

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 23, 2026

NEW ISSUE

BOOK-ENTRY-ONLY

RATING ⁽¹⁾: S&P Global Ratings Services "AAA"
(See "RATING INFORMATION" herein)

In the opinion of Dickinson Wright PLLC, Bond Counsel, subject to compliance with certain covenants, under existing law, (1) the interest on the Bonds is excludable from gross income for federal income tax purposes, and (2) the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof. See "TAX MATTERS" herein and "FORM OF LEGAL OPINION" Appendix C hereto for a description of certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which may affect the tax treatment of interest on the Bonds for certain Bondholders.

The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions pursuant to Section 265(b)(3) of the Code.

\$11,195,000 *

**CITY OF GROSSE POINTE FARMS
COUNTY OF WAYNE, STATE OF MICHIGAN
CAPITAL IMPROVEMENT BONDS, SERIES 2026**

OFFICIAL STATEMENT

The Capital Improvement Bonds, Series 2026 (the "Bonds") are being issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and a resolution adopted by the City Council of the City of Grosse Pointe Farms, County of Wayne, State of Michigan (the "City") on March 9, 2026 (the "Resolution") for the purpose of paying all or part of the costs of acquiring, and constructing various capital improvements of public recreational facilities in the City, consisting of the construction of a new municipal swimming pool and bathhouse, demolition of certain existing recreational structures, installation of new hardscape and landscape elements, parking lot improvements, site utility improvements and accessibility improvements, as well as all work, equipment and appurtenances necessary or incidental to such improvements (the "Project"); and the costs incidental to the issuance, sale and delivery of the Bonds.

The Bonds will be limited tax general obligations of the City payable from ad valorem taxes levied on all taxable property in the City or from any other funds of the City legally available therefor. The full faith and credit of the City have been pledged for the prompt payment of the principal of and interest on the Bonds as the same shall become due. Each year the City is obligated to include in its budget as a first budget obligation an amount sufficient to pay such principal and interest as the same shall become due. The ability of the City to raise funds to pay such amounts is subject to applicable constitutional, statutory, and charter limitations on the taxing power of the City.

The Bonds will be issued in fully registered form and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York, ("DTC"). DTC will act as securities depository for the Bonds, as described herein.

Interest on the Bonds will be payable semi-annually on the first day of April and October of each year, commencing October 1, 2026. Principal and interest will be paid by the City to Argent Institutional Trust Company, Grand Rapids, Michigan, the paying agent for the Bonds, or its successor, which will in turn remit such principal and interest to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds may be transferred in the manner described in the Bonds and as referenced in certain proceedings of the City referred to therein.

The record date of the Bonds will be the fifteenth day of the month preceding each interest payment date.

The Bonds are subject to redemption prior to maturity. See "REDEMPTION PROVISIONS" herein.

BIDS RECEIVED UNTIL: 1:00 P.M., E.T., APRIL 2, 2026

Bids will be received as indicated in the Official Notice of Sale provided in Appendix H of this Official Statement. Bids may also be submitted electronically via **PARITY** or email (info@bendzinski.com) pursuant to the Official Notice of Sale. To the extent any instructions or directions set forth in **PARITY** conflict with the Official Notice of Sale for the Bonds the terms of the Official Notice of Sale shall control.

Award will be based on a calculation of the True Interest Cost on the Bonds.

MATURITY SCHEDULE

Dated: Date of Delivery Principal Due: October 1 of each year as shown below

			Interest		Reoffering					Interest		Reoffering		
CUSIP ⁽²⁾	Year	Amount	Rate	Rate	CUSIP ⁽²⁾	Year	Amount	Rate	Rate	CUSIP ⁽²⁾	Year	Amount	Rate	Rate
	2026	\$400,000				2033	\$490,000				2040	\$650,000		
	2027	385,000				2034	510,000				2041	680,000		
	2028	405,000				2035	535,000				2042	705,000		
	2029	420,000				2036	555,000				2043	735,000		
	2030	435,000				2037	575,000				2044	765,000		
	2031	455,000				2038	600,000				2045	795,000		
	2032	475,000				2039	625,000							

The information regarding the reoffering rates was provided to the City by the initial purchasers of the Bonds.

The Date of this Official Statement is _____, 2026.

* Preliminary, subject to change.

⁽¹⁾ As of Date of Delivery.

⁽²⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright(c) 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Underwriter or its agents or counsel assume responsibility for the accuracy of such numbers.

(THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED DECISION.)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration qualification or filing under the securities laws of any such jurisdiction. As of its date, this Preliminary Official Statement has been "deemed final" by the City for purposes of SEC Rule 15c2-12(b)(1) except for the information permitted to be omitted from SEC Rule 15c2-12(b)(1).

The Bonds have not been registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, or registered in any state and will not be listed on any stock or other securities exchange. Neither the SEC nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale, except as disclosed herein.

No dealer, broker, salesperson or any other person has been authorized to give any information or to make any representation, other than the information and representations contained herein, in connection with the offering of the Bonds and, if given or made, such information or representations must not be relied upon.

This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby by any person in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to whom it is unlawful to make such offer or solicitation. The information set forth herein has been provided by the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness.

All summaries contained in this Official Statement are subject in all respects to the complete statute, regulation, rule, court decision or report. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor the sale made hereunder shall under any circumstance create any implication that there has been no change in the affairs of the City since the date hereof.

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THE BONDS

\$11,195,000*
CITY OF GROSSE POINTE FARMS
COUNTY OF WAYNE, STATE OF MICHIGAN
CAPITAL IMPROVEMENT BONDS, SERIES 2026

INFORMATION FOR BIDDERS

Date of Sale: April 2, 2026
 Time of Sale: 1:00 p.m. Eastern Time
 Place of Sale: Info@bendzinski.com or Electronically via PARITY

Dated:	Date of Delivery (Expected April 22, 2026)	Maximum Interest Rate:	6%
Principal Due:	October 1, Serially	Maximum Discount Allowed:	1.00%
Denominations:	\$5,000 or multiples thereof up to the amount of a single maturity	Multiples:	Any
Registration:	Book-Entry-Only	Qualified Tax-Exempt Obligations:	No

A certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of \$111,950 and payable to the order of the Finance Director/Treasurer of the City of Grosse Pointe Farms will be required of the successful bidder. The successful bidder is required to submit its good faith deposit to the City as instructed by the City or Bendzinski & Co., not later than Noon, prevailing Eastern Time, on the next business day following the award.

MATURITIES *

Principal Due: October 1 of each year as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2026	\$400,000	2031	\$455,000	2036	\$555,000	2041	\$680,000
2027	385,000	2032	475,000	2037	575,000	2042	705,000
2028	405,000	2033	490,000	2038	600,000	2043	735,000
2029	420,000	2034	510,000	2039	625,000	2044	765,000
2030	435,000	2035	535,000	2040	650,000	2045	795,000

ADJUSTMENT TO MATURITY

The City reserves the right to increase or decrease the amount of any principal maturity of the Bonds after receipt of the bids and prior to the final award. Such adjustment, if necessary, will be made in increments of \$5,000.

DESCRIPTION AND FORM OF THE BONDS

The Bonds will be issued in book-entry-only form as one fully registered Bond per maturity, without coupons, in the aggregate principal amount for each maturity set forth on the cover page hereof and may be purchased in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated as of the date of delivery and will bear interest from that date. Interest on the Bonds shall be payable on October 1, 2026 and semiannually each April 1 and October 1 thereafter prior to maturity or earlier redemption. Interest on the Bonds shall be computed using a 360-day year with twelve 30-day months, and the Bonds will mature on the dates and in the principal amounts and will bear interest at the rates as set forth on the cover of this Official Statement.

Argent Institutional Trust Company, Grand Rapids, Michigan, or its successor will serve as paying agent (the "Transfer Agent") and also as bond registrar and transfer agent if the Bonds cease to be held in book-entry-only form. For a description of payment of principal and interest, transfers and exchanges and notice of redemption on the Bonds which are held in the book-entry-only system, see "*Book-Entry-Only System*" below. In the event the Bonds cease to be held in the book-entry-only system, then interest on the Bonds shall be payable when due by check or draft to the person or entity who or which is, as of the fifteenth

(15th) day of the month preceding each interest payment date, the registered owner of record, at the owner's registered address. See "Transfer Outside Book-Entry-Only System" herein.

*Preliminary, subject to change

TERM BONDS

Bidders shall have the option of designating bonds maturing in the years 2026 through 2045 inclusive, as serial bonds, or term bonds, or both. The bid must designate whether each of the principal amounts shown above for the years 2026 through 2045, inclusive, represent a serial maturity or a mandatory redemption requirement for a term bond maturity. In any event, the above principal amount schedule for the years 2026 through 2045, inclusive, shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made at the time bids are submitted.

REDEMPTION PROVISIONS

MANDATORY REDEMPTION

Bonds designated as term bonds (the "Term Bonds") shall be subject to mandatory redemption at par and accrued interest on the dates and in the amounts corresponding to the annual principal maturities set forth. The Term Bonds or portions of the Term Bonds to be redeemed shall be selected by lot.

<u>Term Bond Maturing</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Term Bond Maturing</u>	<u>Year</u>	<u>Principal Amount</u>
October 1, 20__			October 1, 20__		

OPTIONAL REDEMPTION

Bonds maturing in the years 2026 to 2035, inclusive, shall not be subject to redemption prior to maturity.

Bonds or portions of Bonds in multiples of \$5,000 maturing in the year 2036 and thereafter shall be subject to redemption prior to maturity, at the option of the City, in any order of maturity and by lot within any maturity, on any date on or after October 1, 2035, at par and accrued interest to the date fixed for redemption.

NOTICE AND EFFECT OF REDEMPTION

If any Bonds are called for redemption, the Transfer Agent, on behalf of the City, shall give notice of such redemption at least 30 days prior to the date fixed for redemption. As described herein under "Book-Entry-Only System", as long as the Bonds are registered in the name of DTC or its nominee, redemption notices will be given to DTC only. Conveyance of notices by DTC to DTC Participants and Indirect Participants and, in turn, by the DTC Participants and Indirect Participants to Beneficial Owners (as defined in "Book-Entry-Only System") will be governed by arrangements among them. No further interest on Bonds called for redemption shall accrue after the date fixed for redemption, whether the Bonds are presented for redemption or not, provided the City has money available for such redemption.

BOOK-ENTRY-ONLY SYSTEM

The information in this section has been furnished by The Depository Trust Company, New York, New York ("DTC"). No representation is made by the City or the Paying Agent as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof. No attempt has been made by the City or the Paying Agent to determine whether DTC is or will be financially or otherwise capable of fulfilling its obligations. Neither the City nor the Paying Agent will have any responsibility or obligation to Direct Participants, Indirect Participants (both as defined below) or the persons for which they act as nominees with respect to the Bonds, or for any principal, premium, if any, or interest payment thereof.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in

deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond of ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds of either issue are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and redemption amounts, if any, on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, interest and redemption amounts, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

TRANSFER OUTSIDE BOOK-ENTRY-ONLY SYSTEM

In the event the Book-Entry-Only System is discontinued, the following provisions would apply to the Bonds. The Paying Agent shall keep the registration books for the Bonds (the "Bond Register") at its designated corporate trust office. Subject to the further conditions contained in the Resolution (hereinafter defined), the Bonds may be transferred or exchanged for one or more Bonds in different authorized denominations upon surrender thereof at the principal corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement bonds in authorized denominations, the Paying Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Bonds properly surrendered for partial redemption may be exchanged for new Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the City and the Paying Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

THE PROJECT

DESCRIPTION

The Bonds are being issued for the purpose of paying all or part of the costs of acquiring, and constructing various capital improvements of public recreational facilities in the City, consisting of the construction of a new municipal swimming pool and bathhouse, demolition of certain existing recreational structures, installation of new hardscape and landscape elements, parking lot improvements, site utility improvements and accessibility improvements, as well as all work, equipment and appurtenances necessary or incidental to such improvements (the "Project"); and the costs incidental to the issuance, sale and delivery of the Bonds.

USE OF BOND PROCEEDS

The estimated project cost is as follows:

Construction, Engineering & Contingency	\$11,000,687
Bond Discount (1.00%)	111,950
Cost of Issuance	82,363
Total Project Cost	<u>\$11,195,000</u>

AUTHORITY

The Bonds are being issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended ("Act 34"), and a resolution duly adopted by the City Council of the City on March 9, 2026 (the "Resolution").

MUNICIPAL FINANCE QUALIFYING STATEMENT

The City has filed a Qualifying Statement for the fiscal year ended June 30, 2025. The Michigan Department of Treasury has determined that the City is in material compliance with the criteria identified in Section 303 (3) of Act 34.

SECURITY

The Bonds will be limited tax general obligations of the City payable from ad valorem taxes levied on all taxable property in the City or from any other funds of the City legally available therefor. The full faith and credit of the City have been pledged for the prompt payment of the principal of and interest on the Bonds as the same shall become due. Each year the City is obligated to include in its budget as a first budget obligation an amount sufficient to pay such principal and interest as the same shall become due. The ability of the City to raise funds to pay such amounts is subject to applicable constitutional, statutory, and charter limitations on the taxing power of the City.

The rights and remedies of bondholders may be affected by bankruptcy, insolvency, fraudulent conveyance or other laws affecting creditors' rights generally now existing or hereafter enacted and by the application of general principles of equity including those relating to equitable subordination.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds have not been designated as "qualified tax-exempt obligations" for purposes of deduction of interest expense by financial institutions as defined in Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

TAX MATTERS

GENERAL

In the opinion of Dickinson Wright PLLC, Bond Counsel, based on its examination of the documents described in its opinion, under existing law as enacted and construed on the date of the initial delivery of the Bonds, the interest on the Bonds (a) is excludable from gross income for federal income tax purposes under Section 103 of the Code, (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (c) is included in "adjusted financial statement income" of certain corporations that are subject to the corporate alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that, based on its examination of the documents described in its opinion, under existing law, the Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

The opinions on federal tax matters are based on the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and which are intended to evidence and assure the foregoing, including that the Bonds are and will remain obligations the interest on which is excludable from gross income for federal income tax purposes. The City has covenanted to take the actions required of it for the interest on the Bonds to be and to remain excludable from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. The opinions assume the accuracy of the City's certifications and representations and the continuing compliance with the City's covenants. Noncompliance with these covenants by the City may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. After the date of issuance of the Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to their attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the market prices of the Bonds.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to the excludability of interest on the Bonds from gross income for federal income tax purposes but is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel cannot give, and has not given, any opinion or assurance about the effect of future changes in the Code, the applicable regulations, the interpretations thereof or the enforcement thereof by the IRS.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, foreign corporations subject to the branch profits tax, financial institutions, any corporation (other than an S corporation, a regulated investment company and a real estate investment trust) having average "adjusted financial statement income" exceeding \$1,000,000,000 over such corporation's three preceding taxable years, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits individuals otherwise eligible for the earned income tax credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion regarding any such consequences.

ARBITRAGE AND REBATE REQUIREMENTS

Interest on the Bonds will remain excluded from gross income under applicable federal tax law only if, among other requirements, the City complies with certain arbitrage requirements set forth in Section 148 of the Code. These requirements include yield and other limits regarding investment of the proceeds of the Bonds and other funds, and rebate of certain investment earnings on such amounts on a periodic basis to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become subject to federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance may occur or be ascertained. The City has covenanted in the Resolution to comply with all such requirements.

TAX TREATMENT OF ACCRUALS ON ORIGINAL ISSUE DISCOUNT BONDS

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Bonds initially sold at a discount as shown on the cover page hereof (the "OID Bonds") is sold and the amount payable at the stated redemption price at maturity thereof constitutes "original issue discount." Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the

adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

AMORTIZABLE BOND PREMIUM

For federal income tax purposes, the difference between an original registered owner's cost basis of the Bonds initially sold at a premium as shown on the cover page hereof (the "Original Premium Bonds") and the amounts payable on the Original Premium Bonds other than stated interest constitutes an amortizable bond premium. The same applies with respect to any Bond, if a registered owner's cost basis exceeds the amounts payable thereon other than stated interest (collectively with the Original Premium Bonds held by the original registered owners, "Premium Bonds"). Such amortizable bond premium is not deductible from gross income, but is taken into account by certain corporations in determining adjusted current earnings for the purpose of computing the alternative minimum tax, which may also affect liability for the branch profits tax imposed by Section 884 of the Code. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the registered owner's yield to maturity determined by using the registered owner's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the registered owner's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

FUTURE DEVELOPMENTS

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE BONDS, OR OTHERWISE PREVENT THE REGISTERED OWNERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY SUCH FUTURE LEGISLATION, OR ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE BONDS FOR AUDIT EXAMINATION, OR THE AUDIT PROCESS OR RESULT OF ANY EXAMINATION OF THE BONDS OR OTHER BONDS THAT PRESENT SIMILAR TAX ISSUES, WILL NOT ADVERSELY AFFECT THE MARKET PRICE OF THE BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE BONDS AND THE TAX CONSEQUENCES OF THE ORIGINAL ISSUE DISCOUNT OR PREMIUM THEREON, IF ANY.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approval of Dickinson Wright PLLC, Troy, Michigan, Bond Counsel. The opinion of Bond Counsel will be substantially in the form as set forth in Appendix E.

BOND COUNSEL'S RESPONSIBILITY

The fees of Dickinson Wright PLLC ("Bond Counsel") for services rendered in connection with its approving opinion are expected to be paid from Bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the Bonds and the exemption of the Bonds and the interest thereon from taxation, and as hereafter stated, Bond Counsel has not been retained to examine or review, and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Bonds, and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials.

Bond Counsel has only participated in the preparation of and reviewed those portions of this Official Statement under the captions entitled "MATURITIES," "DESCRIPTION AND FORM OF THE BONDS," "REDEMPTION PROVISIONS," "BOOK-ENTRY-ONLY SYSTEM – Transfer Outside Book- Entry- Only System," "AUTHORITY," "MUNICIPAL FINANCE QUALIFYING STATEMENT," "SECURITY," "TAX MATTERS," "LEGAL MATTERS," "BOND COUNSEL'S RESPONSIBILITY," and "CONTINUING DISCLOSURE" (except the last paragraph thereof). Bond Counsel has not been retained to review and has not reviewed any other portion of this Official Statement for accuracy or completeness, and has not made inquiry of any official or employee of the City or any other person and has made no independent verification of such other portions hereof, and further has not expressed and will not express an opinion as to any such portions hereof.

REGISTERED MUNICIPAL ADVISOR TO THE CITY

Bendzinski & Co., Municipal Finance Advisors, Grosse Pointe, Michigan, (the "Municipal Advisor") is a Registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board ("MSRB"). The Municipal Advisor has been retained by the City to provide certain financial advisory services including, among other things, preparation of the deemed "final" Preliminary Official Statement and the final Official Statement (the "Official Statements"). The information contained in the Official Statement was prepared in form by the Municipal Advisor and is based on information supplied by various officials from records, statements and reports required by various local, county or state agencies of the State of Michigan in accordance with constitutional or statutory requirements.

To the best of the Municipal Advisor's knowledge, all of the information contained in the Official Statements, which it assisted in preparing, while it may be summarized is (i) complete and accurate; (ii) does not contain any untrue statement of a material fact; and (iii) does not omit any material fact or make any statement which would be misleading in light of the circumstances under which these statements are being made. However, the Municipal Advisor has not and will not independently verify the completeness and accuracy of the information contained in the Official Statements.

The Municipal Advisor is not engaged in the business of underwriting, trading, marketing or the distribution of securities or any other negotiable instruments. The Municipal Advisor's duties, responsibilities and fees arise solely as Registered Municipal Advisor to the City and it has no secondary obligation or other responsibility. The Municipal Advisor's fees are expected to be paid from Bond proceeds.

RATING INFORMATION

S&P Global Ratings has assigned its municipal bond rating as stated on the front cover of this Official Statement, to this issue of Bonds.

The assigned rating reflects the independent judgment of the rating agency and there is no assurance that said rating will continue for any period of time or that it will not be revised or withdrawn by the rating agency. A revision or withdrawal of said rating may have an effect on the market price of the securities. The rating agency's fee is expected to be paid from Bond proceeds.

CONTINUING DISCLOSURE

Prior to delivery of the Bonds, the City will execute a Continuing Disclosure Certificate (the "Disclosure Certificate") for the benefit of the Beneficial Owners (as defined in the Disclosure Certificate) of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") electronically through MSRB's Electronic Municipal Market Access System, pursuant to the requirements of section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and the other terms of the Disclosure Certificate, are set forth in Appendix F - "FORM OF CONTINUING DISCLOSURE CERTIFICATE" to this Official Statement.

A failure by the City to comply with the Disclosure Certificate will not constitute an event of default under the Resolution and Beneficial Owners of the Bonds are limited to remedies described in the Disclosure Certificate.

A failure by the City to comply with the Disclosure Certificate must be reported by the City in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City has not failed to comply in any material respect with the requirements as described in subsection (b)(5) of the Rule of any continuing disclosure undertakings made by the City within the past five (5) years.

PRINTING AND DELIVERY

The City will furnish Bonds at its expense for delivery to the purchaser to DTC at New York, New York or an authorized agent of DTC. Delivery of the Bonds shall be within 45 days from the date of sale of the Bonds. Payment for the Bonds shall be made in immediately available Federal Reserve funds.

ABSENCE OF CERTAIN LITIGATION

According to City officials there is no litigation to their knowledge, pending or threatened, in any court (either state or federal) which seeks to restrain or enjoin the issuance or delivery of the Bonds, or which questions (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the legal existence of the City or the title to the office of the present officials of the City, or (iv) the ability of the City to operate or any other matter which may materially affect the financial condition of the City.

OTHER MATTERS

The City certifies that to its best knowledge and belief, this Official Statement, insofar as it pertains to the City and its economic and financial condition, is true and correct as of its date, and does not contain, nor omit, any material facts or information which would make the statements contained herein misleading. All information contained in this Official Statement, other than that provided by the City, is subject, in all respects, to the complete body of information contained in the original sources thereof and no guaranty, warranty or other representation is made concerning the accuracy or completeness of such information. In particular, no opinion or representation is rendered as to whether any projection will approximate actual results, and all opinions, estimates and assumptions, whether or not expressly identified as such, should not be considered statements of fact.

The date of the Preliminary Official Statement is March 23, 2026. The information contained herein is subject to revision, amendment and completion. As of that date, the Preliminary Official Statement was deemed "final" by the City for purposes of paragraph (b)(1) of the Rule.

This Official Statement has been duly approved, executed and delivered by the City on the date as set forth on the front cover of this Official Statement.

CITY OF GROSSE POINTE FARMS

/s/

Shane Reeside, City Manager

**CITY OF GROSSE POINTE FARMS
GENERAL DESCRIPTION AND STATISTICAL INFORMATION**

CITY OF GROSSE POINTE FARMS

LOCATION AND DESCRIPTION

The City is a suburban community located in the northeast corner of Wayne County, between the City of Detroit on its west and Lake St. Clair on its east. The City is primarily a residential community with over 93% of the parcels carrying a residential property classification.

FORM OF GOVERNMENT

The City operates under the Council-Manager form of government. The Council consists of seven members, one of whom serves as the Mayor. Every two years the electors choose a Mayor to serve a two-year term and three Council members to serve four-year terms. The City Manager appoints all other employees and is responsible for the daily administration of the City's activities.

POPULATION

2020 U.S. Census	10,148
2010 U.S. Census	9,479
2000 U.S. Census	9,764
1990 U.S. Census	10,092

FISCAL YEAR

July 1 to June 30

PROPERTY VALUATIONS

Article IX, Section 3, of the Michigan Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true cash value. The Michigan Legislature by statute has provided that property shall be assessed at 50% of its true cash value, except as described below. The Michigan Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property has two valuations -- State Equalized Valuation ("SEV") and Taxable Value. Property taxes are levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year minus any losses, multiplied by the lesser of 1.05 or the inflation rate, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

REAL PROPERTY TAX ASSESSMENTS

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local board of review and ultimately to the Michigan Tax Tribunal.

The Michigan Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the county's department of equalization. Thereafter, the State equalizes the various County in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended ("Act 198") is recorded on a separate tax roll while subject to tax abatement. The valuation of tax-abated property is based upon SEV but is not included in either the SEV or Taxable Value data in this Official Statement except as noted.

APPEAL OF PROPERTY ASSESSMENTS

Property taxpayers may appeal their assessments to the Michigan Tax Tribunal. Unless otherwise ordered by the Tax Tribunal, before the Tax Tribunal renders a decision on an assessment appeal, the taxpayer must have paid the tax bill. The City has two (2) tax appeals pending before the Tax Tribunal (including personal property appeals) for the year 2025, none of which are expected to have a significant impact on the City's State Equalized Valuation, Taxable Value or the resulting taxes.

INDUSTRIAL FACILITIES TAX

The Michigan Plant Rehabilitation and Industrial Development District Act (Act 198, Public Acts of Michigan, 1974, as amended) ("Act 198") provides significant property tax incentives to industry to renovate and expand aging industrial facilities and to build new industrial facilities in Michigan. Under the provisions of Act 198, qualifying cities, villages and townships may establish districts in which industrial firms are offered certain property tax incentives to encourage restoration or replacement of obsolete industrial facilities and to attract new industrial facilities.

Property owners situated in such districts pay an Industrial Facilities Tax ("IFT") in lieu of ad valorem property taxes on plant and equipment for a period of up to 12 years. For rehabilitated plant and equipment, the IFT is determined by calculating the product of the taxable value of the replacement facility in the year before the effective date of the abatement certificate multiplied by the total mills levied by all taxing units in the current year. For abatements granted prior to January 1, 1994, new plant and equipment is taxed at one-half the total mills levied by all taxing units, except for mills levied for local school district operating purposes or under the State Education Tax Act, plus one-half of the number of mills levied for local school district operating purposes in 1993. For new facility abatements granted after 1993, new plant and equipment is taxed at one-half of the total mills levied as ad valorem taxes by all taxing units, except mills levied under the State Education Tax Act, plus the number of mills levied under the State Education Tax Act. For new facility abatements granted after 1993, the State Treasurer may permit abatement of all, none or one-half of the mills levied under the State Education Tax Act. It must be emphasized, however, that ad valorem property taxes on land and inventory are not reduced in any way since both land and inventory are specifically excluded under Act 198.

The City does not currently have any outstanding IFT exemption certificates.

