

**CITY OF GROSSE POINTE WOODS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2004
(With Independent Auditors' Report Thereon)**

**Prepared by:
Office of the City Comptroller**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Grosse Pointe Woods	County Wayne
Audit Date 6/30/04	Opinion Date 12/21/04	Date Accountant Report Submitted to State: 1/15/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- Yes No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- Yes No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- Yes No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- Yes No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- Yes No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- Yes No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- Yes No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- Yes No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- Yes No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) PricewaterhouseCoopers LLP			
Street Address 400 Renaissance Center	City Detroit	State Mi	ZIP 48243
Accountant Signature <i>PricewaterhouseCoopers LLP</i>		Date 1/10/05	

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June 30, 2004

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**CITY OF GROSSE POINTE WOODS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2004
SECTION I - INTRODUCTION**

City of Grosse Pointe Woods, Michigan
City Officials
June 30, 2004

MAYOR

ROBERT E. NOVITKE

CITY COUNCIL

MAYOR PRO-TEM
COUNCILWOMAN
COUNCILMAN
COUNCILWOMAN
COUNCILMAN
COUNCILWOMAN

PATRICIA K. CHYLINSKI
LISA PINKOS-HOWLE
DARRYL A. SPICHER
DONA DESANTIS REYNOLDS
ALLEN DICKINSON
VICTORIA GRANGER

**ACTING CITY
ADMINISTRATOR**

CLIFFORD J. MAISON

CITY COMPTROLLER

CLIFFORD J. MAISON

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP



CITY OF GROSSE POINTE WOODS

20025 Mack Plaza Drive

Grosse Pointe Woods, Michigan 48236-2397

December 21, 2004

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

The Comprehensive Annual Financial Report (C.A.F.R.) of the City of Grosse Pointe Woods, Michigan, for the fiscal year ended June 30, 2004 is submitted herewith, in accordance with provisions of Section 8.7 (Charter) of the City of Grosse Pointe Woods and the rules and regulations as put forward by the State of Michigan Department of Treasury. This report was prepared by and is the responsibility of the City's Finance Department. This document represents the official report of the City's financial operations to its residents, elected officials, employees, investment firms, banks and rating and regulatory agencies and other interested parties. The data as presented in the report is accurate in all material respects, is shown in a manner designed to clearly and fairly set forth the financial activity of all the various funds established and utilized by the City and that all disclosures have been included to enable the reader to gain the maximum understanding of the City's financial operations. The independent auditing firm of PricewaterhouseCoopers L.L.P performed the annual audit of the City of Grosse Pointe Woods financial statements and has issued its unqualified opinion here within.

Format

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, a narrative known as the Management's Discussion and Analysis which is required under the Government Accounting Standards Board, Statement 34 which makes it necessary for a City to provide a financial summary and analysis in addition to the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The introductory section also includes the municipality(s) organizational chart and a list of principal officials. The financial section includes the management discussion and analysis of the basic financial statements and the combining and individual fund statements, schedules and accompanying footnotes to the financial statements, as well as the auditor's opinion on the financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, where practical, presented on a multiyear basis. Also included in the statistical section are filings required by the United States Securities and Exchange Commission depicting necessary disclosures in regards to the 1997 Park Bond Debt, 2003 Water and Sewer Revenue Bonds and the 2003 Water and Sewer Refunding Bonds.

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2004

This document consists of management's representations concerning the finances of the City of Grosse Pointe Woods. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these presentations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Reporting Entity

This report includes all funds for which the City's elected officials have operational and financial authority. This authority implies that the elected and administrative officials are legally responsible for establishing and implementing the fiscal policies and overseeing the financial management of the City. Where required, actual results of individual government funds are shown with its original/amended budgetary appropriations. This required disclosure allows the reader to compare the effectiveness of the administration to stay within the spending guidelines (budget) established by the Mayor and City Council during the budget process and to disclose other variations that may occur during the course of the fiscal year.

Legal Requirement

This report has been prepared pursuant to and in compliance with Michigan Department of Treasury regulations, which, in part, requires that an annual independent audit of the City's financial records of accounts and transactions be performed. The opinion by the City's independent auditor, PricewaterhouseCoopers L.L.P., on the basic financial statements and individual fund statements and schedules is included in the Financial Section of this report. A separately issued Single Audit Report previously completed for the Federal Grant Fund is no longer required under the Federal Single Audit Act. Total Grant Funds expenditures of (\$35,088) were less than \$500,000, which is the minimum expenditure limit, needed to be subject to the regulations of the Single Audit Act.

Consistent with previous years, it is the intent and responsibility of the Administration to effectively adhere to the fiscal policies and initiatives established by the City Council while remaining cost-efficient and responsive to the needs of the residents. Many of the financial policies and procedures established by the City Council are detailed in the City's annual budget. In accordance with the City Charter, the City Administrator by April 1st will have presented his budgetary estimates of revenues and expenditures of all the City's funds (excluding Trust & Agency Fund) to the Mayor and City Council. These estimates are then forwarded to the City's Finance Committee, which performs a thorough review of the operational, financial and capital components of the budget. Upon completing their review the budget with recommendations is presented back to the Mayor and City Council for their review and comments. The proposed budget document is formally approved by the Mayor and City Council no later than the third Monday in May. Throughout the course of the fiscal year the Finance Committee may review any significant changes to the original budget document as recommended by the City Administrator. Per the City Charter the Mayor and City Council must formally approve any adjustments to the budget. This process allows the City to remain flexible to changes in the revenue and expenditure patterns that occur throughout the year as well as keeping the elected officials updated on the financial condition of the City. Following the passage of the budget, a summary of the completed document is made available to all of the residents through a quarterly newsletter published by the City as well as in the community's local newspaper.

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2004

The City's long-term financial stability as shown by the fund balance(s) in its major funds is the result of a strong and continuous commitment to fundamental principles of fiscal integrity accomplished by the following: (1) periodic reviews of budgetary and financial controls/policies by all members of the Administration and Mayor and City Council; (2) long-term financial planning with bench marks for optimal fund balance levels; (3) continued excellence in financial reporting; (4) adherence to the annual financing of its capital projects program; (5) ongoing examination of the City's tax base both residential and commercial to ensure a continual focus on projects which strengthen and enhance the tax base and (6) restricting the annual installment of long term debt (general long-term obligation) to less than two mills of taxable value.

The City's financial staff undertakes an annual review of its operating, technical and reporting systems. Whenever possible, steps are continually taken to strengthen the City's set of internal controls to ensure that its assets are properly accounted for. Presently all of the principal functions of the City Finance Director's office are fully automated with all members of the staff cross trained to operate the various operating systems of the department.

In developing and/or amending the accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition.
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets and liabilities.

The concept of reasonable assurance recognizes that the cost of implementing control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. 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.

Concurrent with the budget process, the City also prepares an annual capital improvement document, which details all major expenditures (in excess of \$10,000) for all of the City buildings, and infrastructure needs. This comprehensive document allows for the evaluation (construction committee) of current capital project priorities as well as for the continuous review of future objectives. Since implementing the program the City has expended in excess of twenty million dollars on infrastructure improvements without having to increase its millage rate or raise user fees to finance these projects. For the first time since 1997 the Mayor and City Council issued a general obligation indenture (\$5.3 million) (other than a refunding issue) to finance a two mile water line improvement project that will take approximately 14 months to complete.

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2004

Economic Condition (Property Tax Base)

The financial statements, as presented in this report once again, demonstrate the ability of the City Administration to effectively stay within the fiscal guidelines and policies as adopted by the City Council. One measure of the City Administration's effectiveness to deliver public services, while remaining cost-effective and responsive to the current economic climate, is to examine the relationship of taxable values to the adopted millage rates. The following table shows that over the past five years the total actual tax burden to the residents has increased on a per annum average of 3.80%. This is a combination of both the assessment and millage increases. The taxable value for 2003-04 showed a 3.28% increase from the previous year. The increase in taxable value was due to numerous construction and remodeling projects that occurred during the year, both commercial and residential. However, for the ninth consecutive year the actual market values on property (state equalized value) were reduced for taxation purposes due to the limitations placed on property values by Proposal A. The voters of the State of Michigan in an effort to curb rising property taxes approved Proposal A on March 15, 1994. The proposal capped market value increases to the lesser of (1) change in the Consumer Price Index or (2) 5% if the C.P.I. increases over that percent. During the past year, the fair market values of property within the City without regard to new construction or home improvement rose in excess of the C.P.I. and 5% cap making it necessary for the City to tighten its budget position since the C.P.I. increased only 1.50%.

Aside from limiting the actual value on a property that a community may levy a millage upon many communities are facing the problem at being near or at their maximum charter millage amount. Due to another State Act (Headlee 1979) which in general reduces a City's authorized millage. Many communities are in a very difficult financial position due to compounding effects of Proposal A and no longer having the ability to increase millage.

Even with the State's economy experiencing an economic decline the City has seen a increase in both taxable and State equalized values. The decision to hold the City's millage rate at the same level as the previous year even with the nominal increase in taxable value was imperative since the City could face even greater budget decisions in complying with the Headlee Act. Since the passage of Proposal A, in 1994, Taxable Valuations in the City have increased \$194,123,102 in comparison to the true market value increase of \$421,618,508. This spread between market and taxable values helps demonstrate the negative effects that Proposal A has had on property tax revenues. Fortunately in fiscal year 2003-04 the 3.28% increase in taxable value assessments was able to generate sufficient revenues without having to increase the millage rate. However, it took increases in revenues in other areas and the ability to utilize a portion of the prior year's fund balance for the City to balance its budget which was impacted by double digit increases for employee health care, property liability insurance, building improvements and pension obligations.

Fiscal Year	Taxable Value	Millage Rate
2003	\$ 723,570,579	13.0255
2002	688,453,470	13.0300
2001	652,775,780	13.0300
2000	630,386,880	13.0300
1999	610,299,625	13.1963

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2004

Property tax revenues for fiscal year 2003-04 represented 63.6% of the total amount of General Fund operating revenues, which is consistent with previous years. With the taxable value of the City's tax base being 95% residential, Mayor/Council and Administration in order to alleviate the tax burden must continue to (1) find alternative revenue sources, (2) re-examine the services currently being offered to the residents, (3) prioritize services and programs currently being rendered to the residents (4) expand the scope of self insuring the City in several areas (worker's compensation, property & liability coverages and health insurance) and (5) Explore opportunities to combine joint public services/capital purchases with the neighboring communities.

In accordance with the City Charter the City may levy up to 20 mills. As discussed earlier, the Headlee Act, which amended the State Constitution in regards to property tax relief, has forced the City to roll back its 20 mills to 14.3764 mills. As of June 30, 2004 the City has 1.8397 of unused millage to finance future operations and infrastructure improvement. Proposed tax legislation, which has been pending in the Michigan House of Representatives, if enacted, could further reduce the maximum millage allowed. This legislation, in part, could also result in immediate or phased-in tax exemption of all or a portion of the personal property located within the City. This specific change would affect approximately \$188,930 of tax dollars currently received by the City. Also, with no immediate improvement with the State's financial position the City is once again facing a further reduction in its State Shared Revenues. With a downturn in the State economy, the City will have to further tighten its General Fund budget to stay within its revenue base.

City Officials remain deeply concerned with the impact that any future legislation will have on real/personal property assessments within the community and the compounding effect it will have on tax revenues to finance City operations. With the voter's approval of Proposal A, market/inflationary assessment increases have been capped and property taxes held in check on residential properties. The formula used to compute State Sales Tax monies distributed back to the municipalities was amended by the legislature in 1998. The law now categorizes sales tax distributions as either statutory or constitutional distributions. The constitutional portion of the distribution can only be amended by a general vote of the people. However, the statutory portion can be amended by the State's legislature. With the state economy still encountering severe budget difficulties local governments will have to continue to lobby their State Representatives that any reduction in the statutory distribution of revenue sharing dollars will have a drastic impact on the operating budgets of their communities and that if changes in the allocations are made the State will have to be responsible to restore any revenue shortfall.

Administrative Summary/Major Initiatives

During the preparation of the 2003-04 annual budget, the Mayor and City Council emphasized several areas for the Administrative Officials to concentrate their efforts on. As shown below they were.

1. Water line replacement/renovation on Mack Avenue.
2. Capital Improvement Program.
3. Expansion of Recreational Activities/Programs.
4. Increase usage of Information Technology.
5. Restructuring building department.

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2004

After reviewing several construction options the City began replacement of its Mack Avenue water line. The construction of this major truck line, will be completed over a eighteen month period. With Mack Avenue being the principal commercial street in the City, the Administration and Elected Officials and business owners have been meeting on a continual basis to minimize the impact the project will have on their establishments.

Several years ago the Administration developed a comprehensive listing of the entire infrastructure within the City. In doing so, the City was able to determine the financial resources it would take to maintain the infrastructure on an annual basis. To date the Elected Officials have continued to dedicate several million dollars annually to maintain the City's infrastructure and without the necessity of having to issue additional debt. This undertaking is most impressive when considering the continual decrease in State Shared Revenues and the fiscal impact that Proposition A has had on property taxes.

Over the past several years the City has made a concentrated effort to increase the year round activities offered by its Park/Recreation Division with the construction of an Activities Building at its 52-acre Lakefront Park. In recognizing the increase demand for leisure activities the City has worked to develop programs/activities where its residents of all ages have been encouraged to participate in them.

In working to keep current with continuing technology changes now occurring the City has made a strong commitment to invest in upgrading its information/computer systems. Not only are all departmental employees of the City now utilizing technology to perform their everyday activities but are also required to participate in additional training to become more creative and productive in their use of technology. Over the past couple of years, the City has been busy implementing a Geographic Information System that allows employees and citizens alike the ability to obtain useful data on a parcel(s) of property, located in the City.

Even after an unprecedented period of low interest rates the City has seen a substantial increase in the numbers of building and other related permits that have been issued. In order to meet this demand it was necessary for the City to increase its number of inspectors, expand the office space and update the technology used by the members of the Building Department. This function, which for many years was a division of Public Safety, now operates as a separate department with its own operating budget and has incurred the added responsibility of overseeing the day-to-day operation of the Code Enforcement duties. With the downturn in interest rates and the increased use of technology in the department the City has increased its collection of permit and license fees over the past couple of years.

The City's full-time labor force as of June 30, 2004 included 97 full-time employees, 45 permanent part-time and approximately 150 seasonal employees. Currently, the City has reached multi-year contract agreements with 2 of its 4 labor associations. As of October 1, 2004 the City had reached tentative agreements with the two unions pending approval by Mayor and City Council. Those full-time employees who are not covered under a union agreement have individual at will employment contracts with the City.

City of Grosse Pointe Woods
Letter of Transmittal
June 30, 2004

As always, the City's highest priority is to continue to provide to its residents the highest level of public services while operating within its budget. As expected the operational costs of many of these services and programs have increased; however, the City has, whenever possible, managed to keep such increases to a minimum. Whereas the City once again realized a cost reduction in its workmen's compensation insurance coverages, it sustained a significant increase in its pension contributions. With the signing of the new solid waste agreement the City saved substantial dollars in rubbish disposal costs resulting in a reduced solid waste millage rate. The development and adherence to a comprehensive capital improvement plan for the City's infrastructure and buildings has allowed for the judicious planning and budgeting of Water and Sewer Fund dollars. In cooperation with Wayne County Division of Public Works the City has been able to minimize sewer rate increases making it unnecessary to raise utility rates to our residents for the ninth straight year.

Future Outlook

The City continues to retain its status as both a well respected and one of the most desired areas to live in Southeast Michigan. It continues to look at innovative and productive ways where it can maintain the viability of its commercial district, repair and update its infrastructure, retain its residential home values and to continue to attract younger families to reside in its community. The challenge to the City is to continue to provide and in some areas expand its multitude of public services, while complying with increased Federal and State regulations and financing its operating budget with both property tax dollar restrictions (Proposal A) and a declining state economy.

As the City continues to mature the planning and re-zoning of both residential/commercial property as it becomes available will play an even greater role in increasing the City's tax base. To assist the administration in this endeavor, the City has contracted a professional planner. Interaction and greater long-term planning with the various proprietors in the commercial district will have to increase if the existing establishments are to retain a viable resource. For many years the City has united itself with the other surrounding communities to provide emergency related services, rubbish removal, health insurance and recreational activities. But as the availability of the property tax dollar erodes the City will need to continue its attempt to increase its interaction with its neighboring communities to seek alternative solutions to such issues as infrastructure replacement, equipment purchases and the staffing of day to day operations.

Financial Information

In developing and/or amending the accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition.
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets and liabilities.

The concept of reasonable assurance recognizes that the cost of implementing a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. 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.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Grosse Pointe Woods,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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.



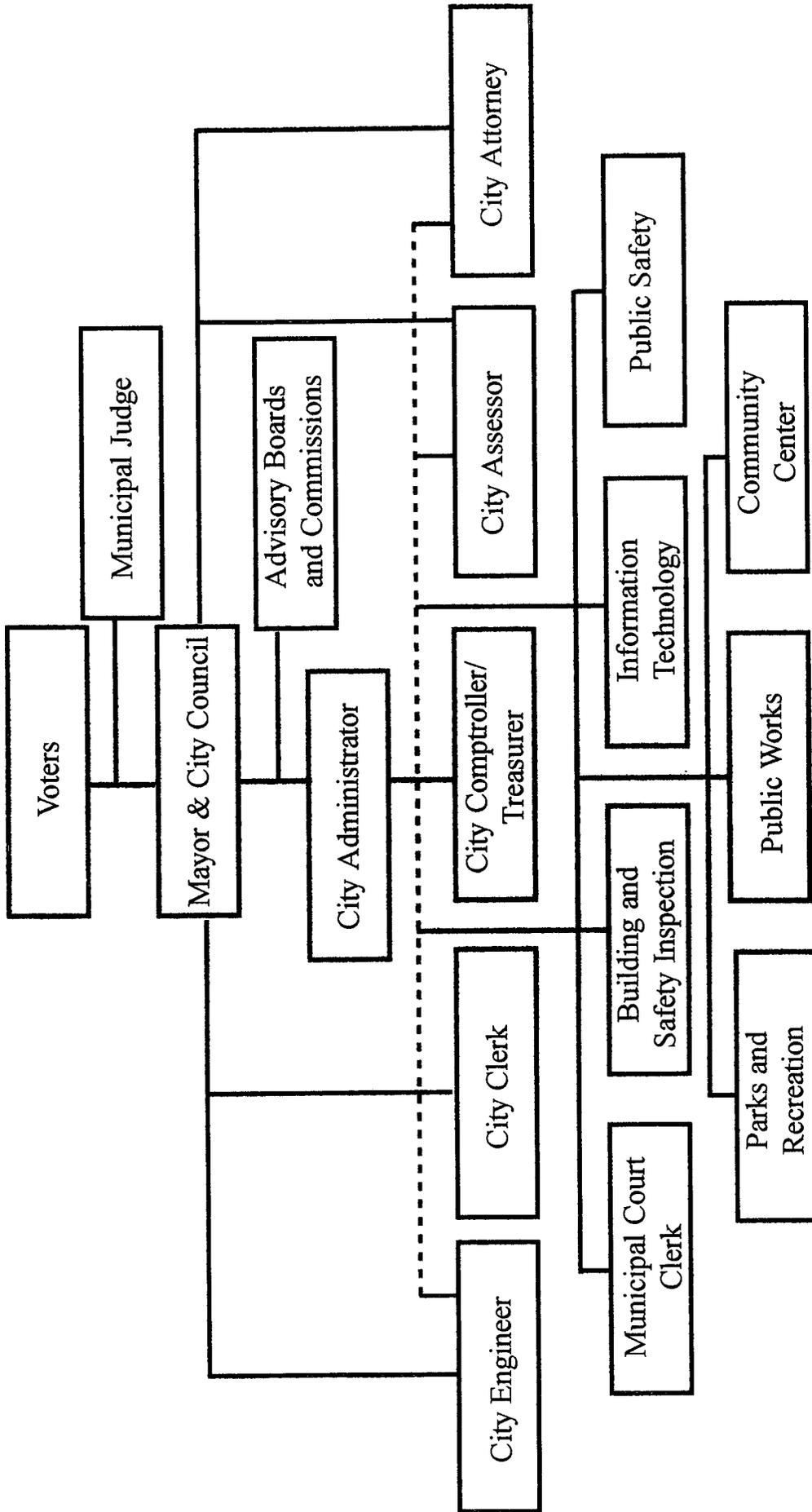
Nancy L. Zielle

President

Jeffrey R. Emery

Executive Director

City of Grosse Pointe Woods Organizational Chart



**CITY OF GROSSE POINTE WOODS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2004
SECTION II – FINANCIAL SECTION –
BASIC FINANCIAL STATEMENTS**

Report of Independent Auditors

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

In our opinion, the 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 Woods, Michigan (the "City"), which collectively comprise the City's basic financial statements as listed in the table of contents, 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 at June 30, 2004, 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. We also have audited the aggregate nonmajor governmental funds, the aggregate nonmajor enterprise funds, and the fiduciary fund type as of and for the year ended June 30, 2004, as displayed in the City's basic financial statements. These financial statements are the responsibility of the City's management; our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The management's discussion and analysis and the required supplementary information on pages 13 through 25 and 54 through 60, respectively, are not a required part of the basic financial statements but are supplementary 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 supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information identified in the table of contents as combining and individual nonmajor fund financial statements and supplemental data section are presented for purposes of additional analysis and is not a required part of the basic financial statements. The combining financial statements 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 supplemental data section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

PricewaterhouseCoopers LLP

December 21, 2004

**CITY OF GROSSE POINTE WOODS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2004
SECTION II – MANAGEMENT DISCUSSION AND ANALYSIS**

City of Grosse Pointe Woods, Michigan
Management Discussion and Analysis
June 30, 2004

As management of the City of Grosse Pointe Woods, we offer this narrative overview and analysis of the financial activities of the City for the year ended June 30, 2004. Readers are encouraged to read it in conjunction with the letter of transmittal, which is located at the beginning of this report, and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide

- 1) The total assets of the City exceeded its liabilities as of June 30, 2004 by \$39,614,624 (shown as total net assets). The increase of \$2,288,374 from the previous year was principally due to an increase in net assets from governmental activities of \$2.7 million with a decrease in net assets from business type activities of \$.4 million.
- 2) The issuance of a 20-year \$5,300,000 revenue bond (Mack Avenue Water Line Replacement Project) at an average coupon rate of 3.45%. The City's excellent credit rating saved the users of the City an estimated \$500,000 in interest expense. The project, which was completed at its scheduled deadline, came in \$800,000 less than originally estimated.
- 3) The City's General Fund despite another reduction in State Shared Revenues and an increase in pension expenditures for the first time in several years recorded a total increase in fund balance of \$83,434.

