.7%	122.4%	114.0%
Covered payroll	2,484,943	2,766,275	2,784,696
UAAL as a percentage of covered payroll	-	-	-
Public Safety Retirement System:			
Actuarial value of assets	\$ 26,164,064	\$ 27,487,631	\$ 27,121,390
Actuarial accrued liability (AAL)	15,290,385	17,616,822	18,632,029
Unfunded AAL (UAAL)	10,873,679	9,870,809	8,489,361
Funded ratio (percent)	171.1%	156.0%	145.6%
Covered payroll	1,877,166	1,994,776	2,299,362
UAAL as a percentage of covered payroll	-	-	-

Reserves - As of June 30, 2003, the plans' legally required reserves have been fully funded as follows:

	General Employees' Retirement System	Public Safety Retirement System	Total
Reserve for employees' contributions	\$ 1,912,733	\$ 1,683,945	\$ 3,596,678
Reserve for employers' contributions	7,884,254	16,692,437	24,576,691
Reserve for retired benefit payments	2,492,559	3,708,991	6,201,550
Total reserve for pension benefits	12,289,546	22,085,373	34,374,919
Reserve for health benefits	477,455	2,096,323	2,573,778
Total	\$ 12,767,001	\$ 24,181,696	\$ 36,948,697

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 8 - Retirement Plans (Continued)

	Fiscal Year Ended June 30		
	2001	2002	2003
General Employees' Retirement System:			
Annual pension costs (APC)	\$ -	\$ -	\$ 54,764
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -
Public Safety Retirement System:			
Annual pension costs (APC)	\$ -	\$ -	\$ -
Percentage of APC contributed	100%	100%	100%
Net pension obligation	\$ -	\$ -	\$ -

Statement of Net Assets

	General Employees' Retirement System
Assets	
Cash and cash equivalents	\$ 479,233
Investments:	
Corporate bonds	4,312,823
U.S. government securities	33,564
Common stock	5,910,825
Mutual funds	2,018,006
Receivables:	
Interest	25,004
Other	4,942
Due from other governmental units	-
Total assets	12,784,397
Liabilities	
Accounts payable	10,985
Due to other governmental units	6,411
Due to other funds	-
Total liabilities	17,396
Net Assets - Held in trust for pension and other employee benefits	\$ 12,767,001

Note 9 - Accounting and Reporting Change

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The City has applied the provisions of this statement in the accompanying financial statements (including notes to financial statements.) The City has elected to implement both the general provisions of the statement and the retroactive reporting of the infrastructure in the current year. Certain significant changes in the statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and results of operations
- Financial statements prepared using a full accrual accounting for all of the City’s activities, including infrastructure (roads, sidewalks, etc.)
- A change in the fund financial statements to focus on the major funds
- Capital assets in the governmental activities column of the statement of net assets includes infrastructure assets (roads, sidewalks, etc.) not previously accounted for by the City as well as assets totaling \$15,788,740 that would have previously been recorded in the General Fixed Assets Account Group
- Capital assets at July 1, 2002 previously reported in the General Fixed Assets Account Group have been adjusted by \$461,036 to reflect the historical cost of the City’s capital assets at that date.
- The governmental activities column includes bonds and other long-term obligations totaling \$2,323,852 previously reported in the General Long-term Debt Account Group.
- The Municipal Radio System Fund has been reclassified from an Internal Service Fund to a proprietary fund.

City of Grosse Pointe Farms, Michigan

Notes to Financial Statements June 30, 2003

Note 9 - Accounting and Reporting Change (Continued)

Interpretation 6

Due to GASB 16, Interpretation 6, *Adjustment of Compensated Absences*, the General Fund fund balance as of June 30, 2002 has been restated as follows:

General Fund fund balance - June 30, 2002, as previously reported	\$ 3,875,394
GASB 16, Interpretation 6 - Adjustment of compensated absences in the General Fund, reclassified as a long-term liability	<u>317,904</u>
General Fund fund balance - June 30, 2002, as restated	<u><u>\$ 4,193,298</u></u>

Net income for the year ended June 30, 2002 was understated by \$48,356.