HISTORY OF PROPERTY VALUATIONS

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2025	\$1,392,877,800	\$1,050,650,776
2024	1,307,591,800	1,007,199,027
2023	1,222,702,223	949,056,800
2022	1,123,672,890	896,141,579
2021	1,075,193,000	860,948,630
2020	1,041,530,000	836,808,769
2019	992,897,810	808,083,181
2018	924,046,131	773,410,324
2017	899,971,400	745,649,097
2016	843,921,924	732,486,692

Source: Wayne County Equalization Department

MICHIGAN PROPERTY TAX REFORM

The enactment of Michigan Public Acts 153 and 154 of 2013, together with subsequent enactment of Michigan Public Acts 80 and 86 through 93 of 2014, significantly reformed personal property tax in Michigan. The voters of the State approved a referendum on August 4, 2014, to which all of these acts were tied, and therefore these acts will continue in effect.

Under these acts, owners of industrial and commercial personal property with a total true cash value of \$80,000 or less were able to annually file an affidavit claiming a personal property tax exemption. This threshold increased to \$180,000 beginning in 2024. To be eligible for the exemption, all of the commercial or industrial personal property within a city or township that is owned by, leased to, or controlled by the claimant has to have accumulated true cash value of \$180,000 or less. Beginning in 2016, owners of certain eligible manufacturing personal property that was either purchased after December 31, 2012, or that is a least 10 years old have been able to claim an exemption from personal property tax by filing an affidavit claiming the

exemption. By 2022, all eligible manufacturing personal property was at least 10 years old or purchased after December 31, 2012, so that it could be exempted from personal property tax.

To replace revenues lost by local governments, due to these exemptions, a portion of the current State use tax is set aside as a “local community stabilization share” that will not be subject to the annual appropriations process and is automatically provided to a “local community stabilization authority” for distribution pursuant to a statutory formula anticipated to provide 100% reimbursement to local governments for losses due to the new personal property tax exemptions. The City received \$18,067.70 from the Local Community Stabilization Authority to replace personal property tax revenues during the fiscal year ended June 30, 2025.

The ultimate nature, extent and impact of any other future amendments to Michigan’s property tax laws on the City’s finances cannot be predicted. Purchasers of the Bonds should consult with their legal counsel and financial advisors as to the consequences of any such legislation on the market price or marketability of the Bonds, the security therefor and the operations of the City.

An analysis of **State Equalized Valuation** is as follows:

	BY CLASS		
	2025	2024	2023
Real Property	\$ 1,373,417,100	\$ 1,286,108,500	\$ 1,200,675,523
Personal Property	19,460,700	21,483,300	22,026,700
TOTAL	\$ 1,392,877,800	\$ 1,307,591,800	\$ 1,222,702,223

	BY USE		
	2025	2024	2023
Residential	\$ 1,314,148,700	\$ 1,228,750,700	\$ 1,145,262,423
Commercial	59,268,400	57,357,800	55,413,100
Personal Property	19,460,700	21,483,300	22,026,700
TOTAL	\$ 1,392,877,800	\$ 1,307,591,800	\$ 1,222,702,223

An analysis of **Taxable Value** is as follows:

	BY CLASS		
	2025	2024	2023
Real Property	\$ 1,031,190,076	\$ 985,715,727	\$ 927,030,100
Personal Property	19,460,700	21,483,300	22,026,700
TOTAL	\$ 1,050,650,776	\$ 1,007,199,027	\$ 949,056,800

	BY USE		
	2025	2024	2023
Residential	\$ 982,164,390	\$ 938,887,312	\$ 881,906,913
Commercial	49,025,686	46,828,415	45,123,187
Personal Property	19,460,700	21,483,300	22,026,700
TOTAL	\$ 1,050,650,776	\$ 1,007,199,027	\$ 949,056,800

Source: Wayne County Equalization Department

MAJOR TAXPAYERS

According to City officials, the 2025 State Equalized Valuation and Taxable Value of each of the City's top ten major taxpayers is as follows:

Name of Taxpayer	2025 Taxable Value
DTE Gas Company	\$9,847,000
Kercheval Pierson LLC	6,032,600
American House Grosse Pointe, LLC	4,921,375
DTE Electric Company	4,550,100
Country Club of Detroit	4,002,366
Kaiser, Robert S.	3,569,439
Soave, Anthony Trustee	3,167,360
Premiere Equities GP, LLC	2,516,300
Cracchiolo, Ray	2,178,456
Ford, Mr. - Mrs. Edsel	2,172,036

Source: City of Grosse Pointe Farms

TAX RATES

(Per \$1,000 of Taxable Value)

	2025/2026		2024/2025		2023/2024	
	Principal <u>Residence</u>	Non Principal <u>Residence</u>	Principal <u>Residence</u>	Non Principal <u>Residence</u>	Principal <u>Residence</u>	Non Principal <u>Residence</u>
City of Grosse Pointe Farms						
Operating	11.6086	11.6086	11.5588	11.5588	11.5270	11.5270
Debt	0.8386	0.8386	0.3620	0.3620	0.3767	0.3767
Rubbish	2.5559	2.5559	2.5810	2.5810	2.5907	2.5907
Roads	1.9446	1.9446	1.9637	1.9637	1.9711	1.9711
Seniors	0.3466	0.3466	0.0000	0.0000	0.0000	0.0000
Grosse Pointe Public Library System	2.0600	2.0600	2.0970	2.0970	2.0970	2.0970
County of Wayne	7.7063	7.7063	7.7468	7.7468	7.7728	7.7728
Grosse Pointe School District						
Operating	0.0000	18.0000	0.0000	18.0000	0.0000	18.0000
Supplemental	3.5223	0.0000	3.5458	0.0000	3.7113	0.0000
Sinking Fund	2.9697	2.9697	0.9588	0.9588	0.9661	0.9661
Debt	3.1400	3.1400	3.1400	3.1400	3.1400	3.1400
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Wayne County RESA	5.3800	5.3800	5.4092	5.4092	5.4275	5.4275
Wayne County Community College	3.1876	3.1876	3.2043	3.2043	3.2202	3.2202
Huron County Metropolitan Authority	0.2050	0.2050	0.2062	0.2062	0.2070	0.2070
Wayne County Transit Authority	0.9831	0.9831	0.9916	0.9916	0.9949	0.9949
Art Authority	0.1968	0.1968	0.1979	0.1979	0.1986	0.1986
Zoo Authority	0.0982	0.0982	0.0988	0.0988	0.0992	0.0992
Total All Jurisdictions	52.7433	67.2210	50.0619	64.5161	50.3001	64.5888

Source: City of Grosse Pointe Farms

TAX RATE LIMITATIONS ⁽¹⁾

The City is authorized pursuant to the City Charter to levy the following tax rates:

Purpose	Maximum Millage Authorized	Maximum Millage to be Levied ^{(1),(2)}	Expiration Date of Millage
General Operating	20.0000	11.6086	In perpetuity

⁽¹⁾ The Michigan Constitution places certain restrictions on new taxes and tax increases and limits taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding on or after December 23, 1978, unless such obligations are approved by the electors of the issuing public corporation.

⁽²⁾ See "CONSTITUTIONAL MILLAGE ROLL-BACK" herein.

The City may levy taxes in excess of the above limitation pursuant to state law for the following purposes:

Purpose	Authority	Rate (per \$1,000 of State Equalized Valuation)
Refuse Collection and Disposal	Act 298, P.A. of Michigan 1917, as amended	2.5559

In addition, Article IX, Section 6 of the Michigan Constitution, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bond and bonds issued prior to December 23, 1978 or tax supported issues which have been approved by the voters for which the issuer has pledged its full faith and credit.
2. Operating purposes for a specified period of time provided that said increase is approved by a majority of the qualified electors of the local unit.
3. Payment of valid judgments levied in accordance with the State law.

CONSTITUTIONAL MILLAGE ROLL-BACK

Article IX, Section 31 of the Michigan Constitution requires that if the total value of existing taxable property in a local taxing unit, exclusive of new construction and improvements, increases faster than the U.S. Consumer Price Index from one year to the next, the maximum authorized tax rate for that local taxing unit must be permanently reduced through a Millage Reduction Fraction unless reversed by a vote of the electorate of the local taxing unit.

TAX LEVIES AND COLLECTIONS ⁽¹⁾

Tax Year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected.
2025	2026	\$18,065,812	\$17,827,802	98.68%	\$ -	\$17,827,802	98.68%
2024	2025	16,499,517	16,279,968	98.67%	218,213	16,498,181	99.99%
2023	2024	15,563,748	15,360,100	98.69%	201,767	15,561,867	99.99%
2022	2023	14,958,355	14,802,561	98.96%	153,250	14,955,811	99.98%
2021	2022	14,430,559	14,215,700	98.51%	213,360	14,429,060	99.99%
2020	2021	14,178,132	13,982,218	98.62%	194,477	14,176,695	99.99%
2019	2020	12,033,990	11,895,247	98.85%	136,988	12,032,235	99.99%
2018	2019	11,551,076	11,363,058	98.37%	186,472	11,549,530	99.99%
2017	2018	10,675,554	10,553,167	98.85%	121,906	10,675,073	100.00%
2016	2017	10,559,446	10,422,145	98.70%	136,808	10,558,953	100.00%

⁽¹⁾ City operating levy only.

Source: Treasurer, City of Grosse Pointe Farms

The City's taxes are due and payable and a lien created upon the assessed property on July 1, each year. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection.

The delinquent real property taxes are subject to additional penalties and interest by the County. Unless the delinquent real property taxes are paid within approximately 25 months from the date of delinquency the underlying property is foreclosed upon and sold at public auction.

Wayne County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1st of each year. If feasible, it is anticipated that the County will continue to reimburse the City for any uncollected taxes, but there is no assurance that this will be the case since the County is not obligated to continue this fund in future years. Uncollected personal property taxes must be collected by the local treasurer and are negligible.

REVENUES FROM THE STATE OF MICHIGAN

The City receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The revenue sharing payments are composed of two components – a constitutional distribution and a statutory distribution.

The constitutional distribution is mandated by the State Constitution and distributed on a per capita basis to townships, cities and villages. The amount of the constitutionally mandated revenue sharing component distributed to the City can vary depending on the population of the [City] and the receipt of sales tax revenues by the State.

The statutory distribution is authorized by legislative action and distribution is subject to annual State appropriation by the State Legislature. Statutory distributions may be reduced or delayed by Executive Order during any State fiscal year in which the Governor, with the approval of the State Legislature’s appropriations committees, determines that actual revenues will be less than the revenue estimates on which appropriations were based.

On October 7, 2025, Governor Whitmer signed into law the budget for fiscal year 2026. The budget includes a constitutional revenue sharing distribution to cities, villages and townships of approximately \$1.010 billion. An additional \$333.5 million has been appropriated for revenue sharing distributions, of which \$299.1 million will be distributed pursuant to the State Revenue Sharing Act and \$34.4 million will be distributed in 1/3 increments to cities, villages, and townships: (i) according to a statutory formula based on the per capita taxable valuation of each city, village, or township in proportion to the State-wide per capita taxable valuation; (ii) to each unit type according to its population; and (iii) pursuant to a formular that provides a yield equalization payment to each unit that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02.

The City anticipates receiving \$79,363 in total statutory revenue sharing for fiscal year 2026.

Purchasers of the Bonds should be alerted to further modifications to revenue sharing payments to Michigan local governmental units, to potential consequent impact on the City’s general fund condition, and to the potential impact upon the market price or marketability of the Bonds resulting from changes in revenues received by the City from the State.

The following table sets forth the annual revenue sharing payments received by the City during the State of Michigan’s fiscal years ended September 30, 2022 through September 2025, and the currently anticipated revenue sharing payments the City expects to receive based on the State of Michigan's fiscal year ending September 30, 2026.

State of Michigan Fiscal Year Ending September 30,	Constitutional Payments	Statutory/CVTRS Payments	Census Adjustment	Total
2026	\$ 1,080,935	\$ 79,699	\$ -	\$ 1,160,634 *
2025	1,093,719	79,699	-	1,173,418
2024	1,112,630	64,923	-	1,177,553
2023	1,092,701	61,253	-	1,153,954
2022	1,050,062	57,786	71,450	1,179,298

*Estimated

Source: State of Michigan Treasury Website:- <https://treas-secure.state.mi.us/apps/findrevshareinfo.asp>

LABOR AGREEMENTS

The City has three (3) employee bargaining units which have negotiated comprehensive salary, wage, fringe benefit and working conditions contracts with the City. The duration of these agreements are as follows:

<u>Employee Group</u>	<u>Number of Employees</u>	<u>Expiration Date of Contract</u>
Police Officers Assoc. of Michigan - Public Safety Officers, Dispatchers and Firefighters	30	6/30/2028
Technical, Professional and Officeworking Assoc. of Mich	27	6/30/2028
Police Officers Labor Council, Command Officers Assoc.	9	6/30/2028

Source: City of Grosse Pointe Farms

RETIREMENT PLAN *

PLAN DESCRIPTION

Public Safety Retirement Pension System

The Retirement Board administers the Public Safety Retirement System – a single employer defined benefit pension plan that provides pensions for all full-time police and fire employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The plan does not issue a separate financial report.

General Employees’ Retirement Pension System

The Retirement Board administers the General Employees’ Retirement System – a single employer defined benefit pension plan that provides pensions for all general employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The plan does not issue a separate financial report.

BENEFITS PROVIDED

Public Safety Retirement Pension System

The pension plan provides retirement, disability, and death benefits. In addition to providing pension benefits, the system provides healthcare benefits for plan members if they reach normal retirement age while working for the City. Benefits terms are established by City ordinances and negotiations with the City’s collective bargaining units and may be amended through negotiation with the City’s collective bargaining units.

General Employees’ Retirement Pension System

The pension plan provides retirement, disability, and death benefits. In addition to providing pension benefits, the system provides healthcare benefits for plan members if they reach normal retirement age while working for the City. Benefit terms are established by City ordinances and negotiations with the City’s collective bargaining units and may be amended through negotiations with the City’s collective bargaining units.

The plan is closed to union and department heads and clerical staff hired after July 1, 2007. The plan is closed to dispatchers hired after December 30, 2011

EMPLOYEES COVERED BY BENEFIT TERMS

<u>As of June 30, 2025</u>	<u>Public Safety Retirement Pension System</u>	<u>General Employees Retirement Pension System</u>
Inactive plan members or beneficiaries currently receiving benefits	45	59
Inactive plan members entitled to but not yet receiving benefits	-	2
Active plan members	36	16
	<u>81</u>	<u>77</u>

CONTRIBUTIONS

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Retirement Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by City ordinances and negotiations with the City’s collective bargaining units.

* For further information see Notes 8 and 9 in the City’s Annual Comprehensive Financial Reports, fiscal year ended June 30, 2025.

Public Safety Retirement Pension System

Schedule of Pension Contributions – Public Safety Retirement Pension System

	2025	2024	2023	2022
Actuarially determined contribution	\$ 128,771	\$ 112,516	\$ 165,510	\$ 440,240
Contributions in relation to the actuarially determined contribution	451,780	437,516	265,510	640,240
Contribution Excess	\$ 325,009	\$ 325,000	\$ 100,000	\$ 200,000
Covered Payroll	\$ 4,067,429	\$ 3,835,585	\$ 3,838,607	\$ 3,568,526
Contributions as a Percentage of Covered Payroll	11.11 %	11.41 %	6.92 %	17.94 %

General Employees’ Retirement Pension System

Schedule of Pension Contributions – General Employees’ Retirement Pension System

	2025	2024	2023	2022
Actuarially determined contribution	\$ 513,079	\$ 654,790	\$ 684,595	\$ 737,113
Contributions in relation to the actuarially determined contribution	793,080	604,790	1,158,168	887,113
Contribution Excess	\$ 280,001	\$ 150,000	\$ 473,573	\$ 150,000
Covered Payroll	\$ 1,240,892	\$ 1,205,483	\$ 1,328,228	\$ 1,305,732
Contributions as a Percentage of Covered Payroll	63.91 %	66.76 %	87.20 %	67.94 %

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NET PENSION ASSET/LIABILITY

Public Safety Retirement Pension System

Schedule of Changes in Net Pension Asset & Related Ratios - Public Safety Retirement Pension System

<u>Fiscal Year Ended June 30</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total pension liability				
Service cost	\$ 993,524	\$ 1,004,986	\$ 951,309	\$ 948,789
Interest	3,235,624	3,138,810	3,048,464	3,028,712
Difference between expected and actual experience	1,062,344	57,757	908,786	(1,228,318)
Changes in assumptions	-	-	(976,233)	-
Benefit payments including employee refunds	<u>(3,154,091)</u>	<u>(2,588,178)</u>	<u>(2,780,816)</u>	<u>(2,183,120)</u>
Net change in total pension liability	2,137,401	1,613,375	1,151,510	566,063
Total pension liability, beginning of year	<u>46,178,749</u>	<u>44,565,374</u>	<u>43,413,864</u>	<u>42,847,801</u>
Total pension liability, ending of year	<u>\$48,316,150</u>	<u>\$46,178,749</u>	<u>\$44,565,374</u>	<u>\$43,413,864</u>
Plan Fiduciary Net Position				
Contributions Employer	\$ 451,780	\$ 437,516	\$ 265,510	\$ 640,240
Contributions Member	369,172	329,207	310,077	286,010
Net investment income	4,438,239	6,479,503	4,654,738	(6,690,247)
Benefit payments including employee refunds	(3,154,091)	(2,588,178)	(2,780,816)	(2,183,120)
Administrative & Other	<u>(16,364)</u>	<u>(15,382)</u>	<u>(17,426)</u>	<u>(16,464)</u>
Net change in plan fiduciary net position	2,088,736	4,642,666	2,432,083	(7,963,581)
Plan fiduciary net position, beginning of year	<u>52,092,980</u>	<u>47,450,314</u>	<u>45,018,231</u>	<u>52,981,812</u>
Plan fiduciary net position, ending of year	<u>\$54,181,716</u>	<u>\$52,092,980</u>	<u>\$47,450,314</u>	<u>\$45,018,231</u>
City's Net Pension Liability (Asset) - Ending	<u>\$ (5,865,566)</u>	<u>\$ (5,914,231)</u>	<u>\$ (2,884,940)</u>	<u>\$ (1,604,367)</u>
Plan fiduciary net position as a percentage of the total pension liability	112.14%	112.81%	106.47%	103.70%
Covered employee payroll	\$ 4,067,429	\$ 3,835,585	\$ 3,838,607	\$ 3,568,526
Employer's net pension liability as a percentage of covered employee payroll	-144.21%	-154.19%	-75.16%	-44.96%

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General Employees' Retirement Pension System

Schedule of Changes in Net Pension Asset & Related Ratios – General Employees' Retirement Pension System

Fiscal Year Ended June 30	2025	2024	2023	2022
Total pension liability				
Service cost	\$ 269,756	\$ 292,799	\$ 265,031	\$ 284,679
Interest	2,177,655	2,171,640	2,163,011	2,154,606
Difference between expected and actual experience	693,019	(363,706)	(459,392)	(331,061)
Changes in assumptions	-	-	47,641	-
Benefit payments including employee refunds	(2,001,922)	(2,033,103)	(1,766,077)	(2,210,729)
Net change in total pension liability	1,138,508	67,630	250,214	(102,505)
Total pension liability, beginning of year	31,020,065	30,952,435	30,702,221	30,804,726
Total pension liability, ending of year	<u>\$ 32,158,573</u>	<u>\$ 31,020,065</u>	<u>\$ 30,952,435</u>	<u>\$ 30,702,221</u>
Plan Fiduciary Net Position				
Contributions Employer	\$ 793,080	\$ 804,790	\$ 1,158,168	\$ 887,113
Contributions Member	71,319	71,912	75,021	79,990
Net Investment income	2,534,610	3,681,972	2,633,130	(3,810,615)
Benefit payments including employee refunds	(2,001,922)	(2,033,103)	(1,766,077)	(2,210,729)
Administrative & Other	(14,644)	(14,483)	(14,494)	(14,520)
Net change in plan fiduciary net position	1,382,443	2,511,088	2,085,748	(5,068,761)
Plan fiduciary net position, beginning of year	29,379,302	26,868,214	24,782,466	29,851,227
Plan fiduciary net position, ending of year	<u>\$ 30,761,745</u>	<u>\$ 29,379,302</u>	<u>\$ 26,868,214</u>	<u>\$ 24,782,466</u>
City's Net Pension Liability (Asset) - Ending	<u>\$ 1,396,828</u>	<u>\$ 1,640,763</u>	<u>\$ 4,084,221</u>	<u>\$ 5,919,755</u>
Plan fiduciary net position as a percentage of the total pension liability	95.66%	94.71%	86.80%	80.72%
Covered employee payroll	\$ 1,240,892	\$ 1,205,483	\$ 1,328,228	\$ 1,305,732
Employer's net pension liability as a percentage of covered employee payroll	112.57%	136.11%	307.49%	453.37%

PENSION PLAN RESERVES

Public Safety Retirement Pension System

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payment for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee, and credits interest annually at a rate earned by the retirement system for that fiscal year. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, they may request the return of their contributions, which will actuarially lower their retirement benefit, or the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

General Employees' Retirement Pension System

In accordance with plan documents, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payment for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee, and credits interest annually at a rate earned by the retirement system for that fiscal year. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those

who stay until retirement, they may request the return of their contributions, which will actuarially lower their retirement benefit, or the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

Source: City of Grosse Pointe Farms Annual Comprehensive Financial Reports, fiscal year ended June 30, 2025.

OTHER POST EMPLOYMENT BENEFITS **

PLAN DESCRIPTION

Public Safety Retirement Health Plan

The retirement board administers the City of Grosse Pointe Farms Public Safety Retirement Health Plan, a single employer defined benefit OPEB plan that is used to provide postemployment benefits other than pension (OPEB) for public safety employees.

Management of the plan is vested with the retirement board. The plan does not issue a stand-alone financial report.

General Employees’ Retirement Health Plan

The retirement board administers the City of Grosse Pointe Farms General Employees’ Retirement Health Plan, a single employer defined benefit OPEB plan that is used to provide postemployment benefits other than pension (OPEB) for general employees.

Management of the plan is vested with the retirement board. The plan does not issue a stand-alone financial report.

The financial statements of each OPEB plan are included in the financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

BENEFITS PROVIDED

Public Safety Retirement Health Plan

The plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan until age 65.

The plan is closed to new individuals hired after July 1, 2007.

General Employees’ Retirement Health Plan

The plan provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan until age 65.

The plan is closed to union and department heads and clerical hired after July 1, 2007. The plan is closed to dispatchers hired after December 30, 2011.

EMPLOYEES COVERED BY BENEFIT TERMS

The following members were covered by the benefit terms:

<u>Member Count</u>	<u>June 30, 2025</u>	
	<u>Public Safety Retirement Health Plan</u>	<u>General Employees’ Retirement Health Plan</u>
Inactive plan members or beneficiaries currently receiving benefits	42	48
Active plan members	12	16
	<u>54</u>	<u>64</u>

CONTRIBUTIONS

Public Safety Retirement Health Plan

The plan was established and is being funded under the authority of the City Council. The plan’s funding policy is that the employer will make discretionary contributions. Plan members are not required to contribute to the plan. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

** For further information see Notes 10 and 11 in the City’s Annual Comprehensive Financial Report, fiscal year ended June 30, 2025

	2025	2024	2023	2022
Actuarially determined contribution	\$ 324,813	\$ 882,952	\$ 723,841	\$ 702,116
Contributions in relation to the actuarially determined contribution	765,000	710,000	754,400	636,300
Contribution Excess (Deficiency)	\$ 440,187	\$ (172,952)	\$ 30,559	\$ (65,816)
Covered-employee Payroll	\$ 1,205,338	\$ 1,788,006	\$ 1,727,542	\$ 2,274,655
Contributions as a Percentage of Covered-employee Payroll	63.47 %	39.71 %	43.67 %	27.97 %

General Employees' Retirement Health Plan

The plan was established and is being funded under the authority of the City Council. The plan's funding policy is that the employer will make discretionary contributions. Plan members are not required to contribute to the plan. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

	2025	2024	2023	2022
Actuarially determined contribution	\$ 319,964	\$ 497,969	\$ 441,849	\$ 415,803
Contributions in relation to the actuarially determined contribution	730,000	760,000	760,704	933,493
Contribution Excess (Deficiency)	\$ 410,036	\$ 262,031	\$ 318,855	\$ 517,690
Covered-employee Payroll	\$ 1,240,892	\$ 1,381,357	\$ 1,328,228	\$ 1,439,639
Contributions as a Percentage of Covered-employee Payroll	58.83 %	55.02 %	57.27 %	64.84 %

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NET OPEB LIABILITY

Schedule of Changes in the NET OPEB Liability and Related Ratios - Public Safety Retirement Health Plan

Fiscal Year Ended June 30

Public Safety Retirement Health Plan	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB liability				
Service cost	\$ 158,831	\$ 162,588	\$ 201,413	\$ 221,796
Interest	813,122	788,138	1,084,914	1,031,001
Benefit payments including refunds	(670,703)	(536,382)	(497,504)	(480,371)
Differences between expected and actual experience	3,121,808	-	(4,334,786)	-
Changes in assumptions	124,938	-	(489,572)	-
Net change in total OPEB liability	<u>3,547,996</u>	<u>414,344</u>	<u>(4,035,535)</u>	<u>772,426</u>
Total OPEB liability, beginning of year	<u>11,386,126</u>	<u>10,971,782</u>	<u>15,007,317</u>	<u>14,234,891</u>
Total OPEB liability, ending of year	<u>\$ 14,934,122</u>	<u>\$ 11,386,126</u>	<u>\$ 10,971,782</u>	<u>\$ 15,007,317</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 765,000	\$ 710,000	\$ 754,400	\$ 636,300
Contributions - Active & inactive plan members not yet receiving benefits	-	-	-	-
Net Investment income (loss)	910,848	1,216,193	823,899	(1,086,263)
Benefit payments including employee refunds	<u>(670,703)</u>	<u>(536,382)</u>	<u>(497,504)</u>	<u>(480,371)</u>
Net change in plan fiduciary net position	<u>1,005,145</u>	<u>1,389,811</u>	<u>1,080,795</u>	<u>(930,334)</u>
Plan fiduciary net position, beginning of year	<u>10,120,543</u>	<u>8,730,732</u>	<u>7,649,937</u>	<u>8,580,271</u>
Plan fiduciary net position, ending of year	<u>\$ 11,125,688</u>	<u>\$ 10,120,543</u>	<u>\$ 8,730,732</u>	<u>\$ 7,649,937</u>
City's Net OPEB Liability - Ending	<u>\$ 3,808,434</u>	<u>\$ 1,265,583</u>	<u>\$ 2,241,050</u>	<u>\$ 7,357,380</u>
Plan fiduciary net position as a percentage of the total OPEB liability	74.50%	88.88%	79.57%	50.97%
Covered employee payroll	\$ 1,205,338	\$ 1,788,006	\$ 1,727,542	\$ 2,274,655
Employer's net OPEB liability as a percentage of covered employee payroll	315.96%	70.78%	129.72%	323.45%

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Schedule of Changes in the NET OPEB Liability and Related Ratios – General Employees’ Retirement Health Plan

Fiscal Year Ended June 30

General Employees' Retirement Health Plan	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 91,978	\$ 92,047	\$ 118,301	\$ 115,441
Interest	658,932	642,528	667,356	651,632
Benefit payments including refunds	(523,699)	(493,275)	(506,681)	(597,820)
Differences between expected and actual experience	1,432,243	-	(562,703)	-
Changes in assumptions	156,997	-	(39,085)	-
Net change in total OPEB liability	1,816,451	241,300	(322,812)	169,253
Total OPEB liability, beginning of year	9,254,010	9,012,710	9,335,522	9,166,269
Total OPEB liability, ending of year	<u>\$ 11,070,461</u>	<u>\$ 9,254,010</u>	<u>\$ 9,012,710</u>	<u>\$ 9,335,522</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 730,000	\$ 760,000	\$ 760,704	\$ 933,493
Net Investment income (loss)	641,729	841,853	571,121	(711,533)
Benefit payments including employee refunds	(523,699)	(493,275)	(506,681)	(597,820)
Administrative expenses	-	-	-	(1)
Net change in plan fiduciary net position	848,030	1,108,578	825,144	(375,861)
Plan fiduciary net position, beginning of year	7,178,177	6,069,599	5,244,455	5,620,316
Plan fiduciary net position, ending of year	<u>\$ 8,026,207</u>	<u>\$ 7,178,177</u>	<u>\$ 6,069,599</u>	<u>\$ 5,244,455</u>
City's Net OPEB Liability - Ending	<u>\$ 3,044,254</u>	<u>\$ 2,075,833</u>	<u>\$ 2,943,111</u>	<u>\$ 4,091,067</u>
Plan fiduciary net position as a percentage of the total OPEB liability	72.50%	77.57%	67.34%	56.18%
Covered employee payroll	\$1,240,892	\$1,381,357	\$1,328,228	\$1,439,639
Employer's net OPEB liability as a percentage of covered employee payroll	245.33%	150.27%	221.58%	284.17%

Source: City of Grosse Pointe Farms Annual Comprehensive Financial Reports.