At the close of the fiscal year, the City's governmental activities reported combined ending net assets of \$21,312,824. Of this amount \$7,849,979 is reported as unrestricted. The remaining balance of \$13,462,845 is a combination of dollars invested in capital assets of \$6,921,840 and reserved for debt service and community programs of \$6,541,005. At the end of the fiscal year the General Fund had an unrestricted fund balance of \$4,887,262 of which \$4,087,262 was undesignated. This was an increase of \$83,434 or 1.7%, over fiscal 2003.

OVERVIEW OF THE FINANCIAL STATEMENTS

This comprehensive annual financial report consists of a series of statements: 1) government-wide financial statements, which focus on the City as a whole, 2) fund financial statements, which provide a more detailed view of the City's major funds, 3) notes to the financial statements, which provide additional information that is essential to gain a full understanding of the data presented in the financial statements themselves and 4) statistical section, an unaudited section of financial and demographic information presented on a multi-year basis.

Government-Wide Financial Statements consist of the *Statement of Net Assets* and the *Statement of Activities* and provide readers with a broad overview of the activities of the City as a whole. One of the more important questions citizens and other readers of the financial statements often ask is "Is the City as a whole better or worse off this year than it was a year ago?" In other words, did the financial condition of the City improve or decline over the course of the past year. The government-wide statements report information in a manner that is intended to help answer this question.

The government-wide statements are prepared using the full accrual basis of accounting, which is similar to that employed by businesses in the private sector.

The *Statement of Net Assets* presents information on all of the assets and liabilities of the City, with the difference between the two reported as *net assets*. Net assets can be thought of as one way of measuring the financial strength of the City. Increase or decreases in net assets over time may serve as a useful indicator of whether the financial condition of the City is improving or deteriorating.

Non-financial factors such as changes in the property tax base, population and condition of roads and bridges must also be considered when assessing the financial condition of the City.

The *Statement of Activities* presents information showing how the net assets of the City have changed over the course of the most recent fiscal year. All changes in net assets are recognized as soon as the underlying transactions take place, regardless of the timing of the related cash flows. As a result, certain revenues and expenses reported in these statements are related to items that will only result in cash flows in future years. Examples of such items are uncollected property taxes, accrued interest on long-term debt and earned but unused sick and vacation leave.

The government-wide financial statements segregate the activities of the City into two categories: 1) governmental activities and business-type activities. The basic services of the City are classified as government activities and are financed primarily through property taxes, user fees and intergovernmental revenues. Functions reported in this category include general government, legislative, law enforcement and judicial, public safety, public works and parks/recreation. Business-type activities operate like private businesses and are intended to recover the majority of their costs through user fees.

Fund financial statements are separate groupings of related accounts that are used to maintain control over resources that have been segregated for specific purposes. Each fund of the City is considered a separate accounting entity for which a self-balancing set of accounts is maintained. Certain funds are established in accordance with State law while others are required by bond or grant agreements or are established at the discretion of management to enable it to more easily manage and report on the activities of the many programs of the City. All the funds of the City can be divided into one of three categories: government, proprietary or fiduciary.

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Governmental Funds are used to account for most of the basic services provided by the City and report essentially the same functions as those reported as governmental activities in the government-wide financial statements. Governmental funds are accounted for using the *modified accrual* basis of accounting, which focuses on the short-term inflows and outflows of cash and other financial assets that can be readily converted into cash the balances of them available for spending at year-end. Because the focus of the governmental fund financial statements is narrower in scope than that of the government-wide financial statements, reconciliations are provided in both the governmental fund balance sheet and operating statement to help the reader better understand the relationship between the two.

All of the governmental funds of the City are categorized as either major or nonmajor for presentation in the financial statements. The purpose of such segregation is to focus the attention of the reader on the more significant funds of the City. A fund is considered major if its assets, liabilities, revenues or expenditures meet or exceed certain percentage thresholds in relation to all governmental funds taken as whole. The thresholds used to determine a fund's status as major or nonmajor are set forth in GASB Statement No. 34. Information regarding major funds is presented separately in the basic financial statements while data for all nonmajor funds is combined into a single, aggregated presentation. The General Fund and the Wayne County Combined Drain Fund are the only major governmental funds of the City. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary Funds are classified as either Enterprise Funds or Internal Service Funds and are accounted for using the full accrual basis of accounting. *Enterprise funds* are used to report the same functions as those presented as business-type activities in the government-wide financial statements and include Parking, Water/Sewer, Boat Docks and Commodity Sales. *Internal service funds*, on the other hand, are used to centrally account for services provided to other City departments and include Workmen's Compensation, Motor Vehicle, Management Information System and Building Authority. Because the Internal Service Funds predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. Data regarding the Internal Service Funds has been combined into a single, aggregated presentation in the basic financial statements. Information regarding the individual internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds are used to account for resources held by the City on behalf of others, including those of the Employee Retirement System and Supplemental Annuity Fund. The activities of the Fiduciary Funds are presented separately in this report but are not reflected in the government-wide financial statements because the resources of those funds are not available to support the operations of the City. Fiduciary funds are accounted for using the full accrual basis of accounting.

Notes to the Financial Statements provide additional information that is essential to gain a full understanding of the data presented in both the government-wide and fund financial statements.

Required Supplementary Information is presented following the notes to the financial statements and includes schedules regarding the progress of the City in funding its pension obligations and budget to actual comparison for the major governmental funds of the City.

Combining and Individual Funds Statements of the nonmajor funds of the City are presented immediately following the required supplementary information.

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FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The financial analysis of the City as whole focuses on the net assets and changes in net assets of the governmental and business-type activities of the City. As noted earlier, net assets and changes in net assets may serve as one indicator of the financial health of the City. The assets of the City exceeded its liabilities by \$39,614,624 at June 30, 2004, and increased by \$2,288,374 for the year then ended.

Net Assets as of June 30, 2004

	Governmental Activities	Business-Type Activities	Total Primary Government
Current assets	\$ 15,676,219	\$ 3,691,372	\$ 19,367,591
Capital assets	21,466,512	21,080,879	42,547,391
Total assets	<u>37,142,731</u>	<u>24,772,251</u>	<u>61,914,982</u>
Current liabilities	611,271	170,877	782,148
Long-term liabilities	15,218,636	6,299,574	21,518,210
Total liabilities	<u>15,829,907</u>	<u>6,470,451</u>	<u>22,300,358</u>
Net assets			
Invested in capital assets	6,921,840	14,781,305	21,703,145
Restricted	6,541,005	-	6,541,005
Unrestricted	7,849,979	3,520,495	11,370,474
Total net assets	<u>\$ 21,312,824</u>	<u>\$ 18,301,800</u>	<u>\$ 39,614,624</u>

Net Assets as of June 30, 2003

	Governmental Activities	Business-Type Activities	Total Primary Government
Current assets	\$ 12,874,887	\$ 7,531,526	\$ 20,406,413
Capital assets	20,937,379	18,659,515	39,596,894
Total assets	<u>33,812,266</u>	<u>26,191,041</u>	<u>60,003,307</u>
Current liabilities	664,108	659,719	1,323,827
Long-term liabilities	14,500,968	6,852,262	21,353,230
Total liabilities	<u>15,165,076</u>	<u>7,511,981</u>	<u>22,677,057</u>
Net assets			
Invested in capital assets	7,301,103	11,807,253	19,108,356
Restricted	4,267,678	-	4,267,678
Unrestricted	7,078,409	6,871,807	13,950,216
Total net assets	<u>\$ 18,647,190</u>	<u>\$ 18,679,060</u>	<u>\$ 37,326,250</u>

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Approximately \$21,703,145 of the City's net assets represents its investment in capital assets, net of any outstanding debt. These assets are used by the City to provide services to the public; consequently, they are not available for future spending. Although the City's investment in its capital assets is reported net of any related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the assets themselves cannot be used to liquidate the outstanding debt obligations. Another \$6,541,005 of the City's net assets represents resources that are subject to external restrictions regarding their use. Assets included in this category include bond proceeds that can only be utilized on the projects for which they are issued as well as cash and investments restricted for the repayment of outstanding debt. The remaining balance of the City's net assets are unrestricted and may be used to meet the City's ongoing obligations. Positive balances in all three categories are reported at June 30, 2004.

Change in Net Assets
Fiscal Year Ended June 30, 2004

	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues			
Program revenues			
Charges for services	\$ 2,547,372	\$ 4,603,177	\$ 7,150,549
Grants & contributions	77,979	-	77,979
General revenues			
Property taxes	12,285,813	-	12,285,813
Investment income	438,694	69,055	507,749
State shared revenue	2,607,456	-	2,607,456
Donations	91,413	-	91,413
Total revenues	18,048,727	4,672,232	22,720,959
Expenses			
General government, administrative	2,689,784	-	2,689,784
Public safety	4,933,399	377,288	5,310,687
Public works	3,699,099	-	3,699,099
Parks and recreation	1,610,864	199,823	1,810,687
Solid waste	1,226,878	-	1,226,878
Other activities	72,408	88,412	160,820
Interest paid	396,661	-	396,661
Water/Sewer	-	5,137,969	5,137,969
Total expenses	14,629,093	5,803,492	20,432,585
Excess (deficiency) before transfers	3,419,634	(1,131,260)	2,288,374
Transfers in (out)	(754,000)	754,000	-
Increase (decrease) in net assets	2,665,634	(377,260)	2,288,374
Net assets			
Beginning of year	18,647,190	18,679,060	37,326,250
End of year	\$ 21,312,824	\$ 18,301,800	\$ 39,614,624

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Change in Net Assets
Fiscal Year Ended June 30, 2003

	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues			
Program revenues			
Charges for services	\$ 1,965,918	\$ 4,694,114	\$ 6,660,032
Sales of fixed assets	188,188	-	188,188
General revenues			
Property taxes	11,963,222	-	11,963,222
Investment income	712,300	43,533	755,833
State shared revenue	2,734,619	-	2,734,619
Total revenues	<u>17,564,247</u>	<u>4,737,647</u>	<u>22,301,894</u>
Expenses			
General government, administrative	2,068,634	-	2,068,634
Public safety	4,430,143	325,131	4,755,274
Public works	3,584,922	158,596	3,743,518
Parks and recreation	1,523,565	-	1,523,565
Solid waste	1,210,320	-	1,210,320
Other activities	361,886	60,405	422,291
Ambulance activities	175,655	-	175,655
Interest paid	450,019	-	450,019
Water/Sewer	-	4,631,539	4,631,539
Total expenses	<u>13,805,144</u>	<u>5,175,671</u>	<u>18,980,815</u>
Excess (deficiency) before transfers	3,759,103	(438,024)	3,321,079
Transfers in (out)	<u>(750,000)</u>	<u>750,000</u>	<u>-</u>
Increase in net assets	3,009,103	311,976	3,321,079
Net assets			
Beginning of year (as restated)	<u>15,638,087</u>	<u>18,367,084</u>	<u>34,005,171</u>
End of year	<u>\$ 18,647,190</u>	<u>\$ 18,679,060</u>	<u>\$ 37,326,250</u>

Governmental activities. The net assets of the City's governmental activities increased \$2,665,634 in 2004. Key components of this increase are as follows:

- The net capitalization of capital assets after depreciation of approximately \$759,792. These assets prior to the implementation of GASB 34 were classified as expenditures.
- Property tax revenues increased \$214,353. This was primary due to an overall increase in taxable value and an increase in home improvements during the year.
- State Shared Revenues declined \$185,679 as the State continues to struggle with its budget deficits.

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- Due to favorable consumer interest rates the City's building and other related permit/charges income increased over \$100,000.
- Due to favorable winter weather, the City experienced an estimate of \$50,000 less in overtime and winter related expenses.

Business-Type Activities

The net assets of the City's business-type activities decreased \$377,260 during the fiscal year. The major reason for the decrease was that the City sold significantly less water to its residents than what was estimated which was due to a unusually wet summer. Also, affecting net income was the City's decision to negotiate and pay damage claims to some of its residents who were affected by a sewer-pump malfunction. On a positive note, the City saw its water loss ratio drop to under 10% as the City continues to invest material dollar amounts into its infrastructure. The most significant transaction affecting business-type activities was the City's ability to control its operating costs in its water/sewer fund. The City's ability to maintain its infrastructure has allowed it to reduce its water loss percentage therefore saving substantial dollars for unbilled water consumption.

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental funds. As previously mentioned, the focus of governmental funds is to provide information on near-term inflows, outflows and remaining balances of spendable resources. Such information is useful in assessing the City's ability to meet its current financing requirements. The fund balance of governmental funds is segregated into one of three categories: reserved, designated and unreserved. Reserved fund balance represents that portion of the net assets that may only be spent for specific purposes and are not available for new spending. Examples of fund balance reserves include amounts required to pay debt service, bonds proceeds that may only be spent on approved projects for which the bonds were issued and amounts required meeting long-term contractual commitments. Fund balance designations are established to represent that portion of net assets that are intended to be spent for certain purposes and differ from fund balance reserves in that they can be reappropriated and used for new spending if necessary. Unreserved fund balance represents the portion of net assets that is available at year-end for new spending. The combined ending fund balance of all governmental funds was \$13,843,648 at June 30, 2004, a increase of \$2,926,778 over the prior fiscal year. The majority of this increase was due to the issuance of the refunding bonds of \$2,175,000.

The General Fund is the primary operating fund of the City. All revenues and expenditures are recorded in the General Fund unless otherwise required by statute, contractual agreement or policy.

General Fund Revenues

Total General Fund operating revenues excluding transfers for 2003-04 amounted to \$11,908,976. This was a increase of \$281,938 or 2.4% compared to the 2002-03 operating revenues of \$11,627,038. Increases in property taxes and court related revenues were offset by reduced state shared revenues. The increase in property values principally due to new construction was the main reason behind the increase in property tax revenues. The anticipated decline in state shared revenues is the result of the State of Michigan again incurring severe budget difficulties due to a sluggish economy.

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The City, for financial reporting purposes, classifies its operating revenues into seven primary sources as shown below:

Revenue Source	Amount	Percent of Total	Increase (Decrease) Over Prior Year
Property taxes	\$ 7,728,334	65%	\$ 136,087
State shared revenues	1,656,709	13%	(185,679)
Delinquent fees	276,548	2%	15,791
Court fines/costs	595,207	5%	76,505
Licenses/permits	873,420	8%	247,762
Administration charges	326,000	3%	-
Miscellaneous	452,758	4%	(8,528)
	<u>\$11,908,976</u>	<u>100%</u>	<u>\$ 281,938</u>

- a) Property Taxes - \$136,087 increase – Revenues grew due to an increase in the city’s taxable valuation of property.
- b) Intergovernmental Taxes - \$(185,679) decrease – Distributions from the State of Michigan were reduced due to a decline in the City’s population and a continuing downturn in the State’s economic climate.
- c) Delinquent Interest/Collection Fees - \$15,791 increase – Administrative/collection fees associated with the winter tax billing increased in relation to an increase in the property tax levy. The City saw a reduction in delinquent fees as a greater percentage of residents paid their property taxes on time.
- d) Court fines/costs - \$76,505 increase – The amount of monies collected from traffic violations has increased for the first time in consecutive years due to the increase in the issuance of traffic related violations.
- e) Licenses/permits - \$247,762 increase – The City again realized an increase in the number and dollar value of permits (building, electrical, etc.) issued as well as an increase in franchise fees paid by the City’s Cable Television firm.
- f) Administrative Charges – No change – Charges for administrative and overhead costs relative to the City’s Enterprise Funds (in lieu of taxes) have stayed consistent with previous years.

Tax collections for the 38th consecutive year were approximately 100% of the tax levy. Despite the last three years of economic difficulties the City’s unemployment rate has been considerably lower than the national average and coupled with the fiscal stability of the community’s business sector (approximately 5% vacancy rate) enables collection of the City’s real and personal property taxes to remain substantially higher than the State average.

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The City's General Fund tax levy is split into four components depicted as follows:

Purpose	2003-04 General Fund Fund Levy (Per \$1,000 Taxable Value)
Operating	\$ 8.2306
General obligation debt	.6559
E.M.S. advance life support	.4551
Street replacement	1.0000
Total millage	\$ 10.3416

The legal basis for adopting the millage rate is set forth in Section 8.4 of the City Charter which in part states that the Council shall by resolution adopt a balanced budget and a set millage rate by the third Monday in May.

As of June 30, 2004, the City had 1.8287 of unused operating millage, with each mill worth approximately \$778,377. Due to the Headlee Act of 1979, many communities are either at or near their maximum allowable millage rate. The ability of the City Council and Administration to effectively budget available resources and minimize millage rate increases insures that the City will continue to have available tax dollars to finance future budgets and/or have emergency funds on hand.

General Fund Expenditures

The General Fund for classification purposes is divided into four (4) primary governmental functions. They are (a) General Administration, (b) Public Safety, (c) Public Works, (d) Parks/Recreation. In addition the City budgets funds in a contingency account to have available for any unforeseen unexpected events.

Total operating expenditures for General Fund Functions was \$9,061,752. This was a increase of \$326,161 or 3.71%% from 2002-03 expenditures. The totals as shown below do not include budgeted transfers made to other funds. The level of expenditures for the four governmental functions of the City compared with the preceding year are shown in the following tabulation:

Function	Amount	Percent of Total	Increase
General government	\$ 2,187,028	24%	\$ 170,389
Public safety	4,441,260	49%	20,564
Public works	822,600	9%	(12,381)
Parks/recreation	1,610,864	18%	87,299
	\$ 9,061,752	100%	\$ 265,871

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- a) The General Government - \$170,389 increase – A function that includes both the Legislative and Administrative departments of the City; Aside from the normal inflationary increases in salaries and operational costs the City experienced increases in legal and employee health care costs.
- b) Public Safety - \$80,764 increase – Operational increases, annual salary increase and increase in staff positioning.
- c) Public Works - \$(12,381) decrease – City incurred less than anticipated costs in maintaining grounds and facilities.
- d) Parks and Recreation - \$87,299 increase – The increase is due to the expansion of the budget for seasonal salaries at Lakefront Park. Due to favorable weather conditions and the increase in recreational and other sporting activities longer hours were worked during both the summer and winter months, over last year.