Required Supplemental Information

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 4,193,298	\$ 4,193,298	\$ 4,193,298	\$ -
Resources (Inflows)				
Property taxes	8,644,350	8,648,350	8,677,149	28,799
Licenses and permits	227,600	232,600	263,414	30,814
State sources	950,000	925,000	927,456	2,456
Charges for services	732,800	747,800	867,105	119,305
Fines and forfeitures	230,000	360,000	427,104	67,104
Interest	300,000	270,000	280,314	10,314
Other	179,500	203,642	114,924	(88,718)
Amounts available for appropriation	11,264,250	11,387,392	11,557,466	170,074
Charges to Appropriations (Outflows)				
General government:				
General government	938,120	967,120	950,157	16,963
Public safety	3,942,317	3,975,317	3,894,950	80,367
Public works and streets	1,403,700	1,542,200	1,472,726	69,474
Public service	447,000	490,500	475,850	14,650
Municipal court	234,395	257,895	252,487	5,408
Recreation and culture	817,048	843,548	842,467	1,081
Other	1,116,687	1,477,687	1,450,551	27,136
Debt service	450,000	450,000	450,000	-
Transfers to other funds	1,914,983	2,322,677	2,322,677	-
Total charges to appropriations	11,264,250	12,326,944	12,111,865	215,079
Fund Balance - End of year	\$ 4,193,298	\$ 3,253,746	\$ 3,638,899	\$ 385,153

City of Grosse Pointe Farms, Michigan

Note to Required Supplemental Information June 30, 2003

Note - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles 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 items. The legal level of budgetary control adopted by the governing body is the department level.

Encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2003 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 generally accepted accounting principles.

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Pension System Schedule of Funding Progress June 30, 2003

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						
06/30/97	\$ 10,308,698	\$ 8,230,538	\$ 2,078,160	125.3	\$ 2,464,098	-
06/30/98	11,142,205	9,007,277	2,134,928	123.7	2,532,408	-
06/30/99	12,699,675	9,938,731	2,760,944	127.8	2,502,362	-
06/30/00	14,339,521	10,267,564	4,071,957	139.7	2,484,943	-
06/30/01	15,030,637	12,277,957	2,752,680	122.4	2,766,275	-
06/30/02	14,823,722	13,004,279	1,819,443	114.0	2,784,696	-
Public Safety Retirement System						
06/30/97	17,510,992	11,783,388	5,727,604	148.6	2,071,807	-
06/30/98	20,245,978	12,724,476	7,521,502	159.1	2,013,794	-
06/30/99	23,200,027	14,108,979	9,091,048	164.4	2,141,896	-
06/30/00	26,164,064	15,290,385	10,873,679	171.1	1,877,166	-
06/30/01	27,487,631	17,616,822	9,870,809	156.0	1,994,776	-
06/30/02	27,121,390	18,632,029	8,489,361	145.6	2,299,362	-

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Schedule of Employer Contributions June 30, 2003

General Employees' Retirement System

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
06/30/97	06/30/95	\$ -	-
06/30/98	6/30/96	-	-
06/30/99	6/30/97	-	-
06/30/00	6/30/98	-	-
06/30/01	6/30/99	-	-
06/30/02	6/30/00	-	-
06/30/03	6/30/01	54,764	100%

* The additional contributions reflected in the financial statements were for healthcare benefits.

Public Safety Retirement System

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
06/30/97	06/30/95	\$ -	-
06/30/98	06/30/96	-	-
06/30/99	06/30/97	-	-
06/30/00	06/30/98	-	-
06/30/01	06/30/99	-	-
06/30/02	06/30/00	-	-
06/30/03	06/30/01	-	-
06/30/03	06/30/01	-	-

* The contributions reflected in the financial statements were for healthcare benefits.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2002, the latest actuarial valuation, follows:

General Employees' Retirement System

Actuarial cost method	Entry age
Amortization method	Level percent open
Amortization period (perpetual)	10 years from July 1, 2002
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases*	5.0% - 8.8%
*Includes inflation at	5.0%
	2.5% per year on the base retirement allowance (noncompounding), on January 1 after being retired six months.
Cost of living adjustments	The maximum number of increases is 15.

City of Grosse Pointe Farms, Michigan

Required Supplemental Information Schedule of Employer Contributions (Continued) June 30, 2003

Group	Applicable to Retirements with an Effective Date on or After
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.