GENERAL FUND-FUND BALANCE

The City's General Fund fund balance for the last five years has been as follows:

Fiscal Year Ended June 30	Fund Balance
2025	\$ 7,259,400
2024	6,922,499
2023	6,655,574
2022	5,682,029
2021	6,682,880

Source: City of Grosse Pointe Farms Audited Financial Report with Supplemental Information

DEBT STATEMENT*

(As of April 23, 2026, including the Bonds herein)

DIRECT DEBT:

General Obligation Bonds			
06/19/12	GOLT, Series 2012	\$	1,925,000
06/25/14	W & S SRF #5395-01		120,000
05/07/15	GOLT Bonds, Series 2015		3,225,000
12/21/17	GOUT Bonds, Series 2017		2,565,000
05/01/25	UT Bonds, Series 2025		11,875,000
Date of Delivery	Capital Improvement Bonds, 2026 (LTGO)		11,195,000
Date of Delivery	Unlimited Tax General Obligation Bonds, 2026		33,380,000
			** \$ 64,285,000
TOTAL DIRECT DEBT			<u>\$ 64,285,000</u>

OVERLAPPING DEBT:

27.40%	Grosse Pointe School District	\$	112,970,000	\$	30,953,780
1.75%	Wayne County @ Large		252,980,375		4,427,157
1.72%	Wayne County Intermediate School District		-		-
2.87%	Wayne County Community College		-		-
27.40%	Grosse Pointe Public Library		11,835,000		3,242,790
TOTAL OVERLAPPING DEBT					<u>\$ 38,623,727</u>
NET DIRECT AND OVERLAPPING DEBT					<u>\$ 102,908,727</u>

Source: Municipal Advisory Council of Michigan

DEBT RATIOS:

Per Capita 2025 State Equalized Valuation	\$	137,256.39
Per Capita 2025 True Cash Value	\$	274,512.77
Per Capita Net Direct Debt	\$	6,334.75
Per Capita Combined Net Direct and Overlapping Debt	\$	10,140.79
Percent of Net Direct Debt of 2025 State Equalized Valuation		4.62%
Percent of Net Direct and Overlapping Debt of 2025 State Equalized Valuation		7.39%
Percent of Net Direct Debt of 2025 True Cash Value		2.31%
Percent of Net Direct and Overlapping Debt of 2025 True Cash Value		3.69%

*Preliminary subject to change

SCHEDULE OF BOND MATURITIES*

(As of April 23, 2026, including the Bonds herein)

	General
	Obligation
<u>Year</u>	<u>Bonds</u>
2026	1,300,000
2027	1,615,000
2028	1,685,000
2029	1,895,000
2030	2,070,000
2031	2,185,000
2032	2,390,000
2033	1,780,000
2034	1,915,000
2035	2,070,000
2036	1,845,000
2037	1,990,000
2038	2,130,000
2039	2,340,000
2040	2,510,000
2041	2,695,000
2042	2,900,000
2043	3,085,000
2044	3,290,000
2045	3,535,000
2046	2,950,000
2047	3,210,000
2048	3,225,000
2049	3,225,000
2050	3,225,000
2051	3,225,000
	<u>\$ 64,285,000</u>

DEBT HISTORY: There is no record of default.

FUTURE BONDING: The City anticipates the issuance of approximately \$33,380,000 in Unlimited Tax General Obligation Bonds at the same time as the Capital Improvement Bonds, Series 2026 . See ** in debt statement.

*Preliminary subject to change

STATEMENT OF LEGAL DEBT MARGIN*
(As of April 23, 2026, including the Bonds herein)

2025 State Equalized Valuation		\$ 1,392,877,800
Plus:		
Plus Assessed Value Equivalent of Act 198 specific tax levies	\$ -	-
2025 State Revenue Sharing	72,841,934	
2025 Personal Property Tax Reimbursement	1,155,061	73,996,995
Total Valuation		<u>\$ 1,466,874,795</u>
Debt Limit (10% of State Equalized Valuation) (1)		\$ 146,687,480
Amount of Outstanding Debt (Debt Statement)	\$ 64,285,000	
Less (2-e) Bonds issued to comply with order of Michigan Dept. of Environmental Quality	47,820,000	16,465,000
LEGAL DEBT MARGIN		<u>\$ 130,222,480</u>

(1) Act 279, Public Acts of Michigan, 1909, as amended, and the City Charter of the City, provide that the net indebtedness of the City shall not exceed 10% of all assessed real and personal property in the City, plus assessed value equivalent of Act 198 specific tax levies.

(2) Bonds which are not included in the computation of legal debt margin according to said Act 279 are:

- (a) Special Assessment Bonds;
- (b) Mortgage Bonds;
- (c) Michigan Transportation Fund Bonds and Notes;
- (d) Revenue Bonds;
- (e) Bonds issued, or contract or assessment obligations incurred, to comply with an order of the former water resources commission, the department of environmental quality, or a court of competent jurisdiction;
- (f) Bonds issued, or contract or assessment obligations incurred for water supply, sewerage, drainage or refuse disposal projects necessary to protect the public health by abating pollution;
- (g) Bonds issued, or contract or assessment obligations incurred, for the construction, improvement or replacement of a combined sewer overflow abatement facility;
- (h) Bonds issued to pay premiums or establish self-insurance contracts in accordance with Act 34, Public Acts of Michigan, 2001.

*Preliminary subject to change

CAPITAL IMPROVEMENT BONDS STATEMENT OF LEGAL DEBT MARGIN (1), (2)

CAPITAL IMPROVEMENT BONDS*

(As of April 23, 2026, including the Bonds herein)

State Equalized Valuation		\$	1,392,877,800
Debt Limit (5% of State Equalized Valuation and equivalent)			69,643,890
Less: Outstanding Capital Improvement Bonds			
GOLT, Series 2012	\$	1,925,000	
W & S SRF #5395-01		120,000	
GOLT Bonds, Series 2015		3,225,000	
Capital Improvement Bonds, 2026 (LTGO)		11,195,000	<u>16,465,000</u>
LEGAL DEBT MARGIN		\$	<u><u>53,178,890</u></u>

(1) Section 517 of Act 34, Public Acts of Michigan, 2001, as amended, provides that a county, city, village, or township may by resolution of its governing body, and without vote of its electors, issue a municipal security to pay the cost of any capital improvement items, provided that the amount of taxes necessary to pay the principal and interest on that municipal security, together with the taxes levied for the same year, shall not exceed the limit authorized by law. Bonds issued under Section 517 by a county, city, village or township shall not exceed 5% of the state equalized valuation of the property assessed in that county, city, village or township.

(2) Bonds issued under Section 517 also count towards the City's overall debt limit as set forth under "STATEMENT OF LEGAL DEBT MARGIN" above.

*Preliminary subject to change

MAJOR EMPLOYERS

According to City officials, major employers in the City are as follows:

Firm Name	Product/Service	Approximate Number of Employees
Grosse Pointe Schools	Public education	338
Country Club of Detroit	Golf club	280
City of Grosse Pointe Farms	Government	120
Grosse Pointe War Memorial	Other social advocacy organizations	120
Henry Ford Pierson Clinic	Freestanding ambulatory surgical & emergency centers	90
Grosse Pointe Academy	Private education	80
Dirty Dog Jazz Café	Restaurant	50
St. Paul's Church/School	Church and elementary school	45
Wendy's	Restaurant	44

LABOR CHARACTERISTICS

The U.S. Census 2023 American Community Survey 5 Year Estimates lists the labor force characteristics for the City, for employed persons 16 years and over, as follows:

<u>By Occupation</u>	<u>Number of Employees</u>
Management, Business, science, and arts occupation	3,804
Service occupations	463
Sales and office occupations	679
Natural resources, construction, and maintenance occupations	136
Production, transportation, and material moving occupations	61
Total	5,143
<u>By Industry</u>	
Agriculture, forestry, fishing and hunting and mining	16
Construction	70
Manufacturing	924
Wholesale trade	93
Retail trade	261
Transportation and warehousing, and utilities	48
Information	88
Finance, insurance, real estate, and rental and leasing	330
Professional, scientific, management, administrative, and waste management	1,337
Educational, health and social services	1,401
Arts, entertainment, recreation, accomodation and food services	384
Other services (except public administration)	80
Public administration	111
Total	5,143

UNEMPLOYMENT DATA *

According to the Michigan Department of Career Development, Employment Security Agency, Office of Labor Market Information, the unemployment statistics for the County of Wayne and State of Michigan during the last three calendar years and the most recent for the current year, are as follows:

<u>County of Wayne</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
January	6.9%	4.8%	4.7%	5.8%
February	6.5%	4.8%	4.3%	6.2%
March	6.5%	4.7%	3.8%	5.2%
April	4.5%	4.2%	2.9%	4.4%
May	5.6%	4.9%	4.0%	4.5%
June	5.3%	5.8%	4.5%	4.7%
July	6.9%	7.4%	5.0%	4.7%
August	5.3%	5.6%	5.0%	4.6%
September	5.9%	5.5%	4.6%	4.1%
October	--	6.3%	5.0%	4.0%
November	6.2%	6.1%	4.2%	3.7%
December	5.6%	5.5%	4.0%	3.8%
	<u>5.9%</u>	<u>5.5%</u>	<u>4.4%</u>	<u>4.6%</u>
<u>State of Michigan</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
January	5.9%	4.2%	4.5%	5.0%
February	6.0%	4.5%	4.4%	4.9%
March	5.7%	4.3%	4.0%	4.5%
April	4.7%	4.0%	3.1%	4.0%
May	5.3%	4.4%	3.8%	4.1%
June	5.4%	5.1%	4.1%	4.4%
July	6.0%	5.7%	4.3%	4.5%
August	5.0%	4.9%	4.2%	4.3%
September	4.6%	4.6%	3.8%	3.8%
October	--	4.8%	3.8%	3.7%
November	4.8%	4.8%	3.3%	3.5%
December	4.8%	5.0%	3.5%	3.8%
	<u>5.3%</u>	<u>4.7%</u>	<u>3.9%</u>	<u>4.2%</u>

* Unemployment data is not collected for units with populations under 27,000. Accordingly, there are no unemployment statistics available for the City as a separate unit.

INCOME CHARACTERISTICS

There were 4,201 households in the City according to U.S. Census 2023 American Community Survey 5 – Year Estimate, which had a median household income of \$160,589. A breakdown of the income for the City's households is as follows:

<u>Income of Household</u>	<u>Number of Households</u>
Less than \$10,000	76
\$10,000 to \$14,999	29
\$15,000 to \$24,999	112
\$25,000 to \$34,999	61
\$35,000 to \$49,999	134
\$50,000 to \$74,999	436
\$75,000 to \$99,999	529
\$100,000 to \$149,999	499
\$150,000 or more	2,325

The per capita income for the city was \$94,810 according to the U.S. Census 2023 American Community Survey 5 – Year Estimate.

**CITY OF GROSSE POINTE FARMS
GENERAL FUND BUDGET SUMMARY
FISCAL YEARS ENDED JUNE 30, 2026**

GENERAL FUND

The 2025-2026 General Fund budget of \$20,564,480 compares to the originally approved 2024-2025 budget of \$20,045,390 resulting in an increase of \$519,090 or 2.6%. The General Fund Budget presented herein may be summarized and compared with the 2024-2025 originally adopted budget as follows:

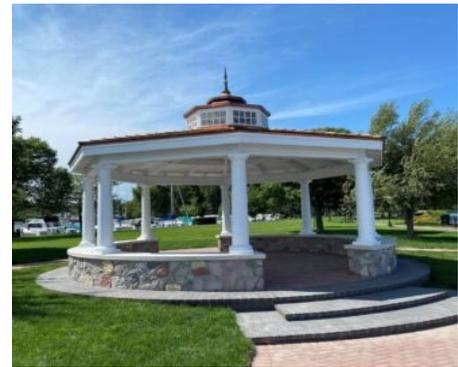
	Proposed 2025 - 2026 Budget	Adopted 2024 - 2025 Budget	Increase Or (Decrease)
Means of Financing:			
Property Taxes	\$ 15,776,800	\$ 15,103,610	\$ 673,190
Licenses and Permits	525,410	565,910	(40,500)
Federal and State Grants	35,000	13,500	21,500
State Shared Revenue	1,193,870	1,273,970	(80,100)
Charges for Services	2,062,700	2,118,700	(56,000)
Fines / Forfeitures	312,000	323,200	(11,200)
Interest Income	362,900	344,200	18,700
Other Revenue	95,800	102,300	(6,500)
Fund Balance Appropriation	200,000	200,000	-
Total Revenues	\$ 20,564,480	\$ 20,045,390	\$ 519,090
Estimated Requirements:			
Municipal Court	\$ 438,040	\$ 384,450	\$ 53,590
General Government	1,835,210	1,941,140	(105,930)
Public Safety - Police	7,732,640	7,557,070	175,570
Public Safety - Fire	693,090	669,690	23,400
Public Service	997,880	963,810	34,070
Public Works	1,376,550	1,435,610	(59,060)
Drains	-	16,580	(16,580)
Rubbish Collection	1,730,910	1,784,820	(53,910)
Leaf Collection	282,510	286,630	(4,120)
Parks & Recreation	1,835,060	1,908,710	(73,650)
Contingency	50,000	50,000	-
Transfers to Other Funds	3,592,590	3,046,880	545,710
Total Expenditures	\$ 20,564,480	\$ 20,045,390	\$ 519,090

The estimated Taxable Valuation of all taxable property with the City, compiled by the Assessor prior to the Board of Review, is as follows:

	Actual at 12/31/2024	Actual at 12/31/2023	Increase (Decrease)
Assessment Roll:			
Real Property	\$ 1,031,725,520	\$ 985,715,727	\$ 46,009,793
Personal Property	20,477,200	21,483,300	(1,006,100)
	\$ 1,052,202,720	\$ 1,007,199,027	\$ 45,003,693

**CITY OF GROSSE POINTE FARMS
FINANCIAL REPORT WITH SUPPLEMENTAL INFORMATION
FISCAL YEAR ENDED JUNE 30, 2025**

City of Grosse Pointe Farms, Michigan Annual Comprehensive Financial Report



**For The Year Ended
June 30, 2025**

City of Grosse Pointe Farms, Michigan

Annual Comprehensive Financial Report with Supplementary Information Fiscal Year Ended June 30, 2025

Mayor

Louis Theros, Mayor

City Council

Beth Konrad-Wilberding, Mayor Pro Tem

Sierra Leone Donaven

John J. Gillooly

Joe Ricci

Neil Sroka

Lev Wood

Audit Committee

Lev Wood

John J. Gillooly

Louis Theros

City Manager

Shane L. Reeside

Director of Finance

Tim Rowland

Prepared by:

City's Finance Department

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City of Grosse Pointe Farms

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October 31, 2025

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

With this letter, we transmit the City of Grosse Pointe Farms' Annual Comprehensive Financial Report (ACFR) for the fiscal year which ended June 30, 2025. These statements are in compliance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) section of this report and should be used in conjunction with it. The MD&A immediately follows the report of the independent auditors.

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

The City of Grosse Pointe Farms' financial statements have been audited by Plante & Moran, PLLC. The purpose of an independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The audit concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Grosse Pointe Farms' financial statements for the year ended June 30, 2025 are fairly presented in conformity with GAAP. Plante & Moran, PLLC's report is presented as the first component of the financial section of this report.

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

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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

ECONOMIC CONDITION & OUTLOOK

The City of Grosse Pointe Farms is an affluent, suburban community located in the northeast corner of Wayne County and nestled among its four Grosse Pointe neighbors between the City of Detroit on its west and Lake St. Clair on its east. Its population of 10,148 (per the 2020 census figures) is distributed among approximately 4,058 households, having a median household income of \$160,589 and an average per capita income of \$94,810. The average value of a residential property in the City is \$642,384. The labor force is composed largely of managerial and professional personnel, of which over 77 percent have a bachelor's, graduate or post graduate degree. The unemployment rate among Farms' residents is considerably lower than in the rest of the region.

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

Approximately 5.8 percent of the City's total revenues are derived from State shared revenue. In recent years, distribution have remained stable following increases associated with the 2020 census population increase. The City continues to take a conservative approach in estimating the revenue source. Grosse Pointe Farms' reliance on state-shared revenue is a relatively small portion of the City's budget.

The residential tax base continues to be the primary source of funding for City operations, comprising approximately 93 percent of the taxable value and accounting for about 61 percent of total governmental revenues. Over the past year and continuing into the current fiscal period, residential property values have shown notable appreciation, accompanied by shorter market times for home sales. Inflationary pressures have influenced this trend, with taxable values increasing by the Headlee Amendment maximum of 5.0% for fiscal year 2024–2025 and 3.1% for fiscal year 2025–2026. The approved operating millage rate of 16.4655 for FY 2024–2025 remains at the maximum allowable level under current law.

In conclusion, the economic outlook for the City of Grosse Pointe Farms remains strong, outperforming many municipalities across Michigan. Through disciplined fiscal management, cost-control measures, intergovernmental cooperation, and prudent budgeting practices, the City continues to maintain a stable financial position while delivering high-quality public services

MAJOR INITIATIVES

The City continues to strive to provide excellence in service levels in a cost-efficient manner. The following are among the significant initiatives accomplished by the City and in partnerships with the private sector during the past fiscal year:

- The City invested more than \$2.04 million dollars in capital outlay that includes new vehicles and equipment for Public Safety and Public Works. As part of the Capital Project Fund, the City continues to set aside funds, in separate reserves, for new firefighting equipment, Pool Replacement, and City Hall building improvements.
- The City has issued the first series of bonds totaling \$11.875 Million and commenced construction on the Inland District Sewer Separation Project. This four-part sewer improvement project includes the construction of a new pump station and will separate storm and sanitary sewers within the Inland District portion of the City. This project is anticipated to continue through 2027 and will include a subsequent bond issue in the next fiscal year.

- The City repaved approximately 1.43 miles of roadway this year using funds collected from the fourth year of the five-year road millage. The road millage collections for fiscal year 2024-2025 were \$1,967,746. In November of 2024, voters approved a renewal of this millage for five additional years, ensuring continued investment in the city's infrastructure.
- The City formed an ad hoc pool committee, which, in collaboration with the Parks and Recreation Advisory Committee, evaluated the existing pool facility and provided recommendations to design a new pool and bathhouse facility. It is anticipated that this project will begin in early 2026 and be funded through private donations and a new bond issuance.

The Kercheval (The Hill) and Mack Avenue Business Districts

The City's two major business districts on Kercheval Avenue and Mack Avenue continue to flourish. Though the districts make up a small part of the community in terms of geography, they are vitally important to the quality of life our residents enjoy.

The Hill district continues to be a vibrant hub for dining, retail, and community engagement. Recent enhancements include the establishment of a Social District, approved by the City Council in December 2024. This initiative allows patrons of participating establishments, such as The Bronze Door, Luxe Bar and Grille, and Flyleaf Bookstore, to enjoy alcoholic beverages outdoors within designated areas along Kercheval Avenue between McMillan and Muir roads

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurances that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls

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

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

Long-term Financial Planning

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

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

To facilitate planning to meet the City's infrastructure and equipment needs, each year a five-year capital improvement program is developed. This program details all planned projects, improvement and equipment needs. In addition to estimated expenditures, funding sources are also identified.

The City continues to aggressively seek and secure outside resources to match internal sources to finance infrastructure evaluation and construction.

General Fund Balance

The total fund balance of the General Fund increased \$336,901, to \$7,259,400. A total of \$759,779 was nonspendable for inventories, prepaid items, and leases. \$720,967 was committed for parking and harbor, and \$295,250 was assigned for the subsequent year's budget and the K9 program, leaving an unassigned fund balance of \$5,483,404.

Enterprise Operations

The City operates its own water supply and sewage pumping system. The operating revenue of the Water and Sewer Fund amounted to \$8,380,643 which is a increase of \$309,924 from the preceding year. During the same period, operating expenses, excluding depreciation, were \$6,248,605. After providing for depreciation and non-operating revenues and expenses, the system experienced a positive change in net position of \$1,455,110.

Pension Trust Fund Operations

The City of Grosse Pointe Farms Public Safety Officers (PSRS) and General Employees Retirement Systems (GERS) are single-employer defined-benefit pension plans, which cover eligible full-time employees of the City. Each system is managed by a five-member board, under the provisions of the City's defined-benefit pension ordinance.

The General Employees plan is closed to all new hires of the City. The City and new hires instead make contributions into a defined contribution plan. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan, which for the fiscal year ended June 30, 2025 totaled \$126,771 for the PSRS and \$513,079 for the GERS.

The operations of the Public Safety Officers and General Employees' Retirement Systems posted a return on investments of 8.99 percent for PSRS and 8.93 percent for GERS. The systems' reserves fair value increased \$2,088,736 PSRS and \$1,382,443 GERS, respectively. The annual actuarial valuation funding level for PSRS is approximately 112.14 percent and 95.66 percent for GERS.

The City also provides retiree health-care benefits to qualifying full-time employees. All new hires after July 1, 2007 are not eligible for the post-retirement health-care plan. Instead, new employees and the City are contributing annually to a Health Savings Account (HSA), which will be available for healthcare needs upon retirement. The City has been pre-funding for retiree healthcare for several years and is currently funded 74.5 percent for PSRS and 72.5 percent for GERS.

Debt Administration

On June 30, 2025, the City had \$20,874,004 of general obligation debt outstanding, which is also the net direct tax-supported debt. This is the equivalent of \$2,057 per capita and represents about 1.99 percent of the City's taxable valuation. Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10 percent of total equalized value of real and personal property. As of June 30, 2025, the City's general obligation bonded debt was well below the legal limit of \$139,287,780.

Independent Audit

The City Charter and state statutes require an annual audit of all accounts of the City by certified public accountants. The accounting firm of Plante & Moran, PLLC was selected by the City Council. The

auditor's report on the basic financial statements and combining and individual fund financial statements is included in the financial section of this report.

Awards and Acknowledgements

The Government Finance Officer's Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Grosse Pointe Farms for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Grosse Pointe Farms has received a Certificate for the last 32 consecutive years (fiscal years 1993-2024). We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA.