BUDGETARY HIGHLIGHTS

The budget for each fiscal year is adopted by the City Council in May of the prior year and may be amended from time to time throughout the year to reflect changing operational demands. The following amount depict the increase in the originally adopted budget for fiscal 04 for the General Fund.

- General Fund - \$100,000 expenditure increase – The City’s ability to control and in certain activities to reduce operating cost below budgeted levels was greater than anticipated. For the 4th consecutive year the City experienced an increase in building permits and other related fees.

Net Assets/Fund Balances

The total net assets/fund balances/retained earnings in the two major funds types (Governmental and Business-Type activities) amounted to \$34,877,969, which is a 6.98% increase over the previous year’s total of \$32,601,523.

The net assets/fund balances at June 30, 2004 are as follows:

Function-Governmental	Amount	Percent of Total	Increase (Decrease)
General government	\$ 4,887,262	35%	\$ 83,434
Special Revenue	5,028,748	36%	669,332
Debt service	3,698,305	27%	2,184,676
Capital project	229,333	2%	(10,664)
	<u>\$13,843,648</u>	<u>100%</u>	<u>\$ 2,926,778</u>
Function-Business-Type	Amount	Percent of Total	Increase (Decrease)
Enterprise	\$18,301,800	87%	\$ (377,260)
Internal service	2,732,517	13%	(273,076)
	<u>\$21,034,317</u>	<u>100%</u>	<u>\$ (650,336)</u>

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Over a ten-year period the General Fund in particular has shown a consistent pattern of growth increasing its fund balance in excess of four million dollars during this time period. The total undesignated fund balance as of June 30, 2004 was approximately 33% of the 2003-04 budget. Along with an adherence to a long-term capital budget, which involves all phases of the City's infrastructure, the City has been able to anticipate and budget for the continue decline in the economy as well as unexpected events that could negatively impact fund balance dollars.

The long-term financial stability of the General Fund once again enabled the Mayor and City Council to designate \$500,000 of fund balance to assist in balancing the 2004-05 budget. The \$500,000 was equivalent to approximately .64 mills or \$128 in savings for a homeowner with a Taxable Value of \$200,000.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City categorizes its capital assets in the Government-Wide Statement of Net Assets as follows:

Capital Assets as of June 30, 2004

	Governmental Activities	Business-Type Activities	Total Primary Government
Land	\$ 1,439,899	\$ -	\$ 1,439,899
Land improvements	-	1,522,567	1,522,567
Buildings and improvements	7,286,770	-	7,286,770
Furniture and equipment	2,306,393	-	2,306,393
Vehicles	3,653,333	-	3,653,333
Infrastructure	15,804,696	25,891,826	41,696,522
Less: Accumulated depreciation	(9,024,579)	(6,333,514)	(15,358,093)
Total	\$ 21,466,512	\$ 21,080,879	\$ 42,547,391

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Debt Administration

The City's Debt structure can be categorized into two distinct areas:

1. Debt of which the City has issued and is solely obligated to make the principal and interest payments.
2. Payments made to Wayne County to finance outstanding debt issued and which is shown as a separate fund titled Wayne County Combined Drain Fund. The County between the years 1992-94 issued four separate bonds totaling \$19,208,696 (city share) to finance a sanitary retention basin (Milk River Drain Facility).

Shown below, are the three outstanding General Obligations bonds (notes) issued by the City;

- 1) 2000 Park Installment Note
- 2) 1997 Park/Recreation Bond
- 3) 2003 Park Refinancing Bond

Long-term debt. The City's long-term debt totaled \$21,518,210 at June 30, 2004, all of which related to governmental activities and business type activities. Included in the above total is \$673,964, which represents dollars owed to employees for accrued sick/vacation time. All outstanding obligations are backed by the full faith and credit of the City. The detailed components of the total liability are presented as item No. 6 in the notes to the financial statements.

Outstanding Bonded Debt as of June 30, 2004:

	Governmental Activities	Business-Type Activities	Total Primary Government
General obligation bonds	\$ 14,544,672	\$ -	\$ 14,544,672
Revenue bonds/notes	-	6,299,574	6,299,574
Total	<u>\$ 14,544,672</u>	<u>\$ 6,299,574</u>	<u>\$ 20,844,246</u>

The 1997 Recreation Bond is financed from property tax levies. Payments made to Wayne County for the financing of the Milk River Drain Project (1992 - 1994) debt are totally financed by a millage levied on the winter tax bill.

In August 2000 the City issued a four-year installment note to finance the purchase of recreational equipment within the City's four parks. Repayment of the note is through a debt levy.

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The ratio of net direct bonded debt to taxable valuation and the amount of direct bonded debt per capita are useful indicators of the City's debt position in relation to its management, citizens and investors. This data for the City of Grosse Pointe Woods at the end of the 2003-04 fiscal yeas was as follows:

	Amount	Taxable Value	Ratio of Net Due to Taxable Value	Net Debt Per Capita
Obligation debt	\$ 14,544,672	\$ 747,319,492	1.9%	\$ 851

The net debt per capital reflects a 5.8% increase over 2003-04 amount of \$804, however, this debt will decline when the City refunds its 1997 Recreation Bonds. Presently, the City is not contemplating issuing any General Obligation debt until fiscal year 2007.

The Outstanding General Obligation Bonds at June 30, 2004 of \$14,544,672 are considered as direct tax-supported debt. This includes \$45,000 remaining on a 1994 Building Authority Debt issue. The revenues bonds for water and sewer improvements are considered self-supporting (user charges) while the special assessment bonds are backed by the full faith and credit of the City.

The City of Grosse Pointe Woods has no record of bond default.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following issues/concerns were considered when formulating the 2004-05 annual budget(s).

- 1) State of Michigan budget issues.
- 2) Property tax revenues were expected to increase over 5.0% due to the increase in home improvements and property transfers.
- 3) Health care costs were once again expected to show an approximate 15% increase.
- 4) Settlement of all four of the City's Union bargaining groups.
- 5) Projected declines in investment income due to continuing falling interest rates.

CONTACTING THE CITY FINANCE DEPARTMENT

This financial report is designed to provide the citizens, taxpayers, investors, creditors and others with a general overview of the finances of the City. Questions concerning any information contained in this report or requests for additional information should be addressed to the attention of the Finance Director at the following address: City of Grosse Pointe Woods, 20025 Mack Plaza, Grosse Pointe Woods, MI 48236.

Statement of Net Assets

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	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Assets			
Current assets			
Cash and cash equivalents	\$ 14,534,822	\$ 2,732,192	\$ 17,267,014
Accounts receivable	758,057	908,461	1,666,518
Taxes receivable	284,202	-	284,202
Prepaid items	-	37,627	37,627
Internal balances	19,725	(19,725)	-
Due from agency fund	64	-	64
Accrued interest receivable	79,349	13,092	92,441
Total current assets	<u>15,676,219</u>	<u>3,671,647</u>	<u>19,347,866</u>
Fixed assets			
Land	1,439,899	-	1,439,899
Land improvements	-	1,522,567	1,522,567
Buildings and improvements	7,286,770	-	7,286,770
Furniture and equipment	2,306,393	-	2,306,393
Vehicles	3,653,333	-	3,653,333
Infrastructure	15,804,696	25,891,826	41,696,522
Total fixed assets	<u>30,491,091</u>	<u>27,414,393</u>	<u>57,905,484</u>
Accumulated depreciation	<u>(9,024,579)</u>	<u>(6,333,514)</u>	<u>(15,358,093)</u>
Net fixed assets	<u>21,466,512</u>	<u>21,080,879</u>	<u>42,547,391</u>
Total assets	<u>\$ 37,142,731</u>	<u>\$ 24,752,526</u>	<u>\$ 61,895,257</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 210,531	\$ 106,591	\$ 317,122
Accrued expenses			
Claims reserve	100,000	-	100,000
Compensation, benefits and related taxes	197,754	3,125	200,879
Accrued interest on long-term debt	102,986	41,436	144,422
Total current liabilities	<u>611,271</u>	<u>151,152</u>	<u>762,423</u>
Long-term debt			
Current portion due within 1 year	1,430,425	595,000	2,025,425
Long-term portion	13,114,247	5,704,574	18,818,821
Compensated absences	673,964	-	673,964
Total long-term debt	<u>15,218,636</u>	<u>6,299,574</u>	<u>21,518,210</u>
Total liabilities	<u>15,829,907</u>	<u>6,450,726</u>	<u>22,280,633</u>
Net assets			
Invested in capital assets, net of related debt	6,921,840	14,781,305	21,703,145
Restricted	6,541,005	-	6,541,005
Unrestricted	7,849,979	3,520,495	11,370,474
Total net assets	<u>\$ 21,312,824</u>	<u>\$ 18,301,800</u>	<u>\$ 39,614,624</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Activities
Year Ended June 30, 2004

Functions/ Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Totals
Primary government						
Governmental activities	\$ 124,418	\$ -	\$ -	\$ (124,418)	\$ -	\$ (124,418)
Legislative	313,281	-	-	(313,281)	-	(313,281)
Judicial	2,252,085	-	-	(650,944)	-	(650,944)
General government	4,933,399	1,555,162	45,979	(4,338,192)	-	(4,338,192)
Public safety	3,699,099	595,207	-	(3,471,160)	-	(3,471,160)
Public works	1,226,878	227,939	-	(1,226,878)	-	(1,226,878)
Solid waste	1,610,864	-	32,000	(1,430,108)	-	(1,430,108)
Recreation and culture	72,408	148,756	-	(52,100)	-	(52,100)
Municipal improvements	396,661	20,308	-	(396,661)	-	(396,661)
Interest and fees on long-term debt						
Total governmental activities	14,629,093	2,547,372	77,979	(12,003,742)	-	(12,003,742)
Business-type activities						
Water/Sewer	5,137,969	4,007,523	-	-	\$ (1,130,446)	(1,130,446)
Parking Utility Fund	377,288	325,378	-	-	(51,910)	(51,910)
Boat Dock Facility	199,823	178,704	-	-	(21,119)	(21,119)
Commodity Sales Fund	88,412	91,572	-	-	3,160	3,160
Total Business-type activities	5,803,492	4,603,177	-	-	(1,200,315)	(1,200,315)
Total primary government	20,432,585	7,150,549	77,979	(12,003,742)	\$ (1,200,315)	\$ (13,204,057)
General Revenues (Expenses)						
Property tax						
Intergovernmental revenues				\$ 12,285,813	\$ -	\$ 12,285,813
Investment earnings				2,607,456	-	2,607,456
Donations				438,694	69,055	507,749
Transfers in (out)				91,413	754,000	91,413
Total general revenues (expenses) and transfers				(754,000)	-	-
Change in net assets				14,669,376	823,055	15,492,431
				2,665,634	(377,260)	2,288,374
Net assets						
Beginning of year				18,647,190	18,679,060	37,326,250
End of year				\$ 21,312,824	\$ 18,301,800	\$ 39,614,624

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Balance Sheet
Governmental Funds
June 30, 2004

	<u>Major Fund</u>			Totals June 30, 2004
	General Fund	Wayne Combined Drain Fund	Non-Major Funds	
Assets				
Cash and cash equivalents	\$ 4,866,372	\$ 1,014,697	\$ 7,254,466	\$ 13,135,535
Due from other funds	78,180	400,077	109,726	587,983
Prepaid expenses	-	-	-	-
Accrued interest receivable	64,715	2,768	-	67,483
Investments, at fair value	-	-	-	-
Accounts receivable	584,462	-	173,595	758,057
Delinquent taxes receivable	188,187	96,015	-	284,202
Total assets	<u>\$ 5,781,916</u>	<u>\$ 1,513,557</u>	<u>\$ 7,537,787</u>	<u>\$ 14,833,260</u>
Liabilities and Fund Equity				
Accounts payable	\$ 124,010	\$ -	\$ 76,842	\$ 200,852
Due to other funds	575,078	-	18,116	593,194
Accrued wages and compensated absences	195,566	-	-	195,566
Total liabilities	<u>894,654</u>	<u>-</u>	<u>94,958</u>	<u>989,612</u>
Fund balances				
Reserved				
Reserved for debt service	-	1,513,557	2,184,748	3,698,305
Reserved for community programs	-	-	2,842,700	2,842,700
Unreserved				
Designated for insurance	300,000	-	-	300,000
Designated for subsequent years' expenditures	500,000	-	-	500,000
Designated for subsequent years' programs	-	-	2,415,381	2,415,381
Undesignated	4,087,262	-	-	4,087,262
Total equity and other credits	<u>4,887,262</u>	<u>1,513,557</u>	<u>7,442,829</u>	<u>13,843,648</u>
Total liabilities, equity and other credits	<u>\$ 5,781,916</u>	<u>\$ 1,513,557</u>	<u>\$ 7,537,787</u>	<u>\$ 14,833,260</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Assets
June 30, 2004

Total fund balances for governmental funds		\$ 13,843,648
Amounts reported for governmental activities in the Statement of Net Assets are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Land	1,439,899	
Buildings and improvements	7,286,770	
Furniture and equipment	2,166,826	
Infrastructure	15,804,696	
Accumulated depreciation	<u>(6,684,910)</u>	20,013,281
Internal Service Funds are used by management to charge the costs of certain activities such as workers compensation insurance and data processing systems. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.		2,732,517
Long-Term Bonded Debt it not due and payable in the current period and therefore is not reported in the funds. Interest payable on long-term debt and long-term compensated absence are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement.		
Bonds and notes payable	(14,499,672)	
Accrued interest payable	(102,986)	
Accrued compensated absences	<u>(673,964)</u>	<u>(15,276,622)</u>
Net assets of governmental activities		<u>\$ 21,312,824</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2004

	General Fund	Wayne Combined Drain Fund	Non-Major Funds	Totals June 30, 2004
Revenues				
Property taxes	\$ 7,728,334	\$ 3,017,989	\$ 1,539,490	\$ 12,285,813
State-shared revenues	1,656,709	-	950,747	2,607,456
Delinquent interest and collection fee income	276,548	-	-	276,548
Federal financial assistance	-	-	32,000	32,000
Other revenues	2,085,239	23,492	484,620	2,593,351
Investment income	162,146	-	-	162,146
Donations	-	-	91,413	91,413
Total revenues	<u>11,908,976</u>	<u>3,041,481</u>	<u>3,098,270</u>	<u>18,048,727</u>
Expenditures				
Current				
General government	2,187,028	-	-	2,187,028
Public safety	4,441,260	-	12,095	4,453,355
Public works	822,600	-	-	822,600
Parks and recreation	1,610,864	-	-	1,610,864
Administration	-	-	721,098	721,098
Street maintenance	-	-	1,953,454	1,953,454
Winter maintenance	-	-	36,977	36,977
Ambulance activities	-	-	207,762	207,762
Drain assessment	-	941,085	-	941,085
Contractual services	-	-	40,653	40,653
Other	-	13,157	161,267	174,424
Solid waste	-	-	1,226,878	1,226,878
Municipal improvement	-	-	263,374	263,374
Charges from Internal Service for use of equipment and supplies	-	8,000	181,500	189,500
Debt service				
Principal retirement	-	949,847	361,756	1,311,603
Interest and paying agent fees	-	275,257	127,037	402,294
Total expenditures	<u>9,061,752</u>	<u>2,187,346</u>	<u>5,293,851</u>	<u>16,542,949</u>
Revenues over (under) expenditures	2,847,224	854,135	(2,195,581)	1,505,778
Other financing sources (uses)				
Bond proceeds	-	-	2,175,000	2,175,000
Transfers in	160,000	-	3,174,690	3,334,690
Transfers out	(2,923,790)	(850,000)	(314,900)	(4,088,690)
Total other financing sources (uses)	<u>(2,763,790)</u>	<u>(850,000)</u>	<u>5,034,790</u>	<u>1,421,000</u>
Revenues and other financing sources over (under) expenditures and other uses	83,434	4,135	2,839,209	2,926,778
Fund balances				
Beginning of year	<u>4,803,828</u>	<u>1,509,422</u>	<u>4,603,620</u>	<u>10,916,870</u>
End of year	<u>\$ 4,887,262</u>	<u>\$ 1,513,557</u>	<u>\$ 7,442,829</u>	<u>\$ 13,843,648</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds to the Statement of Activities
Year Ended June 30, 2004

Net change in fund balance - total governmental funds		\$ 2,926,778
<p>Governmental funds report capital outlay as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Buildings and improvements	\$ 144,983	
Land improvements	19,032	
Furniture and equipment	26,951	
Infrastructure	1,291,691	
Depreciation expense	<u>(722,865)</u>	759,792
<p>Internal service funds are used by management to charge the costs of certain activities such as workers compensation and data processing services, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities</p>		
		(273,076)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets</p>		
Bond proceeds		(2,175,000)
Repayment of bond principal		1,311,603
Decrease in accrued interest on long-term debt		14,809
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Decrease in accrued compensated absences		<u>100,728</u>
Change in net assets of governmental activities		<u>\$ 2,665,634</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Net Assets
Proprietary Funds
June 30, 2004

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Major Funds Water/Sewer Utility Fund	Non-Major Enterprise Funds	Totals June 30, 2004	
Assets				
Current assets				
Cash and cash equivalents	\$ 2,408,209	\$ 323,983	\$ 2,732,192	\$ 1,399,287
Prepaid expenses	-	37,627	37,627	-
Due from other funds				75,000
Accrued interest receivable	9,298	3,794	13,092	11,866
Accounts receivable	32,744	-	32,744	-
Billed	306,907		306,907	-
Estimated unbilled	568,810	-	568,810	-
Total current assets	3,325,968	365,404	3,691,372	1,486,153
Net fixed assets	20,572,633	508,246	21,080,879	1,453,232
Total assets	\$ 23,898,601	\$ 873,650	\$ 24,772,251	\$ 2,939,385
Liabilities and Fund Equity				
Accounts payable	\$ 104,295	\$ 2,296	\$ 106,591	\$ 9,680
Interest payable	41,436	-	41,436	-
Due to other funds	9,725	10,000	19,725	50,000
Claims reserved	-	-	-	100,000
Accrued wages and compensated absences	3,125	-	3,125	2,188
Total current liabilities	158,581	12,296	170,877	161,868
Long-term debt				
Current portion due within one year	1,430,425	-	1,430,425	45,000
Long term portion	4,869,149	-	-	-
Total liabilities	6,458,155	12,296	6,470,451	206,868
Net assets				
Investment in capital assets, net of related debt	14,273,059	508,246	-	1,453,232
Unrestricted	3,167,387	353,108	3,520,495	1,279,285
Total net assets	\$ 17,440,446	\$ 861,354	\$ 18,301,800	\$ 2,732,517

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Revenues, Expenditures, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Major Funds Water/Sewer Utility Fund	Non-Major Enterprise Funds	Totals June 30, 2004	
Operating revenue				
Water sales and charges for services	\$ 3,915,305	\$ -	\$ 3,915,305	\$ -
Penalties	36,831	-	-	-
Fees and violations	-	160,815	160,815	-
Park violations	-	154,877	154,877	-
Dockings and launching fees	-	178,704	178,704	-
Commodity sales	-	91,572	91,572	-
Revenue, billings to other funds	-	-	-	985,000
Other revenues	55,387	9,686	65,073	51,006
Total operating revenues	4,007,523	595,654	4,603,177	1,036,006
Operating expenses				
Water and disposal charges	2,457,071	-	2,457,071	-
Operation and maintenance	365,090	439,291	804,381	375,812
Administration	1,090,944	60,775	1,151,719	570,499
Depreciation	513,923	47,957	561,880	342,588
Insurance expense and contractual services	-	-	-	30,972
Charges from internal service funds	200,000	91,500	291,500	26,000
Payments in lieu of taxes	300,000	26,000	326,000	-
Total operating expenses	4,927,028	665,523	5,592,551	1,345,871
Operating loss	(919,505)	(69,869)	(989,374)	(309,865)
Nonoperating revenues (expenses)				
Proceeds from sale of fixed assets	-	-	-	614
Investment income	64,663	4,392	69,055	-
Interest income	-	-	-	40,350
Interest and paying agent fees	(210,941)	-	(210,941)	(4,175)
Total nonoperating revenues (expenses)	(146,278)	4,392	(141,886)	36,789
Net loss before operating transfers	(1,065,783)	(65,477)	(1,131,260)	(273,076)
Operating transfers in (out)	770,000	(16,000)	754,000	-
Net loss	(295,783)	(81,477)	(377,260)	(273,076)
Net assets				
Beginning of year	17,736,229	942,831	18,679,060	3,005,593
End of year	\$ 17,440,446	\$ 861,354	\$ 18,301,800	\$ 2,732,517