Public Safety Retirement System

Actuarial cost method	Entry age
Amortization method	Level percent open
Amortization period (perpetual)	10 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases*	5.0% - 8.8%
*Includes inflation at	5.0%

Other Supplemental Information

City of Grosse Pointe Farms, Michigan



	Nonmajor Special Revenue Funds			
	Major Streets	Local Streets	Cable Proceeds	Community Development Block Grant
Assets				
Cash and investments	\$ 343,277	\$ 168,843	\$ 75,827	\$ -
Receivables	-	-	-	-
Accrued interest	10,448	-	-	-
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	50,975
Total assets	\$ 353,725	\$ 168,843	\$ 75,827	\$ 50,975
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 9,831	\$ 885	\$ -	\$ -
Accrued and other liabilities	12,830	6,733	-	-
Due to other funds	-	-	-	50,975
Total liabilities	22,661	7,618	-	50,975
Fund Balances				
Designated for subsequent year's capital outlay	160,700	-	-	-
Unreserved	170,364	161,225	75,827	-
Total fund balances	331,064	161,225	75,827	-
Total liabilities and fund balances	\$ 353,725	\$ 168,843	\$ 75,827	\$ 50,975

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003**

<u>Nonmajor Special Revenue Funds</u>		Nonmajor Debt Service Fund		Total Nonmajor Governmental Funds
Recycling Program	Budget Stabilization	Debt Service	Debt Service	Funds
\$ 91,524	\$ -	\$ -	\$ -	\$ 679,471
15,789	-	-	-	15,789
-	-	-	-	10,448
-	500,000	-	-	500,000
-	-	-	-	50,975
<u>\$ 107,313</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,256,683</u>
\$ 8,272	\$ -	\$ -	\$ -	\$ 18,988
-	-	-	-	19,563
-	-	-	-	50,975
8,272	-	-	-	89,526
-	-	-	-	160,700
99,041	500,000	-	-	1,006,457
99,041	500,000	-	-	1,167,157
<u>\$ 107,313</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,256,683</u>

City of Grosse Pointe Farms, Michigan

	Special Revenue Funds					
	Major Streets	Local Streets	Cable Proceeds	Community Development Block Grant	Recycling Program	Budget Stabilization
Revenue						
Federal sources	\$ -	\$ -	\$ -	\$ 58,775	\$ -	\$ -
State sources	386,703	155,380	-	-	-	-
Charges for services	-	-	-	-	112,904	-
Interest income	10,255	1,278	4,670	-	927	-
Other	3,585	-	-	-	-	-
Total revenue	400,543	156,658	4,670	58,775	113,831	-
Expenditures						
Current:						
Public service	-	-	-	-	107,300	-
Public works and streets	297,110	622,051	-	-	-	-
Other	-	-	-	58,775	-	-
Debt service	-	-	-	-	-	-
Total expenditures	297,110	622,051	-	58,775	107,300	-
Excess of Revenue Over (Under) Expenditures	103,433	(465,393)	4,670	-	6,531	-
Other Financing Sources (Uses)						
Transfers in	-	473,000	-	-	-	-
Transfers out	(195,000)	-	(70,000)	-	-	-
Total other financing sources (uses)	(195,000)	473,000	(70,000)	-	-	-
Net Change in Fund Balances	(91,567)	7,607	(65,330)	-	6,531	-
Fund Balances - Beginning of year	422,631	153,618	141,157	-	92,510	500,000
Fund Balances - End of year	\$ 331,064	\$ 161,225	\$ 75,827	\$ -	\$ 99,041	\$ 500,000

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2003

Debt Service	Total Nonmajor Governmental Funds
\$ -	\$ 58,775
-	542,083
-	112,904
-	17,130
-	3,585
-	734,477
-	107,300
-	919,161
-	58,775
<u>89,976</u>	<u>89,976</u>
<u>89,976</u>	<u>1,175,212</u>
(89,976)	(440,735)
89,976	562,976
-	<u>(265,000)</u>
<u>89,976</u>	<u>297,976</u>
-	(142,759)
-	<u>1,309,916</u>
<u>\$ -</u>	<u>\$ 1,167,157</u>

City of Grosse Pointe Farms, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds Year Ended June 30, 2003

Major Streets

	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 422,631	\$ 422,631	\$ -
Resources (Inflows)			
State sources	386,500	386,703	203
Interest	8,900	10,255	1,355
Other	-	3,585	3,585
Amounts available for appropriation	395,400	400,543	5,143
Charges to Appropriations (Outflows)			
Public works and streets	297,400	297,110	290
Transfers to other funds	195,000	195,000	-
Total charges to appropriations	492,400	492,110	290
Fund Balance - End of year	\$ 325,631	\$ 331,064	\$ 5,433