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

Respectfully submitted,



Shane L. Reeside
City Manager



Tim Rowland
City Controller/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Grosse Pointe Farms
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

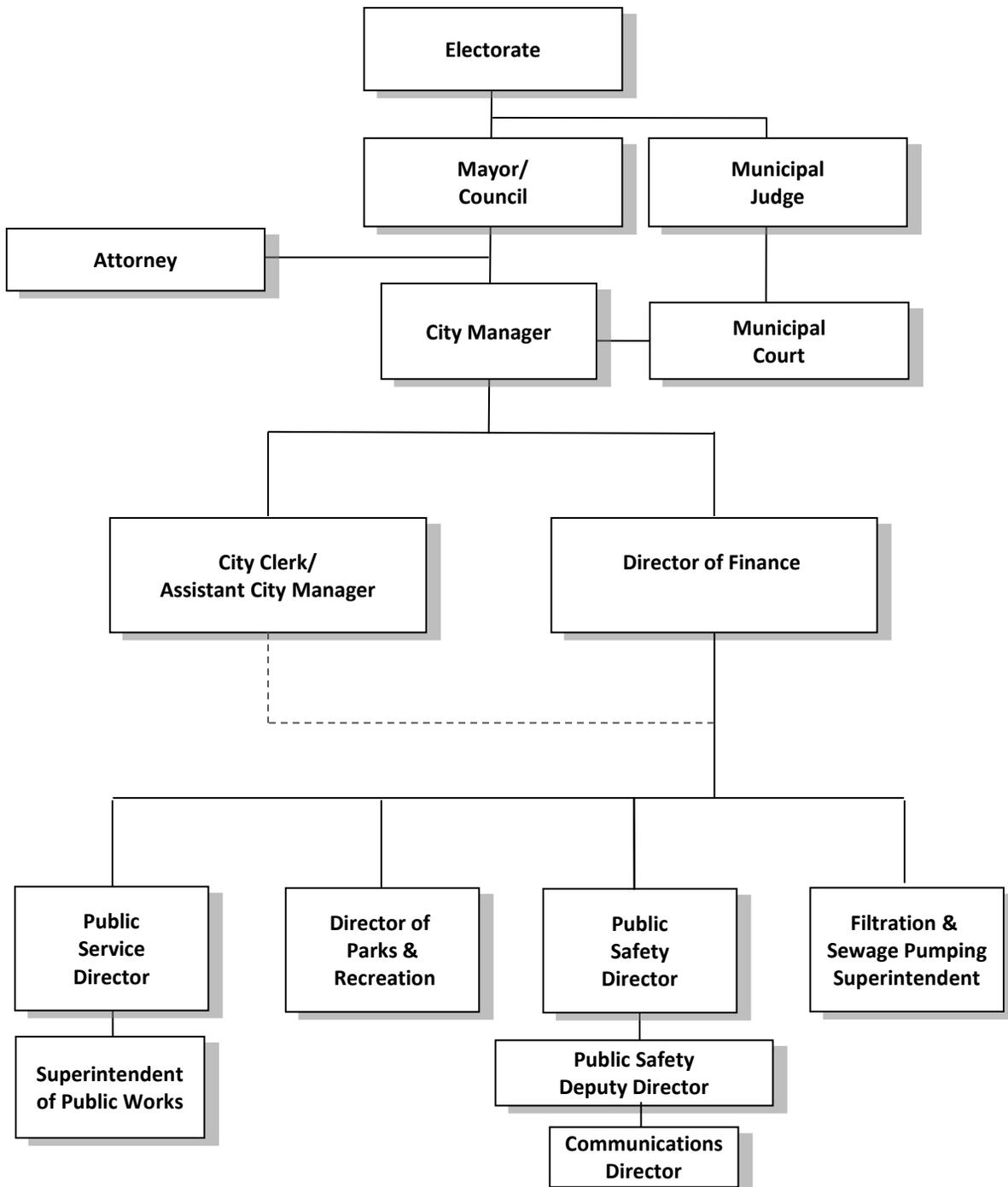
Christopher P. Morill

Executive Director/CEO

City of Grosse Pointe Farms

June 30, 2025

Organizational Chart





Independent Auditor's Report

To the City Council
City of Grosse Pointe Farms, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited 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 Farms, Michigan (the "City") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

To the City Council
City of Grosse Pointe Farms, Michigan

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual financial report or Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

To the City Council
City of Grosse Pointe Farms, Michigan

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 31, 2025

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis

As management of the City of Grosse Pointe Farms, Michigan (the "City"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2025.

Using This Annual Report

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

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

The City's Net Position

The following table shows, in a condensed format, the net position as of June 30, 2025 compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 26,280,181	\$ 27,298,835	\$ 17,989,586	\$ 6,217,668	\$ 44,269,767	\$ 33,516,503
Capital assets	29,348,917	26,589,355	25,855,787	21,688,085	55,204,704	48,277,440
Total assets	55,629,098	53,888,190	43,845,373	27,905,753	99,474,471	81,793,943
Deferred Outflows of Resources						
	2,231,180	649,012	149,567	-	2,380,747	649,012
Liabilities						
Current liabilities	1,207,281	1,632,644	1,345,597	317,058	2,552,878	1,949,702
Noncurrent liabilities	12,660,659	10,209,250	19,366,998	7,119,987	32,027,657	17,329,237
Total liabilities	13,867,940	11,841,894	20,712,595	7,437,045	34,580,535	19,278,939
Deferred Inflows of Resources						
	6,687,109	7,286,640	158,192	175,935	6,845,301	7,462,575
Net Position						
Net investment in capital assets	26,006,220	22,436,765	18,974,467	15,665,920	44,980,687	38,102,685
Restricted	9,680,548	9,663,896	-	-	9,680,548	9,663,896
Unrestricted	1,618,461	3,308,007	4,149,686	4,442,757	5,768,147	7,750,764
Total net position	\$ 37,305,229	\$ 35,408,668	\$ 23,124,153	\$ 20,108,677	\$ 60,429,382	\$ 55,517,345

For governmental activities, the City's net position increased due to bond repayments, capital purchases, a decrease in net pension liability, and offset by an increase in net OPEB liability.

For business-type activities, the City's net position increased due to bond repayments and capital purchases. Assets and liabilities both increased because of the issuance of bonds and unspent bond proceeds on hand.

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

The City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue						
Program revenue:						
Charges for services	\$ 2,510,997	\$ 2,525,717	\$ 8,798,982	\$ 8,490,402	\$ 11,309,979	\$ 11,016,119
Operating grants and contributions	18,253	36,811	1,427,696	1,315,864	1,445,949	1,352,675
Capital grants and contributions	1,682,162	2,584,612	-	-	1,682,162	2,584,612
General revenue:						
Property taxes	17,076,274	16,111,332	6,744	4,959	17,083,018	16,116,291
State-shared revenue	1,197,570	1,214,932	-	-	1,197,570	1,214,932
Investment gain	975,281	911,632	154,428	112,248	1,129,709	1,023,880
Franchise fees and other	519,174	476,572	-	-	519,174	476,572
Total revenue	23,979,711	23,861,608	10,387,850	9,923,473	34,367,561	33,785,081
Expenses						
General government	3,336,430	3,316,291	-	-	3,336,430	3,316,291
Municipal court	407,839	398,503	-	-	407,839	398,503
Public safety	10,058,880	4,470,187	-	-	10,058,880	4,470,187
Public works	5,377,912	5,248,339	-	-	5,377,912	5,248,339
Community and economic development	67,985	117,499	-	-	67,985	117,499
Parks and recreation	2,228,139	2,081,605	-	-	2,228,139	2,081,605
Debt service	98,234	126,955	-	-	98,234	126,955
Water and sewer	-	-	7,480,360	7,767,783	7,480,360	7,767,783
Municipal Radio System	-	-	117,298	118,187	117,298	118,187
Recycling program	-	-	282,447	268,232	282,447	268,232
Total expenses	21,575,419	15,759,379	7,880,105	8,154,202	29,455,524	23,913,581
Transfers	(507,731)	-	507,731	-	-	-
Change in Net Position	1,896,561	8,102,229	3,015,476	1,769,271	4,912,037	9,871,500
Net Position - Beginning of year	35,408,668	27,306,439	20,108,677	18,339,406	55,517,345	45,645,845
Net Position - End of year	\$ 37,305,229	\$ 35,408,668	\$ 23,124,153	\$ 20,108,677	\$ 60,429,382	\$ 55,517,345

Governmental Activities

The City's total governmental activities revenue increased from the previous fiscal year. Property tax revenue increased by \$964,942 due to a 5.8 percent increase in taxable value of property. Capital grants decreased by \$902,450 due to funding received from the State of Michigan in the prior year for repairs to the seawall. The local real estate market has been strong, with properties being sold quickly and oftentimes above asking price. State-shared revenue decreased slightly by \$17,362 due to lower allocations from the State of Michigan. Investment earnings were impacted by higher interest rates combined with fair market value increases at June 30, 2025. In a rising interest rate environment, investments held at lower interest rates experience a decrease in fair value. Large downward market adjustments were necessary in the prior year, and the City was able to see a positive market adjustment in the current year.

Overall fund balance in the General Fund increased by \$336,901. This increase was primarily in nonspendable fund balance, which increased by \$166,548 due to accounting for GASB 87 lease differences in timing of payments and fiscal years. Unassigned fund balance increased by \$105,464.

Fund balance in the Capital Projects Fund decreased by \$247,621 to \$2,812,081. Overall fund balance decreased due to the planned purchase of a Vactor sewer truck and the purchase of property on Mack Avenue.

City of Grosse Pointe Farms, Michigan

Management's Discussion and Analysis (Continued)

The following represents some of the more significant financial highlights for the year ended June 30, 2025:

- The City's taxable value increased by 5.8 percent compared to a 5.9 percent increase the year before due to uncapping of property values on sales, increased building permit activity, and an overall increase in local real estate fair market values.
- The City has assigned the \$2,812,081 fund balance in the Capital Projects Fund for future capital purchases, including fire department equipment, the Pier Park pool project, vehicle purchases, and city hall improvements.

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund, Recycling Program Fund, and Municipal Radio System Fund. The City provides water to our residents and the residents of the City of Grosse Pointe, Michigan through our municipal water filtration plant. The City pumps its sewage to the Great Lakes Water Authority for treatment and disposal. Operating costs for water and sewer remained consistent and decreased by \$368,185, or 4.9 percent. Water and sewer rates were increased, not only to cover projected operational costs, but to fund additional water main replacements.

Financial Analysis of Individual Funds

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

The General Fund pays for most of the City's governmental services. The most significant are public safety, which incurred expenses of \$8,274,823 during fiscal year 2025. The General Fund is supported primarily by property taxes and state-shared revenue. The Major Streets Fund maintains the City's major streets (as contrasted with the neighborhood streets, which are maintained by the Local Streets Fund) and is supported by state gas and weight taxes. The Local Streets Fund also receives gas and weight taxes, as well as transfers from the City's General Fund and Major Streets Fund. The Municipal Street Fund receives and tracks the dedicated road improvement millage levy and the related project spending. The Healthcare Retention Fund accounts for expenditures for the City's self-insured employee health insurance. The Insurance Retention Fund accounts for expenditures for the City's self-insured workers' compensation. The Capital Projects Fund is utilized to account for purchases of individual items greater than \$5,000.

General Fund Budgetary Highlights

Approaching the end of the year, the City's administration and City Council amended the budget to account for any variances throughout the year. The most significant revenue budget amendments were due to state grants received to offset public safety training costs. Expense adjustments were made to reduce the budget in public works and parks and recreation due to fewer repairs being needed and weather-related emergency expenses. As a result of these adjustments, the City was able to transfer an additional \$450,000 to the Capital Projects Fund to be reserved for future pool replacement costs.

Capital Assets and Debt Administration

At the end of fiscal year 2025, the City had approximately \$55,205,000 invested in a wide range of capital assets, including land; buildings; fire equipment; vehicles; and water, sewer, and storm sewer lines (see Note 4 to the financial statements for additional information).

Debt reported in these financial statements is related largely to 2012 sewage pumping plant improvements and the newly issued 2025 Sewer Separation Project Bond, which are recorded in the Water and Sewer Fund (see Note 6 to the financial statements for additional information). The City also issued \$3,225,000 in water and sewer improvement bonds in 2015 and \$2,780,000 in Harbor Project refunding bonds. During 2018, the City issued \$3,705,000 in general obligation unlimited tax bonds in order to pay for all settlement claims relating to the 2011 flooding events. The Harbor Project refunding bonds will be paid off in fiscal year 2026.

Economic Factors and Next Year's Budgets and Rates

The City's budget for next year reflects no change in the City's total millage rate at 17.2943. This is the result of voters passing a new 0.35 mill senior services millage in November 2024, as well as additional millage for sewer separation bonds. The overall property tax revenue was higher due to the increase in taxable values. Cost cutting measures undertaken by the city administration and the utilization of \$200,000 of fund balance for capital improvements made a balanced budget possible.

Requests for Further Information

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

City of Grosse Pointe Farms, Michigan

Statement of Net Position

June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 5,523,907	\$ 2,077,071	\$ 7,600,978
Investments (Note 3)	9,015,205	786,808	9,802,013
Receivables:			
Property taxes receivable	7,918	72	7,990
Customer receivables	-	2,585,757	2,585,757
Accrued interest receivable	53,631	3,724	57,355
Leases receivable (Note 14)	4,896,065	-	4,896,065
Other receivables	152,469	1,125,801	1,278,270
Due from other governmental units	413,331	54,886	468,217
Internal balances	1,077	(1,077)	-
Inventory	2,646	4,383	7,029
Prepays and other assets	292,668	-	292,668
Restricted assets - Unspent bond proceeds	-	11,352,161	11,352,161
Investment in joint ventures (Note 13)	55,698	-	55,698
Net pension asset (Note 8)	5,865,566	-	5,865,566
Capital assets:			
Assets not subject to depreciation (Note 4)	6,175,178	2,376,196	8,551,374
Assets subject to depreciation - Net (Note 4)	23,173,739	23,479,591	46,653,330
Total assets	55,629,098	43,845,373	99,474,471
Deferred Outflows of Resources			
Deferred charges on bond refunding (Note 6)	19,530	-	19,530
Deferred pension costs (Note 8)	1,455,278	33,669	1,488,947
Deferred OPEB costs (Note 10)	756,372	115,898	872,270
Total deferred outflows of resources	2,231,180	149,567	2,380,747
Liabilities			
Accounts payable	582,803	1,137,940	1,720,743
Refundable deposits, bonds, etc.	161,209	21,036	182,245
Accrued liabilities and other	439,633	186,621	626,254
Unearned revenue	23,636	-	23,636
Noncurrent liabilities:			
Due within one year:			
Payable from restricted assets	-	721,704	721,704
Compensated absences (Note 6)	638,130	69,393	707,523
Provision for uninsured losses (Note 6)	399,257	-	399,257
Current portion of long-term debt (Note 6)	620,279	275,832	896,111
Due in more than one year:			
Compensated absences (Note 6)	946,487	129,166	1,075,653
Net pension liability (Note 8)	1,102,759	294,069	1,396,828
Net OPEB liability (Note 10)	6,211,799	640,889	6,852,688
Long-term debt (Note 6)	2,741,948	17,235,945	19,977,893
Total liabilities	13,867,940	20,712,595	34,580,535
Deferred Inflows of Resources			
Deferred pension cost reductions (Note 8)	2,137,489	121,750	2,259,239
Deferred OPEB cost reductions (Note 10)	383,153	36,442	419,595
Deferred inflows from leases (Note 14)	4,166,467	-	4,166,467
Total deferred inflows of resources	6,687,109	158,192	6,845,301
Net Position:			
Net investment in capital assets	26,006,220	18,974,467	44,980,687
Restricted:			
Roads	3,814,982	-	3,814,982
Net pension asset	5,865,566	-	5,865,566
Unrestricted	1,618,461	4,149,686	5,768,147
Total net position	\$ 37,305,229	\$ 23,124,153	\$ 60,429,382

City of Grosse Pointe Farms, Michigan

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 3,336,430	\$ 394,770	\$ -	\$ -
Municipal court	407,839	141,037	-	-
Public safety	10,058,880	766,477	5,000	-
Public works	5,377,912	438,672	7,253	1,675,566
Community and economic development	67,985	-	6,000	-
Parks and recreation	2,228,139	770,041	-	6,596
Interest on long-term debt	98,234	-	-	-
Total governmental activities	21,575,419	2,510,997	18,253	1,682,162
Business-type activities:				
Water and sewer	7,480,360	8,380,643	1,427,696	-
Municipal Radio System	117,298	117,298	-	-
Recycling program	282,447	301,041	-	-
Total business-type activities	7,880,105	8,798,982	1,427,696	-
Total primary government	\$ 29,455,524	\$ 11,309,979	\$ 1,445,949	\$ 1,682,162
General revenue:				
Property taxes				
Unrestricted state-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Total general revenue				
Transfers				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities

Year Ended June 30, 2025

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,941,660)	\$ -	\$ (2,941,660)
(266,802)	-	(266,802)
(9,287,403)	-	(9,287,403)
(3,256,421)	-	(3,256,421)
(61,985)	-	(61,985)
(1,451,502)	-	(1,451,502)
(98,234)	-	(98,234)
(17,364,007)	-	(17,364,007)
-	2,327,979	2,327,979
-	-	-
-	18,594	18,594
-	2,346,573	2,346,573
(17,364,007)	2,346,573	(15,017,434)
17,076,274	6,744	17,083,018
1,197,570	-	1,197,570
975,281	154,428	1,129,709
199,547	-	199,547
319,627	-	319,627
19,768,299	161,172	19,929,471
(507,731)	507,731	-
1,896,561	3,015,476	4,912,037
35,408,668	20,108,677	55,517,345
\$ 37,305,229	\$ 23,124,153	\$ 60,429,382

City of Grosse Pointe Farms, Michigan

Governmental Funds Balance Sheet

June 30, 2025

	General Fund	Major Streets Fund	Capital Projects Fund	Nonmajor Funds	Total
Assets					
Cash and cash equivalents (Note 3)	\$ 1,487,767	\$ 169,050	\$ 779,749	\$ 2,827,420	\$ 5,263,986
Investments (Note 3)	5,535,620	667,089	1,996,247	194,009	8,392,965
Receivables:					
Property taxes receivable	6,903	-	-	1,015	7,918
Accrued interest receivable	38,290	4,057	8,449	298	51,094
Leases receivable (Note 14)	4,896,065	-	-	-	4,896,065
Other receivables	65,291	-	86,964	214	152,469
Due from other governmental units	199,271	148,592	-	65,468	413,331
Due from other funds	7,077	-	-	-	7,077
Inventory	2,646	-	-	-	2,646
Prepays and other assets	27,535	-	-	-	27,535
Total assets	\$ 12,266,465	\$ 988,788	\$ 2,871,409	\$ 3,088,424	\$ 19,215,086
Liabilities					
Accounts payable	\$ 293,803	\$ 122,081	\$ 59,328	\$ 88,891	\$ 564,103
Due to other funds	-	-	-	6,000	6,000
Refundable deposits, bonds, etc.	161,087	61	-	61	161,209
Accrued liabilities and other	385,708	9,043	-	12,457	407,208
Unearned revenue	-	-	-	23,636	23,636
Total liabilities	840,598	131,185	59,328	131,045	1,162,156
Deferred Inflows of Resources					
Unavailable revenue	-	-	-	6,000	6,000
Deferred inflows from leases	4,166,467	-	-	-	4,166,467
Total liabilities and deferred inflows of resources	5,007,065	131,185	59,328	137,045	5,334,623
Fund Balances					
Nonspendable:					
Inventory	2,646	-	-	-	2,646
Prepays	27,535	-	-	-	27,535
Leases	729,598	-	-	-	729,598
Restricted -					
Roads	-	857,603	-	2,957,379	3,814,982
Committed:					
Parking	397,650	-	-	-	397,650
Harbor	323,317	-	-	-	323,317
Assigned:					
Subsequent year's budget	200,000	-	-	-	200,000
Capital projects	-	-	2,812,081	-	2,812,081
Public safety equipment	95,250	-	-	-	95,250
Unassigned	5,483,404	-	-	(6,000)	5,477,404
Total fund balances	7,259,400	857,603	2,812,081	2,951,379	13,880,463
Total liabilities, deferred inflows of resources, and fund balances	\$ 12,266,465	\$ 988,788	\$ 2,871,409	\$ 3,088,424	\$ 19,215,086

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

Fund Balances Reported in Governmental Funds	\$ 13,880,463
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds	29,348,917
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	6,000
Certain changes in pension plan net position are reported as deferred inflows of resources in the statement of net position but are not reported as revenue in the governmental funds	(2,137,489)
Deferred charges on bond refunding associated with long-term debt payable are not reported in the funds	19,530
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position but are not reported as expenses in the governmental funds	1,455,278
Accrued interest is not due and payable in the current period and is not reported in the funds	(32,425)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,584,617)
Pension benefits	4,762,807
Retiree health care benefits	(6,211,799)
Total employee fringe benefits not reported as fund liabilities	(3,033,609)
Investments in joint ventures are not financial resources and are not reported in the funds	55,698
Bonds payable, unamortized premium, and long term due to other governmental units are not due and payable in the current period and are not reported in the funds	(3,362,227)
Internal service funds are included as part of governmental activities	731,874
Certain changes in OPEB plan net position are reported as deferred inflows of resources in the statement of net position but are not reported as revenue in the governmental funds	(383,153)
Certain OPEB contributions and changes in OPEB plan net position are reported as deferred outflows of resources in the statement of net position but are not reported as expenses in the governmental funds	756,372
Net Position of Governmental Activities	<u><u>\$ 37,305,229</u></u>

City of Grosse Pointe Farms, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	General Fund	Major Streets Fund	Capital Projects Fund	Nonmajor Funds	Total
Revenue					
Property taxes	\$ 15,107,524	\$ -	\$ -	\$ 1,968,750	\$ 17,076,274
Intergovernmental:					
Federal grants	12,253	-	71,114	20,000	103,367
State sources	1,371,320	932,210	90,861	407,631	2,802,022
Charges for services	1,590,271	-	-	-	1,590,271
Fines and forfeitures	288,154	-	-	-	288,154
Licenses and permits	509,865	-	-	-	509,865
Interest and rentals:					
Investment income	659,580	42,710	125,929	100,348	928,567
Lease revenue	438,575	-	-	-	438,575
Other revenue	179,214	-	18,596	7,200	205,010
Total revenue	20,156,756	974,920	306,500	2,503,929	23,942,105
Expenditures					
Current services:					
General government	2,834,344	-	-	-	2,834,344
Municipal court	346,858	-	-	60,981	407,839
Public safety	8,274,823	-	-	-	8,274,823
Public works	3,297,549	1,752,982	-	1,987,509	7,038,040
Other functions - Other services	32,599	-	-	-	32,599
Community and economic development	-	-	-	6,000	6,000
Parks and recreation	1,686,953	-	-	-	1,686,953
Capital outlay	-	-	2,046,760	-	2,046,760
Debt service	-	-	-	938,419	938,419
Total expenditures	16,473,126	1,752,982	2,046,760	2,992,909	23,265,777
Excess of Revenue Over (Under) Expenditures	3,683,630	(778,062)	(1,740,260)	(488,980)	676,328
Other Financing Sources (Uses)					
Transfers in (Note 5)	-	710,220	2,000,370	2,276,579	4,987,169
Transfers out (Note 5)	(3,346,729)	(75,000)	(507,731)	(1,565,440)	(5,494,900)
Total other financing (uses) sources	(3,346,729)	635,220	1,492,639	711,139	(507,731)
Net Change in Fund Balances	336,901	(142,842)	(247,621)	222,159	168,597
Fund Balances - Beginning of year	6,922,499	1,000,445	3,059,702	2,729,220	13,711,866
Fund Balances - End of year	\$ 7,259,400	\$ 857,603	\$ 2,812,081	\$ 2,951,379	\$ 13,880,463

City of Grosse Pointe Farms, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds	\$ 168,597
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(2,033,560)
Loss on sale of capital assets	(3,626)
Capital outlay	4,796,748
Grant revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(14,000)
Deferred charge on debt refunding is a deferred outflow in the governmental activities but not in the governmental funds	(3,908)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	853,801
Change in accrued interest and other	7,685
Changes in net pension liability/asset and deferred outflows/inflows related to pensions reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	1,180,939
Change in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported in the fund statements until they come due for payment	(62,779)
Changes in net OPEB liability and deferred outflows/inflows related to OPEB reported in the statement of activities reported in the prior year require use of current resources and, therefore, are reported in the fund statements	(2,730,588)
Legal settlement on property annexation is recorded as an expenditure in the governmental funds; it reduces the liability in the governmental activities because the expenditure was previously incurred	40,000
Change in investment in Grosse Pointes-Clinton Refuse Disposal Authority joint venture is recorded in the governmental funds	2,323
Internal service funds are included as part of governmental activities:	(305,071)
Change in Net Position of Governmental Activities	\$ 1,896,561

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Net Position

June 30, 2025

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 1,940,055	\$ 137,016	\$ 2,077,071	\$ 259,921
Investments (Note 3)	786,808	-	786,808	622,240
Receivables:				
Property taxes receivable	72	-	72	-
Customer receivables	2,585,757	-	2,585,757	-
Accrued interest receivable	3,724	-	3,724	2,537
Other receivables	1,081,849	43,952	1,125,801	-
Due from other governmental units	33,372	21,514	54,886	-
Inventory	-	4,383	4,383	-
Prepays and other assets	-	-	-	265,133
Total current assets	6,431,637	206,865	6,638,502	1,149,831
Noncurrent assets				
Restricted assets - Unspent bond proceeds	11,352,161	-	11,352,161	-
Capital assets				
Assets not subject to depreciation (Note 4)	2,376,196	-	2,376,196	-
Assets subject to depreciation - Net (Note 4)	23,479,591	-	23,479,591	-
Total noncurrent assets	37,207,948	-	37,207,948	-
Total assets	43,639,585	206,865	43,846,450	1,149,831
Deferred Outflows of Resources				
Deferred pension costs	33,669	-	33,669	-
Deferred OPEB costs	115,898	-	115,898	-
Total deferred outflows of resources	149,567	-	149,567	-
Liabilities				
Current liabilities:				
Accounts payable	1,132,715	5,225	1,137,940	18,700
Due to other funds	-	1,077	1,077	-
Refundable deposits, bonds, etc.	1,259	19,777	21,036	-
Accrued liabilities and other	185,961	660	186,621	-
Compensated absences (Note 6)	69,393	-	69,393	-
Provision for uninsured losses	-	-	-	399,257
Current portion of long-term debt (Note 6)	275,832	-	275,832	-
Total current liabilities	1,665,160	26,739	1,691,899	417,957
Noncurrent liabilities:				
Payable from restricted assets	721,704	-	721,704	-
Compensated absences (Note 6)	129,166	-	129,166	-
Net pension liability (Note 8)	294,069	-	294,069	-
Net OPEB liability (Note 10)	640,889	-	640,889	-
Long-term debt (Note 6)	17,235,945	-	17,235,945	-
Total noncurrent liabilities	19,021,773	-	19,021,773	-
Total liabilities	20,686,933	26,739	20,713,672	417,957
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 8)	121,750	-	121,750	-
Deferred OPEB cost reductions (Note 10)	36,442	-	36,442	-
Total deferred inflows of resources	158,192	-	158,192	-
Net Position				
Net investment in capital assets	18,974,467	-	18,974,467	-
Unrestricted	3,969,560	180,126	4,149,686	731,874
Total net position	\$ 22,944,027	\$ 180,126	\$ 23,124,153	\$ 731,874

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2025

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total Enterprise Funds	Internal Service Funds
Operating Revenue				
Sale of water	\$ 4,972,529	\$ -	\$ 4,972,529	\$ -
Sewage disposal charges	3,141,398	-	3,141,398	-
Interest and penalty charges	-	5,324	5,324	-
Charges for services	-	-	-	2,958,676
Recycling charges	-	295,717	295,717	-
Radio system charges	-	117,298	117,298	-
Other	266,716	-	266,716	-
Total operating revenue	8,380,643	418,339	8,798,982	2,958,676
Operating Expenses				
Cost of water	1,804,476	-	1,804,476	-
Cost of sewage treatment	3,698,649	-	3,698,649	-
Other operating and maintenance costs	-	399,745	399,745	-
Billing and administrative costs	497,136	-	497,136	-
Pension and OPEB expense	248,344	-	248,344	-
Benefit payments	-	-	-	3,310,461
Depreciation	964,604	-	964,604	-
Total operating expenses	7,213,209	399,745	7,612,954	3,310,461
Operating Income (Loss)	1,167,434	18,594	1,186,028	(351,785)
Nonoperating Revenue (Expense)				
Property tax revenue	6,744	-	6,744	-
Investment interest and FMV changes	152,347	2,081	154,428	46,714
Interest and amortization expense	(267,151)	-	(267,151)	-
Operating grants	1,427,696	-	1,427,696	-
Total nonoperating revenue	1,319,636	2,081	1,321,717	46,714
Transfers In	507,731	-	507,731	-
Change in Net Position	2,994,801	20,675	3,015,476	(305,071)
Net Position - Beginning of year	19,949,226	159,451	20,108,677	1,036,945
Net Position - End of year	<u>\$ 22,944,027</u>	<u>\$ 180,126</u>	<u>\$ 23,124,153</u>	<u>\$ 731,874</u>