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Major Funds			
	Water/Sewer Utility Fund	Non-Major Enterprise Funds	Totals June 30, 2004	
Cash flows provided by operating activities				
Cash received from customers	\$ 3,968,405	\$ 593,540	\$ 4,561,945	\$ (5,212)
Cash received from interfund services	-	-	-	960,000
Cash payments to suppliers	(4,350,713)	(145,162)	(4,495,875)	(1,007,666)
Cash payments to employees	(550,504)	(480,007)	(1,030,511)	-
Net cash used in operating activities	<u>(932,812)</u>	<u>(31,629)</u>	<u>(964,441)</u>	<u>(52,878)</u>
Cash flows provided by noncapital financing activities				
Operating transfers from other funds	770,000	-	770,000	-
Cash flows used in capital and related financing activities				
Acquisition from construction of capital assets	(2,963,534)	(19,710)	(2,983,244)	(111,930)
Gain from sale of fixed assets	-	-	-	614
Principal payments on revenue bond maturities	(552,688)	-	(552,688)	(45,000)
Interest payments on revenue bond maturities	(210,941)	-	(210,941)	(4,175)
Net cash used in capital and related financing activities	<u>(3,727,163)</u>	<u>(19,710)</u>	<u>(3,746,873)</u>	<u>(160,491)</u>
Cash flows provided by investing activities				
Interest and dividends on investments	64,663	4,392	69,055	40,350
Net decrease in cash and cash equivalents	<u>(3,825,312)</u>	<u>(46,947)</u>	<u>(3,872,259)</u>	<u>(173,019)</u>
Cash and cash equivalents				
Beginning of year	6,233,521	370,930	6,604,451	1,572,306
End of year	<u>\$ 2,408,209</u>	<u>\$ 323,983</u>	<u>\$ 2,732,192</u>	<u>\$ 1,399,287</u>
Operating income (loss)	\$ (919,505)	\$ (85,869)	\$ (1,005,374)	\$ (359,865)
Adjustments to reconcile operating income to (loss) net cash provided by operating activities				
Depreciation	513,923	47,957	561,880	342,588
Changes in				
Accounts receivable	(39,117)	7,012	(32,105)	(7,604)
Accrued wages	(55,829)	-	-	(4,457)
Accounts payable	(442,009)	(1,603)	(443,612)	1,460
Deferred revenues	-	(9,126)	(9,126)	-
Due to other funds	9,725	10,000	-	(25,000)
Total adjustments	<u>(13,307)</u>	<u>54,240</u>	<u>40,933</u>	<u>306,987</u>
Net cash used in operating activities	<u>\$ (932,812)</u>	<u>\$ (31,629)</u>	<u>\$ (964,441)</u>	<u>\$ (52,878)</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	Pension Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 461,187	\$ 10,538
Investments, at fair value		
U.S. government obligations	6,738,452	-
Corporate bonds	6,669,458	-
Stocks	18,617,956	-
Accrued interest receivable	141,761	-
Total assets	<u>\$ 32,628,814</u>	<u>\$ 10,538</u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 199,548	\$ -
Due to other funds	-	64
Court bonds payable	-	10,474
Total liabilities	<u>199,548</u>	<u>10,538</u>
Net assets held in trust for pension benefits	<u>\$ 32,429,266</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds – Pension Trust Funds
Year Ended June 30, 2004

	Pension Trust Funds
Additions	
Investment income (loss)	
Net appreciation in fair value of investments	\$ 2,050,783
Interest and dividends	959,912
Total investment income	<u>3,010,695</u>
Contributions	
Employer	737,143
Employee	284,593
Total additions	<u>4,032,431</u>
Deductions	
Employee refunds	136,147
Pension payments	1,703,819
Health care benefit payments	910,665
Commission expense	8,891
Administrative fee	200,946
Total deductions	<u>2,960,468</u>
Net increase	1,071,963
Net assets held in trust for pension benefits	
Beginning of year	<u>31,357,303</u>
End of year	<u>\$ 32,429,266</u>

The accompanying notes are an integral part of these financial statements.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2004

1. Reporting Entity

The City of Grosse Pointe Woods, Michigan (the "City") was incorporated as a home rule village on January 4, 1927 and as a home rule City on December 11, 1950. The City has a population of 17,089 per the 2000 census and encompasses 3.2 square miles. The City is located approximately 10 miles north of downtown Detroit and is over 95% residential. There are no major industries or corporations located within the City limits. The City, with a summer work force of approximately 300 employees, is the largest employer. The City operates under a City Charter, which provides for the election of a Mayor/Council who then appoints a City Administrator, City Clerk, City Comptroller and City Assessor.

The City provides a complete range of municipal services, which includes but is not limited to public safety, highways and streets, sanitation, water and sewer maintenance, building and code enforcement, parks and recreation, public improvements, planning and zoning, and general administration. A library and local school system operate under an independent government authority.

The financial statements of the City have been prepared in accordance with generally accepted accounting principles ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. Pronouncements of the Financial Accounting Standards Board ("FASB") issued after November 30, 1989 are not applied during the preparation of the financial statements of the enterprise fund types in accordance with GASB Statement No. 20. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may or may not be financially accountable and, as such, be includable within the City's financial statements. In accordance with GASB Statement No. 14, the City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will and policies on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Due to its relationship with the primary government, the Grosse Pointe Woods Building Authority ("the Authority") is presented as a blended component unit.

Commissioners of the Authority are appointed by the City Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its primary purpose is to issue general obligation bonds to finance major capital construction projects for used by the City as approved by the Mayor and Council.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2004

The activities of the Grosse Pointe Public School System have been properly excluded from the City's financial statements since the City only serves as a property tax collection agent for the school system and is not responsible for administrative fiscal matters. Furthermore, the activities of the school system are conducted in neighboring cities and offered to residents of those cities, as well as to the residents of the City of Grosse Pointe Woods. No other organizations, which were considered for inclusion in this report, have been excluded.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances/net assets, revenues and expenditures/expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with applicable state laws, regulations, City Charter and/or the City Code.

Basic Financial Statements – GASB Statement No. 34

Significant changes required by GASB Statement No. 34 including the following:

- A Management's Discussion and Analysis (MD&A) section that provides an analysis of the City's overall financial position and results of operations has been included with the financial statements.
- The preparation of government-wide financial statements using the full accrual basis of accounting for all activities of the City.
- Focus on the City as a whole in the government-wide financial statements and on the City's major funds in the fund financial statements.
- Capitalization and depreciation of capital assets previously reported in the General Fixed Assets Account Group.
- Recording of long-term debt in the government wide statement of net assets and elimination of the general long-term debt account group.

The activities of the City are categorized as either governmental or business-type in both the government-wide and fund financial statements. The majority of the City's activities are governmental activities and are supported primarily by property taxes, charges for services and intergovernmental revenues while business-type activities are supported by fees and charges for services. For the most part, the effect of interfund activity has been eliminated from these statements. However, interfund activity between governmental activities and business-type activities has not been eliminated so as to not distort the direct costs and program revenues of the various functions.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
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The *government-wide financial statements* report information on the City as a whole. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period and consist of the *Statement of Net Assets* and the *Statement of Activities*.

The Statement of Net Assets presents information on all of the assets and liabilities of the City, with the difference between the two reported as Net Assets. Net assets are classified into one of three categories for accounting and financial reporting purposes:

- Invested in capital assets, net of related debt. This category represents the cost of the City's capital assets, net of accumulated depreciation and reduced by any outstanding debt used to acquire those assets.
- Restricted. Assets are considered restricted when constraints are placed on their use by external sources such as creditors and grantors, or imposed by statute.
- Unrestricted. Net assets that do not meet the definition of the two preceding categories are considered unrestricted and can be used for new spending. Designations are often placed upon unrestricted net assets to indicate that internal restrictions have been placed upon their use. However, designations differ from restrictions in that they may be subsequently removed or modified by management or the City Council.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues are segregated into three categories: charges for services, operating grants and capital grants. Charges for services are those revenues generated from charges to customers or applicants who purchase, use or directly benefit from the goods and services provided by a given function or segment. Operating and capital grants are those restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not specifically associated with a particular program are reported as general revenues in the Statement of Activities.

Fund financial statements report information at the individual fund level and are, in substance, very similar to the financial statements presented in the previous financial reporting model. The focus of the fund financial statements is on the major funds of both governmental and business-type activities. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the basic financial statements and are detailed in the supplementary information. Funds are classified as governmental, proprietary or fiduciary. The fiduciary funds are included in the fund financial statements but are excluded from the government-wide financial statements since these assets are being held for the benefit of third parties and are not available to support the activities or obligations of the City.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
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The City reports the following major governmental funds:

- The General Fund is the chief operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund.
- Wayne Combined Drain Fund is a debt service fund. This fund accumulates resources for the payment of the city's pro-rata share of the Wayne County bonds related to the replacement and operation of the Milk River Drain Facility.
- Water and Sewer Utility Fund accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, financing and related debt service.

Financial information regarding the City's Internal Service Funds is presented in summary form as part of the proprietary fund financial statements. Since the principal users of the services of these funds are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental activities in the entity-wide financial statements. Surpluses or deficits of the internal service funds are allocated back to the governmental activities within the government-wide financial statements.

2. Basis of Presentation – Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The funds of the City are classified into three broad categories: governmental, proprietary and fiduciary.

The funds are grouped into three fund types and nine generic funds as described below:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

General Fund

This fund is established to account for resources devoted to financing the general services that the City undertakes for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

Special Revenue Funds

These funds are established to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditures for specified purposes.

City of Grosse Pointe Woods, Michigan
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Debt Service Fund

The Debt Service Fund is used to account for revenues received and used to pay principal and interest on the City's long-term debt.

Capital Projects Funds

These funds are used to account for the acquisition or construction of major capital facilities/equipment other than those financed by Proprietary Funds.

Proprietary Fund Types

These funds account for operations that are organized to be self-supporting through user charges. The funds included in this category are the Enterprise Funds and Internal Service Funds.

Enterprise Funds

These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds

These funds are established to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Fiduciary Fund Types:

Pension Trust Fund

These funds are used to account for assets held by the City in a trustee capacity.

Agency Funds

Funds that reflect the activities of the City acting as an agent for other governmental units or designated others. Agency Funds are, by nature, custodial; therefore, operational results are not measured.

3. Significant Accounting Policies

Measurement Focus and Basis of Accounting – Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements.

The governmental-wide financial statements as well as the financial statements of the proprietary funds and pension trust funds are accounted for using the full accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred without regard to the receipt or payment of cash or its equivalent.

City of Grosse Pointe Woods, Michigan
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The governmental fund financial statements are prepared using the modified accrual basis of accounting. Revenues of governmental funds are recognized when they become both measurable and available. "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Federal grants, state distributions and grants, property taxes and interest earned are accrued since they are measurable and available. Special assessments are recognized as revenues only to the extent that individual installments are due within one year. Licenses and permits, fines and forfeitures and other revenues are recorded when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, with the exception of principal and interest on general long-term debt, which is recognized when due. The majority of the funds of the City are accounted for using the modified accrual basis of accounting. Because the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is provided after each governmental fund financial statement which briefly explains the adjustments necessary to reconcile the fund financial statements to the government-wide financial statements.

Budgets and Budgetary Accounting

The City Administration is required by City Charter to prepare and submit an annual budget to the City Council by the first Monday in April. A comprehensive budget is prepared for the General, Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Funds. Budgets are prepared on the same basis of accounting as that used to record actual results, and are adopted by the City Council (Third Monday in May) as required by the Department of Treasury. During the current year end the City Comptroller included utilization of a portion of the prior year's fund balance as a means to balance the budget within the General, Special Revenue, Debt Service and Capital Projects Fund. The City budgets all funds in accordance with generally accepted accounting principles.

Except for expenditures, which are to be financed by the issuance of bonds, installment notes or for other purposes not allocated to a budget appropriation, no money may be drawn from the treasury of the City without an approved appropriation. Also no obligation incurring the expenditure of money may be incurred without an appropriation covering all payments, which will be due under such obligation in the current fiscal year. The City Council, by resolution, may transfer any unencumbered appropriation balance, or any portion thereof, from one department, fund or agency to another. The City Council must also approve any revisions to the total budget appropriation. In the case of an emergency endangering the public health, peace or safety, the Council may make additional appropriations to cover unanticipated expenditures required by the City because of such emergency. No such appropriations were made during the year ended June 30, 2004. The Mayor and City Council, in accordance with the City Charter, legally adopt budgets by the third Monday in May prior to the beginning of the new fiscal year. The budgets are approved on a departmental basis for the General Fund (general government, public safety, public services and parks and recreation) and on an individual fund basis for Special Revenue, Debt Service and Capital Project Funds.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
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The City Comptroller, subject to approval by the Mayor and Council, performs reallocations of previously approved budgeted amounts to individual accounts. All budgets lapse at the end of the City's fiscal year. The accompanying budgetary comparison statements include all governmental fund types for which the City adopts separate budgets. Upon its adoption, the budget document, is made available to the general public via the local newspaper and through the City Clerk's office.

Encumbrances

Encumbrance accounting is used to record the commitments for purchase orders and contracts in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. All budget appropriations lapse at the end of each fiscal year.

Fund Equity

Reserves represent those portions of fund equity not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Cash

Cash in excess of current operating requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

Investments

Investments held at June 30, 2004 are stated at fair value in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investments Pools". Several individual funds as of June 30, 2004 held Government Securities that had final maturity dates in excess of one year.

Fixed Assets

Fixed assets are stated at cost or, if donated, fair market value at the date of donation. Expenditures that materially extend the useful life of existing properties are capitalized. All costs relating to the construction of facilities are capitalized, including salaries, employee benefits and bond interest costs (within the proprietary funds only). In accordance with GASB 34 the City has compiled a detailed inventory of all capital assets for which it is responsible for its maintenance and repair. This is in addition to those assets that have been accounted for separately within the Business Type Activities and Internal Service Funds. These assets that previously were not depreciated are recorded depicting useful life and accumulated depreciation and are categorized by 5 distinct classifications. The City has adopted as of July 1, 2004 a capitalization policy of \$5,000 for an item or a class of items can be included as a fixed asset.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
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Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives for the following classes of assets are:

Asset	Life in Years
Water lines	50
Street/Parking lots	40
Parking meters	10
Boat docks	10
Seawalls	50
Buildings and structures	25
Vehicles	3-7
Furniture and equipment	5
Improvements	10-20

Compensated Absences

Employees may accumulate unused sick and vacation leave up to certain allowable limits. A percentage of unused sick/vacation leave is paid to employees, upon written request depending on union affiliation, termination, retirement or death.

The City's policy is to accrue in the Governmental funds, the portion of the liability for compensated sick and vacation time, which is expected to be paid with expendable available financial resources. The portion of the vested liability which is not expected to be paid with expendable available financial resources is recorded in the Government wide statements as a long-term liability.

Cash Equivalents

For purposes of the Combined Statement of Cash Flows, the Business Type Activities and Internal Service funds consider all highly liquid investments (including restricted assets) with an original maturity of three months or less from date of purchase to be cash equivalents.

Self-Funded Insurance

In 1995, the City established the Workers Compensation Fund (an Internal Service Fund) to account for and finance its uninsured risks of loss for Workmen's Compensation Claims. Under this program, the Workers Compensation Fund provides coverage for up to a maximum of \$350,000 for each worker's compensation claim. After which, the City is reinsured up to a maximum of \$20 million for claims in excess of coverage provided by the fund. As of June 30, 2004, the City had accumulated net assets of \$724,953 to pay claims in excess of an estimated \$100,000, which had been reserved to finance anticipated costs for expenses not yet reported. Since becoming self-insured, the City has not experienced or had to reserve for monetary loss where the dollar value has exceeded either coverage or loss fund limits.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
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All funds, which account for labor costs, participate in the program and make payments to the Workers Compensation Fund to cover actuarial estimates of the amounts needed to pay current-year claims. The claims liability of \$100,000 reported in the fund at June 30, 2004 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicate that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

This liability includes an amount for claims that have been incurred but not reported (I.B.N.R.). Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. The City's coverages are reviewed on a yearly basis and increased where necessary.

**Changes in Estimated
Workers Compensation
Claims Reserve
are as follows**

	<u>2004</u>	<u>2003</u>
Beginning balance	\$ 150,000	\$ 150,000
Change in estimate	245,738	136,297
Claim payments	(295,738)	(136,297)
Ending balance	<u>\$ 100,000</u>	<u>\$ 150,000</u>

Use of Estimates

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

4. Deposits and Investments

Deposits

At year-end, the carrying amount of the City's cash and cash equivalents for all funds including retirement funds was \$17,728,201 and the bank balance was \$18,836,504. Of the bank balance, \$10,806,000 was covered by federal depository insurance and \$8,030,504 remained uninsured and uncollateralized.

All nonpension fund investments of the City are invested only with highly rated Michigan banks or financial institutions and invested in compliance with P.A 20 per the City's Investment policy. Council approval is needed before the City Treasurer May initially invest funds with a financial institution and an annual report is required from all institutions that the City invests monies with.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2004

Investments

Michigan statutes authorize the City to invest in obligations of the U. S. Treasury, agencies and instrumentalities, commercial paper rated A-2 by Standards & Poor's Corporation or P-2 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements and reverse repurchase agreements. Pension Trust Funds are authorized to invest in corporate stocks, corporate bonds, diversified investment companies, certain real estate offerings and mutual funds. All pension investment transactions must fall within the confines of Michigan Public Act 55, which regulates the purchases of securities and other long-term investment instruments.

Investments made by the City are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1 Insured or registered, with 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.
- 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.