Local Streets

	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 153,618	\$ 153,618	\$ -
Resources (Inflows)			
State sources	155,000	155,380	380
Interest	1,000	1,278	278
Transfers from other funds	473,000	473,000	-
Amounts available for appropriation	629,000	629,658	658
Charges to Appropriations (Outflows) -			
Public works and streets	629,000	622,051	6,949
Total charges to appropriations	629,000	622,051	6,949
Fund Balance - End of year	\$ 153,618	\$ 161,225	\$ 7,607

City of Grosse Pointe Farms, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds (Continued) Year Ended June 30, 2003

Cable Proceeds

	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 141,157	\$ 141,157	\$ -
Resources (Inflows) - Interest	4,500	4,670	170
Charges to Appropriations (Outflows) - Transfers to other funds	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 75,657</u>	<u>\$ 75,827</u>	<u>\$ 170</u>

Community Development Block Grant

	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ -	\$ -	\$ -
Resources (Inflows) - Federal sources	85,000	58,775	(26,225)
Charges to Appropriations (Outflows) - Other	<u>85,000</u>	<u>58,775</u>	<u>26,225</u>
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Grosse Pointe Farms, Michigan

Other Financial and Supplemental Information Budgetary Comparison Schedule - Nonmajor Special Revenue Funds (Continued) Year Ended June 30, 2003

Recycling Program

	Amended Budget	Actual	Variance with Amended Budget
Fund Balance - Beginning of year	\$ 92,510	\$ 92,510	\$ -
Resources (Inflows)			
Charges for services	104,000	112,904	8,904
Interest	<u>1,000</u>	<u>927</u>	<u>(73)</u>
Amounts available for appropriation	105,000	113,831	8,831
Charges to Appropriations (Outflows) -			
Public service	<u>105,000</u>	<u>107,300</u>	<u>(2,300)</u>
Fund Balance - End of year	<u>\$ 92,510</u>	<u>\$ 99,041</u>	<u>\$ 6,531</u>

Budget Stabilization

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

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Combining Statement of Net Assets Fiduciary Funds June 30, 2003

	Pension Trust Funds			Agency Funds
	General Employees' Retirement System	Public Safety Retirement System	Total	Tax Collection
	Retirement System	Retirement System	Total	Tax Collection
Assets				
Cash and cash equivalents	\$ 479,233	\$ 632,296	\$ 1,111,529	\$ 51,657
Investments:				
Corporate bonds	4,312,823	8,300,379	12,613,202	-
U.S. government securities	33,564	-	33,564	-
Common stock	5,910,825	11,324,070	17,234,895	-
Mutual funds	2,018,006	3,894,617	5,912,623	-
Receivables:				
Interest	25,004	47,715	72,719	-
Other	4,942	4,791	9,733	-
Due from other governmental units	-	230	230	-
	12,784,397	24,204,098	36,988,495	<u>\$ 51,657</u>
Liabilities				
Accounts payable	10,985	21,430	32,415	-
Due to other governmental units	6,411	972	7,383	51,657
	17,396	22,402	39,798	<u>\$ 51,657</u>
Net Assets - Held in trust for pension and other employee benefits	<u>\$ 12,767,001</u>	<u>\$ 24,181,696</u>	<u>\$ 36,948,697</u>	

City of Grosse Pointe Farms, Michigan

Other Supplemental Information Combining Statement of Changes in Net Assets Fiduciary Funds Year Ended June 30, 2003

	General Employees' Retirement System	Public Safety Retirement System	<u>Total</u>
Additions			
Investment income:			
Interest and dividends	\$ 399,956	\$ 755,546	\$ 1,155,502
Net adjustments to fair market value	<u>1,748</u>	<u>28,385</u>	<u>30,133</u>
Net investment income	401,704	783,931	1,185,635
Contributions:			
Employer	113,026	35,161	148,187
Employee	<u>92,498</u>	<u>120,256</u>	<u>212,754</u>
Total additions	607,228	939,348	1,546,576
Deductions			
Benefit payments	584,221	908,526	1,492,747
Health benefits	143,561	179,177	322,738
Refunds to withdrawing members	4,186	215,125	219,311
Administrative expenses	<u>53,771</u>	<u>95,749</u>	<u>149,520</u>
Total deductions	<u>785,739</u>	<u>1,398,577</u>	<u>2,184,316</u>
Net Decrease	(178,511)	(459,229)	(637,740)
Net Assets Held in Trust for Pension Benefits			
Beginning of year	<u>12,945,512</u>	<u>24,640,925</u>	<u>37,586,437</u>
End of year	<u>\$ 12,767,001</u>	<u>\$ 24,181,696</u>	<u>\$ 36,948,697</u>

Statistical Section

All economic and statistical data was obtained from the records of the City of Grosse Pointe Farms unless otherwise noted.