City of Grosse Pointe Farms, Michigan

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2025

	Enterprise Funds			Governmental Activities
	Water and Sewer	Nonmajor Enterprise	Total	Internal Service Funds
Cash Flows from Operating Activities				
Receipts from customers	\$ 8,136,461	\$ 419,215	\$ 8,555,676	\$ 2,969,923
Payments to suppliers	(3,203,098)	(107,140)	(3,310,238)	(296,631)
Payments to employees and fringes	(1,696,069)	(291,241)	(1,987,310)	(3,036,955)
Net cash and cash equivalents provided by (used in) operating activities	3,237,294	20,834	3,258,128	(363,663)
Cash Flows Provided by Noncapital Financing Activities				
- Operating grants and subsidies	1,444,934	-	1,444,934	-
Cash Flows from Capital and Related Financing Activities				
Issuance of bonds	11,882,639	-	11,882,639	-
Property taxes restricted for capital items	6,854	-	6,854	-
Purchase of capital assets	(5,132,306)	-	(5,132,306)	-
Principal and interest paid on capital debt	(570,862)	-	(570,862)	-
Transfers from other funds	507,731	-	507,731	-
Net cash and cash equivalents provided by capital and related financing activities	6,694,056	-	6,694,056	-
Cash Flows from Investing Activities				
Interest received on investments	151,652	2,081	153,733	46,752
Purchases of investment securities	(11,921,718)	-	(11,921,718)	(18,505)
Net cash and cash equivalents (used in) provided by investing activities	(11,770,066)	2,081	(11,767,985)	28,247
Net (Decrease) Increase in Cash and Cash Equivalents	(393,782)	22,915	(370,867)	(335,416)
Cash and Cash Equivalents - Beginning of year	2,333,837	114,101	2,447,938	595,337
Cash and Cash Equivalents - End of year	<u>\$ 1,940,055</u>	<u>\$ 137,016</u>	<u>\$ 2,077,071</u>	<u>\$ 259,921</u>
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities				
Operating income (loss)	\$ 1,167,434	\$ 18,594	\$ 1,186,028	\$ (351,785)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	964,604	-	964,604	-
Changes in assets and liabilities:				
Receivables	(244,182)	876	(243,306)	11,247
Inventories	-	(71)	(71)	-
Prepaid and other assets	-	-	-	(64,993)
Net pension or OPEB asset	(117,401)	(7)	(117,408)	-
Accounts payable	1,466,839	1,522	1,468,361	41,868
Accrued and other liabilities	-	(80)	(80)	-
Total adjustments	2,069,860	2,240	2,072,100	(11,878)
Net cash and cash equivalents provided by (used in) operating activities	<u>\$ 3,237,294</u>	<u>\$ 20,834</u>	<u>\$ 3,258,128</u>	<u>\$ (363,663)</u>

City of Grosse Pointe Farms, Michigan

**Fiduciary Funds
Statement of Fiduciary Net Position**

June 30, 2025

	Pension and Other Postemployment Benefit Trust Funds	Custodial Fund - Tax Collections
Assets		
Cash and cash equivalents	\$ 1,780,337	\$ -
Investments:		
Collective investment trust	36,398,437	-
Mutual funds	65,949,094	-
Prepays and other assets	37,670	-
Total assets	104,165,538	-
Liabilities - Accounts payable	70,182	-
Net Position		
Restricted:		
Pension	84,943,461	-
Postemployment benefits other than pension	19,151,895	-
Total net position	\$ 104,095,356	\$ -

City of Grosse Pointe Farms, Michigan

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	Pension and Other Postemployment Benefit Trust Funds	Custodial Fund - Tax Collections
Additions		
Investment income:		
Interest and dividends	\$ 2,769,404	\$ -
Change in fair value of investments	5,952,689	-
Net investment income	8,722,093	-
Contributions:		
Employer contributions	2,739,860	-
Employee contributions	440,491	-
Total contributions	3,180,351	-
Property tax collections from other governments	-	34,627,847
Total additions	11,902,444	34,627,847
Deductions		
Benefit payments	6,350,414	-
Administrative expenses	227,674	-
Tax disbursements to other governments	-	34,627,847
Total deductions	6,578,088	34,627,847
Net Increase in Net Position Restricted for Pensions and OPEB	5,324,356	-
Net Position Restricted for Pensions and OPEB - Beginning of year	98,771,000	-
Net Position Restricted for Pensions and OPEB - End of year	\$ 104,095,356	\$ -

Note 1 - Nature of Business and Significant Accounting Policies

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

Reporting Entity

The City is governed by an elected seven-member City Council. In accordance with government accounting principles, there are no component units to be included in the City's reporting entity.

The Public Safety Retirement Pension System and Retirement Health Plan are governed by a five-member board that includes two council members, a community member selected by council, and two employees voted on by active members of the system. Although legally separate from the City, they are reported as a fiduciary component unit because the plans impose a financial burden on the City.

The General Employees' Retirement Pension System and Retirement Health Plan are governed by a five-member board that includes two council members, a community member selected by council, and two employees voted on by active members of the system. Although legally separate from the City, they are reported as a fiduciary component unit because the plans impose a financial burden on the City.

Accounting and Reporting Principles

The City follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives, the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the City to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The City reports the following funds as a major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring buildings, equipment, and technology upgrades, as well as for remodeling and repairs.
- The Major Streets Fund accounts for maintenance and improvements to the City's network of major streets. This fund accounts for ACT 51 Michigan Transportation Fund distributions from the State of Michigan and also receives revenue transfers from the Municipal Street Fund for construction projects.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the City). The City reports the following fund as a major enterprise fund:

- The Water and Sewer Fund provides water to customers and disposes of sanitary sewage in exchange for quarterly user charges.

The City's internal service funds are used to allocate insurance costs to the various funds on a full accrual basis so that the full costs are recognized and allocated to the various funds in the year that the costs are incurred.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the City's programs. Activities that are reported as fiduciary include the following:

- The pension and other postemployment benefit trust funds account for the activities of the General Employees' and Public Safety Retirement Pension Systems and Retirement Health Plans, which accumulate resources for pension and health care benefit payments to qualified general and public safety employees.
- The custodial fund accounts for assets held by the City as an agent for individuals, organizations, or other governments. Custodial fund activity consists of tax collections activity.

June 30, 2025

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Interfund Activity

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the City has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue and interest associated with the current fiscal period.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments

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

Inventories and Prepaid Items

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

June 30, 2025

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Restricted Assets

The sewer separation bonds issued by the Water and Sewer Fund are set aside for construction projects with proceeds invested in the Michigan CLASS investment pool. As of June 30, 2025, there are \$11,352,161 in unspent bond proceeds that are held in this account that are restricted for future use. In addition, the Water and Sewer Fund reports payables related to restricted assets of \$721,704 as of June 30, 2025.

Capital Assets

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

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

<u>Capital Asset Class</u>	<u>Depreciable Life - Years</u>
Infrastructure	20-25
Utility systems	20-80
Building and building improvements	20-50
Office furnishings	10-20
Machinery and equipment	3-20
Vehicles	5-10

Unearned Revenue

Unearned revenue represents money received that does not yet meet the criteria for revenue recognition. As of June 30, 2025, the nonmajor funds recorded unearned revenue includes \$23,636 of state grants received in advance of eligibility criteria. Unearned amounts are reported as liabilities.

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund, debt service funds, and Water and Sewer Fund are generally used to liquidate government-wide long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

The City reports deferred outflows related to deferred charges on bond refunding. The City also reports deferred outflows of resources related to the defined benefit pension plans and other postemployment benefit (OPEB) plans. The deferred outflows of resources related to these defined benefit plans and OPEB plans are reported in the government-wide financial statements and the Water and Sewer Fund. Details of the deferred outflows of resources related to the defined benefit pension plans and OPEB plans can be found in Notes 8 and 10, respectively.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The City has three items that qualify for reporting in this category. Deferred inflows related to unavailable revenue are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from grants. The amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The City also reports a deferred inflow of resources related to the defined benefit pension, other postemployment benefit plans, and lease revenue for future lease receipts. The deferred inflow of resources related to the defined benefit plans is reported in the government-wide financial statements and the Water and Sewer Fund. Details of the deferred inflows of resources related to the defined benefit pension and OPEB plans can be found in Notes 8 and 10, respectively.

Net Position

Net position of the City is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The City will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council has the authority to assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is only reported in the General Fund, except for situations where negative unassigned fund balance is reported.

Property Tax Revenue

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. Taxes are considered delinquent on February 28 of the following year, at which time they are added to the county tax rolls.

The City's 2024 property tax revenue was levied and collectible on July 1, 2024 and is recognized as revenue in the year ended June 30, 2025, when the proceeds of the levy are budgeted and available for the financing of operations.

The initial 2024 taxable valuation of the City totaled \$1,004,465,782, on which taxes levied consisted of 11.5588 mills for operating purposes, 2.5810 mills for rubbish removal, 0.3620 mills for debt service, and 1.9637 mills for road improvements. This resulted in \$11,610,419 for operating, \$2,592,526 for rubbish removal, \$363,617 for debt service, and \$1,972,469 for road improvement. The operating, rubbish removal, and debt amounts are recognized in the General Fund and road improvement amounts are recognized in the Municipal Street Fund.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Pension

The City offers defined benefit pension plans to its employees. The City records a net pension asset/liability for the difference between the total pension liability calculated by the actuary and the pension plans' fiduciary net position. For the purpose of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the General Employees' Retirement Pension System and Public Safety Retirement Pension System and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund and the Water and Sewer Fund are used primarily to liquidate this obligation.

Other Postemployment Benefit Costs

The City offers defined benefit other postemployment benefits plans to retirees. The City records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plans' fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the General Employees' Retirement Health Plan and Public Safety Retirement Health Plan and additions to/deductions from the OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General Fund and the Water and Sewer Fund are used primarily to liquidate this obligation.

Compensated Absences (Vacation and Sick Leave)

It is the City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means..

Proprietary Funds Operating Classification

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

Use of Estimates

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

Leases

The City is a lessor for noncancelable leases of a pump station and use of the land on which it resides. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The City uses the actual rate charged to lessees as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the City's financial statements for the year ending June 30, 2026.

Note 2 - Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriations in Budgeted Funds

The City did not have significant expenditure budget variances except expenditures in excess of the budget in the Major Streets Fund.

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

Construction Code Fees

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

Cumulative shortfall at July 1, 2024	\$ (249,409)
Current year permit revenue	318,280
Related expenses	<u>479,650</u>
Current year deficiency	<u>(161,370)</u>
Cumulative shortfall at June 30, 2025	<u>\$ (410,779)</u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

The City has designated 12 banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above. The City's deposits and investments are in accordance with statutory authority.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy stated for custodial credit risk. At year end, the City had bank deposits of \$7,349,472 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The City believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Interest Rate Risk

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

June 30, 2025

Note 3 - Deposits and Investments (Continued)

At year end, the City had the following investments and maturities:

Investment	Fair Value	Weighted- average Maturity (Years)
Primary government:		
U.S. government agency securities	\$ 1,639,514	3.97
Asset-backed securities	4,073,146	9.89
Bank investment pool	11,486,267	0.107
Municipal bonds	1,256,771	1.25
Negotiable certificates of deposit	<u>2,698,476</u>	3.86
Total	21,154,174	
Fiduciary funds - Mutual funds	<u>65,949,094</u>	0.97
Total	<u>\$ 87,103,268</u>	

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The City has no investment policy that would further limit its investment choices. As of June 30, 2025, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary government:			
U.S. government agency securities	\$ 1,639,514	AA+	S&P
Asset-backed securities	4,073,146	N/A	N/A
Bank investment pool	11,486,267	AAAm	S&P
Municipal bonds	1,256,771	AA/AA-	S&P
Negotiable certificates of deposit	<u>2,698,476</u>	N/A	N/A
Total primary government	21,154,174		
Fiduciary funds - Pension and other postemployment benefit trust funds			
Collective investment trust	36,398,437	A	S&P
Mutual funds	11,308,462	A	S&P
Mutual funds	28,082,243	BBB	S&P
Mutual funds	<u>26,558,389</u>	Not rated	N/A
Total fiduciary funds	<u>102,347,531</u>		
Total	<u>\$ 123,501,705</u>		

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer; however, the City's funds are limited by law in that investments in any one issuer (other than the U.S. government) may not exceed 5 percent of total investments. At June 30, 2025, there were no investments in any one issuer (other than the U.S. government) that exceeded 5 percent of total investments for the primary government or fiduciary funds.

Note 3 - Deposits and Investments (Continued)

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (NAV) (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The City has the following recurring fair value measurements as of June 30, 2025:

	Assets Measured at Fair Value on a Recurring Basis			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Investments by fair value level:				
U.S. government obligations and other	\$ -	\$ 9,667,907	\$ -	\$ 9,667,907
Registered investment companies	65,949,094	-	-	65,949,094
Total investments by fair value level	<u>\$ 65,949,094</u>	<u>\$ 9,667,907</u>	<u>\$ -</u>	75,617,001
Investments measured at NAV:				
Collective trusts				36,398,437
Michigan CLASS investment pool				<u>11,486,267</u>
Total investments measured at NAV				<u>47,884,704</u>
Total investments				<u>\$ 123,501,705</u>

Registered investment companies and money market funds classified in Level 1 are valued at the daily closing price reported by the fund. Funds held by the plan are open-ended mutual funds and money market funds that are registered with the U.S. Securities and Exchange Commission. The funds are required to publish their daily net asset value and to transact at that price. The funds held by the plan are deemed to be actively traded.

The fair value of debt securities at June 30, 2025 was determined primarily based on Level 2 inputs. The City estimates the fair value of these investments using quoted market prices and other market data for the same or comparable instruments and transactions in establishing prices, discounted cash flow models, and other pricing models.

Investments in Entities That Calculate Net Asset Value per Share

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

June 30, 2025

Note 3 - Deposits and Investments (Continued)

At June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies. There are no unfunded commitments or significant redemption restrictions as of June 30, 2025.

Collective trusts are valued at net asset value. Net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is probable that the investment will be sold for an amount different from the reported net asset value. Transactions may occur daily. The collective investment trusts invest in U.S domestic core fixed-income securities. There are no unfunded commitments or significant redemption restrictions as of June 30, 2025.

Note 4 - Capital Assets

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

Governmental Activities

	Balance July 1, 2024	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated - Land	\$ 5,968,178	\$ 207,000	\$ -	\$ 6,175,178
Infrastructure:				
Infrastructure	20,846,298	3,199,077	-	24,045,375
Buildings and improvements	11,047,801	918,817	(52,368)	11,914,250
Machinery and equipment	1,376,448	100,014	-	1,476,462
Vehicles	4,532,131	224,201	(42,046)	4,714,286
Office furnishings	847,801	-	(29,168)	818,633
Land improvements	13,132,921	147,639	-	13,280,560
Subtotal	51,783,400	4,589,748	(123,582)	56,249,566
Accumulated depreciation:				
Infrastructure	9,208,149	793,521	-	10,001,670
Buildings and improvements	7,164,528	276,363	(48,742)	7,392,149
Machinery and equipment	660,810	111,128	-	771,938
Vehicles	3,473,525	371,006	(42,046)	3,802,485
Office furnishings	551,380	37,475	(29,168)	559,687
Land improvements	10,103,831	444,067	-	10,547,898
Subtotal	31,162,223	2,033,560	(119,956)	33,075,827
Net capital assets being depreciated	20,621,177	2,556,188	(3,626)	23,173,739
Net governmental activities capital assets	\$ 26,589,355	\$ 2,763,188	\$ (3,626)	\$ 29,348,917

June 30, 2025

Note 4 - Capital Assets (Continued)

Business-type Activities

	Balance July 1, 2024	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 441,799	\$ -	\$ -	\$ 441,799
Construction in progress	28,370	2,494,454	(588,427)	1,934,397
Subtotal	470,169	2,494,454	(588,427)	2,376,196
Capital assets being depreciated:				
Water and sewer lines	24,746,973	1,473,877	588,427	26,809,277
Buildings and improvements	8,982,309	-	-	8,982,309
Machinery and equipment	3,217,870	656,244	-	3,874,114
Vehicles	328,012	507,731	(215,000)	620,743
Office furnishings	168,973	-	-	168,973
Land improvements	69,106	-	-	69,106
Subtotal	37,513,243	2,637,852	373,427	40,524,522
Accumulated depreciation:				
Water and sewer lines	7,711,801	404,722	-	8,116,523
Buildings and improvements	5,444,800	365,534	-	5,810,334
Machinery and equipment	2,630,048	151,334	-	2,781,382
Vehicles	301,054	30,919	(215,000)	116,973
Office furnishings	145,614	8,640	-	154,254
Land improvements	62,010	3,455	-	65,465
Subtotal	16,295,327	964,604	(215,000)	17,044,931
Net capital assets being depreciated	21,217,916	1,673,248	588,427	23,479,591
Net business-type activity capital assets	<u>\$ 21,688,085</u>	<u>\$ 4,167,702</u>	<u>\$ -</u>	<u>\$ 25,855,787</u>

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

Governmental activities:	
General government	\$ 137,262
Public safety	309,595
Public works	951,517
Recreation and culture	635,186
Total governmental activities	<u>\$ 2,033,560</u>
Business-type activities - Water and sewer	\$ 964,604

Construction Commitments

The City has active construction projects at year end. At year end, the City's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
2025 Road Paving Project	\$ 99,971	\$ 2,398,555
Pickle Ball Piergola	36,750	7,350
Sewer Separation Contract #1	1,095,845	9,006,557

June 30, 2025

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 6,000
	Nonmajor enterprise funds	1,077

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transaction are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Capital Projects Fund	\$ 2,000,370
	Nonmajor governmental funds	1,346,359
	Total General Fund	3,346,729
Capital Projects Fund	Water and Sewer Fund	507,731
Major Streets Fund	Nonmajor governmental funds	75,000
Nonmajor governmental funds	Major Streets Fund	710,220
	Nonmajor governmental funds	855,220
	Total nonmajor governmental funds	1,565,440
	Total	\$ 5,494,900

June 30, 2025

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

General Fund and Capital Projects Fund transfers provide funding for capital projects, capital acquisitions, and debt services from unrestricted sources. The Major Streets Fund transfer to nonmajor governmental funds represents a transfer from the Major Streets Fund to the Local Streets Fund. The nonmajor governmental fund transfers represents a redistribution of property tax moneys from the road improvement millage.

Note 6 - Long-term Debt

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

Long-term debt activity for the year ended June 30, 2025 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Other debt - General obligation bonds:							
2014 General Obligation Refunding Bond:							
Amount of issue - \$1,840,625							
Maturing through 2025	2.29%	\$237,500	\$ 237,500	\$ -	\$ (237,500)	\$ -	\$ -
2015 Harbor Project Refunding Bond:							
Amount of issue - \$2,780,000		\$310,000 -					
Maturing through 2026	5.00%	\$330,000	640,000	-	(310,000)	330,000	330,000
Unamortized premium of issuance			36,018	-	(36,018)	-	-
2017 General Obligation Unlimited Tax Bonds:							
Amount of issue - \$3,705,000		\$245,000 -					
Maturing through 2033	4.00%	\$450,000	3,075,000	-	(245,000)	2,830,000	265,000
Unamortized premium of issuance			227,510	-	(25,283)	202,227	25,279
Total general obligation bonds			4,216,028	-	(853,801)	3,362,227	620,279
Compensated absences			1,521,838	1,069,806	(1,007,027)	1,584,617	638,130
Provision for uninsured losses			364,842	3,399,260	(3,364,845)	399,257	399,257
Due to Grosse Pointe Woods, Michigan			40,000	-	(40,000)	-	-
Total governmental activities long-term debt			\$ 6,142,708	\$ 4,469,066	\$ (5,265,673)	\$ 5,346,101	\$ 1,657,666

June 30, 2025

Note 6 - Long-term Debt (Continued)

Business-type Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:							
Direct borrowings -							
2015 Sewer Relief Fund							
Bond:							
Amount of issue -							
\$250,000		\$10,000 -					
Maturing through 2034	2.50%	\$10,098	\$ 100,098	\$ -	\$ (10,000)	\$ 90,098	\$ 10,000
Other debt:							
2012 Sewer Pumping Plant							
Improvement Bond:							
Amount of issue -							
\$4,500,000	2.75% -	\$225,000 -					
Maturing through 2033	3.05%	\$300,000	2,400,000	-	(225,000)	2,175,000	250,000
Unamortized discount of			2,790	-	(349)	2,441	349
issuance							
2014 General Obligation							
Refunding Bond:							
Amount of issue -							
\$1,104,375 Maturing	2.29%	\$142,500	142,500	-	(142,500)	-	-
through 2025							
2015 Water Improvement							
Bond:							
Amount of issue -							
\$3,225,000 Maturing	2.70% -	\$275,000 -					
through 2036	4.00%	\$380,000	3,225,000	-	-	3,225,000	-
Unamortized premium of			151,777	-	(15,178)	136,599	15,178
issuance							
2025 Sewer Separation							
Bond:							
Amount of issue -							
\$11,875,000 Maturing	4.00% -	\$70,000 -					
through 2051	6.00%	\$990,000	-	11,875,000	-	11,875,000	-
Unamortized premium of			-	7,639	-	7,639	305
issuance							
Total other debt principal			5,922,067	11,882,639	(383,027)	17,421,679	265,832
outstanding							
Total bonds and			6,022,165	11,882,639	(393,027)	17,511,777	275,832
contracts payable							
Compensated absences			182,185	99,943	(83,569)	198,559	69,393
Total business-type			\$ 6,204,350	\$11,982,582	\$ (476,596)	\$17,710,336	\$ 345,225
activities long-term							
debt							

The City had deferred outflows of \$19,530 related to deferred charges on bond refundings at June 30, 2025.

Other Long-term Liabilities

Claims and judgments are typically liquidated from the Insurance Retention Fund for workers' compensation and the General Fund, Water and Sewer Fund, and Municipal Radio System Fund for respective employee medical and other claims.

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities			Business-type Activities				
	Other Debt			Direct Borrowings and Direct Placements		Other Debt		
	Principal	Interest	Total	Principal	Interest	Principal	Interest	Total
2026	\$ 620,279	\$ 116,150	\$ 736,429	\$ 10,000	\$ 2,127	\$ 265,832	\$ 685,778	\$ 963,737
2027	315,279	96,800	412,079	10,000	1,877	610,832	717,103	1,339,812
2028	340,279	84,700	424,979	10,000	1,627	640,832	693,915	1,346,374
2029	360,279	71,700	431,979	10,000	1,377	700,830	670,208	1,382,415
2030	390,279	57,700	447,979	10,000	1,127	790,832	644,475	1,446,434
2031-2035 Thereafter	1,335,832	78,000	1,413,832	40,098	2,009	3,777,924	2,737,900	6,557,931
	-	-	-	-	-	10,634,597	4,347,852	14,982,449
Total	<u>\$ 3,362,227</u>	<u>\$ 505,050</u>	<u>\$ 3,867,277</u>	<u>\$ 90,098</u>	<u>\$ 10,144</u>	<u>\$ 17,421,679</u>	<u>\$ 10,497,231</u>	<u>\$ 28,019,152</u>

Note 7 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for medical claims in excess of \$175,000. The City participates in the Michigan Municipal League risk pool for claims relating to property loss and general liability. The City is uninsured for workers' compensation claims up to \$750,000 and \$500,000 for police and fire employees and all other employees, respectively. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past five fiscal years.

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

Medical

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

The City estimates the liability for medical benefit claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. The City's liability is based on individual claims and management's evaluation of experience with respect to the probable number and nature of claims.

Workers' Compensation

The City is self-insured for workers' compensation claims. Under the program, the City is held liable for the first \$750,000 of any occurrence. The City has purchased excess insurance to cover claims greater than \$750,000.

Note 7 - Risk Management (Continued)

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

The City's estimates of the liability for workers' compensation and medical claims at June 30, 2025 and 2024 are as follows:

	Workers' Compensation		Medical Claims	
	2025	2024	2025	2024
Unpaid claims - Beginning of year	\$ 95,673	\$ 122,399	\$ 269,169	\$ 673,928
Incurred claims, including claims incurred but not yet reported	209,993	122,352	3,189,267	2,358,765
Claim payments	(146,481)	(149,078)	(3,218,364)	(2,763,524)
Unpaid claims - End of year	<u>\$ 159,185</u>	<u>\$ 95,673</u>	<u>\$ 240,072</u>	<u>\$ 269,169</u>

Note 8 - Pension Plans

Plan Description

Public Safety Retirement Pension System

The retirement board administers the Public Safety Retirement Pension System, a single-employer defined benefit pension plan that provides pensions for all full-time police and fire employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The plan does not issue a separate financial report.

General Employees' Retirement Pension System

The retirement board administers the General Employees' Retirement Pension System, a single-employer defined benefit pension plan that provides pensions for all general employees of the City. Benefit terms have been established by contractual agreements between the City and the various employee union representation; amendments are subject to the same process. The plan does not issue a separate financial report.

Benefits Provided

Public Safety Retirement Pension System

The pension plan provides retirement, disability, and death benefits. In addition to providing pension benefits, the system provides health care benefits for plan members if they reach normal retirement age while working for the City. Benefit terms are established by city ordinances and negotiations with the City's collective bargaining units and may be amended through negotiations with the City's collective bargaining units.

Note 8 - Pension Plans (Continued)

General Employees' Retirement Pension System

The pension plan provides retirement, disability, and death benefits. In addition to providing pension benefits, the system provides health care benefits for plan members if they reach normal retirement age while working for the City. Benefit terms are established by city ordinances and negotiations with the City's collective bargaining units and may be amended through negotiations with the City's collective bargaining units.

The plan is closed to union and department heads and clerical staff hired after July 1, 2007. The plan is closed to dispatchers hired after December 30, 2011.