	Category			Fair Value
	1	2	3	
U.S. government securities	\$ 6,738,452	\$ -	\$ -	\$ 6,738,452
Corporate bonds	6,669,458	-	-	6,669,458
Corporate stocks	18,617,956	-	-	18,617,956
	<u>\$ 32,025,866</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,025,866</u>

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
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5. Fixed Assets

Capital Assets

An analysis of property and equipment as reported in the Statement of Net Assets, and related accumulated depreciation, at June 30, 2004 for governmental activities follows:

Governmental Activities	Balance, July 1, 2003	Additions	Disposals	Balance, June 30, 2004	Internal Service Funds
Capital assets, not being depreciated					
Land	\$ 1,439,899	\$ -	\$ -	\$ 1,439,899	\$ -
Total capital assets, not being depreciated	1,439,899	-	-	1,439,899	-
Capital assets, being depreciated					
Land improvements	3,132,492	19,032	-	3,151,524	-
Buildings	3,990,263	144,983	-	4,135,246	-
Equipment and vehicles	2,139,874	26,951	-	2,166,825	3,792,901
Infrastructure	14,513,005	1,291,691	-	15,804,696	-
Total capital assets, being depreciated	23,775,634	1,482,657	-	25,258,291	3,792,901
Less: Accumulated depreciation					
Land improvements	1,150,744	106,764	-	1,257,508	-
Infrastructure	2,270,590	407,213	-	2,677,803	-
Buildings	1,882,059	83,351	-	1,965,410	-
Equipment and vehicles	658,652	125,537	-	784,189	2,339,669
Total accumulated depreciation	5,962,045	722,865	-	6,684,910	2,339,669
Total capital assets, being depreciated, net	17,813,589	759,792	-	18,573,381	1,453,232
Governmental activity capital assets, net	<u>\$ 19,253,488</u>	<u>\$ 759,792</u>	<u>\$ -</u>	<u>\$ 20,013,280</u>	<u>\$ 1,453,232</u>

The components of fixed assets for enterprise funds at June 30, 2004 are summarized as follows:

	Enterprise Funds
Improvements other than buildings	<u>\$ 27,414,393</u>
Less: Accumulated depreciation	<u>27,414,393</u> <u>(6,333,514)</u>
	<u>\$ 21,080,879</u>

Depreciation was allocated in the governmental activities as follows:

General government	\$ 40,180
Public safety	207,762
Public works	474,923

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2004

6. Long-Term Debt

Changes in long-term liabilities of the City for the year ended June 30, 2004 and debt service to maturity for bonds and contract payable were as follows:

Type of Security and Description of Issue	Date of Issue	Amount Authorized and Issued	Amount Outstanding at July 1, 2003	Additions	Reductions	Amount Outstanding at June 30, 2004	Interest Rates	Maturity Dates
General Obligation Bonds								
1997 Park Improvement Bonds	03/01/97	\$ 3,950,000	\$ 2,745,000	\$ -	\$ (310,000)	\$ 2,435,000	3.7 to 5.0%	Refunded 10/1/04 to 10/01/2009
2000 Park Installment Note	09/14/00	200,530	107,182	-	(51,756)	55,426	4.9 to 5.05%	08/01/2004
2003 Recreation Refunding Bonds	06/01/03	2,175,000	-	2,175,000	-	2,175,000	1.1% to 3.55%	10/1/2003 to 10/1/2009
Contract - Wayne County Drain Commission, Wayne County Combined Drain Bonds								
	Various	19,208,696	10,784,094	-	(949,848)	9,834,246	Various	11/01/92 to 11/01/95 to 08/01/04
			13,636,276	2,175,000	(1,311,604)	14,499,672		
Building Authority Fund Bonds	01/01/94	350,000	90,000	-	(45,000)	45,000	6.3 to 6.5%	08/01/95 to 08/01/04
Other long-term liabilities, accrued compensated absences			774,692		(100,728)	673,964		
Total General Long-Term Governmental Activities								
			14,500,968	2,175,000	(1,457,332)	15,218,636		
Enterprise Fund								
1987 Revenue Bonds	05/01/87	2,020,000	795,000	-	(185,000)	610,000	2.5 to 4.6%	11/01/92 to 11/01/06
2003 Revenue Bonds	06/03/03	5,300,000	5,300,000			5,300,000	2.2 to 4.0%	11/01/02 to 11/01/22
2000 Installment Note	09/14/00	1,409,470	757,262	-	(367,688)	389,574	4.9 to 5.05%	08/01/00 to 08/01/04
Total Long-Term Debt								
			\$ 21,353,230	\$ 2,175,000	\$ (2,010,020)	\$ 21,518,210		

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2004

	2003 Park Refunding	2000 Park Installment Note	Wayne County Combined Drain Bonds	1987 Revenue Bonds	2003 Revenue Bonds	2000 Water Meter Installment Note	Building Authority Bonds	Total
2005	\$ -	\$ 56,826	\$ 1,219,471	\$ 227,945	\$ 173,829	\$ 399,411	\$ 46,125	\$ 2,123,607
2006	-	-	1,218,781	209,048	173,829	-	-	1,601,658
2007	-	-	1,218,996	214,830	173,829	-	-	1,607,655
2008	-	-	1,221,084	-	421,016	-	-	1,642,100
2009	-	-	1,224,895	-	420,176	-	-	1,645,071
2010	-	-	1,221,465	-	423,835	-	-	1,645,300
2011	-	-	1,225,119	-	426,741	-	-	1,651,860
2012	-	-	1,229,746	-	423,760	-	-	1,653,506
2013	-	-	1,236,773	-	425,029	-	-	1,661,802
2014	-	-	-	-	430,732	-	-	430,732
2015	-	-	-	-	431,044	-	-	431,044
2016	-	-	-	-	435,760	-	-	435,760
2017	-	-	-	-	434,660	-	-	434,660
2018	-	-	-	-	437,799	-	-	437,799
2019	-	-	-	-	445,019	-	-	445,019
2020	-	-	-	-	446,245	-	-	446,245
2021	-	-	-	-	446,534	-	-	446,534
2022	-	-	-	-	450,759	-	-	450,759
2023	-	-	-	-	453,789	-	-	453,789
2024	2,255,867	-	-	-	-	-	-	2,255,867
Less: Interest	2,255,867	56,826	11,016,330	651,823	7,474,385	399,411	46,125	21,900,767
	(155,867)	(6,063)	(1,457,340)	(73,209)	(2,333,728)	(38,703)	(4,500)	(4,069,410)
	\$ 2,100,000	\$ 50,763	\$ 9,558,990	\$ 578,614	\$ 5,140,657	\$ 360,708	\$ 41,625	\$ 17,831,357

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2004

7. Contingent Liabilities

There are various legal actions and claims pending against the City. In the opinion of City management and their attorneys, the ultimate liability, if any, with respect to these matters will not materially affect the financial position of the City.

8. Interfund Balances and Transfers

The following reconciles the City's due to and due from and transfer in/out:

	Due From Other Funds	Due To Other Funds
General	\$ 78,180	\$ 575,078
Agency Fund	-	64
Wayne County Drain	400,077	-
Local Street	100,000	-
Act 302 Training Fund	-	2,000
Grants Fund	-	16,116
2000 Recreation Installment Note Fund	9,726	-
Water Sewer Fund	-	9,725
Commodity Sales Fund	-	10,000
Management Information	75,000	-
Building Authority	-	50,000
	<u>\$ 662,983</u>	<u>\$ 662,983</u>

9. Retirement System

Description

The City has a contributory single employer defined benefit pension plan ("City of Grosse Pointe Woods Employees Retirement System" or the "System") which covers substantially all full-time employees. Total payroll expenditures for employees covered by the System for the year ended June 30, 2004 were \$5,024,624, including \$2,597,001 for General employees and \$2,427,623 for Public Safety employees. Total cash basis payroll expenditures for all employees for the year ended June 30, 2004 were \$6,580,313. Transactions in connection with City and employee contributions, pension payments to retirees or their beneficiaries and the management, investment and related cost of overseeing of the System's assets are accounted for on the accrual basis in the Pension Trust Fund of the City. All contributions are recognized when the Funds are transferred by the City to the Pension Funds.

All City employees, working at least 1,200 hours per year, are eligible to participate in the System. All benefits and refunds of participant contributions are recognized when due and payable upon approval from City Council. Employees vest after 10 years of service with special provisions for death and disability (duty and non-duty) benefits. As of June 30, 2004, 79 retirees or beneficiaries were receiving benefit payments and healthcare coverage. The System has 98 active members (of which 41 were fully vested and the remainder partially vested). Benefit payments are computed based on years of service, final average compensation and an annual percentage factor, which is a negotiable item with the various unions. The City and covered employees are required to make

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2004

contributions in accordance with the Retirement System Ordinance (5% for General Employees and 6% for Public Safety Employees). The Retirement System Ordinance in compliance with the various union agreements establishes the various medical and life benefits to be paid by the System. Both the union and the City Administration must agree upon any benefit changes with final approval by the Mayor and Council. The City utilizes the actuarial firm of Gabriel, Roeder, Smith and Company to perform an annual review of the Retirement System as well as to provide other actuarial services, as requested.

The Supplemental Annuity Fund, a single employer plan, is an additional benefit that is paid to eligible retirees based upon their total years of service with the City at the date of their retirement. Amounts paid to the retiree range from \$3,000 annually for 10 years of service to \$4,800 maximum for 25 years of service. The Supplemental Annuity Fund was established as a negotiable item within the various union contracts. Supplemental annuity benefits were discontinued for all Public Safety employees effective January 1, 1995. The monies transferred by the City to the Supplemental Annuity Fund are done subsequent to an actuarial review performed by Gabriel, Roeder and Smith. The City pays 100% of the contributions made to the Plan.

Contributions

The System's funding policy provides for monthly General Fund contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using the entry age actuarial funding method. Assets in excess of the net pension obligation are being amortized as a level percent of payroll over a period of 11 years (19 years of supplemental annuity). Significant actuarial assumptions used to compute contribution requirements were the same as those used to compute the standardized measure of the net pension obligation.

During the year ended June 30, 2004, contributions totaling \$818,736 were made, including \$534,143 by the City and \$284,593 by its employees. The recommended percent of payroll contribution by the City for the fiscal year 2003-04 consisted of \$562,182 for normal cost and a credit of \$712,994 for amortization of the unfunded actuarial accrued liability. An alternative method of contributions is the actuarially determined contributions, which requested \$0 for general members and Public Safety employees for pension benefits. However, since the City has continuously funded its health care benefits for its retirees on a pay as you go basis the excess credit is used to reduce the health care expenditure. In addition to the actuarial credit the City contributed \$534,143 that was used for health care purposes. As a percent of payroll the City contributes \$12.54% for all of its covered employees. The employees' and City's contributions represented 5.0% and 0.0%, respectively, of annual covered payroll for all General Employees and 6.0% and 2.07% for the Public Safety employees.

In addition, the City contributed \$203,000 to the employees Supplemental Annuity Fund.

The City didn't have an outstanding net pension obligation as of 6/30/04. The City's financial policy states that the City will contribute the annual required contribution unless the Mayor and City Council denote otherwise during the budget process.

The City's Retirement Board does not issue a separate independent financial report for either the pension plan or supplemental annuity plan.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
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In addition to providing pension benefits, as stipulated by Ordinance 543 of the City Code, the City provides health and dental care benefits for retired employees and their eligible dependents. The City of Grosse Pointe Woods is the administrator of the Plan. All of the City's full-time employees may become eligible for these benefits if they reach normal retirement age or are granted a disability pension while working for the City. The cost of providing medical benefits for 93 retirees for the year ended June 30, 2004 totaled \$694,050.

10. Tax Calendar

The assessed and equalized valuations of taxable property is determined as of December 31st of each year and is the basis upon which property taxes are levied during the succeeding fiscal year. The passage of Proposal A in March 1994 radically changed the methodology utilized by the City in deriving property values therefore affecting tax collections. Property tax levies are based on taxable value instead of state equalized value. Prior to the revision in the Tax Act, tax levies were computed on a property's "S.E.V." which approximated 50% of the property's market value. Proposal A capped the taxable value of each parcel of property, adjusted for additions and losses, at the previous year's rate of inflation or 5% whichever is less, until the property is sold or transferred. When ownership of a parcel of property is transferred, the taxable value and the state equalized value are readjusted to 50% of true cash value the first calendar year following the sale.

The Mayor and City Council by Charter may levy up to 20 mills for maintenance and operations of the City. Passage of the Headlee Act, effective December 23, 1978, made it necessary for the City to reduce its total authorized operating millage from 20 mills to 14.3764 mills. The millage rate levied by the City for fiscal year 2003-04 was as follows:

July 1 - 2003 Summer	\$ 13.03
December 1 - 2003 Winter	3.54
Subtotal	<u>\$ 16.57</u> mills

The tax levy of the City is established by the City Council. The assessment of all properties is performed by the City Assessor and validated by Wayne County Department of Equalization. By Charter, the City Treasurer is responsible for the collection and distribution of tax monies.

The property tax calendar for revenues billing received and accrued for the fiscal year ended June 30, 2004 is shown as follows:

	Summer	Winter
Valuation date	December 31, 2002	December 31, 2002
Public hearing date to adopt mileage	Third Monday - May	
Tax bills due and payable (lien date)	July 1, 2002	December 1, 2003
Tax bills due without penalty	September 15, 2003	February 14, 2004
Last day taxes payable at City	February 28, 2004	February 28, 2004

After February 29th, 2004 all real property taxes were payable at the Wayne County Treasurer's office. The City Treasurer is mandated by law to collect all unpaid personal property taxes as of March 1st with additional interest and penalties as prescribed by State Statute.

City of Grosse Pointe Woods, Michigan
Notes to Financial Statements
June 30, 2004

11. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosure in the general-purpose financial statements of certain information relating to individual funds as presented.

The City utilizes a percentage of prior year equity, when sufficient, to provide a balanced budget in certain individual funds. As of June 30, 2004 the City had no funds aside from the Building Authority that had a deficit in either its Fund Balances or Unrestricted Net Assets.

Building Authority (\$125,214): The deficit in the Building Authority Fund represents an initial transfer of capital assets (1993 parking facility) to the Parking Meter Utility Fund. The reduction of this deficit will coincide with the annual maturity of the bonds outstanding through a budgeted transfer of funds from the Parking Meter Utility Fund. The deficit will be fully eliminated as of December 2004 coinciding with the final bonded debt payment.

12. Deferred Compensation Plan

The City offers its employees a Deferred Compensation Plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan is available to all full time city employees, which permits them to defer a portion of their salary until future years. Payment of the deferred compensation is not available to employees until retirement, death or unforeseeable emergency. As of June 30, 2004 employees who had elected to participate in the plan had contributed \$2,420,313.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are solely the property and rights of the individual participants.

In accordance with GASB Statement No. 32, all the assets held in trust were removed from the financial statements as the City no longer has legal control over the Plan assets.

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
REQUIRED SUPPLEMENTARY INFORMATION**

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Schedule of Funding Progress
Pension Plan

(dollar amount in thousands)
June 30, 2004

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Liability (AAL) Attained Age	(b)-(a) Unfunded AAL (UAAL)	(a)/(b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percent of Covered Payroll
1995	\$ 22,757	\$ 20,395	\$ (2,362)	111.6 %	\$ 3,649	0.0 %
1996	24,251	20,348	(3,903)	119.2 %	3,588	0.0 %
1997	26,876	20,533	(6,343)	130.9 %	3,882	0.0 %
1998	30,018	22,403	(7,615)	134.0 %	4,305	0.0 %
1999	33,785	26,108	(7,677)	129.4 %	4,426	0.0 %
2000	36,943	27,097	(9,846)	136.3 %	4,553	0.0 %
2001	38,298	29,108	(9,190)	136.6 %	4,853	0.0 %
2002	37,739	30,427	(7,312)	124.0 %	5,058	0.0 %
2003	35,745	32,137	(3,608)	111.2 %	4,970	0.0 %

Summary of actuarial Methods and Assumptions

Valuation date	June 30, 2004
Actuarial cost method	Entry age. Actuarial cost method
Amortization method	Level percent of payroll, closed
Remaining amortization period	11 years
Asset valuation method	4 year Smoothed Market value
Actuarial assumptions	
Investment rate of return*	8.0%
Projected salary increase*	5-5% - 9.3%
Assumed payroll growth	5.5%
Cost-of-living adjustments	2.5% - compound

*includes inflation at 5.0%

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Schedule of Employer Contributions (Pension Plan)
Pension Plan Except for Health Insurance
 (dollar amount in thousands)
June 30, 2004

Fiscal Year Beginning July 1	Annual Required Contribution	Annual Contributions*	Percentage Contributed	Net Pension Obligation
1995	\$ 338,282	\$ 336,165	99%	\$ -
1996	400,188	375,192	94%	-
1997	272,760	214,343	79%	-
1998	179,261	175,441	98%	-
1999	75,147	79,786	106%	-
2000	-	77,798	**	-
2001	-	261,297	**	-
2002	-	39,549	**	-
2003	-	-	0%	-

** No annual requirement for the fiscal year, however, contributions have been made on behalf of the City.

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Schedule of Funding Progress
Supplementary Annuity Fund
(dollar amount in thousands)
June 30, 2004

(a) Actuarial Valuation Date	(b) Actuarial Liability (AAL) Attained Age	(b)-(a) Unfunded AAL (UAAL)	(a)/(b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percent of Covered Payroll
1996	\$ 514	\$ 1,596	24.4 %	\$ 3,588	44.5 %
1997	592	1,499	28.3 %	3,882	38.6 %
1998	690	1,473	31.9 %	4,305	34.2 %
1999	760	1,599	32.2 %	4,426	36.1 %
2000	739	1,667	30.7 %	4,553	36.6 %
2001	712	1,751	28.9 %	4,853	36.1 %
2002	642	1,933	24.9 %	5,058	38.2 %
2003	581	2,058	22.0 %	4,970	53.1 %

Summary of actuarial Methods and Assumptions

Valuation date	June 30, 2004
Actuarial cost method	Entry age. Actuarial cost method, level dollar
Amortization method	Level dollar, closed
Remaining amortization period	20 years
Asset valuation method	Market Value
Actuarial assumptions	
Investment rate of return*	8.0%
Projected salary increase*	5-5% - 9.3%
Assumed payroll growth	5.5%
Cost-of-living adjustments	2.5% - compound for retirees after June 30, 1990

*includes inflation at 5.0%

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Schedule of Employer Contributions
Supplemental Annuities
(dollar amount in thousands)
June 30, 2004

Fiscal Year Beginning July 1	Annual Required Contribution	Annual Contributions*	Percentage Contributed	Net Pension Obligation
1995	\$ 246,796	\$ 157,350	64%	\$ -
1996	156,590	171,600	110%	-
1997	160,219	191,250	119%	-
1998	155,713	176,500	113%	-
1999	158,250	178,500	113%	-
2000	173,639	205,000	118%	-
2001	173,282	202,000	117%	-
2002	193,418	193,006	100%	-
2003	215,888	203,000	94%	-

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
June 30, 2004

	General Fund			Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues				
Property taxes	\$ 7,726,000	\$ 7,726,000	\$ 7,728,334	\$ 2,334
Intergovernmental revenues	1,855,000	1,855,000	1,656,709	(198,291)
	<u>9,581,000</u>	<u>9,581,000</u>	<u>9,385,043</u>	<u>(195,957)</u>
Delinquent interest and collection fee income	273,000	273,000	276,548	3,548
Other revenues				
Traffic violations and court fees	565,000	565,000	595,207	30,207
Licenses and permits	480,000	480,000	820,338	340,338
Public service administration charge	330,000	330,000	326,000	(4,000)
Miscellaneous income	350,000	350,000	505,840	155,840
Total other revenues	<u>1,725,000</u>	<u>1,725,000</u>	<u>2,247,385</u>	<u>522,385</u>
Operating transfer in	160,000	160,000	160,000	-
Total revenues and other financing sources	<u>\$ 11,739,000</u>	<u>\$ 11,739,000</u>	<u>\$ 12,068,976</u>	<u>\$ 329,976</u>

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
June 30, 2004

	General Fund			Variance with Final Budget (Favorable) Unfavorable
	Original Budget	Final Budget	Actual	
General government				
Legislative				
Personal services	\$ 139,000	\$ 139,000	\$ 107,733	\$ (31,267)
Commissions	27,000	27,000	16,685	(10,315)
Total	<u>166,000</u>	<u>166,000</u>	<u>124,418</u>	<u>(41,582)</u>
Judicial				
Personal services	90,000	92,000	85,358	(6,642)
Court-related fees	177,000	241,000	227,923	(13,077)
Total	<u>267,000</u>	<u>333,000</u>	<u>313,281</u>	<u>(19,719)</u>
Executive				
City Clerk	211,000	203,000	194,217	(8,783)
City Comptroller	370,000	364,000	358,190	(5,810)
City Attorney	190,000	207,000	204,188	(2,812)
Administration	284,000	272,000	266,435	(5,565)
Building inspections	220,000	238,000	226,857	(11,143)
Fringes	312,000	310,000	303,748	(6,252)
Other services and charges	116,000	114,000	110,694	(3,306)
Total	<u>1,703,000</u>	<u>1,708,000</u>	<u>1,664,329</u>	<u>(43,671)</u>
Charges from Internal Service Fund for use of equipment and supplies	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Total general government	<u>2,221,000</u>	<u>2,292,000</u>	<u>2,187,028</u>	<u>(104,972)</u>
Public safety				
General				
Supervision and administration	<u>350,000</u>	<u>328,000</u>	<u>324,147</u>	<u>(3,853)</u>
General				
Police service	2,590,000	2,416,000	2,389,736	(26,264)
Support service	<u>103,000</u>	<u>88,000</u>	<u>117,438</u>	<u>29,438</u>
Total police	<u>2,693,000</u>	<u>2,504,000</u>	<u>2,507,174</u>	<u>3,174</u>
Fire, prevention and inspection	<u>227,000</u>	<u>241,000</u>	<u>234,336</u>	<u>(6,664)</u>
Employee fringe benefits	<u>1,032,000</u>	<u>1,069,000</u>	<u>1,056,707</u>	<u>(12,293)</u>
Other services & charges	<u>150,000</u>	<u>150,000</u>	<u>165,896</u>	<u>15,896</u>
Charges from Internal Service Fund for use of equipment and supplies	<u>238,000</u>	<u>238,000</u>	<u>153,000</u>	<u>(85,000)</u>
Total public safety	<u>4,690,000</u>	<u>4,530,000</u>	<u>4,441,260</u>	<u>(88,740)</u>

City of Grosse Pointe Woods, Michigan
Required Supplementary Information
Budgetary Comparison Schedule
Major Governmental Funds
June 30, 2004