City of Grosse Pointe Farms, Michigan

Fiscal Year Ended June 30	Property Taxes	Licenses and Permits	Federal Sources	State Sources	Special Assessments
1994	\$ 5,573,763	\$ 172,034	\$ 111,274	\$ 1,155,280	\$ -
1995	6,285,621	168,501	212,112	1,207,094	-
1996	6,370,122	154,156	167,690	1,292,092	64,820
1997	6,564,324	187,729	49,778	1,362,805	13,383
1998	6,861,407	182,134	214,336	1,508,022	5,899
1999	7,294,661	224,590	130,427	1,568,241	-
2000	7,519,710	216,982	-	1,622,127	-
2001	8,474,589	234,481	57,002	1,622,147	-
2002	8,472,118	241,671	71,577	1,588,368	-
2003	8,677,149	258,698	58,775	1,474,255	-

Fiscal Year Ended June 30	General Government	Public Safety	Public Works and Streets	Public Service	Municipal Court
1994	\$ 695,406	\$ 2,797,868	\$ 1,933,882	\$ 410,956	\$ 202,859
1995	704,821	2,847,604	1,883,426	382,376	202,033
1996	706,622	2,965,895	1,947,270	411,186	196,339
1997	692,985	2,972,626	1,783,177	453,811	196,930
1998	738,835	3,098,627	2,097,315	417,888	171,509
1999	796,091	3,210,358	1,901,660	480,419	179,262
2000	816,110	3,284,784	1,826,554	492,013	188,768
2001	841,587	3,320,484	2,352,243	502,161	189,751
2002	945,864	3,947,885	2,135,276	551,840	219,571
2003	950,157	3,894,950	2,391,887	583,150	252,487

(1) Includes one-time receipt of \$1,886,288 resulting from sale of Grosse Pointe Cable, Inc.

**General Revenues by Source and Expenditures by Function
General, Special Revenue, Debt Service, and Capital Projects Funds
Last Ten Fiscal Years**

Charges for Services	Fines and Forfeitures	Interest Income	Other	Total Revenues by Source
\$ 637,988	\$ 204,900	\$ 133,917	\$ 71,743	8,060,899
530,077	231,176	322,817	1,955,312 (1)	10,912,710
703,711	205,698	371,798	246,428	9,576,515
720,923	228,301	386,241	158,624	9,672,108
746,193	196,519	368,166	691,669	10,774,345
978,667	164,138	422,250	194,088	10,977,062
848,462	192,712	479,228	146,381	11,025,602
991,717	228,960	635,187	105,113	12,349,196
923,938	297,110	514,896	131,466	12,241,144
980,009	427,104	324,100	223,779	12,423,869
Capital Outlay	Parks and Recreation	Other Functions	Debt Service	Total Expenditures by Function
\$ 256,279	\$ 508,154	\$ 1,006,682	\$ 156,296	\$ 7,968,382
3,345,325	517,372	1,376,196	521,353	11,780,506
908,404	517,569	1,312,871	521,235	9,487,391
1,742,709	582,780	1,046,198	601,014	10,072,230
1,543,309	596,338	1,160,428	596,168	10,420,417
861,085	654,502	987,516	830,645	9,901,538
645,868	679,622	928,738	558,750	9,421,207
619,164	755,149	848,779	574,110	10,003,428
640,890	816,083	1,405,812	594,603	11,257,824
2,319,628	842,467	1,509,326	539,976	13,284,028

City of Grosse Pointe Farms, Michigan

	Year Ended			
	2003	2002	2001	2000
Operating Revenues	\$ 3,224,205	\$ 3,017,647	\$ 2,902,137	\$ 3,072,559
Operating Expenses	<u>3,323,106</u>	<u>2,758,839</u>	<u>3,232,357</u>	<u>2,874,689</u>
Operating Income (Loss)	(98,901)	258,808	(330,220)	197,870
Nonoperating Revenues (Expenses)	<u>1,023,967</u> (7)	<u>763,434</u> (6)	<u>540,296</u> (5)	<u>296,941</u> (4)
Net Income (Loss)	<u>\$ 925,066</u>	<u>\$ 1,022,242</u>	<u>\$ 210,076</u>	<u>\$ 494,811</u>
Retained Earnings	<u>\$ 4,728,410</u> (8)	<u>\$ 3,731,590</u>	<u>\$ 2,709,348</u>	<u>\$ 2,499,272</u>