Employees Covered by Benefit Terms

At the June 30, 2025 measurement date, the following members were covered by the benefit terms:

	<u>Public Safety Retirement Pension System</u>	<u>General Employees' Retirement Pension System</u>
Inactive plan members or beneficiaries currently receiving benefits	45	59
Inactive plan members entitled to but not yet receiving benefits	-	2
Active plan members	<u>36</u>	<u>16</u>
Total employees covered by the plan	<u><u>81</u></u>	<u><u>77</u></u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the retirement board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by city ordinances and negotiations with the City's collective bargaining units.

Public Safety Retirement Pension System

For the year ended June 30, 2025, the average active employee contribution rate was 9.08 percent of annual pay, and the City's average contribution rate was 11.1 percent of annual payroll.

General Employees' Retirement Pension System

For the year ended June 30, 2025, the average active employee contribution rate was 5.75 percent of annual pay, and the City's average contribution rate was 63.9 percent of annual payroll.

June 30, 2025

Note 8 - Pension Plans (Continued)

Net Pension Asset/Liability

The City chooses a date for each pension plan to measure its net pension asset/liability (NPA/NPL). This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	<u>Public Safety Retirement System</u>	<u>General Employees' Retirement System</u>
Measurement date used for the City's NPA/NPL	June 30, 2025	June 30, 2025
Based on a comprehensive actuarial valuation as of	June 30, 2025	June 30, 2025

Changes in the net pension asset/liability during the measurement year were as follows:

Public Safety Retirement Pension System

Changes in Net Pension Asset	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Asset
Balance at July 1, 2024	\$ 46,178,749	\$ 52,092,980	\$ (5,914,231)
Changes for the year:			
Service cost	993,524	-	993,524
Interest	3,235,624	-	3,235,624
Differences between expected and actual experience	1,062,344	-	1,062,344
Contributions - Employer	-	451,780	(451,780)
Contributions - Employee	-	369,172	(369,172)
Net investment income	-	4,438,239	(4,438,239)
Benefit payments, including refunds	(3,154,091)	(3,154,091)	-
Administrative expenses	-	(16,364)	16,364
Net changes	2,137,401	2,088,736	48,665
Balance at June 30, 2025	\$ 48,316,150	\$ 54,181,716	\$ (5,865,566)

The plan's fiduciary net position represents 112.14 percent of the total pension liability.

Note 8 - Pension Plans (Continued)

General Employees' Retirement Pension System

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at July 1, 2024	\$ 31,020,065	\$ 29,379,302	\$ 1,640,763
Changes for the year:			
Service cost	269,756	-	269,756
Interest	2,177,655	-	2,177,655
Differences between expected and actual experience	693,019	-	693,019
Contributions - Employer	-	793,080	(793,080)
Contributions - Employee	-	71,319	(71,319)
Net investment income	-	2,534,610	(2,534,610)
Benefit payments, including refunds	(2,001,922)	(2,001,922)	-
Administrative expenses	-	(14,644)	14,644
Net changes	1,138,508	1,382,443	(243,935)
Balance at June 30, 2025	\$ 32,158,573	\$ 30,761,745	\$ 1,396,828

The plan's fiduciary net position represents 95.66 percent of the total pension liability.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the City recognized pension recoveries of \$(481,899) and \$378,667 for the Public Safety Retirement Pension System and General Employees' Retirement Pension System, respectively.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Public Safety Retirement Pension System		General Employees' Retirement Pension System	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,329,020	\$ (287,361)	\$ 159,927	\$ -
Changes in assumptions	-	(443,742)	-	-
Net difference between projected and actual earnings on pension plan investments	-	(949,825)	-	(578,311)
Total	\$ 1,329,020	\$ (1,680,928)	\$ 159,927	\$ (578,311)

Note 8 - Pension Plans (Continued)

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

Years Ending June 30	Public Safety Retirement Pension System	General Employees' Retirement Pension System
2026	\$ 974,492	\$ 730,476
2027	(929,848)	(615,455)
2028	(582,458)	(444,276)
2029	39,378	(89,129)
2030	146,528	-
Total	<u>\$ (351,908)</u>	<u>\$ (418,384)</u>

Actuarial Assumptions

The total pension liability (TPL) in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Public Safety Retirement Pension System	General Employees' Retirement Pension System
Inflation	2.50%	2.50%
Salary increases (including inflation)	3.50 - 7.30%	3.50 - 7.30%
Investment rate of return (net of investment expenses)	7.25%	7.25%
Mortality rates	Pub-2010 Public Retirement Plans Safety Mortality Tables with MP-2021	Pub-2010 Public Retirement Plans General Mortality Tables with MP-2021

Discount Rate

As shown below, the discount rate used to measure the total pension liability was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

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

	Public Safety Retirement Pension System	General Employees' Retirement Pension System
Assumed investment rate of return	7.25%	7.25%
Discount rate used to measure TPL	7.25%	7.25%

Note 8 - Pension Plans (Continued)

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2025 measurement date for each major asset class included in both pension plans' target asset allocation, as disclosed in the investment note disclosure, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.60 %
International equity	5.23
Corporate bonds	3.17

Sensitivity of the Net Pension Asset/Liability to Changes in the Discount Rate

The following presents the net pension asset/liability of the City, calculated using each plan's respective discount rate, as well as what the City's net pension liability/asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability (asset) of the Public Safety Retirement Pension System	\$ 496,202	\$ (5,865,566)	\$ (11,118,003)
Net pension liability (asset) of the General Employees' Retirement Pension System	5,032,091	1,396,828	(1,671,509)

Assumption Changes

Public Safety Retirement Pension System

There were no changes in assumptions for the year ended June 30, 2025.

General Employees' Retirement Pension System

There were no changes in assumptions for the year ended June 30, 2025.

Note 9 - Pension Plan Reserves

Public Safety Retirement Pension System

In accordance with plan documents, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

June 30, 2025

Note 9 - Pension Plan Reserves (Continued)

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate earned by the retirement system for that fiscal year. For any employees who terminate before vesting in the pension plan, their balances are returned to them; for those who stay until retirement, they may request the return of their contributions, which will actuarially lower their retirement benefit, or the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at June 30, 2025 are as follows:

	Required Reserve	Amount Funded
Employee reserve	\$ 5,691,158	\$ 5,691,158
Employer reserve	48,490,558	48,490,558

General Employees' Retirement Pension System

In accordance with the plan, the following reserves are required to be set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate earned by the retirement system for that fiscal year. For any employees who terminate before vesting in the pension plan, their balances are returned to them; for those who stay until retirement, they may request the return of their contributions, which will actuarially lower their retirement benefit, or the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

The balances of the reserve accounts at June 30, 2025 are as follows:

	Required Reserve	Amount Funded
Employee reserve	\$ 2,815,395	\$ 2,815,395
Employer reserve	27,946,350	27,946,350

Note 10 - Other Postemployment Benefit Plans

Plan Description

Public Safety Retirement Health Plan

The retirement board administers the City of Grosse Pointe Farms Public Safety Retirement Health Plan, a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions (OPEB) for public safety employees.

Management of the plan is vested with the retirement board. The plan does not issue a stand-alone financial report.

Note 10 - Other Postemployment Benefit Plans (Continued)

General Employees' Retirement Health Plan

The retirement board administers the City of Grosse Pointe Farms General Employees' Retirement Health Plan, a single-employer defined benefit OPEB plan that is used to provide postemployment benefits other than pensions for general employees.

Management of the plan is vested with the retirement board. The plan does not issue a stand-alone financial report.

The financial statements of each OPEB plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

Benefits Provided

Public Safety Retirement Health Plan

The plan provides health care benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan until age 65.

The plan is closed to new individuals hired after July 1, 2007.

General Employees' Retirement Health Plan

The plan provides health care benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan until age 65.

The plan is closed to union and department heads and clerical staff hired after July 1, 2007. The plan is closed to dispatchers hired after December 30, 2011.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms as of June 30, 2025:

	Public Safety Retirement Health Plan	General Employees' Retirement Health Plan
Inactive plan members or beneficiaries currently receiving benefits	42	48
Active plan members	12	16
Total plan members	54	64

Contributions

Public Safety Retirement Health Plan

The plan was established and is being funded under the authority of the City Council. The plan's funding policy is that the employer will make discretionary contributions. Plan members are not required to contribute to the plan. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

General Employees' Retirement Health Plan

The plan was established and is being funded under the authority of the City Council. The plan's funding policy is that the employer will make discretionary contributions. Plan members are not required to contribute to the plan. There are no long-term contracts for contributions to the plan. The plan has no legally required reserves.

June 30, 2025

Note 10 - Other Postemployment Benefit Plans (Continued)

Net OPEB Liability

The City chooses a date for each OPEB plan to measure its net OPEB liability (NOL). This is based on the measurement date of each OPEB plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date.

	<u>Public Safety Retirement Health Plan</u>	<u>General Employees' Retirement Health Plan</u>
Measurement date used for the City's NOL	June 30, 2025	June 30, 2025
Based on a comprehensive actuarial valuation as of	June 30, 2025	June 30, 2025

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

Public Safety Retirement Health Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	<u>Total OPEB Liability</u>	<u>Plan Net Position</u>	<u>Net OPEB Liability</u>
Balance at July 1, 2024	\$ 11,386,126	\$ 10,120,543	\$ 1,265,583
Changes for the year:			
Service cost	158,831	-	158,831
Interest	813,122	-	813,122
Differences between expected and actual experience	3,121,808	-	3,121,808
Changes in assumptions	124,938	-	124,938
Contributions - Employer	-	765,000	(765,000)
Net investment income	-	910,848	(910,848)
Benefit payments, including refunds	<u>(670,703)</u>	<u>(670,703)</u>	<u>-</u>
Net changes	<u>3,547,996</u>	<u>1,005,145</u>	<u>2,542,851</u>
Balance at June 30, 2025	<u>\$ 14,934,122</u>	<u>\$ 11,125,688</u>	<u>\$ 3,808,434</u>

The plan's fiduciary net position represents 74.50 percent of the total OPEB liability.

June 30, 2025

Note 10 - Other Postemployment Benefit Plans (Continued)

General Employees' Retirement Health Plan

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2024	\$ 9,254,010	\$ 7,178,177	\$ 2,075,833
Changes for the year:			
Service cost	91,978	-	91,978
Interest	658,932	-	658,932
Differences between expected and actual experience	1,432,243	-	1,432,243
Changes in assumptions	156,997	-	156,997
Contributions - Employer	-	730,000	(730,000)
Contributions - Employee	-	641,729	(641,729)
Benefit payments, including refunds	(523,699)	(523,699)	-
Net changes	1,816,451	848,030	968,421
Balance at June 30, 2025	<u>\$ 11,070,461</u>	<u>\$ 8,026,207</u>	<u>\$ 3,044,254</u>

The plan's fiduciary net position represents 72.50 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the City recognized OPEB expense of \$3,049,012 and \$1,195,740 for the Public Safety Retirement Health Plan and General Employees' Retirement Health Plan, respectively.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Public Safety Retirement Health Plan		General Employees' Retirement Health Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 309,368	\$ -	\$ 496,137	\$ -
Changes in assumptions	12,380	-	54,385	-
Net difference between projected and actual earnings on OPEB plan investments	-	(246,493)	-	(173,102)
Total	<u>\$ 321,748</u>	<u>\$ (246,493)</u>	<u>\$ 550,522</u>	<u>\$ (173,102)</u>

Note 10 - Other Postemployment Benefit Plans (Continued)

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

Years Ending June 30	Public Safety Retirement Health Plan	General Employees' Retirement Health Plan
2026	\$ 462,344	\$ 639,093
2027	(202,182)	(137,623)
2028	(150,156)	(101,254)
2029	(34,751)	(22,796)
Total	\$ 75,255	\$ 377,420

Actuarial Assumptions

The total OPEB liability in each actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

	Public Safety Retirement Health Plan	General Employees' Retirement Health Plan
Inflation	2.5%	2.50%
Salary increases (including inflation)	3.50-7.30%	3.50-7.30%
Investment rate of return (net of investment expenses)	7.25%	7.25%
Health care cost trend rate	7.00 - 4.50% (under age 65) and 5.25 - 4.50% (ages 65 and older)	7.00 - 4.50% (under age 65) and 5.25 - 4.50% (ages 65 and older)
Mortality rates	Pub-2010 Public Retirement Plans Public Safety Mortality Tables with mortality improvements using Scale MP-2021	Pub-2010 Public Retirement Plans General Employees Mortality Tables with mortality improvements using Scale MP-2021

Discount Rate

As shown below, the discount rate used to measure the total OPEB liability (TOL) was determined after considering a projection of the cash flows to determine whether the future contributions (made at the current contribution rates) will be sufficient to allow the OPEB plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees.

	Public Safety Retirement Health Plan	General Employees' Retirement Health Plan
Assumed investment rate of return	7.25%	7.25%
Discount rate used to measure TOL	7.25%	7.25%

June 30, 2025

Note 10 - Other Postemployment Benefit Plans (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2025 measurement date for each major asset class included in both OPEB plans' target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	5.60 %
International equity	5.23
Fixed income	3.17

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 7.25 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net OPEB liability of the Public Safety Retirement Health Plan	\$ 5,600,707	\$ 3,808,434	\$ 2,323,962
Net OPEB liability of the General Employees' Retirement Health Plan	4,257,284	3,044,254	2,022,477
Total	<u>\$ 9,857,991</u>	<u>\$ 6,852,688</u>	<u>\$ 4,346,439</u>

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the health care cost trend rate of 7.0 percent decreasing to 4.5 percent, as well as what the City's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.0% Decreasing to 3.5%)	Current Health Care Cost Trend Rate (7.0% Decreasing to 4.5%)	1 Percentage Point Increase (8.0% Decreasing to 5.5%)
Net OPEB liability of the Public Safety Retirement Health Plan	\$ 2,276,778	\$ 3,808,434	\$ 5,651,175
Net OPEB liability of the General Employees' Retirement Health Plan	1,968,166	3,044,254	4,323,300
Total	<u>\$ 4,244,944</u>	<u>\$ 6,852,688</u>	<u>\$ 9,974,475</u>

Note 10 - Other Postemployment Benefit Plans (Continued)

Assumption Changes

Public Safety Retirement Health Plan

Since the prior measurement date, the assumed assumed rates of health care inflation used to project per capita claims costs were updated in the June 30, 2025 valuation.

General Employees' Retirement Health Plan

Since the prior measurement date, the assumed assumed rates of health care inflation used to project per capita claims costs were updated in the June 30, 2025 valuation.

Note 11 - Pension and OPEB Plan Investments - Policy and Rate of Return

Public Safety Retirement Pension System and Health Plan

Investment Policy

The policy in regard to the allocation of invested assets is established and may be amended by the retirement board by a majority vote of its members. It is the policy of the retirement board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of June 30, 2025:

Asset Class	Target Allocation
Domestic equity	46.00 %
International equity	13.00
Fixed income	41.00

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 8.99 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The time-weighted rate of return as of June 30, 2025 was 8.95 percent.

General Employees' Retirement Pension System and Health Plan

Investment Policy

The policy in regard to the allocation of invested assets is established and may be amended by the retirement board by a majority vote of its members. It is the policy of the retirement board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of June 30, 2025:

Asset Class	Target Allocation
Domestic equity	46.00 %
International equity	13.00
Fixed income	41.00

June 30, 2025

**Note 11 - Pension and OPEB Plan Investments - Policy and Rate of Return
(Continued)**

Rate of Return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 8.93 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The time-weighted rate of return as of June 30, 2025 was 8.99 percent.

June 30, 2025

Note 12 - Pension and Other Postemployment Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment health care plans:

	General Employees' Retirement Pension System	General Employees' Retirement Health Plan	Total General Employees'	Public Safety Retirement Pension System	Public Safety Retirement Health Plan	Total Public Safety	Total
Statement of Net Position							
Assets:							
Cash and cash equivalents	\$ 573,559	\$ -	\$ 573,559	\$ 1,206,778	\$ -	\$ 1,206,778	\$ 1,780,337
Investments:							
Collective investment trusts	8,668,923	4,921,454	13,590,377	15,971,827	6,836,233	22,808,060	36,398,437
Mutual funds	21,545,278	3,079,307	24,624,585	37,047,278	4,277,231	41,324,509	65,949,094
Prepays and other	-	25,447	25,447	-	12,223	12,223	37,670
Total assets	30,787,760	8,026,208	38,813,968	54,225,883	11,125,687	65,351,570	104,165,538
Liabilities - Accounts payable	26,015	-	26,015	44,167	-	44,167	70,182
Net position restricted for pensions and OPEB	\$ 30,761,745	\$ 8,026,208	\$ 38,787,953	\$ 54,181,716	\$ 11,125,687	\$ 65,307,403	\$ 104,095,356
Statement of Changes in Net Position							
Additions:							
Investment income:							
Interest and dividends	\$ 228,313	\$ 799,947	\$ 1,028,260	\$ 542,196	\$ 1,198,948	\$ 1,741,144	\$ 2,769,404
Net increase in fair value of investments	2,379,244	(158,218)	2,221,026	4,019,762	(288,099)	3,731,663	5,952,689
Total investment income	2,607,557	641,729	3,249,286	4,561,958	910,849	5,472,807	8,722,093
Contributions:							
Employer	793,080	730,000	1,523,080	451,780	765,000	1,216,780	2,739,860
Employee	71,319	-	71,319	369,172	-	369,172	440,491
Total contributions	864,399	730,000	1,594,399	820,952	765,000	1,585,952	3,180,351
Total additions	3,471,956	1,371,729	4,843,685	5,382,910	1,675,849	7,058,759	11,902,444
Deductions:							
Benefit payments	2,001,921	523,699	2,525,620	3,154,092	670,702	3,824,794	6,350,414
Administrative and other	87,592	-	87,592	140,082	-	140,082	227,674
Total deductions	2,089,513	523,699	2,613,212	3,294,174	670,702	3,964,876	6,578,088
Net change in net position	1,382,443	848,030	2,230,473	2,088,736	1,005,147	3,093,883	5,324,356
Net position restricted for pensions and OPEB - Beginning of year	29,379,302	7,178,178	36,557,480	52,092,980	10,120,540	62,213,520	98,771,000
Net position restricted for pensions and OPEB - End of year	\$ 30,761,745	\$ 8,026,208	\$ 38,787,953	\$ 54,181,716	\$ 11,125,687	\$ 65,307,403	\$ 104,095,356

Note 13 - Joint Venture

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

The City's interest in the net position of the Authority totaled \$55,698 at June 30, 2025 and is reported as part of the governmental activities in the statement of net position. The City is unaware of any circumstances, including potential environmental remediation, that would cause an additional burden to the participating municipalities in the near future. Complete financial statements for the Authority can be obtained from its administrative offices at 27941 Harper Avenue, Suite 106, St. Clair Shores, MI 48081.

Note 14 - Leases

The City leases certain assets to third parties. The assets leased include a pump station owned by the City and the right to use the land. Payments are generally fixed annually with a 4 percent increase of the annual rent in effect for the year immediately preceding the adjustment date.

During the year ended June 30, 2025, the City recognized the following related to its lessor agreements:

Lease revenue	\$	438,575
Interest income related to its leases		171,810

Required Supplementary Information

City of Grosse Pointe Farms, Michigan

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 15,095,530	\$ 15,106,610	\$ 15,107,524	\$ 914
Intergovernmental:				
Federal grants	-	5,610	12,253	6,643
State sources	1,287,470	1,357,900	1,371,320	13,420
Charges for services	1,648,130	1,648,130	1,590,271	(57,859)
Fines and forfeitures	323,200	323,200	288,154	(35,046)
Licenses and permits	573,990	527,540	509,865	(17,675)
Interest and rentals	782,770	807,770	1,098,155	290,385
Other revenue	134,300	134,300	179,214	44,914
Total revenue	19,845,390	19,911,060	20,156,756	245,696
Expenditures				
Current services:				
General government	3,054,950	2,873,050	2,834,344	38,706
Municipal court	384,450	366,450	346,858	19,592
Public safety	8,226,760	8,274,990	8,274,823	167
Public works	3,523,640	3,340,230	3,297,549	42,681
Other functions	50,000	32,600	32,599	1
Parks and recreation	1,908,710	1,733,710	1,686,953	46,757
Total expenditures	17,148,510	16,621,030	16,473,126	147,904
Excess of Revenue Over Expenditures	2,696,880	3,290,030	3,683,630	393,600
Other Financing Sources (Uses)				
Fund balance appropriation	200,000	56,850	-	(56,850)
Transfers out	(2,896,880)	(3,346,880)	(3,346,729)	151
Total other financing uses	(2,696,880)	(3,290,030)	(3,346,729)	(56,699)
Net Change in Fund Balances	-	-	336,901	336,901
Fund Balance - Beginning of year	6,922,499	6,922,499	6,922,499	-
Fund Balance - End of year	<u>\$ 6,922,499</u>	<u>\$ 6,922,499</u>	<u>\$ 7,259,400</u>	<u>\$ 336,901</u>

City of Grosse Pointe Farms, Michigan

Required Supplementary Information
 Budgetary Comparison Schedule - Special Revenue Fund
 Major Streets Fund

Year Ended June 30, 2025

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Intergovernmental	\$ 916,700	\$ 930,700	\$ 932,210	\$ 1,510
Investment income	30,000	30,000	42,710	12,710
Total revenue	946,700	960,700	974,920	14,220
Expenditures - Public works and streets	1,231,920	1,733,370	1,752,982	(19,612)
Excess of Expenditures Over Revenue	(285,220)	(772,670)	(778,062)	(5,392)
Other Financing Sources (Uses)				
Transfers in	360,220	710,220	710,220	-
Transfers out	(75,000)	(75,000)	(75,000)	-
Fund balance appropriations	-	137,450	-	(137,450)
Total other financing sources	285,220	772,670	635,220	(137,450)
Net Change in Fund Balance	-	-	(142,842)	(142,842)
Fund Balance - Beginning of year	1,000,445	1,000,445	1,000,445	-
Fund Balance - End of year	<u>\$ 1,000,445</u>	<u>\$ 1,000,445</u>	<u>\$ 857,603</u>	<u>\$ (142,842)</u>

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios General Employees' Retirement Pension System

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 269,756	\$ 292,799	\$ 265,031	\$ 284,679	\$ 328,124	\$ 302,758	\$ 318,019	\$ 306,053	\$ 311,248	\$ 351,487
Interest	2,177,655	2,171,640	2,163,011	2,154,606	2,079,194	1,948,848	1,955,180	1,797,406	1,712,769	1,661,508
Differences between expected and actual experience	693,019	(363,706)	(459,392)	(331,061)	930,663	1,559,411	(508,859)	(486,405)	891,728	485,951
Changes in assumptions	-	-	47,641	-	-	-	-	2,456,534	698,409	-
Benefit payments, including refunds	(2,001,922)	(2,033,103)	(1,766,077)	(2,210,729)	(2,381,923)	(1,657,022)	(2,039,636)	(1,484,805)	(1,828,517)	(1,762,184)
Net Change in Total Pension Liability	1,138,508	67,630	250,214	(102,505)	956,058	2,153,995	(275,296)	2,588,783	1,785,637	736,762
Total Pension Liability - Beginning of year	31,020,065	30,952,435	30,702,221	30,804,726	29,848,668	27,694,673	27,969,969	25,381,186	23,595,549	22,858,787
Total Pension Liability - End of year	\$ 32,158,573	\$ 31,020,065	\$ 30,952,435	\$ 30,702,221	\$ 30,804,726	\$ 29,848,668	\$ 27,694,673	\$ 27,969,969	\$ 25,381,186	\$ 23,595,549
Plan Fiduciary Net Position										
Contributions - Employer	\$ 793,080	\$ 804,790	\$ 1,158,168	\$ 887,113	\$ 721,511	\$ 338,785	\$ 350,877	\$ 272,241	\$ 392,241	\$ 723,451
Contributions - Member	71,319	71,912	75,021	79,990	85,276	92,629	98,339	107,481	117,597	115,134
Net investment income (loss)	2,534,610	3,681,972	2,633,130	(3,810,615)	6,375,301	1,722,353	1,846,664	1,798,509	2,938,504	60,919
Administrative expenses	(14,644)	(14,483)	(14,494)	(14,520)	(28,492)	(30,510)	(46,928)	(43,621)	(10,813)	(10,005)
Benefit payments, including refunds	(2,001,922)	(2,033,103)	(1,766,077)	(2,210,729)	(2,381,923)	(1,657,022)	(2,039,636)	(1,484,805)	(1,828,517)	(1,762,184)
Net Change in Plan Fiduciary Net Position	1,382,443	2,511,088	2,085,748	(5,068,761)	4,771,673	466,235	209,316	649,805	1,609,012	(872,685)
Plan Fiduciary Net Position - Beginning of year	29,379,302	26,868,214	24,782,466	29,851,227	25,079,554	24,613,319	24,404,003	23,754,198	22,145,186	23,017,871
Plan Fiduciary Net Position - End of year	\$ 30,761,745	\$ 29,379,302	\$ 26,868,214	\$ 24,782,466	\$ 29,851,227	\$ 25,079,554	\$ 24,613,319	\$ 24,404,003	\$ 23,754,198	\$ 22,145,186
City's Net Pension Liability - Ending	\$ 1,396,828	\$ 1,640,763	\$ 4,084,221	\$ 5,919,755	\$ 953,499	\$ 4,769,114	\$ 3,081,354	\$ 3,565,966	\$ 1,626,988	\$ 1,450,363
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	95.66 %	94.71 %	86.80 %	80.72 %	96.90 %	84.02 %	88.87 %	87.25 %	93.59 %	93.85 %
Covered Payroll	\$ 1,240,892	\$ 1,205,483	\$ 1,328,228	\$ 1,305,732	\$ 1,384,268	\$ 1,651,685	\$ 1,850,189	\$ 1,758,022	\$ 1,743,966	\$ 1,885,061
City's Net Pension Liability as a Percentage of Covered Payroll	112.57 %	136.11 %	307.49 %	453.37 %	68.88 %	288.74 %	166.54 %	202.84 %	93.29 %	76.94 %

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of Pension Contributions General Employees' Retirement Pension System