	General Fund			Variance with Final Budget (Favorable) Unfavorable
	Original Budget	Final Budget	Actual	
Public Works				
General				
Supervision and engineering	\$ 58,000	\$ 64,000	\$ 53,052	\$ (10,948)
Employee fringe benefits	53,000	56,000	44,875	(11,125)
City building and grounds	142,000	144,000	124,642	(19,358)
Total	<u>253,000</u>	<u>264,000</u>	<u>222,569</u>	<u>(41,431)</u>
Operating expenditures	562,000	563,000	555,031	(7,969)
Charges from Internal Service Funds for use of equipment and supplies	45,000	45,000	45,000	-
Total public works	<u>860,000</u>	<u>872,000</u>	<u>822,600</u>	<u>(49,400)</u>
Parks and recreation				
General				
Supervision and engineering	35,000	36,000	22,979	(13,021)
Employee fringe benefits	121,000	126,000	110,745	(15,255)
Total	<u>156,000</u>	<u>162,000</u>	<u>133,724</u>	<u>(28,276)</u>
Recreation				
Lake Front Park	989,000	1,157,000	1,137,540	(19,460)
City Parks	56,000	56,000	29,963	(26,037)
Community Center	347,000	350,000	273,388	(76,612)
Total recreation	<u>1,392,000</u>	<u>1,563,000</u>	<u>1,440,891</u>	<u>(122,109)</u>
Operating expenditures	18,000	18,000	16,249	(1,751)
Charges from Internal Service Funds for use of equipment and supplies	65,000	65,000	20,000	(45,000)
Total parks and recreation	<u>1,631,000</u>	<u>1,808,000</u>	<u>1,610,864</u>	<u>(197,136)</u>
Contingency	114,000	14,000	-	(14,000)
Transfers out	2,864,000	2,864,000	2,923,790	59,790
Total expenditures and transfers out	<u>\$12,380,000</u>	<u>\$12,380,000</u>	<u>\$11,985,542</u>	<u>\$ (394,458)</u>

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
B – NON-MAJOR GOVERNMENTAL COMBINING**

City of Grosse Pointe Woods, Michigan
Balance Sheet
Non-Major Governmental Funds – By Fund Type
June 30, 2004

	Special Revenue	Debt Service	Municipal Improvement Fund Capital Project	Totals
Assets				
Cash and cash equivalents	\$ 4,850,111	\$ 2,175,022	\$ 229,333	\$ 7,254,466
Due from other funds	100,000	9,726	-	109,726
Accounts receivable	173,595	-	-	173,595
Total assets	<u>\$ 5,123,706</u>	<u>\$ 2,184,748</u>	<u>\$ 229,333</u>	<u>\$ 7,537,787</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 76,842	\$ -	\$ -	\$ 76,842
Due to other funds	18,116	-	-	18,116
Total liabilities	<u>94,958</u>	<u>-</u>	<u>-</u>	<u>94,958</u>
Fund balances				
Reserved for community programs	2,842,700			2,842,700
Reserved for debt service	-	2,184,748		2,184,748
Unreserved, designated for subsequent years programs	2,186,048	-	229,333	2,415,381
Total fund balances	<u>5,028,748</u>	<u>2,184,748</u>	<u>229,333</u>	<u>7,442,829</u>
Total liabilities and fund balances	<u>\$ 5,123,706</u>	<u>\$ 2,184,748</u>	<u>\$ 229,333</u>	<u>\$ 7,537,787</u>

City of Grosse Pointe Woods, Michigan
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds – By Fund Type
Year Ended June 30, 2004

	Special Revenue	Debt Service	Municipal Improvement Fund Capital Project	Totals
Revenues				
Property taxes	\$ 1,539,490	\$ -	\$ -	\$ 1,539,490
State-shared taxes	950,747	-	-	950,747
Federal financial assistance	32,000	-	-	32,000
Donations	91,413	-	-	91,413
Interest income	-	(9)	2,402	2,393
Other revenues	461,919	-	20,308	482,227
Total revenues	3,075,569	(9)	22,710	3,098,270
Expenditures				
Ambulance services	207,762	-	-	207,762
Public safety training	12,095	-	-	12,095
Street maintenance	1,953,454	-	-	1,953,454
Winter maintenance	36,977	-	-	36,977
Administration and maintenance	721,098	-	-	721,098
Solid waste/recycling services	1,226,878	-	-	1,226,878
Bond and debt retirements	-	362,313	-	362,313
Interest and paying agent fees	-	127,037	-	127,037
Municipal improvement	-	-	263,374	263,374
Other	161,267	-	-	161,267
Contractual services	40,096	-	-	40,096
Charges from Internal Service Funds for use of equipment and supplies	181,500	-	-	181,500
Total expenditures	4,541,127	489,350	263,374	5,293,851
Revenues (under) expenditures	(1,465,558)	(489,359)	(240,664)	(2,195,581)
Other financing sources (uses)				
Bond proceeds	-	2,175,000	-	2,175,000
Transfers in	2,349,790	494,900	330,000	3,174,690
Transfers out	(214,900)	-	(100,000)	(314,900)
Total revenues and other financing sources (uses)	2,134,890	2,669,900	230,000	5,034,790
Revenues and other financing sources over (under) expenditures	669,332	2,180,541	(10,664)	2,839,209
Fund balances				
Beginning of year	4,359,416	4,207	239,997	4,603,620
End of year	\$ 5,028,748	\$ 2,184,748	\$ 229,333	\$ 7,442,829

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
C – NON-MAJOR SPECIAL REVENUE FUNDS**

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
June 30, 2004

Major Street Fund – To account for the maintenance and replacement of all major streets within the City. Financing is provided by the distribution of Gas Tax proceeds.

Local Street Fund – To account for the maintenance and replacement of all local streets within the City. Financing is provided by distribution of Gas Tax proceeds.

Ambulance Fund – To account for the operations and maintenance of the city-owned ambulance. Financing is specified by City Charter as .5 mills of the general City millage.

Act 302 Training Fund – To account for the costs of training courses for the police department. Financing is provided by state grants.

Solid Waste Fund – To account for the collection, disposal and recycling of all residential and commercial waste within the City. Financing is provided by a separate tax millage.

Grants Fund – To account for the activity of the Community Development Block Grant Program and other Federal grants. Financing is provided by the Wayne County Economic Development Grant Program.

911 Emergency Fund – Fund established to account for monies expended to maintain and operate an emergency response system. Monies are received from the Ameritech Phone Company which levies a surcharge on all phone users within the community.

Drug Enforcement Fund – To account for officer training and purchase of equipment in the narcotics enforcement division. Activities are financed by monies and assets confiscated by the drug enforcement division.

Parkway Beautification Fund - To account for monies provided by donors to finance parkway beautification activities. This fund was reclassified to special revenue fund type at July 1, 2002.

Cable Franchise Fund – Established to invest the proceeds from the sale of the City's interest in a cable company's earnings used for capital improvements. This fund was reclassified to special revenue fund type at July 1, 2002.

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2004

	Major Street Fund	Local Street Fund	Ambulance Fund	Act 302 Training Fund	Solid Waste Fund	Grants Fund
Assets						
Cash and cash equivalents	\$ 367,390	\$ 593,673	\$ 502,189	\$ 5,826	\$ 501,923	\$ 3,356
Due from other funds	-	100,000	-	-	-	-
Accounts receivable	61,344	22,642	4,721	-	33,105	16,116
Total assets	<u>\$ 428,734</u>	<u>\$ 716,315</u>	<u>\$ 506,910</u>	<u>\$ 5,826</u>	<u>\$ 535,028</u>	<u>\$ 19,472</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 9,228	\$ 12,954	\$ 7,884	\$ -	\$ 16,686	\$ -
Due to other funds	-	-	-	2,000	-	16,116
Total liabilities	<u>9,228</u>	<u>12,954</u>	<u>7,884</u>	<u>2,000</u>	<u>16,686</u>	<u>16,116</u>
Fund balances						
Reserved for community programs	-	-	-	-	-	-
Unreserved, designated for subsequent years programs	419,506	703,361	499,026	3,826	518,342	3,356
Total fund balances	<u>419,506</u>	<u>703,361</u>	<u>499,026</u>	<u>3,826</u>	<u>518,342</u>	<u>3,356</u>
Total liabilities and fund balances	<u>\$ 428,734</u>	<u>\$ 716,315</u>	<u>\$ 506,910</u>	<u>\$ 5,826</u>	<u>\$ 535,028</u>	<u>\$ 19,472</u>

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
Combining Balance Sheet
June 30, 2004

	911	Emergency Service Fund	Drug Enforcement Fund	Parkway Beautification Fund	Cable Franchise Fund	Totals
Assets						
Cash and cash equivalents		\$ 31,249	\$ 3,961	\$ 167,790	\$ 2,672,754	\$ 4,850,111
Due from other funds		-	-	-	-	100,000
Accounts receivable		3,511	-	-	32,156	173,595
Total assets		<u>\$ 34,760</u>	<u>\$ 3,961</u>	<u>\$ 167,790</u>	<u>\$ 2,704,910</u>	<u>\$ 5,123,706</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable		\$ 90	\$ -	\$ 30,000	\$ -	\$ 76,842
Due to other funds		-	-	-	-	18,116
Total liabilities		<u>90</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>94,958</u>
Fund balances						
Reserved for community programs		-	-	137,790	2,704,910	2,842,700
Unreserved, designated for subsequent years programs		34,670	3,961	-	-	2,186,048
Total fund balances		<u>34,670</u>	<u>3,961</u>	<u>137,790</u>	<u>2,704,910</u>	<u>5,028,748</u>
Total liabilities and fund balances		<u>\$ 34,760</u>	<u>\$ 3,961</u>	<u>\$ 167,790</u>	<u>\$ 2,704,910</u>	<u>\$ 5,123,706</u>

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget Versus Actual
Year Ended June 30, 2004

	Major Street Fund		Local Street Fund		Ambulance Fund	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues						
Property taxes	\$ 645,000	\$ 675,278	\$ 260,000	\$ 275,469	\$ -	\$ -
State-shared taxes	-	-	-	-	-	-
Federal financial assistance	-	-	-	-	-	-
Other revenues	32,000	54,480	178,000	182,076	25,000	48,119
Total revenues	677,000	729,758	438,000	457,545	25,000	48,119
Expenditures						
Ambulance services	-	-	-	-	250,000	207,762
Public safety training	-	-	-	-	3,000	1,800
Street maintenance	713,000	522,100	1,982,000	1,431,354	-	-
Winter maintenance	20,000	13,173	34,000	23,804	-	-
Administration and maintenance	304,000	282,382	372,000	343,684	101,000	95,032
Solid waste/recycling services	-	-	-	-	-	-
Other	1,000	317	-	-	11,000	11,000
Contractual services	-	-	-	-	-	-
Charges from Internal Service Funds for use of equipment and supplies	10,000	10,000	12,000	12,000	37,000	37,000
Total expenditures	1,048,000	827,972	2,400,000	1,810,842	402,000	352,594
Revenues over (under) expenditures	(371,000)	(98,214)	(1,962,000)	(1,353,297)	(377,000)	(304,475)
Other financing sources (uses)						
Operating transfers in	253,000	253,000	1,662,000	1,662,000	340,000	333,890
Operating transfers out	-	-	-	-	-	-
Total revenues and other financing sources (uses)	253,000	253,000	1,662,000	1,662,000	340,000	333,890
Revenues and other financing sources over (under) expenditures	(118,000)	154,786	(300,000)	308,703	(37,000)	29,415
Fund balances						
Beginning of year	132,175	264,720	(95,044)	394,658	372,968	469,611
End of year	\$ 14,175	\$ 419,506	\$ (395,044)	\$ 703,361	\$ 335,968	\$ 163,058

City of Grosse Pointe Woods, Michigan
Non-Major Special Revenue Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget Versus Actual
Year Ended June 30, 2004

	Act 302 Training Fund		Solid Waste		Grant Fund	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues						
Property taxes	\$ 9,000	\$ 8,200	\$ 1,608,000	\$ 1,531,290	\$ -	\$ -
State-shared taxes	-	-	-	-	-	-
Federal financial assistance	-	-	-	-	-	-
Other revenues	-	1,230	2,000	2,170	106,000	32,000
Total revenues	9,000	9,430	1,610,000	1,533,460	106,000	32,255
Expenditures						
Ambulance services	-	-	-	-	-	-
Public safety training	9,000	10,295	1,295	-	-	-
Street maintenance	-	-	-	-	-	-
Winter maintenance	-	-	-	-	-	-
Administration and maintenance	-	-	-	-	-	-
Solid waste/recycling services	-	-	1,410,000	1,226,878	-	-
Other	-	-	-	-	-	-
Contractual services	-	-	-	-	-	-
Charges from Internal Service Funds for use of equipment and supplies	-	-	-	-	106,000	35,088
Total expenditures	9,000	10,295	1,530,000	1,341,878	106,000	35,088
Revenues over (under) expenditures	-	(865)	80,000	191,582	-	(2,833)
Other financing sources (uses)						
Operating transfers in	-	900	-	-	-	-
Operating transfers out	-	-	(80,000)	(80,000)	-	-
Total revenues and other financing sources (uses)	-	900	(80,000)	(80,000)	-	-
Revenues and other financing sources over (under) expenditures	-	35	-	111,582	-	(2,833)
Fund balances						
Beginning of year	(6,189)	3,791	389,204	406,760	1,406	6,189
End of year	\$ (6,189)	\$ 3,826	\$ 389,204	\$ 518,342	\$ 1,406	\$ 3,356
						\$ 4,783
						\$ 1,950

**City of Grosse Pointe Woods, Michigan
 Non-Major Special Revenue Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget Versus Actual
 Year Ended June 30, 2004**

	911 Emergency Service			Drug Enforcement		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State-shared taxes	-	-	-	-	-	-
Federal financial assistance	-	-	-	-	-	-
Other revenues	69,000	49,778	(19,222)	1,000	34	(966)
Total revenues	<u>69,000</u>	<u>49,778</u>	<u>(19,222)</u>	<u>1,000</u>	<u>34</u>	<u>(966)</u>
Expenditures						
Ambulance services	-	-	-	-	-	-
Public safety training	-	-	-	-	-	-
Street maintenance	-	-	-	-	-	-
Winter maintenance	-	-	-	-	-	-
Administration and maintenance	-	-	-	-	-	-
Solid waste/recycling services	-	-	-	-	-	-
Other	-	-	-	-	-	-
Contractual services	61,500	55,882	(5,618)	3,000	2,330	(670)
Charges from Internal Service Funds for use of equipment and supplies	-	-	-	-	-	-
Total expenditures	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>69,000</u>	<u>63,382</u>	<u>(5,618)</u>	<u>3,000</u>	<u>2,330</u>	<u>(670)</u>
Other financing sources (uses)						
Operating transfers in	-	(13,604)	(13,604)	(2,000)	(2,296)	(296)
Operating transfers out	-	-	-	-	-	-
Total revenues and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(900)</u>	<u>(900)</u>
Revenues and other financing sources over (under) expenditures	<u>-</u>	<u>(13,604)</u>	<u>(13,604)</u>	<u>(2,000)</u>	<u>(3,196)</u>	<u>(1,196)</u>
Fund balances						
Beginning of year	53,505	48,274	(5,231)	6,198	7,157	959
End of year	<u>\$ 53,505</u>	<u>\$ 34,670</u>	<u>\$ (18,835)</u>	<u>\$ 4,198</u>	<u>\$ 3,961</u>	<u>\$ (237)</u>

**City of Grosse Pointe Woods, Michigan
 Non-Major Special Revenue Funds
 Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget Versus Actual
 Year Ended June 30, 2004**

	Total Budgeted Special Revenue Funds		Actual (Over (Under) Budget	Funds Not Annually Budgeted		Totals
	Budget	Actual		Parkway Beautification Fund	Cable Franchise Fund	
Revenues						
Property taxes	\$ 1,617,000	\$ 1,539,490	\$ (77,510)	\$ -	\$ -	\$ 1,539,490
State-shared taxes	905,000	950,747	45,747	-	-	950,747
Federal financial assistance	106,000	32,000	(74,000)	-	-	32,000
Donations				91,413	-	91,413
Expenditures						
Other revenues	307,000	338,142	31,142	-	-	461,919
Total revenues	2,935,000	2,860,379	(74,621)	91,413	123,777	3,075,569
Expenditures						
Ambulance services	250,000	207,762	(42,238)	-	-	207,762
Public safety training	12,000	12,095	95	-	-	12,095
Street maintenance	2,695,000	1,953,454	(741,546)	-	-	1,953,454
Winter maintenance	54,000	36,977	(17,023)	-	-	36,977
Administration and maintenance	777,000	721,098	(55,902)	-	-	721,098
Solid waste/recycling services	1,410,000	1,226,878	(183,122)	-	-	1,226,878
Other	76,500	69,529	(6,971)	-	-	161,267
Contractual services	106,000	35,088	(70,912)	91,738	-	40,096
Charges from Internal Service Funds for use of equipment and supplies	186,500	181,500	(5,000)	-	-	181,500
Total expenditures	5,567,000	4,444,381	(1,122,619)	91,738	5,008	4,541,127
Revenues over (under) expenditures	(2,632,000)	(1,584,002)	1,047,998	(325)	118,769	(1,465,558)
Other financing sources (uses)						
Operating transfers in	2,255,000	2,249,790	(5,210)	-	100,000	2,349,790
Operating transfers out	(80,000)	(80,900)	(900)	-	(134,000)	(214,900)
Total revenues and other financing sources (uses)	2,175,000	2,168,890	(6,110)	-	(34,000)	2,134,890
Revenues and other financing sources over (under) expenditures	(457,000)	584,888	1,041,888	(325)	84,769	669,332
Fund balances						
Beginning of year	854,223	1,601,160	746,937	138,115	2,620,141	4,359,416
End of year	\$ 397,223	\$ 2,186,048	\$ 1,788,825	\$ 137,790	\$ 2,704,910	\$ 5,028,748

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
D – NON-MAJOR DEBT SERVICE FUNDS**

City of Grosse Pointe Woods, Michigan
Non-Major Debt Service Funds

2000 Recreation Installment Note Fund – To record monies received for the payment of a four (4) year installment note. Note proceeds were utilized to purchase recreation equipment throughout the City's parks and grounds.

1997 City Recreation Bond Issue - To accumulate resources for payment of the \$3,900,000, 3.7 to 5.0% Park(s) Improvement General Obligation bonds. Issued as serial bonds they are payable in annual installment ranging from \$20,000 to \$465,000, plus interest until maturity in fiscal year 2010. A property tax is levied to finance the debt service.

2004 Park Refunding Bond – To account for monies below to refund the existing 1997 Recreation Bond in October 2004.

City of Grosse Pointe Woods, Michigan
Non-Major Debt Service Funds
Combining Balance Sheet
June 30, 2004

	1997 Recreation Bond Fund	2000 Recreation Installment Note Fund	2004 Park Refunding Bond	Totals
Assets				
Cash and cash equivalents	\$ 22		\$ 2,175,000	\$2,175,022
Due from other funds		\$ 9,726		9,726
Total assets	<u>\$ 22</u>	<u>\$ 9,726</u>	<u>\$ 2,175,000</u>	<u>\$2,184,748</u>
Fund balances				
Reserve for debt service	\$ 22	\$ 9,726	\$ 2,175,000	\$2,184,748
Total liabilities and fund balance	<u>\$ 22</u>	<u>\$ 9,726</u>	<u>\$ 2,175,000</u>	<u>\$2,184,748</u>

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
E – NON-MAJOR CAPITAL PROJECTS FUNDS**

City of Grosse Pointe Woods, Michigan
Non-Major Capital Projects Funds

Municipal Improvement Fund – To account for the financing and construction of various municipal improvements. Financing is provided by installment notes, and/or transfers from other funds.