(1) Includes an operating transfer of \$156,000

(2) Includes an operating transfer of \$162,240

(3) Includes an operating transfer of \$268,700

(4) Includes an operating transfer of \$275,400

(5) Includes an operating transfer of \$500,000

(6) Includes an operating transfer of \$380,000

(7) Includes an operating transfer of \$335,000

(8) Includes \$71,754 that had previously been classified as contributed capital

**Summary of Revenues, Expenses, and Changes in Retained Earnings
Water and Sewer Enterprise Fund
Last Ten Fiscal Years**

June 30					
1999	1998	1997	1996	1995	1994
\$ 2,801,653	\$ 2,569,919	\$ 2,317,751	\$ 2,491,666	\$ 2,335,179	\$ 2,142,747
<u>2,686,827</u>	<u>2,715,150</u>	<u>2,165,905</u>	<u>2,298,664</u>	<u>2,226,796</u>	<u>2,377,458</u>
114,826	(145,231)	151,846	193,002	108,383	(234,711)
<u>240,940</u> (3)	<u>130,651</u> (2)	<u>126,108</u> (1)	<u>(58,348)</u>	<u>(18,077)</u>	<u>(26,162)</u>
<u>\$ 355,766</u>	<u>\$ (14,580)</u>	<u>\$ 277,954</u>	<u>\$ 134,654</u>	<u>\$ 90,306</u>	<u>\$ (260,873)</u>
<u>\$ 2,004,461</u>	<u>\$ 1,648,695</u>	<u>\$ 1,663,275</u>	<u>\$ 1,385,321</u>	<u>\$ 1,250,667</u>	<u>\$ 1,160,361</u>

City of Grosse Pointe Farms, Michigan

Property Tax Levy and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Tax Levy (1)	Current Collections	Percent of Levy Collected	Delinquent Collections	Total Tax Collections	Percent of Total Collections to Tax Levy
1994	\$ 5,321,443	\$ 5,162,376	97.01	\$ 91,902	\$ 5,254,278	98.74
1995	6,077,590	5,936,609	97.68	96,588	6,033,197	99.27
1996	6,166,944	6,073,694	98.49	98,923	6,172,617	100.09
1997	6,352,916	6,265,668	98.63	105,578	6,371,246	100.29
1998	6,600,853	6,496,864	98.42	122,184	6,619,048	100.28
1999	7,116,065	6,986,343	98.18	131,733	7,118,076	100.03
2000	7,489,783	7,195,336	96.07	131,355	7,326,691	97.82
2001	8,565,252	8,433,696	98.46	123,198	8,556,894	99.90
2002	9,012,152	8,864,391	98.36	137,220	9,001,611	99.88
2003	9,468,734	9,279,094	98.00	167,673	9,446,767	99.77

(1) Does not include penalty and interest on late payment of taxes

City of Grosse Pointe Farms, Michigan

Computation of Legal Debt Margin June 30, 2003

Debt Limit

2002 State Equalized Valuation	\$ 689,205,594
	<u>0.10</u>
Debt limit (10 percent of equalized value)(1)	68,920,559

Debt Applicable to Debt Limit

Total bonded debt	\$ 10,400,000
Less deductions allowed by law - Water and sewer improvements revenue bond	<u>200,000</u>
Total amount of debt applicable to limit	<u>10,200,000</u>

Legal Debt Margin \$ 58,720,559

(1) Debt limit set forth in Section 4a, Act 279 of 1909 and Act 202, P.A. as amended by Act 42, P.A. 1960

City of Grosse Pointe Farms, Michigan

Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures Last Ten Fiscal Years

Fiscal Year Ended June 30	Debt Service Requirements			Total General Expenditures (1)	Ratio of Debt Service to General Expenditures
	Principal	Interest and Fiscal Charges	Total		
1994	\$ 70,000	\$ 86,447	\$ 156,447	\$ 7,968,382	2.03
1995	85,000	79,660	164,660	11,780,506	1.95
1996	90,000	72,755	162,755	9,487,391	1.90
1997	95,000	65,849	160,849	10,072,230	1.93
1998	100,000	58,418	158,418	10,420,417	1.78
1999	285,000 (2)	52,713	337,713	9,901,538	3.74
2000	65,000	28,650	93,650	9,421,207	0.99
2001	65,000	24,110	89,110	10,003,428	0.89
2002	70,000	19,603	89,603	11,257,824	0.80
2003	75,000	14,976	89,976	13,284,028	0.68