**Last Ten Fiscal Years
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 513,079	\$ 654,790	\$ 684,595	\$ 737,113	\$ 621,511	\$ 338,785	\$ 350,877	\$ 272,241	\$ 299,240	\$ 305,388
Contributions in relation to the actuarially determined contribution	793,080	804,790	1,158,168	887,113	721,511	338,785	350,877	272,241	392,241	723,451
Contribution Excess	\$ 280,001	\$ 150,000	\$ 473,573	\$ 150,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 93,001	\$ 418,063
Covered Payroll	\$ 1,240,892	\$ 1,205,483	\$ 1,328,228	\$ 1,305,732	\$ 1,384,268	\$ 1,651,685	\$ 1,850,189	\$ 1,758,022	\$ 1,743,966	\$ 1,885,061
Contributions as a Percentage of Covered Payroll	63.91 %	66.76 %	87.20 %	67.94 %	52.12 %	20.51 %	18.96 %	15.49 %	22.49 %	38.38 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	15-year level dollar layered amortization
Remaining amortization period	15 years
Asset valuation method	4 years smoothed fair value
Inflation	2.50 percent
Salary increase	3.50 to 7.30 percent, including inflation
Investment rate of return	7.25 percent
Mortality	Pub-2010 Public Retirement Plans General Employees Mortality Tables (Amount-Weighted) with fully generational projection of mortality improvements using SOA Scale MP-2021
Cost of living adjustment	2.50 percent per year

City of Grosse Pointe Farms, Michigan

Required Supplementary Information
Schedule of Pension Investment Returns
General Employees' Retirement Pension System

**Last Ten Fiscal Years
Years Ended June 30**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return - Net of investment expense	8.93 %	14.04 %	10.87 %	(12.60)%	26.20 %	7.16 %	7.38 %	7.38 %	13.41 %	0.46 %

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios Public Safety Retirement Pension System

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	\$ 993,524	\$ 1,004,986	\$ 951,309	\$ 948,789	\$ 914,522	\$ 959,176	\$ 866,141	\$ 871,552	\$ 802,228	\$ 876,157
Interest	3,235,624	3,138,810	3,048,464	3,028,712	2,912,861	2,818,521	2,776,903	2,531,448	2,419,720	2,352,453
Differences between expected and actual experience	1,062,344	57,757	908,786	(1,228,318)	(199,053)	(423,671)	(873,746)	(54,106)	533,902	(308,162)
Changes in assumptions	-	-	(976,233)	-	-	-	-	2,437,129	809,914	151,084
Benefit payments, including refunds	(3,154,091)	(2,588,178)	(2,780,816)	(2,183,120)	(1,882,889)	(2,216,850)	(2,174,403)	(2,277,904)	(2,002,811)	(1,906,462)
Net Change in Total Pension Liability	2,137,401	1,613,375	1,151,510	566,063	1,745,441	1,137,176	594,895	3,508,119	2,562,953	1,165,070
Total Pension Liability - Beginning of year	46,178,749	44,565,374	43,413,864	42,847,801	41,102,360	39,965,184	39,370,289	35,862,170	33,299,217	32,134,147
Total Pension Liability - End of year	\$ 48,316,150	\$ 46,178,749	\$ 44,565,374	\$ 43,413,864	\$ 42,847,801	\$ 41,102,360	\$ 39,965,184	\$ 39,370,289	\$ 35,862,170	\$ 33,299,217
Plan Fiduciary Net Position										
Contributions - Employer	\$ 451,780	\$ 437,516	\$ 265,510	\$ 640,240	\$ 566,175	\$ 274,342	\$ 117,124	\$ 100,000	\$ 300,000	\$ 200,000
Contributions - Member	369,172	329,207	310,077	286,010	259,230	244,754	241,551	237,722	217,988	247,649
Net investment income (loss)	4,438,239	6,479,503	4,654,738	(6,690,247)	11,060,948	2,898,513	2,930,695	3,033,557	4,693,456	97,742
Administrative expenses	(16,364)	(15,382)	(17,426)	(16,464)	(40,922)	(42,596)	(53,419)	(52,936)	(5,868)	(13,475)
Benefit payments, including refunds	(3,154,091)	(2,588,178)	(2,780,816)	(2,183,120)	(1,882,889)	(2,216,850)	(2,174,403)	(2,277,904)	(2,002,811)	(1,906,462)
Net Change in Plan Fiduciary Net Position	2,088,736	4,642,666	2,432,083	(7,963,581)	9,962,542	1,158,163	1,061,548	1,040,439	3,202,765	(1,374,546)
Plan Fiduciary Net Position - Beginning of year	52,092,980	47,450,314	45,018,231	52,981,812	43,019,270	41,861,107	40,799,559	39,759,120	36,556,355	37,930,901
Plan Fiduciary Net Position - End of year	\$ 54,181,716	\$ 52,092,980	\$ 47,450,314	\$ 45,018,231	\$ 52,981,812	\$ 43,019,270	\$ 41,861,107	\$ 40,799,559	\$ 39,759,120	\$ 36,556,355
City's Net Pension Asset - Ending	\$ (5,865,566)	\$ (5,914,231)	\$ (2,884,940)	\$ (1,604,367)	\$ (10,134,011)	\$ (1,916,910)	\$ (1,895,923)	\$ (1,429,270)	\$ (3,896,950)	\$ (3,257,138)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	112.14 %	112.81 %	106.47 %	103.70 %	123.65 %	104.66 %	104.74 %	103.63 %	110.77 %	109.68 %
Covered Payroll	\$ 4,067,429	\$ 3,835,585	\$ 3,838,607	\$ 3,568,526	\$ 3,536,549	\$ 3,312,270	\$ 3,165,095	\$ 2,992,371	\$ 3,062,647	\$ 2,639,683
City's Net Pension Asset as a Percentage of Covered Payroll	(144.21)%	(154.19)%	(75.16)%	(44.96)%	(286.55)%	(57.87)%	(59.90)%	(47.76)%	(126.26)%	(122.25)%

Required Supplementary Information
Schedule of Pension Contributions
Public Safety Retirement Pension System

**Last Ten Fiscal Years
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 126,771	\$ 112,516	\$ 165,510	\$ 440,240	\$ 566,175	\$ 274,342	\$ 117,124	\$ -	\$ -	\$ 1,401
Contributions in relation to the actuarially determined contribution	451,780	437,516	265,510	640,240	566,175	274,342	117,124	100,000	300,000	200,000
Contribution Excess	\$ 325,009	\$ 325,000	\$ 100,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 100,000	\$ 300,000	\$ 198,599
Covered Payroll	\$ 4,067,429	\$ 3,835,585	\$ 3,838,607	\$ 3,568,526	\$ 3,536,549	\$ 3,312,270	\$ 3,165,095	\$ 2,992,371	\$ 3,062,647	\$ 2,639,683
Contributions as a Percentage of Covered Payroll	11.11 %	11.41 %	6.92 %	17.94 %	16.01 %	8.28 %	3.70 %	3.34 %	9.80 %	7.58 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	10 years
Asset valuation method	4 years smoothed fair value
Inflation	2.50 percent
Salary increase	3.50 to 7.30 percent, including inflation
Investment rate of return	7.25 percent
Mortality	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with fully generational projection of mortality improvements using SOA Scale MP-2021

City of Grosse Pointe Farms, Michigan

Required Supplementary Information
 Schedule of Pension Investment Returns
 Public Safety Retirement Pension System

**Last Ten Fiscal Years
 Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return - Net of investment expense	8.99 %	14.00 %	10.75 %	(12.59)%	26.29 %	7.07 %	7.64 %	7.78 %	13.51 %	0.48 %

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of Changes in the Net OPEB Liability and Related Ratios General Employees' Retirement Health Plan

Last Nine Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 91,978	\$ 92,047	\$ 118,301	\$ 115,441	\$ 112,982	\$ 111,917	\$ 195,115	\$ 163,968	\$ 350,197
Interest	658,932	642,528	667,356	651,632	672,740	656,582	788,532	674,750	673,198
Differences between expected and actual experience	1,432,243	-	(562,703)	-	(600,956)	-	(1,658,628)	(145,387)	(1,336,948)
Changes in assumptions	156,997	-	(39,085)	-	101,075	-	(535,225)	1,269,133	(4,009,288)
Benefit payments, including refunds	(523,699)	(493,275)	(506,681)	(597,820)	(561,705)	(532,185)	(521,213)	(500,279)	(399,215)
Net Change in Total OPEB Liability	1,816,451	241,300	(322,812)	169,253	(275,864)	236,314	(1,731,419)	1,462,185	(4,722,056)
Total OPEB Liability - Beginning of year	9,254,010	9,012,710	9,335,522	9,166,269	9,442,133	9,205,819	10,937,238	9,475,053	14,197,109
Total OPEB Liability - End of year	\$ 11,070,461	\$ 9,254,010	\$ 9,012,710	\$ 9,335,522	\$ 9,166,269	\$ 9,442,133	\$ 9,205,819	\$ 10,937,238	\$ 9,475,053
Plan Fiduciary Net Position									
Contributions - Employer	\$ 730,000	\$ 760,000	\$ 760,704	\$ 933,493	\$ 958,062	\$ 1,351,307	\$ 929,528	\$ 899,613	\$ 812,496
Net investment income (loss)	641,729	841,853	571,121	(711,533)	1,087,481	223,096	186,461	152,320	181,570
Administrative expenses	-	-	(1)	(1)	-	-	-	-	-
Benefit payments, including refunds	(523,699)	(493,275)	(506,681)	(597,820)	(561,705)	(532,185)	(521,213)	(500,279)	(399,215)
Net Change in Plan Fiduciary Net Position	848,030	1,108,578	825,143	(375,861)	1,483,838	1,042,218	594,776	551,654	594,851
Plan Fiduciary Net Position - Beginning of year	7,178,177	6,069,599	5,244,455	5,620,316	4,136,478	3,094,260	2,499,484	1,947,830	1,352,979
Plan Fiduciary Net Position - End of year	\$ 8,026,207	\$ 7,178,177	\$ 6,069,598	\$ 5,244,455	\$ 5,620,316	\$ 4,136,478	\$ 3,094,260	\$ 2,499,484	\$ 1,947,830
Net OPEB Liability - Ending	\$ 3,044,254	\$ 2,075,833	\$ 2,943,112	\$ 4,091,067	\$ 3,545,953	\$ 5,305,655	\$ 6,111,559	\$ 8,437,754	\$ 7,527,223
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	72.50 %	77.57 %	67.34 %	56.18 %	61.32 %	43.81 %	33.61 %	22.85 %	20.56 %
Covered-employee Payroll	\$ 1,240,892	\$ 1,381,357	\$ 1,328,228	\$ 1,439,639	\$ 1,384,268	\$ 1,680,089	\$ 1,850,189	\$ 1,758,022	\$ 1,685,541
Net OPEB Liability as a Percentage of Covered-employee Payroll	245.33 %	150.27 %	221.58 %	284.17 %	256.16 %	315.80 %	330.32 %	479.96 %	446.58 %

Currently, nine years of information are available; additional years of information will be displayed in future years as it becomes available.

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of OPEB Contributions General Employees' Retirement Health Plan

**Last Ten Fiscal Years
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 319,964	\$ 497,969	\$ 441,849	\$ 415,803	\$ 554,552	\$ 652,570	\$ 875,213	\$ 1,095,412	\$ 1,144,288	\$ 1,095,012
Contributions in relation to the actuarially determined contribution	730,000	760,000	760,704	933,493	958,062	1,351,307	929,528	899,613	812,496	610,018
Contribution Excess (Deficiency)	\$ 410,036	\$ 262,031	\$ 318,855	\$ 517,690	\$ 403,510	\$ 698,737	\$ 54,315	\$ (195,799)	\$ (331,792)	\$ (484,994)
Covered-employee Payroll	\$ 1,240,892	\$ 1,381,357	\$ 1,328,228	\$ 1,439,639	\$ 1,384,268	\$ 1,680,089	\$ 1,850,189	\$ 1,758,022	\$ 1,685,541	\$ 1,865,319
Contributions as a Percentage of Covered-employee Payroll	58.83 %	55.02 %	57.27 %	64.84 %	69.21 %	80.43 %	50.24 %	51.17 %	48.20 %	32.70 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Asset valuation method	Market value of assets
Health care cost trend rates	7.00 - 4.50 percent for under 65 and 5.25 - 4.50 percent for ages 65 and older
Salary increase	3.50 - 7.30 percent, including inflation
Investment rate of return	7.25 percent
Retirement age	Age 60 with 10 or more years of service
Mortality	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with fully generational projection of mortality improvements using SOA Scale MP-2021

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of OPEB Investment Returns General Employees' Retirement Health Plan

	Last Nine Fiscal Years Years Ended June 30								
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	8.93 %	14.04 %	10.87 %	(12.60)%	26.29 %	7.07 %	7.64 %	7.78 %	13.51 %

Currently, nine years of information are available; additional years of information will be displayed in future years as it becomes available.

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Public Safety Retirement Health Plan

Last Eight Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 158,831	\$ 162,588	\$ 201,413	\$ 221,796	\$ 252,632	\$ 266,585	\$ 392,619	\$ 327,101
Interest	813,122	788,138	1,084,914	1,031,001	981,187	928,274	932,788	819,385
Differences between expected and actual experience	3,121,808	-	(4,334,786)	-	(310,000)	-	(14,288)	(548,454)
Changes in assumptions	124,938	-	(489,572)	-	274,243	-	(821,583)	1,145,805
Benefit payments, including refunds	(670,703)	(536,382)	(497,504)	(480,371)	(479,904)	(423,243)	(428,194)	(396,739)
Net Change in Total OPEB Liability	3,547,996	414,344	(4,035,535)	772,426	718,158	771,616	61,342	1,347,098
Total OPEB Liability - Beginning of year	11,386,126	10,971,782	15,007,317	14,234,891	13,516,733	12,745,117	12,683,775	11,336,677
Total OPEB Liability - End of year	\$ 14,934,122	\$ 11,386,126	\$ 10,971,782	\$ 15,007,317	\$ 14,234,891	\$ 13,516,733	\$ 12,745,117	\$ 12,683,775
Plan Fiduciary Net Position								
Contributions - Employer	\$ 765,000	\$ 710,000	\$ 754,000	\$ 636,300	\$ 638,800	\$ 535,564	\$ 486,876	\$ 481,250
Contributions - Active and inactive plan members not yet receiving benefits	-	-	-	-	-	-	-	2,889
Net investment income (loss)	910,848	1,216,193	823,899	(1,086,263)	1,746,749	440,752	414,585	394,217
Benefit payments, including refunds	(670,703)	(536,382)	(497,504)	(480,371)	(479,904)	(423,243)	(428,194)	(396,739)
Net Change in Plan Fiduciary Net Position	1,005,145	1,389,811	1,080,395	(930,334)	1,905,645	553,073	473,267	481,617
Plan Fiduciary Net Position - Beginning of year	10,120,543	8,730,732	7,649,937	8,580,271	6,674,626	6,121,553	5,648,286	5,166,669
Plan Fiduciary Net Position - End of year	\$ 11,125,688	\$ 10,120,543	\$ 8,730,332	\$ 7,649,937	\$ 8,580,271	\$ 6,674,626	\$ 6,121,553	\$ 5,648,286
Net OPEB Liability - Ending	\$ 3,808,434	\$ 1,265,583	\$ 2,241,450	\$ 7,357,380	\$ 5,654,620	\$ 6,842,107	\$ 6,623,564	\$ 7,035,489
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	74.50 %	88.88 %	79.57 %	50.97 %	60.28 %	49.38 %	48.03 %	44.53 %
Covered-employee Payroll	\$ 1,205,338	\$ 1,788,006	\$ 1,727,542	\$ 2,274,655	\$ 2,187,168	\$ 2,520,982	\$ 2,424,021	\$ 2,992,371
Net OPEB Liability as a Percentage of Covered-employee Payroll	315.96 %	70.78 %	129.75 %	323.45 %	258.54 %	271.41 %	273.25 %	235.11 %

Currently, eight years of information are available; additional years of information will be displayed in future years as it becomes available.

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of OPEB Contributions Public Safety Retirement Health Plan

**Last Ten Fiscal Years
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 324,813	\$ 882,952	\$ 723,841	\$ 702,116	\$ 825,883	\$ 868,616	\$ 967,881	\$ 1,127,802	\$ 986,558	\$ 944,075
Contributions in relation to the actuarially determined contribution	765,000	710,000	754,400	636,300	638,800	535,564	486,876	481,250	307,730	213,316
Contribution Excess (Deficiency)	\$ 440,187	\$ (172,952)	\$ 30,559	\$ (65,816)	\$ (187,083)	\$ (333,052)	\$ (481,005)	\$ (646,552)	\$ (678,828)	\$ (730,759)
Covered-employee Payroll	\$ 1,205,338	\$ 1,788,006	\$ 1,727,542	\$ 2,274,655	\$ 2,187,168	\$ 2,520,982	\$ 2,424,021	\$ 2,992,371	\$ 2,872,219	\$ 2,677,371
Contributions as a Percentage of Covered-employee Payroll	63.47 %	39.71 %	43.67 %	27.97 %	29.21 %	21.24 %	20.09 %	16.08 %	10.71 %	7.97 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	24 years
Asset valuation method	Market value of assets
Inflation	2.50 percent
Health care cost trend rates	7.00 - 4.50 percent for under 65 and 5.25 - 4.50 percent for ages 65 and older
Salary increase	3.50 - 7.30 percent, including inflation
Investment rate of return	7.25 percent
Retirement age	Age 50 with 25 years of service or age 60 with 10 years of service
Mortality	Pub-2010 Public Retirement Plans Mortality Tables (Amount-Weighted) with fully generational projection of mortality improvements using SOA Scale MP-2021

City of Grosse Pointe Farms, Michigan

Required Supplementary Information Schedule of OPEB Investment Returns Public Safety Retirement Health Plan

	Last Nine Fiscal Years Years Ended June 30								
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return - Net of investment expense	8.99 %	14.00 %	10.75 %	(12.59)%	26.20 %	7.16 %	7.38 %	7.89 %	13.41 %

Currently, nine years of information are available; additional years of information will be displayed in future years as it becomes available.

June 30, 2025

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all governmental funds.

The City did not have significant expenditure budget variances except expenditures in excess of the budget in the Major Streets Fund.

Pension Information

Changes in Assumptions

Public Safety Retirement Pension Plan

In 2015, assumption changes impacting the calculation of the total pension liability were as follows: mortality tables were updated to be based on the RP-2000 Combined Mortality Table (projected to 2014).

In 2016, assumption changes impacting the calculation of the total pension liability were as follows: (1) price inflation was increased from 4.00 to 4.50 percent and (2) discount rate used decreased from 7.44 to 7.40 percent.

In 2017, assumption changes impacting the calculation of the total pension liability were as follows: (1) price inflation was decreased from 4.50 to 4.00 percent and (2) discount rate used decreased from 7.40 to 7.20 percent.

In 2018, assumption changes impacting the calculation of the total pension liability were as follows: (1) increase in the discount rate from 7.20 percent to 7.25 percent and (2) updating the mortality tables from the RP-2000 Combined Mortality Table (projected to 2014) to the RP-2014 Healthy Annuitant Mortality Table (with MP-2017).

In 2023, the mortality tables were updated from the RP-2014 Healthy Annuitant Mortality Table with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Retirement Plans Safety Mortality Tables with Scale MP-2021 for the year ended June 30, 2023, retirement rates were updated, wage growth was changed from 4.00 percent for the year ended June 30, 2022 to 3.50 percent for the year ended June 30, 2023, lump-sum payment assumptions were updated from 7.00 percent for the year ended June 30, 2022 to 5.00 percent for the year ended June 30, 2023, and 100 percent of active members hired after January 31, 2011 are assumed to elect to purchase COLA provisions.

General Employees' Retirement Pension Plan

In 2015, assumption changes impacting the calculation of the total pension liability were as follows: mortality tables were updated to be based on the RP-2000 Combined Mortality Table (projected to 2014).

In 2016, assumption changes impacting the calculation of the total pension liability were as follows: price inflation was increased from 4.00 to 4.50 percent.

In 2017, assumption changes impacting the calculation of the total pension liability were as follows: (1) price inflation was decreased from 4.50 to 4.00 percent and (2) discount rate used decreased from 7.40 to 7.20 percent.

In 2018, assumption changes impacting the calculation of the total pension liability were as follows: (1) increase in the discount rate from 7.20 percent to 7.25 percent and (2) updating the mortality tables from the RP-2000 Combined Mortality Table (projected to 2014) to the RP-2014 Healthy Annuitant Mortality Table (with MP-2017).

In 2023, the mortality tables were updated from the RP-2014 Healthy Annuitant Mortality Table with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Retirement Plans General Employees Mortality Tables with Scale MP-2021 for the year ended June 30, 2023, retirement and termination rates were updated, and wage growth was changed from 4.00 percent for the year ended June 30, 2022 to 3.50 percent for the year ended June 30, 2023.

June 30, 2025

OPEB Information

Changes in Assumptions

Public Safety Retirement Health Plan

In 2017, assumption changes impacting the calculation of the total OPEB liability were due to the following: (1) increase in assumed investment rate of return from 4.75 to 5.0 percent and (2) decrease in annual health care cost trend rate from 8.5 to 6.0 percent.

In 2018, assumption changes impacting the calculation of the total OPEB liability were due to updating the mortality tables from the RP-2000 Combined Mortality Table (projected to 2014) to the RP-2014 Healthy Annuitant Mortality Table (with MP-2017).

In 2019, the City modified significant assumptions that affect the calculation of the total OPEB liability. The modification included changes to the assumed initial per capita health care costs and the rates of health care inflation used to project per capita costs.

In 2020, the City modified significant assumptions that affect the calculation of the total OPEB liability. The modification included changes to the assumed rates of health care inflation used to project per capita costs.

In 2021, the assumed rates of health care inflation used to project per capita costs were updated in the June 30, 2021 valuation.

In 2023, the assumed per capita costs of health care and rates of health care inflation used to project per capita costs and premiums were updated in the June 30, 2023 valuation; the mortality tables were updated from RP-2014 Healthy Annuitant Mortality Table Projected with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Retirement Plans Public Safety Mortality Tables with mortality improvements using Scale MP-2021 for the year ended June 30, 2023; retirement and termination rates were updated to reflect recent experience; wage growth was changed from 4.0 percent for the year ended June 30, 2022 to 3.5 percent for the year ended June 30, 2023; and the election percentages for dental, vision, and spousal coverage were updated.

In 2025, the assumed per capita costs of health care and rates of health care inflation used to project per capita costs and premiums were updated.

General Employees' Retirement Health Plan

In 2017, assumption changes impacting the calculation of the total OPEB liability were due to the following: (1) increase in assumed investment rate of return from 4.75 to 5.0 percent and (2) decrease in annual health care cost trend rate from 8.5 to 6.0 percent.

In 2018, assumption changes impacting the calculation of the total OPEB liability were due to updating the mortality tables from the RP-2000 Combined Mortality Table (projected to 2014) to the RP-2014 Healthy Annuitant Mortality Table (with MP-2017).

In 2019, the City modified significant assumptions that affect the calculation of the total OPEB liability. The modification included changes to the assumed initial per capita health care costs and the rates of health care inflation used to project per capita costs.

In 2020, the City modified significant assumptions that affect the calculation of the total OPEB liability. The modification included changes to the assumed rates of health care inflation used to project per capita costs.

In 2021, the assumed rates of health care inflation used to project per capita costs were updated in the June 30, 2021 valuation.

City of Grosse Pointe Farms, Michigan

Notes to Required Supplementary Information (Continued)

June 30, 2025

In 2023, the assumed per capita costs of health care and rates of health care inflation used to project per capita costs and premiums were updated in the June 30, 2023 valuation; the mortality tables were updated from RP-2014 Healthy Annuitant Mortality Table Projected with Scale MP-2017 for the year ended June 30, 2022 to the Pub-2010 Public Retirement Plans General Employees Mortality Tables with mortality improvements using Scale MP-2021 for the year ended June 30, 2023; retirement and termination rates were updated to reflect recent experience; wage growth was changed from 4.0 percent for the year ended June 30, 2022 to 3.5 percent for the year ended June 30, 2023; and the election percentages for dental, vision, and spousal coverage were updated.

In 2025, the assumed per capita costs of health care and rates of health care inflation used to project per capita costs and premiums were updated.