City of Grosse Pointe Woods, Michigan
Non-Major Capital Projects Funds
Combining Balance Sheet
June 30, 2004

	Municipal Improvement Fund
Assets	
Cash and cash equivalents	\$ 229,333
Fund balances, reserved for capital programs	<u>\$ 229,333</u>

City of Grosse Pointe Woods, Michigan
Non-Major Capital Projects Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget Versus Actual
Year Ended June 30, 2004

	<u>Municipal Improvement Fund</u>		
	Budget	Actual	Actual Over (Under) Budget
Revenues			
Interest income	\$ 1,000	\$ 2,402	\$ 1,402
Other revenues	35,000	20,308	(14,692)
Prior fund equity	-	\$ -	-
Total revenues	<u>36,000</u>	<u>22,710</u>	<u>(13,290)</u>
Expenditures, municipal improvements	<u>286,000</u>	<u>263,374</u>	<u>(22,626)</u>
Revenues under expenditures	<u>(250,000)</u>	<u>(240,664)</u>	<u>9,336</u>
Other financing sources			
Operating transfers in	330,000	330,000	-
Operating transfers out	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>230,000</u>	<u>230,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures	(20,000)	(10,664)	9,336
Fund balances			
Beginning of year	<u>99,876</u>	<u>239,997</u>	<u>140,121</u>
End of year	<u>\$ 79,876</u>	<u>\$ 229,333</u>	<u>\$ 149,457</u>

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
F – NON-MAJOR ENTERPRISE FUNDS**

City of Grosse Pointe Woods, Michigan
Non-Major Enterprise Funds

Parking Meter Utility Fund - To account for the City's parking meters and costs associated with maintaining the meters. Funding is provided for through parking meter fees and violation fines.

Boat Dock Rental Fund - To account for boat dock rental units that are available to the citizens of Grosse Pointe Woods on an annual basis. Boat launch ramps and other water craft maintenance services are also available.

Commodity Sales Fund - To record the purchases and sale of rubbish bags and other miscellaneous items that the municipality holds for resale.

City of Grosse Pointe Woods, Michigan
Non-Major Enterprise Funds
Combining Balance Sheet
June 30, 2004

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Totals
Assets				
Cash and cash equivalents	\$ 34,941	\$ 158,650	\$ 130,392	\$ 323,983
Accrued interest receivable	-	1,815	1,979	3,794
Prepaid expenses	-	-	37,627	37,627
Total current assets	<u>34,941</u>	<u>160,465</u>	<u>169,998</u>	<u>365,404</u>
Fixed assets, at cost	1,131,686	390,881	-	1,522,567
Less: Accumulated depreciation	<u>(713,505)</u>	<u>(300,816)</u>	<u>-</u>	<u>(1,014,321)</u>
Total assets	<u>\$ 453,122</u>	<u>\$ 250,530</u>	<u>\$ 169,998</u>	<u>\$ 873,650</u>
Liabilities and Equity				
Accounts payable	\$ 867	\$ 1,429	\$ -	\$ 2,296
Due to other funds	<u>-</u>	<u>-</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Total current liabilities	<u>867</u>	<u>1,429</u>	<u>10,000</u>	<u>12,296</u>
Net assets				
Investment in capital assets	418,181	90,065	-	508,246
Unrestricted	<u>34,074</u>	<u>159,036</u>	<u>159,998</u>	<u>353,108</u>
Total net assets	<u>\$ 452,255</u>	<u>\$ 249,101</u>	<u>\$ 159,998</u>	<u>\$ 861,354</u>

City of Grosse Pointe Woods, Michigan
Non-Major Enterprise Funds
Combining Statement of Revenues, Expenses and Changes in Retained Earnings
Year Ended June 30, 2004

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Totals
Operating revenues				
Parking meters	\$ 160,815	\$ -	\$ -	\$ 160,815
Park violations	154,877	-	-	154,877
Dockings and launching fees	-	178,704	-	178,704
Commodity sales	-	-	91,572	91,572
Other income	9,686	-	-	9,686
Total operating revenues	<u>325,378</u>	<u>178,704</u>	<u>91,572</u>	<u>595,654</u>
Operating expenses				
Operation and maintenance	179,144	181,735	78,412	439,291
Administration	60,775	-	-	60,775
Depreciation	43,369	4,588	-	47,957
Charges for Internal Service Fund for use of equipment and supplies	68,000	13,500	10,000	91,500
Payment in lieu of taxes	26,000	-	-	26,000
Total operating expenses	<u>377,288</u>	<u>199,823</u>	<u>88,412</u>	<u>665,523</u>
Operating income (loss)	<u>(51,910)</u>	<u>(21,119)</u>	<u>3,160</u>	<u>(69,869)</u>
Nonoperating revenues				
Investment income	716	2,494	1,182	4,392
Transfers out	-	-	(16,000)	(16,000)
Net loss	<u>(51,194)</u>	<u>(18,625)</u>	<u>(11,658)</u>	<u>(81,477)</u>
Net assets				
Beginning of year	<u>503,449</u>	<u>267,726</u>	<u>171,656</u>	<u>942,831</u>
End of year	<u>\$ 452,255</u>	<u>\$ 249,101</u>	<u>\$ 159,998</u>	<u>\$ 861,354</u>

City of Grosse Pointe Woods, Michigan
Non-Major Enterprise Funds
Combining Statement of Cash Flows
Year Ended June 30, 2004

	Parking Utility Fund	Boat Dock Rental Fund	Commodity Sales Fund	Totals
Cash flows used in operating activities				
Cash received from customers	\$ 325,378	\$ 178,569	\$ 89,593	\$ 593,540
Cash payment to suppliers	(10,927)	(39,823)	(94,412)	(145,162)
Cash payments to employees	(324,502)	(155,505)	-	(480,007)
Net cash used in operating activities	(10,051)	(16,759)	(4,819)	(31,629)
Cash flows from capital financing activities and related financing activities				
Acquisition and construction of capital assets	-	(19,710)	-	(19,710)
Cash flows provided by investing activities				
Interest and dividends on investments	716	2,494	1,182	4,392
Net decrease in cash and cash equivalents	(9,335)	(33,975)	(3,637)	(46,947)
Cash and cash equivalents				
Beginning of year	44,276	192,625	134,029	370,930
End of year	\$ 34,941	\$ 158,650	\$ 130,392	\$ 323,983
Operating income (loss)	\$ (51,910)	\$ (21,119)	\$ (12,840)	\$ (85,869)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	43,369	4,588	-	47,957
Changes in				
Accounts receivable	9,126	(135)	(1,979)	7,012
Accounts payable	(1,510)	(93)	-	(1,603)
Due to other funds			10,000	10,000
Deferred revenues	(9,126)	-		(9,126)
Total adjustments	41,859	4,360	8,021	54,240
Net cash used in operating activities	(10,051)	(16,759)	(4,819)	(31,629)

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
G –INTERNAL SERVICE FUNDS**

City of Grosse Pointe Woods, Michigan
Internal Service Funds

Motor Vehicle Fund - To account for vehicles owned and operated by the City and for the costs of maintaining the vehicles. All departments using city-owned vehicles are billed for costs incurred. Actual costs of this fund include depreciation, improvements and purchases of new vehicles, as well as building and equipment costs related to vehicle maintenance and improvements.

Building Authority Fund - Accounts for capital expenditures and the payment of principal and interest in relation to a 1993 Revenue Bond issue to finance construction of City-wide parking facilities.

Workers Compensation Fund - A fund created to identify all costs associated in operating a self insured workmen's compensation fund. Funds are accumulated via transfers from other governmental and proprietary fund types and interest made on surplus earnings.

Management Information Systems Fund - A fund to account for the maintenance and operation of the City computer and communication network system. Funds are accumulated via transfers from other fund users.

City of Grosse Pointe Woods, Michigan
Internal Service Funds
Combining Balance Sheet
June 30, 2004

	Motor Vehicle Fund	Building Authority Fund	Workers Compensation Fund	Management Information System	Totals
Assets					
Cash and cash equivalents	\$ 546,036	\$ 5,642	\$ 823,115	\$ 24,494	\$ 1,399,287
Due from other funds	6,218	-	5,648	75,000	\$ 75,000
Accrued interest receivable	552,254	5,642	828,763	-	1,486,153
Total current assets	3,653,333	-	-	139,568	3,792,901
Fixed assets	(2,246,962)	-	-	(92,707)	(2,339,669)
Less: Accumulated depreciation	1,406,371	-	-	46,861	1,453,232
Total noncurrent assets	\$ 1,958,625	\$ 5,642	\$ 828,763	\$ 146,355	\$ 2,939,385
Total assets					
Liabilities and Equity					
Liabilities					
Accounts payable	\$ 4,098	\$ -	\$ 3,810	\$ 1,772	\$ 9,680
Claims reserve	-	-	100,000	-	100,000
Due to other funds	-	50,000	-	-	50,000
Accrued wages	1,938	-	-	250	2,188
Bonds payable current portion	-	45,000	-	-	45,000
Total liabilities	6,036	95,000	103,810	2,022	206,868
Net assets (deficit)	1,406,371			46,861	1,453,232
Investment in capital assets	546,218	(89,358)	724,953	97,472	1,279,285
Unrestricted	\$ 1,952,589	\$ (89,358)	\$ 724,953	\$ 144,333	\$ 2,732,517
Total net assets (deficit)					

City of Grosse Pointe Woods, Michigan
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2004

	Motor Vehicle Fund	Building Authority Fund	Workers Compensation Fund	Management Information System	Totals
Revenues, billings to other funds	\$ 515,000	\$ -	\$ 180,000	\$ 290,000	\$ 985,000
Other income	1,006	50,000	-	-	51,006
Total operating revenue	<u>516,006</u>	<u>50,000</u>	<u>180,000</u>	<u>290,000</u>	<u>1,036,006</u>
Operating expense					
Vehicle operation and maintenance	375,812	-	-	-	375,812
Administration	81,159	-	216,766	272,574	570,499
Depreciation	325,145	-	-	17,443	342,588
Insurance expense	12,000	-	18,972	-	30,972
Charges to Internal Service Fund	16,000	-	10,000	-	26,000
Total operating expenses	<u>810,116</u>	<u>-</u>	<u>245,738</u>	<u>290,017</u>	<u>1,345,871</u>
Operating income (loss)	(294,110)	50,000	(65,738)	(17)	(309,865)
Nonoperating revenue (expense)					
Gain (loss) from sale/disposal of fixed assets	614	-	-	-	614
Interest income	14,268	31	25,787	264	40,350
Interest expense	-	(4,175)	-	-	(4,175)
Total nonoperating revenues (expenses)	<u>14,882</u>	<u>(4,144)</u>	<u>25,787</u>	<u>264</u>	<u>36,789</u>
Net income (loss)	(279,228)	45,856	(39,951)	247	(273,076)
Net assets (deficit)					
Beginning of year	2,231,817	(135,214)	764,904	144,086	3,005,593
End of year	<u>\$ 1,952,589</u>	<u>\$ (89,358)</u>	<u>\$ 724,953</u>	<u>\$ 144,333</u>	<u>\$ 2,732,517</u>

City of Grosse Pointe Woods, Michigan
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2004

	Motor Vehicle Fund	Building Authority Fund	Workers Compensation Fund	Management Information System	Totals
Cash flows used in operating activities					
Cash received from customers	\$ (5,212)	\$ -		\$ -	\$ (5,212)
Cash received from interfund services/loans	515,000	50,000	180,000	215,000	960,000
Cash payments to suppliers	(488,420)	-	(246,035)	(273,211)	(1,007,666)
Net cash provided by (used in) operating activities	<u>21,368</u>	<u>50,000</u>	<u>(66,035)</u>	<u>(58,211)</u>	<u>(52,878)</u>
Cash flows from capital financing activities and related financing activities					
Acquisition and construction of capital assets	(111,930)	-	-	-	(111,930)
Proceeds from the sale of fixed assets	614	-	-	-	614
Interest paid on revenue bond maturities	-	(4,175)	-	-	(4,175)
Principal paid on installment loans	-	(45,000)	-	-	(45,000)
Net cash used for capital and related financing activities	<u>(111,316)</u>	<u>(49,175)</u>	<u>-</u>	<u>-</u>	<u>(160,491)</u>
Cash flows provided by investing activities					
Interest and dividends on investments	<u>14,268</u>	<u>31</u>	<u>25,787</u>	<u>264</u>	<u>40,350</u>
Net increase (decrease) in cash and cash equivalents	(75,680)	856	(40,248)	(57,947)	(173,019)
Cash and cash equivalents					
Beginning of year	<u>621,716</u>	<u>4,786</u>	<u>863,363</u>	<u>82,441</u>	<u>1,572,306</u>
End of year	<u>\$ 546,036</u>	<u>\$ 5,642</u>	<u>\$ 823,115</u>	<u>\$ 24,494</u>	<u>\$ 1,399,287</u>
Operating income (loss)	<u>\$ (294,110)</u>	<u>\$ -</u>	<u>\$ (65,738)</u>	<u>\$ (17)</u>	<u>\$ (359,865)</u>
Adjustments to reconcile operating income to (loss) net cash provided by operating activities					
Depreciation	325,145	-	-	17,443	342,588
Changes in					
Account receivables	(6,218)	-	(1,386)	-	(7,604)
Accrued wages	(4,457)	-	-	-	(4,457)
Accounts payable	1,008	-	1,089	(637)	1,460
Due to other funds		50,000		(75,000)	(25,000)
Total adjustments	<u>315,478</u>	<u>50,000</u>	<u>(297)</u>	<u>(58,194)</u>	<u>306,987</u>
Net cash provided by (used in) operating activities	<u>21,368</u>	<u>50,000</u>	<u>(66,035)</u>	<u>(58,211)</u>	<u>(52,878)</u>

**SECTION II – FINANCIAL SECTION –
SUPPLEMENTAL FINANCIAL DATA
H – PENSION AND AGENCY FUNDS
(and other Postemployment Benefit)
TRUST FUNDS AND AGENCY FUNDS**

City of Grosse Pointe Woods, Michigan
Combining Schedule of Fiduciary Net Assets
Pension Trust Funds
June 30, 2004

	Pension Fund	Supplementary Annuity Fund	Totals June 30, 2004
Assets			
Cash and cash equivalents	\$ 461,187	\$ -	\$ 461,187
Investments, at fair value			
U.S. government obligations	6,147,407	591,045	6,738,452
Corporate bonds	6,669,458		6,669,458
Stocks	18,617,956	-	18,617,956
Accrued interest receivable	141,761	-	141,761
Total assets	<u>\$ 32,037,769</u>	<u>\$ 591,045</u>	<u>\$ 32,628,814</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 199,548	\$ -	\$ 199,548
Due to other funds	-	-	-
Court bonds payable	-	-	-
Total liabilities	<u>199,548</u>	<u>-</u>	<u>199,548</u>
Net assets held in trust for pension benefits	31,838,221	-	31,838,221
Reserved for supplemental annuity	-	591,045	591,045
Total net assets	<u>31,838,221</u>	<u>591,045</u>	<u>32,429,266</u>
Total liabilities and net assets	<u>\$ 32,037,769</u>	<u>\$ 591,045</u>	<u>\$ 32,628,814</u>

City of Grosse Pointe Woods, Michigan
Pension (and Other Postemployment Benefit) Trust Funds
Combining Statement of Changes in Net Assets
Year Ended June 30, 2004

	Pension Fund	Supplementary Annuity Fund	Totals
Additions			
Investment income (loss)			
Net appreciation (depreciation) in fair value of investments	\$ 2,050,783		\$ 2,050,783
Interest and dividends	933,202	\$ 26,710	959,912
Total investment income (loss)	<u>2,983,985</u>	<u>26,710</u>	<u>3,010,695</u>
Contributions			
Employer	534,143	203,000	737,143
Employee	284,593		284,593
Total additions	<u>3,802,721</u>	<u>229,710</u>	<u>4,032,431</u>
Deductions			
Employee refunds	136,147	-	136,147
Pension payments	1,703,819	-	1,703,819
Health care benefit payments	694,050	216,615	910,665
Commission expense	8,891	-	8,891
Administrative fee	198,250	2,696	200,946
Total deductions	<u>2,741,157</u>	<u>219,311</u>	<u>2,960,468</u>
Net decrease	1,061,564	10,399	1,071,963
Net assets held in trust for pension benefits at beginning of year	<u>30,776,657</u>	<u>580,646</u>	<u>31,357,303</u>
Net assets held in trust for pension benefits at end of year	<u>\$ 31,838,221</u>	<u>\$ 591,045</u>	<u>\$ 32,429,266</u>

City of Grosse Pointe Woods, Michigan
Agency Funds
Combining Balance Sheet
June 30, 2004

	Wayne County Tax Fund	Cash Bond Escrow Fund	Totals June 30, 2004 Actual
Assets			
Cash and cash equivalents	\$ 64	\$ 10,474	\$ 10,538
Total assets	<u>\$ 64</u>	<u>\$ 10,474</u>	<u>\$ 10,538</u>
Liabilities and Fund Balances			
Liabilities			
Due to other funds	64	-	64
Court bonds payable	-	10,474	10,474
Total liabilities	<u>\$ 64</u>	<u>\$ 10,474</u>	<u>\$ 10,538</u>

City of Grosse Pointe Woods, Michigan
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds – Agency Funds
Year Ended June 30, 2004

	Balance July , 2003	Additions	Deductions	Balance June 30, 2004
Total - All Agency Funds				
Assets				
Cash and investments	<u>\$ 5,777</u>	<u>\$ 24,869,305</u>	<u>\$ 24,864,544</u>	<u>\$ 10,538</u>
Liabilities				
Accounts payable	<u>\$ 5,777</u>	<u>\$ 24,869,305</u>	<u>\$ 24,864,544</u>	<u>\$ 10,538</u>

CITY OF GROSSE POINTE WOODS, MICHIGAN
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2004
SECTION III – STATISTICAL SECTION (UNAUDITED)
(CONTINUAL DISCLOSURE UNDERTAKING)

Under the rules of the United States Securities and Exchange Commission Continual Disclosure Undertaking is executed and presented by the City of Grosse Pointe Woods, County of Wayne, State of Michigan, in connection with the issuance of the 1998 General Obligation Unlimited Tax Park Bonds issued by the City March 1, 1997 and with its 2003 Water/Sewer Revenue Bond issued on June 3, 2003. It is the responsibility of the City Comptroller to ensure that the City of Grosse Pointe Woods remains in strict compliance with the Disclosure Undertakings.

The City, in accordance with Rule 15c 2-12 promulgated by the S.E.C. pursuant to the Securities and Exchange Act of 1934, must provide to each member of the Nationally Recognized Municipal Securities Information Repository ("NRMSIR") and to the State Information Depository ("SID") for the State of Michigan on or before the last day of the sixth month after the end of the City's fiscal year, certain financial and operating data commencing with the fiscal year ended June 30, 2003.

It is the City's belief that the detailed financial information and shown in its annual report provides to its bond holders the necessary information needed to assess and evaluate the financial condition of the City and its ability to meet its obligations.

City of Grosse Pointe Woods, Michigan
Assessed Valuation History
June 30, 2004
(unaudited)

Fiscal Year Ended June 30	Real Property Taxable Valuation	Personal Property Taxable Valuation	Total Local Taxable Valuation	Total State Equalized Valuation
1995	543,130,350	10,066,040	553,196,390	553,196,390
1996	552,311,920	10,931,410	563,243,330	568,879,440
1997	560,229,860	11,380,860	571,610,720	579,620,260
1998	577,743,030	12,174,960	589,917,990	606,775,600
1999	597,907,410	12,392,215	610,299,625	652,785,105
2000	617,227,380	13,159,500	630,386,880	713,845,380
2001	639,250,690	13,525,090	652,775,780	793,816,390
2002	672,987,750	15,465,720	688,453,470	896,356,880
2003	708,543,669	15,026,910	723,570,579	955,287,190
2004	732,819,820	14,499,672	747,319,492	974,814,898

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan

Tax Rate and Tax Levy History

June 30, 2004 (unaudited)

Fiscal Year Ended June 30	City	Schools	Special Education	County	H.C.M.A.	Community College	Milk River Drain	Total
	TAX RATES (per \$1,000 State Equalized Valuation)							
1995	11.82	14.57 (1)	2.00	7.68	.22	1.27	4.57	42.13
1996	11.79	13.36 (1)	2.00	8.01	.22	1.20	4.57	41.15
1997	12.29	14.16 (1)	2.00	8.26	.22	1.20	4.94	43.07
1998	12.59 (3)	15.06 (1)	2.00	8.26	.22	1.20	4.81	44.14
1999	13.19	15.09 (1)	2.00	8.26	.22	1.15	4.38	44.29
2000	13.03	31.73	1.99	8.24	.22	1.02	3.78	60.01
2001	13.03	32.75	1.98	8.18	.22	1.00	3.51	60.67
2002	13.03	14.77	1.98	8.19	.22	2.50	3.46	44.15
2003	13.03	15.34	3.46	8.42	.22	2.49	3.51	46.47
2004	13.03 (3)	14.63	3.46	8.42	.22	2.49	3.54	45.79
	ADJUSTED TAX LEVIES							
1995	6,541,336	8,700,937 (2)	1,104,818	4,248,109	123,698	704,680	2,528,088	23,951,666
1996	6,640,639	9,329,427 (2)	1,126,427	4,511,549	125,941	715,319	2,574,022	25,023,324
1997	7,027,382	9,433,952 (2)	1,141,564	4,551,165	127,812	587,019	2,751,963	25,620,857
1998	7,424,807 (3)	9,614,104 (2)	1,178,048	4,871,818	131,897	702,723	2,839,916	26,763,313
1999	8,052,476	9,927,156	1,218,830	5,040,465	136,402	701,173	2,670,061	27,746,563
2000	8,217,125	10,185,251 (2)	1,255,352	5,191,488	139,820	642,364	2,382,799	28,014,199
2001	8,507,457	10,578,089 (2)	1,291,742	5,341,975	143,705	652,776	2,291,169	28,806,913
2002	8,967,268	11,027,981	1,359,865	5,625,827	150,459	1,720,753	2,381,982	31,234,135
2003	9,424,688	12,020,205	2,506,629	6,093,776	156,979	1,798,905	2,539,697	34,540,879
2004	9,733,992	11,851,078	2,588,902	6,292,284	161,959	1,857,949	2,645,476	35,131,640

Note: All tax rates are expressed in dollars per \$1,000 of taxable valuation. City tax rate limit is set by City Charter, Section 9.1, at \$20 per \$1,000 of taxable value. However, Headlee Act of 1978 has reduced the 20 mills to 14.559 mills in 2003.