(1) Includes General, Special Revenue, Capital Projects, and Debt Service Funds

(2) Includes advance payment of \$145,000

City of Grosse Pointe Farms, Michigan

Revenue Bond Coverage Water and Sewer Improvement Bonds Last Ten Fiscal Years

Fiscal Year Ended June 30	Gross Revenue	Expenses Net of Depreciation and Interest	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage (Percentage) (1)
				Principal	Interest	Total	
1994	\$ 2,173,202	\$ 2,307,723	\$ (134,521)	\$ 50,000	\$ 56,617	\$ 106,617	N/A
1995	2,369,469	2,124,163	245,306	50,000	52,367	102,367	240
1996	2,506,265	2,189,557	316,708	75,000	47,371	122,371	259
1997	2,330,959	2,049,993	280,966	75,000	43,240	118,240	238
1998	2,577,093	2,600,576	(23,483)	75,000	38,763	113,763	N/A
1999	2,808,237	2,556,575	251,662	75,000	34,344	109,344	238
2000	3,136,004	2,744,140	391,864	75,000	41,904	116,904	335
2001	2,972,025	2,978,925	(6,900)	75,000	27,188	102,188	N/A
2002	3,027,640	2,504,654	522,986	100,000	21,825	121,825	429
2003	3,234,203	3,038,778	195,425	100,000	9,425	109,425	179

(1) Revenue bond coverage is equal to net revenue available for debt service divided by total debt service requirements.

City of Grosse Pointe Farms, Michigan

Assessed and Estimated Actual Valuation of Taxable Property Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Assessed Valuation	Personal Assessed Valuation	Total Valuation	Percent of True Value (1)
1994	\$ 502,409,600	\$ 5,929,800	\$ 508,339,400	50
1995	509,624,160	6,502,070	516,126,230	50
1996	521,827,981	6,849,210	528,677,191	50
1997	533,571,682	7,251,320	540,823,002	50
1998	552,542,469	7,745,010	560,287,479	50
1999	571,577,044	7,518,690	579,095,734	50
2000	589,946,179	7,893,670	597,839,849	50
2001	613,930,439	7,990,500	621,920,939	50
2002	648,369,843	8,296,600	656,666,443	50
2003	681,225,294	7,980,300	689,205,594	50

(1) In accordance with the 1970 State of Michigan Constitution, the assessed value is 50 percent of appraised or estimated value.

City of Grosse Pointe Farms, Michigan

Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years (per \$1,000 of assessed valuation)

Fiscal Year Ended June 30	Overlapping Governments					Total
	City of Grosse Pointe Farms	Grosse Pointe Public School System	Grosse Pointe Public Library	Wayne County	Wayne County Community College	
1994	10.40	30.47	-	9.90	1.37	52.14
1995	11.75	14.57	-	9.92	1.28	37.52
1996	11.75	14.16	1.20	10.25	1.28	38.64
1997	11.75	14.16	1.16	10.50	1.21	38.78
1998	11.75	13.91	1.16	10.50	1.20	38.52
1999	12.25	13.95	1.14	10.50	1.15	38.99
2000	12.25	13.78	1.14	10.45	1.02	38.64
2001	13.75	13.42	1.50	10.00	1.00	39.67
2002	13.75	13.13	1.63	10.12	2.50	41.13
2003	13.75	12.83	1.61	12.10	2.49	42.78

City of Grosse Pointe Farms, Michigan

Principal Taxpayers June 30, 2003

Taxpayer	2002 Assessed Valuation	Percent of Total Assessed Valuation
Country Club of Detroit	\$ 6,298,400	0.91
Kercheval Development Co.	4,220,500	0.61
Edsel B. Ford II - Cynthia	3,344,900	0.49
Anthony-Darlene Soave	2,938,600	0.43
Ray Cracchiolo	2,517,800	0.37
Detroit Edison Company	2,225,500	0.32
Richard Crawford	2,142,600	0.31
Josephine Ford	2,140,800	0.31
Premiere Equities GP, LLC	1,900,300	0.28
Michael Fisher	1,895,300	0.27
Total	<u>\$ 29,624,700</u>	<u>4.30</u>