- (1) This tax rate is for those people who claim a homestead exemption within the City of Grosse Pointe Woods. Non-Residents pay a different millage rate in compliance with Public Act 415 - 1994 (Proposal A).
- (2) This total includes all amounts collected regardless of where an individual claims their homestead to be. (Footnote #1)
- (3) City rate includes general operating, rubbish collection and sanitary overflow levies.

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan
City Tax Collection History
June 30, 2004
(unaudited)

Fiscal Year Ended June 30	Property Tax Levy	Current Tax Collections	Percent Collected Current	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Levy
1995	6,541,336	6,415,532	98.08	96,291	6,511,823	99.55
1996	6,640,639	6,523,773	98.24	111,020	6,634,793	99.91
1997	7,027,382	6,908,218	98.30	102,843	7,011,061	99.77
1998	7,424,807	7,292,133	98.21	111,221	7,403,354	99.71
1999	8,052,476	7,916,991	98.32	121,774	8,038,765	99.83
2000	8,217,125	8,110,399	98.70	119,738	8,230,137	100.16
2001	8,507,457	8,382,986	98.54	106,726	8,489,712	99.79
2002	8,967,268	8,811,241	98.26	124,227	8,935,468	99.65
2003	9,424,688	9,271,188	98.37	141,892	9,413,080	99.88
2004	9,733,992	9,577,119	98.39	153,500	9,730,619	99.97

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan
Grosse-Gratiot Drain Tax Collection History
June 30, 2004
(unaudited)

Fiscal Year Ended June 30	Drain Tax Levy	Current Tax Collections	Percent Collected Current	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections to Levy
1995	2,528,065	2,455,051	97.11	72,368	2,527,419	99.97
1996	2,573,037	2,499,334	97.14	71,509	2,570,843	99.91
1997	2,751,963	2,667,344	96.93	73,620	2,740,964	99.60
1998	2,839,916	2,750,397	96.85	83,350	2,833,747	99.78
1999	2,670,060	2,588,990	96.96	88,660	2,677,650	100.28
2000	2,382,799	2,316,003	97.20	86,357	2,402,360	100.82
2001	2,291,169	2,204,369	96.21	66,796	2,271,165	99.13
2002	2,381,982	2,298,036	96.48	86,880	2,384,916	100.12
2003	2,539,697	2,426,907	95.56	76,800	2,503,707	98.58
2004	2,645,476	2,547,782	96.31	112,790	2,660,572	100.57

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan
General Bonded Debt History
June 30, 2004
(unaudited)

Fiscal Year Ended June 30	Population Per Federal Census	Adjusted Taxable Equalized Valuation	General Obligation Bonds Outstanding	Percent Debt to Assessed Value	Debt Per Capita
1995	17,715	553,082,641	19,222,476	3.48	1,085.10
1996	17,715	563,243,330	18,670,214	3.31	1,053.92
1997	17,715	571,610,720	21,482,229	3.76	1,212.66
1998	17,715	589,917,990	20,044,431	3.40	1,131.49
1999	17,715	610,299,625	18,850,458	3.09	1,064.10
2000	17,215	630,386,880	17,366,337	2.75	953.41
2001	17,085 (1)	652,775,780	16,280,669	2.49	952.92
2002	17,085	688,453,470	14,892,924	2.16	871.70
2003	17,085	723,570,576	13,636,276 (2)	1.88	798.14
2004	17,085	747,319,492	14,499,672	1.94	848.93

Source: *Comptroller's Office*

1) Based upon 2000 Federal Census	
2) Parks and Recreation Bond Installment Note	\$ 2,435,000
2003 Recreation Refunding Milk River Drain Debt	55,425
	2,175,000
	<u>9,834,247</u>
	<u>\$ 14,499,672</u>

City of Grosse Pointe Woods, Michigan
Schedule of Legal Debt Margin
June 30, 2004
(unaudited)

Taxable valuation - January 1, 2003 (unadjusted) \$ 747,023,290

	Actual Net Debt	Legal Limitation Percent of Assessed Value	Amount	Available Debt Margin
Debt subject to Charter limitations (see Note)				
Refunding Bonds - Park & Recreation	2,175,000	10	\$ 74,702,329	\$ 72,527,329
General obligation Park & Recreation Improvements	2,435,000	10	74,702,329	72,267,329
Installment loans, 5-year maximum term	55,425	flat	-	(55,425)
Special assessment (Building Authority G.O. Bonds)	45,000	5	36,678,529	36,633,529
Total debt subject to Charter limitation	4,710,425			
Debt not subject to Charter limitations				
Water and Sewer Revenue Bonds 1993	610,000			
Milk River Debt	9,834,247			
Water/Sewer Installment Note	389,574			
Water/Sewer Revenue Bonds 2003	5,300,000			
Total debt not subject to Charter limitations	16,133,821			
Less: Redemption funds	(1,981,777)			
Total net debt	14,152,044			
	\$ 18,862,469			

Notes : Chapter 10 of City Charter establishes debt limitations.

State statutes define valuations applicable to local Charter limitations per taxable valuations (as of January 1, 2002).

Redemption funds include monies in: a) Debt Service Funds (\$9,747,000)

b) Wayne County Drain Funds (1,513,558.00)

c) Water/Sewer Escrowed Funds (\$458,472.00)

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan
Schedule of Direct and Overlapping Debt
June 30, 2004
(unaudited)

	Gross Debt	Less Redemption Funds	Net Debt	Percent Applicable to City	City Share of Debts
Direct debt, general obligation debt	\$ 14,544,672	(1) \$ 1,523,305	\$ 13,021,367	100%	\$ 13,021,367
Overlapping debt					
Grosse Pointe Public Library	9,900,000	-	9,900,000	27.03	2,675,900
Grosse Pointe Public Schools	65,375,000	-	65,375,000	26.29	17,670,863
County of Wayne Building Authority and Debt Fund	122,525,993	-	122,525,993	1.72	2,107,447
Wayne County Community College	76,105,000	-	76,105,000	2.75	2,092,888
Total overlapping debt	273,905,993	-	273,905,993		24,547,098
Total direct and overlapping debt	\$ 288,450,665	\$ 1,523,305	\$ 286,927,360		\$ 37,568,465

Source: *Municipal Advisory Council of Michigan*

1) 2000 Park Installment Note	55,425
2003 Park Refunding Bonds	2,175,000
Parks & Recreation Bonds	2,435,000
Special Assessment	45,000
Milk River	9,834,247
	<u>\$ 14,544,672</u>

City of Grosse Pointe Woods, Michigan
1986 Water and Sewer System Revenue Bonds – Revenue Bond Coverage
June 30, 2004
(unaudited)

Fiscal Year	Operating Revenues (1)	Operating Expenses (2)	Available for Debt Service	Debt Service Requirements (3)		Coverage	
				Principal	Interest		
1995	2,614,574	1,932,501	682,073	48,000	189,250	237,250	2.87
1996	4,227,412	2,356,132	1,871,280	35,000	181,924	216,924	8.63
1997	3,857,735	2,724,559	1,133,176	182,573	75,554	258,127	4.39
1998	3,676,761	3,097,081	579,680	155,969	48,792	204,761	2.83
1999	4,287,752	2,948,960	1,338,792	129,719	64,800	194,519	6.88
2000	4,355,092	2,728,037	1,627,055	150,000	59,313	209,313	7.77
2001	3,885,071	3,299,632	585,439	170,000	80,916	250,916	2.33
2002	3,830,999	2,988,262	842,737	467,652	116,671	584,323	1.61
2003	4,112,139	4,079,550	32,589	544,556	85,940	630,496	(19.35) (4)
2004	4,007,523	4,413,105	(405,582)	552,688	210,941	763,629	-

Notes

- (1) Exclusive of nonoperating revenues.
- (2) Exclusive of depreciation charges and nonoperating expenditures.
- (3) Includes principal and interest of revenue bonds only.
- (4) The Water/Sewer Fund had operating transfers-in of \$750,000 which increase the amount available for debt service

Source: *Comptroller's Office*

City of Grosse Pointe Woods, Michigan
Municipal Insurance Coverage
June 30, 2004
(unaudited)

Description of Coverage	Limits of Coverage	Term of Policy	Date of Expiration	Name of Insurance Carrier
Comprehensive Insurance				
Public and institutional property				
Plan on all City buildings				
Valuable papers	\$ 200,000	12 months	9/30/04	Specialty National
Extra expenses	250,000	12 months	9/30/04	Specialty National
Boiler, broad form, all locations	300,000	12 months	9/30/04	Specialty National
Computer hardware	10,277,500	12 months	9/30/04	Specialty National
Computer software	300,000	12 months	9/30/04	Specialty National
Inland Marine	300,000	12 months	9/30/04	Specialty National
	2,426,200	12 months	9/30/04	Specialty National
Liability Insurance				
Comprehensive general automobile liability				
Bodily injury	15,000,000	12 months	9/30/04	Specialty National
Property damage	15,000,000	12 months	9/30/04	Specialty National
Uninsured motorists	1,000,000	12 months	9/30/04	Specialty National
Marina operators	15,000,000	12 months	9/30/04	Specialty National
General law enforcement	15,000,000	12 months	9/30/04	Specialty National
Excess liability	10,000,000	12 months	9/30/04	Specialty National
Public officials	5,000,000	12 months	9/30/04	Specialty National
Automobile physical damage	609,000	12 months	9/30/04	Specialty National
Fidelity Insurance				
Public Employee Faithful Performance Blanket Position Bond				
City Administrator	250,000	12 months	9/30/04	Specialty National
City Comptroller/Treasurer	250,000	12 months	9/30/04	Specialty National
Cashier	250,000	12 months	9/30/04	Specialty National
City Clerk	250,000	12 months	9/30/04	Specialty National
City Constable	250,000	12 months	9/30/04	Specialty National
All other employees	250,000	12 months	9/30/04	Specialty National
Securities, special coverage	250,000	12 months	9/30/04	Specialty National
Municipal Judge Surety Bond	250,000	12 months	9/30/04	Specialty National
Fiduciary Coverage/Retirement System	250,000	12 months	9/30/04	Specialty National
Liability Insurance, workers' compensation and employer's liability	1,000,000	12 months	9/30/04	Federal Insurance Co.
Miscellaneous Coverage				
Volunteer Public Safety Officers' Blanket Accident				
Principal sum	25,000	12 months	9/30/04	Alliance Life
Weekly accident benefit	100/week	12 months		
Employee term life insurance	20,000/45,000	12 months		
Travel accident	-	12 months	11/30/04	Royal Maccabees
Crossing guard - Medical	250,000	12 months	7/13/04	Commercial Life
Crossing guard - Death	10,000	12 months		Gerber Life

City of Grosse Pointe Woods, Michigan
Salaries and Surety Bonds of Principal Officials
June 30, 2004
 (unaudited)

Position	Annual Salary	Surety Bond Amount
Mayor	\$ 6,000	\$ 250,000
Council (6), each member	3,750	250,000
Administrator	88,000	250,000
Comptroller/Treasurer	86,000	250,000
Municipal Judge	20,000	250,000
Attorney	Contractual	250,000
City Clerk	66,950	250,000
All other employees	Various	250,000

City of Grosse Pointe Woods, Michigan
General Fund Expenditures and Other Uses History
June 30, 2004
(unaudited)

Fiscal Year Ended June 30	Department of Administration	Department of Public Safety	Department of Public Works	Department of Parks and Recreation	General Debt Service	Other Expenditures	Total Expenditures	Ratio of General Debt Service to Total Expenditures
1995	\$ 1,217,801	\$ 3,822,560	\$ 687,007	\$ 760,024	\$ 465,000	\$ 1,191,350	\$ 8,143,742	5.71
1996	1,253,350	3,924,154	685,368	770,870	441,700	1,295,000	8,370,442	5.28
1997	1,388,678	3,945,060	730,366	836,824	450,000	1,824,578	9,175,506	4.90
1998	1,290,693	3,955,014	801,295	962,587	367,300	2,181,080	9,557,969	3.84
1999	1,561,042	4,199,775	797,149	1,159,886	368,000	2,005,000	10,090,852	3.65
2000	1,727,984	4,071,328	797,303	1,265,700	381,500	2,424,700	10,668,515	3.58
2001	1,728,964	4,290,521	847,871	1,431,515	393,180	2,890,283	11,582,334	3.41
2002	1,990,793	4,244,616	761,797	1,036,071	458,000	2,698,456	11,189,733	4.09
2003	2,016,639	4,420,696	834,981	1,523,565	473,000	2,410,303	11,679,184	4.05
2004	2,187,028	4,441,260	822,600	1,610,864	494,900	2,428,890	11,985,542	4.13

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan
General Fund Revenues – Excluding Property Taxes and Special Assessment
June 30, 2004
(unaudited)

Fiscal Year Ended June 30,	State- Shared Revenues	Licenses and Permits	Violation Bureau	Other Operating Revenues	Total
1995	\$ 1,612,227	\$ 309,429	\$ 611,123	\$ 941,562	\$ 3,474,341
1996	1,555,109	309,959	653,339	907,356	3,425,763
1997	1,821,009	398,102	729,832	934,601	3,883,544
1998	1,954,483	447,785	710,569	1,020,845	4,133,682
1999	2,413,385	446,581	678,213	1,071,743	4,609,922
2000	2,162,019	509,442	628,346	1,103,059	4,402,866
2001	2,107,637	573,235	382,289	1,154,797	4,217,958
2002	1,956,485	609,619	473,468	808,541	3,848,113
2003	1,842,388	625,658	518,702	935,287	3,922,035
2004	1,656,709	443,118	582,168	1,742,969	4,424,964

Source: Comptroller's Office

City of Grosse Pointe Woods, Michigan
Principal Taxpayers
June 30, 2004
(unaudited)

Taxable Valuation (Adjusted) \$47,319,492

Taxpayers	Type of Business	Taxable Valuation	Percentage of Total Taxable Valuation
Lochmoor Club	Private club	\$ 4,416,220	0.59 %
Pointe Plaza	Real Estate	3,915,380	0.52 %
Detroit Edison	Utility	3,854,650	0.52
Farmer Jacks	Commercial	3,024,120	0.40
Michigan Consolidated Gas Co.	Utility	2,696,430	0.36
St. Johns Hospital	Hospital	1,725,100	0.23
Comerica	Financial institution	2,541,190	0.34
Grosse Pointe Hunt Club	Private club	1,248,430	0.17
Peters Funeral Home	Mortuary	1,188,850	0.16
ANK Enterprises	Real Estate	1,023,830	0.14
Total		\$ 25,634,200	3.43 %

Source: Comptroller's/Assessor's Office

City of Grosse Pointe Woods, Michigan
Demographic Statistics
June 30, 2004
(unaudited)

Fiscal Year	Population	Per Capita Income	School Enrollment	Unemployment Rate
1995	18,150	\$ 19,500	8,205	2.20%
1996	18,400	19,500	8,407	2.00%
1997	18,400	20,000	8,517	1.00%
1998	18,200	20,600	8,644	1.00%
1999	18,200	21,000	8,666	1.20%
2000	18,215	49,200 (1)	8,708	1.10%
2001	17,089	30,050	8,873	1.25%
2002	17,089	38,653	8,900 (2)	1.50%
2003	17,080	42,364	8,900 (2)	1.40%
2004	17,085	43,600	9,182	1.50%

Source: *Grosse Pointe Public School System, Michigan Department of Career Development*

- 1) Household median income
- 2) Estimate

City of Grosse Pointe Woods, Michigan
New Construction, Property Value and Bank Deposits
June 30, 2004
(unaudited)

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Bank Deposits at June 30 (2)	Property Value (3)		
	Number of Units	Value	Number of Units	Value		Commercial	Residential	Nontaxable
1995	2	277,590	3	434,795	6,692,405	35,069,200	522,878,830	Schools and Churches
1996	5	916,000	12	2,096,225	7,631,360	34,998,300	522,876,830	Schools and Churches
1997	3	379,500	10	1,823,059	16,078,674	35,323,520	524,834,610	Schools and Churches
1998	1	3,375,000	8	1,752,792	13,718,228	36,051,330	541,618,100	Schools and Churches
1999	1	1,000,000	13	3,949,672	12,339,304	36,540,380	561,292,880	Schools and Churches
2000	2	14,830,000	4	1,035,000	12,189,085	38,531,410	578,695,970	Schools and Churches
2001	7	233,000	3	3,490,000	12,060,320	38,778,610	600,122,660	Schools and Churches
2002	1	932,234	3	540,000	11,939,159	36,605,260	631,848,210	Schools and Churches
2003	-	490,220	-	9,351,343	8,317,741	43,334,169	665,127,760	Schools and Churches
2004	-	11,954,168	-	8,711,754	6,196,504	45,117,196	682,780,721	Schools and Churches

Notes:

- (1) Based on building permits issued by the City's Department of Building and Zoning Codes, property values are estimated construction costs.
- (2) Bank deposits include balances in commercial banks (does not include Trust and Agency Funds).
- (3) Taxable values provided by local Assessor's Office (does not include industrial and personal property).

City of Grosse Pointe Woods, Michigan
Miscellaneous Statistical Data
June 30, 2004
(unaudited)

INCORPORATED AS HOME RULE VILLAGE - JANUARY 4, 1927
INCORPORATED AS HOME RULE CITY - DECEMBER 31, 1950

AREA INCORPORATED - 3.28 SQUARE MILES

STREETS AND ALLEYS

Miles of streets 53.95
Major systems 13.44
Local systems 40.51
Miles of alleys 1.68
Miles of water mains 75.00
Miles of sidewalks 106.81
Miles of sewer lines 98.00
Number of streetlights 1,604

POPULATION DATA

1930 Federal census 961
1940 Federal census 2,805
1950 Federal census 10,381
1960 Federal census 18,580
1970 Federal census 21,878
1980 Federal census 18,886
1990 Federal census 17,715
2000 Federal census 17,089

BUILDING ACTIVITY 7/1/02 TO 6/30/03

New Residential building permits 1
New Commercial building permits 3
Other building permits issued* 1,061
Estimated construction cost of permits \$ 20,665,922

ELECTION DATA

Registered voters - 2002 13,057
Votes cast 2002 general election 3,845
Percentage voting 2002 general election 29%

POLICE AND FIRE PROTECTION

Combined Public Safety Department
Full-time officers 39
Auxiliary public safety 22
Civilian personnel 27
Municipal employment 6/30/02 98
Full-time personnel 35
Part-time personnel 133
Seasonal

MUNICIPAL PARKING SYSTEM

Metered parking spaces 527
Off-street 351
On-street (Mack Avenue)
Metered lots (Mack Ave.) 8