City of Grosse Pointe Farms, Michigan

Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita Last Ten Fiscal Years

Fiscal Year Ended June 30	Assessed Value	Estimated Population	Gross Bonded Debt Outstanding	Debt Payable from Enterprise Water and Sewer Fund	Net Bonded Debt	Percent of	
						Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1994	\$ 508,339,400	10,092 (1)	\$ 2,005,000	\$ 900,000	\$ 1,105,000	0.22	\$ 109.49
1995	516,126,230	10,092 (1)	1,870,000	850,000	1,020,000	0.20	101.07
1996	528,677,191	10,092 (1)	1,705,000	775,000	930,000	0.18	92.15
1997	540,823,002	10,092 (1)	1,535,000	700,000	835,000	0.15	82.74
1998	560,287,479	10,092 (1)	1,360,000	625,000	735,000	0.13	72.83
1999	579,095,734	10,092 (1)	1,000,000	550,000	450,000	0.08	44.59
2000	597,839,849	10,092 (1)	11,690,000	11,305,000	385,000	0.06	38.15
2001	621,920,939	9,764 (2)	11,550,000	11,230,000	320,000	0.05	32.77
2002	656,666,443	9,764 (2)	10,980,000	10,730,000	250,000	0.04	25.60
2003	689,205,594	9,764 (2)	10,400,000	10,225,000	175,000	0.03	17.92

(1) 1990 Federal Census

(2) 2000 Federal Census

City of Grosse Pointe Farms, Michigan

Computation of Direct and Overlapping Debt June 30, 2003

Jurisdiction	Net General Bonded Debt Outstanding	Percent Applicable to Grosse Pointe Farms	Amount Applicable to Grosse Pointe Farms
City of Grosse Pointe Farms	\$ 10,400,000	100.00	\$ 10,400,000
County of Wayne	117,534,665	1.22	1,433,923
Wayne County Community College	84,070,000	1.94	1,630,958
Grosse Pointe School District	<u>67,215,000</u>	19.14	<u>12,864,951</u>
Total	<u>\$ 279,219,665</u>		<u>\$ 26,329,832</u>

Source: Municipal Advisory Council of Michigan, Detroit, Michigan

City of Grosse Pointe Farms, Michigan

Labor Agreements

Name	Expiration Date	Number of Employees Covered
Police Officers Association of Michigan - Public safety officers, dispatchers, and firefighters	06/30/04	40
Teamsters State, County and Municipal Workers Local 214 - Public Works employees	06/30/05	31
Police Officers Labor Council, Command Officers Association	06/30/05	5

City of Grosse Pointe Farms, Michigan

Miscellaneous Statistical Data

Present Charter Adopted December 12, 1949
 Fiscal year begins July 1
 Form of government Council - Manager
 Area incorporated 3.19 square miles (2,042 acres)

Election Data

Registered voters, 11/2002	7,809
Votes cast, election 11/2002	5,274
Percent voting	68
Registered voters, 11/2003	8,163
Votes cast, election 11/2003	2,788
Percent voting	34

Public Safety Protection

Stations	1
Number of Public Safety Officers	35
Radio equipment	2-way
Number of Fire Specialists	3

Building Data

1991 - 108 permits	\$ 4,136,602
1992 - 151 permits	11,176,127
1993 - 136 permits	4,890,180
1994 - 157 permits	8,647,090
1995 - 204 permits	7,516,220
1996 - 155 permits	8,708,129
1997 - 154 permits	10,413,802
1998 - 160 permits	9,212,141
1999 - 166 permits	15,621,071
2000 - 170 permits	11,040,632
2001 - 241 permits	29,102,650
2002 - 169 permits	5,823,961

Sewers

Combination storm and sanitary	36 miles
Storm sewers	18 miles
Sanitary sewers	18 miles

Population Data

1910 federal census	862
1920 federal census	1,649
1930 federal census	3,533
1940 federal census	7,217
1950 federal census	9,410
1960 federal census	12,172
1970 federal census	11,701
1980 federal census	10,551
1990 federal census	10,092
2000 federal census	9,764

Marina Data

Seasonal boat wells	291
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Number of Employees

Full-time personnel	103
Part-time personnel, summer and fall	55

Parking System

Parking lots:	
Metered - 3	114 spaces
Free - 1	11 spaces
Attended - 1	183 spaces
Street meters	389 spaces

Streets

Miles of streets:	
Major	11.18
Local	27.07
Street lights:	
Overhead	85
Ornamental	61
Ornamental long-span	808

Water Plant

City regular	4,145
City of Grosse Pointe	2,075
Maximum daily capacity	12,000,000 gd
Average pumpage per day	3,400,000 gd
Miles in water mains	42.34
Fire hydrants	500

Recreation Data

Public parks	2
Tennis courts	4
Public beach	1
Swimming pools	2