Supplementary Information

City of Grosse Pointe Farms, Michigan

**Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2025

	Special Revenue Funds				Debt Service Fund		Total
	Local Streets	Municipal Street	MIDC Grant	Community Development Block Grant	General Debt Service		
Assets							
Cash and cash equivalents	\$ 955,797	\$ 1,843,580	\$ 28,043	\$ -	\$ -		\$ 2,827,420
Investments	59,903	134,106	-	-	-		194,009
Receivables:							
Property taxes receivable	-	1,015	-	-	-		1,015
Accrued interest receivable	298	-	-	-	-		298
Other receivables	-	214	-	-	-		214
Due from other governmental units	57,668	-	1,800	6,000	-		65,468
Total assets	\$ 1,073,666	\$ 1,978,915	\$ 29,843	\$ 6,000	\$ -		\$ 3,088,424
Liabilities							
Accounts payable	\$ 82,684	\$ -	\$ 6,207	\$ -	\$ -		\$ 88,891
Due to other funds	-	-	-	6,000	-		6,000
Refundable deposits, bonds, etc.	61	-	-	-	-		61
Accrued liabilities and other	12,457	-	-	-	-		12,457
Unearned revenue	-	-	23,636	-	-		23,636
Total liabilities	95,202	-	29,843	6,000	-		131,045
Deferred Inflows of Resources - Unavailable revenue	-	-	-	6,000	-		6,000
Fund Balances (Deficit)							
Restricted	978,464	1,978,915	-	-	-		2,957,379
Unassigned	-	-	-	(6,000)	-		(6,000)
Total fund balances (deficit)	978,464	1,978,915	-	(6,000)	-		2,951,379
Total liabilities, deferred inflows of resources, and fund balances (deficit)	\$ 1,073,666	\$ 1,978,915	\$ 29,843	\$ 6,000	\$ -		\$ 3,088,424

City of Grosse Pointe Farms, Michigan

Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2025

	Special Revenue Funds				Debt Service Fund	
	Local Streets	Municipal Street	MIDC Grant	Community Development Block Grant	General Debt Service	Total
Revenue						
Property taxes	\$ -	\$ 1,968,750	\$ -	\$ -	\$ -	\$ 1,968,750
Intergovernmental - State sources	361,790	-	45,841	20,000	-	427,631
Interest and rentals	41,759	58,589	-	-	-	100,348
Other revenue	-	-	7,200	-	-	7,200
Total revenue	403,549	2,027,339	53,041	20,000	-	2,503,929
Expenditures						
Current services:						
Municipal court	-	-	60,981	-	-	60,981
Public works - Street construction	1,987,509	-	-	-	-	1,987,509
Community and economic development	-	-	-	6,000	-	6,000
Debt service	-	-	-	-	938,419	938,419
Total expenditures	1,987,509	-	60,981	6,000	938,419	2,992,909
Excess of Revenue (Under) Over Expenditures	(1,583,960)	2,027,339	(7,940)	14,000	(938,419)	(488,980)
Other Financing Sources (Uses)						
Transfers in	1,330,220	-	7,940	-	938,419	2,276,579
Transfers out	-	(1,565,440)	-	-	-	(1,565,440)
Total other financing sources (uses)	1,330,220	(1,565,440)	7,940	-	938,419	711,139
Net Change in Fund Balances	(253,740)	461,899	-	14,000	-	222,159
Fund Balances (Deficit) - Beginning of year	1,232,204	1,517,016	-	(20,000)	-	2,729,220
Fund Balances (Deficit) - End of year	\$ 978,464	\$ 1,978,915	\$ -	\$ (6,000)	\$ -	\$ 2,951,379

City of Grosse Pointe Farms, Michigan

Supplementary Information
Budgetary Comparison Schedule - Capital Projects Fund

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental:				
Federal grants	\$ -	\$ -	\$ 71,114	\$ 71,114
State sources	-	90,860	90,861	1
Investment income	45,000	85,000	125,929	40,929
Other revenue	15,000	15,000	18,596	3,596
Total revenue	60,000	190,860	306,500	115,640
Expenditures - Capital outlay	1,821,770	2,692,040	2,046,760	645,280
Excess of Expenditures Over Revenue	(1,761,770)	(2,501,180)	(1,740,260)	760,920
Other Financing Sources (Uses)				
Transfers in	1,550,370	2,000,370	2,000,370	-
Transfers out	-	-	(507,731)	(507,731)
Fund balance appropriation	211,400	950,810	-	(950,810)
Total other financing sources	1,761,770	2,951,180	1,492,639	(1,458,541)
Net Change in Fund Balance	-	450,000	(247,621)	(697,621)
Fund Balance - Beginning of year	3,059,702	3,059,702	3,059,702	-
Fund Balance - End of year	\$ 3,059,702	\$ 3,509,702	\$ 2,812,081	\$ (697,621)

City of Grosse Pointe Farms, Michigan

Supplementary Information
Budgetary Comparison Schedules - Nonmajor Governmental Funds
Local Streets Fund

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue				
Intergovernmental	\$ 355,600	\$ 360,600	\$ 361,790	\$ 1,190
Investment income	16,000	41,000	41,759	759
Total revenue	371,600	401,600	403,549	1,949
Expenditures - Current services - Public works				
- Streets	1,701,820	1,988,820	1,987,509	1,311
Excess of Expenditures Over Revenue	(1,330,220)	(1,587,220)	(1,583,960)	3,260
Other Financing Sources				
Transfers in	1,330,220	1,330,220	1,330,220	-
Fund balance appropriation	-	257,000	-	(257,000)
Total other financing sources	1,330,220	1,587,220	1,330,220	(257,000)
Net Change in Fund Balance	-	-	(253,740)	(253,740)
Fund Balance - Beginning of year	1,232,204	1,232,204	1,232,204	-
Fund Balance - End of year	\$ 1,232,204	\$ 1,232,204	\$ 978,464	\$ (253,740)

City of Grosse Pointe Farms, Michigan

Supplementary Information
 Budgetary Comparison Schedules - Nonmajor Governmental Funds
 (Continued)
 Municipal Street Fund

Year Ended June 30, 2025

	Original Budget <u>(Unaudited)</u>	Amended Budget <u>(Unaudited)</u>	Actual	Variance with Amended Budget <u>(Unaudited)</u>
Revenue				
Property taxes	\$ 1,969,210	\$ 1,969,210	\$ 1,968,750	\$ (460)
Investment income	35,000	58,000	58,589	589
Total revenue	<u>2,004,210</u>	<u>2,027,210</u>	<u>2,027,339</u>	<u>129</u>
Expenditures - Other functions	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Excess of Revenue Over Expenditures	2,001,710	2,024,710	2,027,339	2,629
Other Financing Uses - Transfers out	<u>(1,215,440)</u>	<u>(1,565,440)</u>	<u>(1,565,440)</u>	<u>-</u>
Net Change in Fund Balance	786,270	459,270	461,899	2,629
Fund Balance - Beginning of year	<u>1,517,016</u>	<u>1,517,016</u>	<u>1,517,016</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ 2,303,286</u></u>	<u><u>\$ 1,976,286</u></u>	<u><u>\$ 1,978,915</u></u>	<u><u>\$ 2,629</u></u>

City of Grosse Pointe Farms, Michigan

Supplementary Information
 Budgetary Comparison Schedules - Nonmajor Governmental Funds
 (Continued)
 Community Development Block Grant

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - Federal grants	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Expenditures - Community and economic development	20,000	20,000	6,000	14,000
Net Change in Fund Balance	-	-	14,000	14,000
Fund Balance (Deficit) - Beginning of year	-	-	(20,000)	(20,000)
Fund Balance (Deficit) - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,000)</u>	<u>\$ (6,000)</u>

City of Grosse Pointe Farms, Michigan

Supplementary Information
 Budgetary Comparison Schedules - Nonmajor Governmental Funds
 (Continued)
 MIDC Grant

Year Ended June 30, 2025

	Original Budget (Unaudited)	Amended Budget (Unaudited)	Actual	Variance with Amended Budget (Unaudited)
Revenue - State grant	\$ 61,560	\$ 61,560	\$ 53,041	\$ (8,519)
Expenditures - Indigent defense costs and administration	69,500	69,500	60,981	8,519
Excess of Expenditures Over Revenue	(7,940)	(7,940)	(7,940)	-
Other Financing Sources - Transfers in	7,940	7,940	7,940	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Grosse Pointe Farms, Michigan

Supplementary Information
 Budgetary Comparison Schedules - Nonmajor Governmental Funds
 (Continued)
 General Debt Service

Year Ended June 30, 2025

	Original Budget <u>(Unaudited)</u>	Amended Budget <u>(Unaudited)</u>	Actual	Variance with Amended Budget <u>(Unaudited)</u>
Revenue	\$ -	\$ -	\$ -	\$ -
Expenditures - Debt service	<u>938,570</u>	<u>938,570</u>	<u>938,419</u>	<u>151</u>
Excess of Expenditures Over Revenue	(938,570)	(938,570)	(938,419)	151
Other Financing Sources - Transfers in	<u>938,570</u>	<u>938,570</u>	<u>938,419</u>	<u>(151)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Grosse Pointe Farms, Michigan

**Supplementary Information
Combining Statement of Net Position
Nonmajor Enterprise Funds**

June 30, 2025

	Recycling Program Fund	Municipal Radio System Fund	Total Nonmajor Enterprise Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 137,016	\$ -	\$ 137,016
Receivables:			
Other receivables	43,952	-	43,952
Due from other governmental units	-	21,514	21,514
Inventory	4,383	-	4,383
Total assets	185,351	21,514	206,865
Liabilities			
Current liabilities:			
Accounts payable	5,225	-	5,225
Due to primary government	-	1,077	1,077
Refundable deposits, bonds, etc.	-	19,777	19,777
Accrued salaries and wages	-	660	660
Total liabilities	5,225	21,514	26,739
Net Position - Unrestricted	\$ 180,126	\$ -	\$ 180,126

City of Grosse Pointe Farms, Michigan

Supplementary Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds

Year Ended June 30, 2025

	Recycling Program Fund	Municipal Radio System Fund	Total Nonmajor Enterprise Funds
Operating Revenue			
Interest and penalty charges	\$ 5,324	\$ -	\$ 5,324
Recycling charges	295,717	-	295,717
Radio system charges	-	117,298	117,298
Total operating revenue	301,041	117,298	418,339
Operating Expenses - Operating and maintenance costs	282,447	117,298	399,745
Operating Income	18,594	-	18,594
Nonoperating Revenue - Investment income	2,081	-	2,081
Change in Net Position	20,675	-	20,675
Net Position - Beginning of year	159,451	-	159,451
Net Position - End of year	180,126	-	180,126

City of Grosse Pointe Farms, Michigan

**Supplementary Information
Combining Statement of Cash Flows
Nonmajor Enterprise Funds**

Year Ended June 30, 2025

	Recycling Program Fund	Municipal Radio System Fund	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 298,127	\$ 121,088	\$ 419,215
Payments to suppliers	-	(107,140)	(107,140)
Payments to employees and fringes	(277,293)	(13,948)	(291,241)
Net cash and cash equivalents provided by operating activities	20,834	-	20,834
Cash Flows Provided by Investing Activities - Interest received on investments	2,081	-	2,081
Net Increase in Cash and Cash Equivalents	22,915	-	22,915
Cash and Cash Equivalents - Beginning of year	114,101	-	114,101
Cash and Cash Equivalents - End of year	\$ 137,016	\$ -	\$ 137,016
Reconciliation of Operating Income to Net Cash from Operating Activities			
Operating income	\$ 18,594	\$ -	\$ 18,594
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities - Changes in assets and liabilities:			
Receivables	(2,914)	3,790	876
Inventories	(71)	-	(71)
Net pension or OPEB asset	-	(7)	(7)
Accounts payable	5,225	(3,703)	1,522
Accrued and other liabilities	-	(80)	(80)
Total adjustments	2,240	-	2,240
Net cash and cash equivalents provided by operating activities	\$ 20,834	\$ -	\$ 20,834

City of Grosse Pointe Farms, Michigan

**Supplementary Information
Combining Statement of Net Position
Internal Service Funds**

June 30, 2025

	Insurance Retention Fund	Healthcare Retention Fund	Total Internal Service Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 259,921	\$ -	\$ 259,921
Investments	125,250	496,990	622,240
Receivables	398	2,139	2,537
Prepays and other assets	-	265,133	265,133
Total assets	385,569	764,262	1,149,831
Liabilities			
Current liabilities:			
Accounts payable	7,453	11,247	18,700
Provision for uninsured losses	159,185	240,072	399,257
Total liabilities	166,638	251,319	417,957
Net Position - Unrestricted	\$ 218,931	\$ 512,943	\$ 731,874

City of Grosse Pointe Farms, Michigan

Supplementary Information
Combining Statement of Revenue, Expenses, and Changes in Net Position
Internal Service Funds

Year Ended June 30, 2025

	<u>Insurance Retention Fund</u>	<u>Healthcare Retention Fund</u>	<u>Total Internal Service Funds</u>
Operating Revenue - Charges for services	\$ 154,892	\$ 2,803,784	\$ 2,958,676
Operating Expenses - Benefit payments	<u>273,506</u>	<u>3,036,955</u>	<u>3,310,461</u>
Operating Loss	(118,614)	(233,171)	(351,785)
Nonoperating Revenue - Investment interest and FMV changes	<u>17,502</u>	<u>29,212</u>	<u>46,714</u>
Change in Net Position	(101,112)	(203,959)	(305,071)
Net Position - Beginning of year	<u>320,043</u>	<u>716,902</u>	<u>1,036,945</u>
Net Position - End of year	<u><u>\$ 218,931</u></u>	<u><u>\$ 512,943</u></u>	<u><u>\$ 731,874</u></u>

City of Grosse Pointe Farms, Michigan

Supplementary Information Combining Statement of Cash Flows Internal Service Funds

Year Ended June 30, 2025

	Insurance Retention Fund	Healthcare Retention Fund	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from customers	\$ 154,892	\$ 2,815,031	\$ 2,969,923
Payments to suppliers	(202,541)	(94,090)	(296,631)
Payments to employees and fringes	-	(3,036,955)	(3,036,955)
Net cash and cash equivalents used in operating activities	(47,649)	(316,014)	(363,663)
Cash Flows from Investing Activities			
Interest received on investments	17,504	29,248	46,752
Purchases of investment securities	(4,860)	(13,645)	(18,505)
Net cash and cash equivalents provided by investing activities	12,644	15,603	28,247
Net Decrease in Cash and Cash Equivalents	(35,005)	(300,411)	(335,416)
Cash and Cash Equivalents - Beginning of year	294,926	300,411	595,337
Cash and Cash Equivalents - End of year	\$ 259,921	\$ -	\$ 259,921
Reconciliation of Operating Loss to Net Cash from Operating Activities			
Operating loss	\$ (118,614)	\$ (233,171)	\$ (351,785)
Adjustments to reconcile operating loss to net cash from operating activities:			
Changes in assets and liabilities:			
Receivables	-	11,247	11,247
Prepaid and other assets	-	(64,993)	(64,993)
Accounts payable	70,965	(29,097)	41,868
Total adjustments	70,965	(82,843)	(11,878)
Net cash and cash equivalents used in operating activities	\$ (47,649)	\$ (316,014)	\$ (363,663)

City of Grosse Pointe Farms, Michigan

**Supplementary Information
Combining Statement of Fiduciary Net Position
Fiduciary Funds**

June 30, 2025

	General Employees' Pension and Other Postemployment Benefit Trust Fund	Public Safety Pension and Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
Assets			
Cash and cash equivalents	\$ 573,559	\$ 1,206,778	\$ 1,780,337
Investments:			
Collective investment trust	13,590,377	22,808,060	36,398,437
Mutual funds	24,624,585	41,324,509	65,949,094
Prepays and other assets	25,447	12,223	37,670
Total assets	38,813,968	65,351,570	104,165,538
Liabilities - Accounts payable	26,015	44,167	70,182
Net Position			
Restricted:			
Pension	30,761,745	54,181,716	84,943,461
Postemployment benefits other than pension	8,026,208	11,125,687	19,151,895
Total net position	\$ 38,787,953	\$ 65,307,403	\$ 104,095,356

Supplementary Information
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year Ended June 30, 2025

	General Employees' Pension and Other Postemployment Benefit Trust Fund	Public Safety Pension and Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
Additions			
Investment income:			
Interest and dividends	\$ 1,028,260	\$ 1,741,144	\$ 2,769,404
Change in fair value of investments	2,221,026	3,731,663	5,952,689
Net investment income	3,249,286	5,472,807	8,722,093
Contributions:			
Employer contributions	1,523,080	1,216,780	2,739,860
Employee contributions	71,319	369,172	440,491
Total contributions	1,594,399	1,585,952	3,180,351
Total additions	4,843,685	7,058,759	11,902,444
Deductions			
Benefit payments	2,525,620	3,824,794	6,350,414
Administrative expenses	87,592	140,082	227,674
Total deductions	2,613,212	3,964,876	6,578,088
Net Increase in Fiduciary Net Position	2,230,473	3,093,883	5,324,356
Net Position - Beginning of year	36,557,480	62,213,520	98,771,000
Net Position - End of year	\$ 38,787,953	\$ 65,307,403	\$ 104,095,356

Statistical Section

This part of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health

The statistical section is organized into the following main categories:

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

Sources - Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Financial Trends

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

Last Ten Fiscal Years
(Accrual Basis of Accounting, Rounded to the Nearest Thousand)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net investment in capital assets	\$ 14,678,000	\$ 15,088,000	\$ 14,993,000	\$ 15,728,000	\$ 16,815,000	\$ 13,272,000	\$ 16,180,000	\$ 19,547,000	\$ 22,437,000	\$ 26,006,000
Restricted	784,000	1,016,000	1,045,000	1,415,000	1,804,000	3,517,000	3,942,000	3,759,000	9,664,000	9,681,000
Unrestricted	<u>2,823,000</u>	<u>(4,125,000)</u>	<u>(6,826,000)</u>	<u>(8,576,000)</u>	<u>(9,476,000)</u>	<u>(2,205,000)</u>	<u>(1,302,000)</u>	<u>4,000,000</u>	<u>3,308,000</u>	<u>1,618,000</u>
Total net position	<u>18,285,000</u>	<u>11,979,000</u>	<u>9,212,000</u>	<u>8,567,000</u>	<u>9,143,000</u>	<u>14,584,000</u>	<u>18,820,000</u>	<u>27,306,000</u>	<u>35,409,000</u>	<u>37,305,000</u>
Business-type Activities										
Net investment in capital assets	11,371,000	11,424,000	12,246,000	12,357,000	12,884,000	13,424,000	14,389,000	15,038,000	15,666,000	18,974,000
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>1,459,000</u>	<u>2,335,000</u>	<u>276,000</u>	<u>755,000</u>	<u>1,061,000</u>	<u>2,879,000</u>	<u>2,839,000</u>	<u>3,302,000</u>	<u>4,443,000</u>	<u>4,150,000</u>
Total net position	<u>12,830,000</u>	<u>13,759,000</u>	<u>12,522,000</u>	<u>13,112,000</u>	<u>13,945,000</u>	<u>16,303,000</u>	<u>17,228,000</u>	<u>18,340,000</u>	<u>20,109,000</u>	<u>23,124,000</u>
Primary Government in Total										
Net investment in capital assets	26,049,000	26,512,000	27,239,000	28,085,000	29,699,000	26,695,000	30,569,000	34,585,000	38,103,000	44,980,000
Restricted	784,000	1,016,000	1,045,000	1,415,000	1,804,000	3,517,000	3,942,000	3,759,000	9,664,000	9,681,000
Unrestricted	<u>4,282,000</u>	<u>(1,790,000)</u>	<u>(6,550,000)</u>	<u>(7,821,000)</u>	<u>(8,415,000)</u>	<u>675,000</u>	<u>1,537,000</u>	<u>7,302,000</u>	<u>7,751,000</u>	<u>5,768,000</u>
Total net position	<u>\$ 31,115,000</u>	<u>\$ 25,738,000</u>	<u>\$ 21,734,000</u>	<u>\$ 21,679,000</u>	<u>\$ 23,088,000</u>	<u>\$ 30,887,000</u>	<u>\$ 36,048,000</u>	<u>\$ 45,646,000</u>	<u>\$ 55,518,000</u>	<u>\$ 60,429,000</u>

Source: City annual financial statements

Note: 2017 and prior amounts shown above have not been restated for GASB 75.

Changes in Net Position
Governmental Activities, Business-type Activities, and Primary Government

Last Ten Fiscal Years
Accrual Basis of Accounting, (Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 3,315,769	\$ 7,506,479	\$ 2,957,085	\$ 3,075,705	\$ 3,232,837	\$ 3,603,999	\$ 3,594,406	\$ 3,399,787	\$ 3,296,387	\$ 3,336,430
Municipal court	301,031	291,358	307,338	311,149	341,440	376,150	390,073	412,228	398,503	407,839
Public safety	7,053,906	7,308,744	7,970,795	7,791,797	7,289,638	4,748,188	7,301,532	4,903,943	4,470,187	10,058,880
Public works	3,333,672	3,836,009	4,110,672	3,770,692	3,501,450	3,137,926	3,328,586	3,187,355	5,248,339	5,377,912
Community and economic development	29,179	22,709	83,098	552,251	643,699	31,590	40,250	59,504	117,499	67,985
Recreation and culture	1,910,629	1,911,506	1,855,731	1,342,758	1,098,192	1,712,614	1,912,351	2,857,421	2,081,605	2,228,139
Special Purpose Government	-	-	-	-	-	-	-	-	19,904	-
Capital Outlay	-	-	-	-	39,650	-	-	-	-	-
Interest on long-term debt	139,273	133,405	276,162	259,968	248,020	233,578	172,266	149,802	126,955	98,234
Total governmental activities expenses	16,083,459	21,010,210	17,560,881	17,104,320	16,394,926	13,844,045	16,739,464	14,970,040	15,759,379	21,575,419
Business-type activities:										
Water and sewer	6,502,844	7,250,838	7,835,510	7,313,848	7,409,278	6,077,535	6,533,854	7,463,103	7,767,783	7,480,360
Radio system charges	343,392	364,399	396,541	408,789	427,685	376,697	230,096	59,037	118,187	117,298
Recycling program	128,898	126,320	158,534	117,543	186,764	199,779	251,469	260,630	268,232	282,447
Interest on long-term debt	358,657	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	7,333,791	7,741,557	8,390,585	7,840,180	8,023,727	6,654,011	7,015,419	7,782,770	8,154,202	7,880,105
Total primary government expenses	23,417,250	28,751,767	25,951,466	24,944,500	24,418,653	20,498,056	23,754,883	22,752,810	23,913,581	29,455,524
Program Revenue										
Governmental activities:										
Charges for services:										
Municipal court	214,867	222,719	174,840	140,141	174,138	133,883	133,190	142,077	158,586	141,037
Public safety	764,491	670,530	806,030	773,780	576,557	634,191	768,732	692,830	744,042	766,477
Public works	-	-	355,488	369,707	384,496	399,875	438,888	438,592	439,390	438,672
General government	369,342	379,206	377,455	416,198	321,958	319,276	403,819	371,217	413,649	394,770
Recreation and culture	578,301	628,292	647,809	649,907	978,930	688,307	710,475	757,478	770,050	770,041
Operating and capital grants and contributions	776,072	760,191	1,008,591	1,046,255	1,002,808	1,708,909	1,919,661	3,330,421	2,621,423	1,700,415
Total governmental activities program revenue	2,703,073	2,660,938	3,370,213	3,395,988	3,438,887	3,884,441	4,374,765	5,732,615	5,147,140	4,211,412
Business-type Activities										
Charges for services:										
Water and sewer	6,425,211	6,803,190	6,880,347	7,255,468	7,519,127	7,787,693	7,549,908	8,463,126	8,070,719	8,380,643
Other charges for services - Grosse Pointe City	554,562	527,205	482,444	-	-	-	-	-	-	-
Radio system charges	233,692	230,446	265,099	302,482	375,875	257,126	260,984	110,558	118,187	117,298
Recycling program	120,464	122,019	117,356	121,429	202,484	221,224	216,547	301,620	301,496	301,041
Operating and capital grants and contributions	183,359	196,843	148,217	1,379	-	-	-	-	1,315,864	1,427,696
Total business-type program revenue	7,517,288	7,879,703	7,893,463	7,680,758	8,097,486	8,266,043	8,027,439	8,875,304	9,806,266	10,226,678
Total primary government program revenue	\$ 10,220,361	\$ 10,540,641	\$ 11,263,676	\$ 11,076,746	\$ 11,536,373	\$ 12,150,484	\$ 12,402,204	\$ 14,607,919	\$ 14,953,406	\$ 14,438,090

Source: City annual financial statements

Note: 2017 and prior amounts shown above have not been restated for GASB 75.

Changes in Net Position
 Governmental Activities, Business-type Activities, and Primary Government (Continued)
 Last Ten Fiscal Years
 (Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (Expense) Revenue										
Governmental activities	\$ (13,380,386)	\$ (18,349,272)	\$ (14,190,668)	\$ (13,708,332)	\$ (12,956,039)	\$ (9,959,604)	\$ (12,364,699)	\$ (9,237,425)	\$ (10,612,239)	\$ (17,364,007)
Business-type activities	183,497	138,146	(497,122)	(159,422)	73,759	1,612,032	1,012,020	1,092,534	1,652,064	2,346,573
Total primary government net expense	<u>(13,196,889)</u>	<u>(18,211,126)</u>	<u>(14,687,790)</u>	<u>(13,867,754)</u>	<u>(12,882,280)</u>	<u>(8,347,572)</u>	<u>(11,352,679)</u>	<u>(8,144,891)</u>	<u>(8,960,175)</u>	<u>(15,017,434)</u>
General Revenue										
Governmental activities:										
Property taxes	9,731,424	10,197,228	10,364,217	11,248,390	11,746,322	13,933,374	14,925,134	15,483,542	16,111,332	17,076,274
State-shared revenue	814,680	835,548	869,649	901,192	892,638	1,003,200	1,208,749	1,183,524	1,214,932	1,197,570
Interest	188,142	11,245	24,525	245,071	183,439	(125,931)	(298,204)	148,277	911,632	975,281
Franchise fees and other	979,732	999,612	608,460	668,308	708,909	590,488	764,802	908,652	476,572	519,174
Transfers	-	-	-	-	-	-	-	-	-	(507,731)
Total governmental activities	11,713,978	12,043,633	11,866,851	13,062,961	13,531,308	15,401,131	16,600,481	17,723,995	18,714,468	19,260,568
Business-type activities:										
Property taxes	787,937	790,264	729,465	749,836	758,702	746,213	2,681	6,678	4,959	6,744
Unrestricted investment earnings	2,977	8	14	38	32	5	2	12,910	112,248	154,428
Loss on sale of capital assets	-	-	-	-	-	-	(90,368)	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	507,731
Total business-type activities	790,914	790,272	729,479	749,874	758,734	746,218	(87,685)	19,588	117,207	668,903
Total primary government general revenue	12,504,892	12,833,905	12,596,330	13,812,835	14,290,042	16,147,349	16,512,796	17,743,583	18,831,675	19,929,471
Change in Net Position										
Governmental activities	(1,666,408)	(6,305,639)	(2,323,817)	(645,371)	575,269	5,441,527	4,235,782	8,486,570	8,102,229	1,896,561
Business-type activities	974,411	928,418	232,357	590,452	832,493	2,358,250	924,335	1,112,122	1,769,271	3,015,476
Total primary government	<u>\$ (691,997)</u>	<u>\$ (5,377,221)</u>	<u>\$ (2,091,460)</u>	<u>\$ (54,919)</u>	<u>\$ 1,407,762</u>	<u>\$ 7,799,777</u>	<u>\$ 5,160,117</u>	<u>\$ 9,598,692</u>	<u>\$ 9,871,500</u>	<u>\$ 4,912,037</u>

Source: City annual financial statements

Note: 2017 and prior amounts shown above have not been restated for GASB 75.

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

	As of June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 120,099	\$ 84,063	\$ 135,987	\$ 128,626	\$ 43,369	\$ 42,221	\$ 261,866	\$ 453,107	\$ 593,231	\$ 759,779
Restricted										
Committed	873,834	927,418	1,031,954	1,023,914	1,073,831	560,065	592,740	618,409	661,365	720,967
Assigned	300,000	200,000	200,000	700,000	1,100,000	1,570,000	200,000	315,321	289,963	295,250
Unassigned	<u>3,845,625</u>	<u>3,997,695</u>	<u>3,991,910</u>	<u>4,124,274</u>	<u>4,269,142</u>	<u>4,510,594</u>	<u>4,627,423</u>	<u>5,268,737</u>	<u>5,377,940</u>	<u>5,483,404</u>
Total general fund	<u>5,139,558</u>	<u>5,209,176</u>	<u>5,359,851</u>	<u>5,976,814</u>	<u>6,486,342</u>	<u>6,682,880</u>	<u>5,682,029</u>	<u>6,655,574</u>	<u>6,922,499</u>	<u>7,259,400</u>
All Other Governmental Funds										
Nonspendable	-	-	-	-	625,114	625,114	-	-	-	-
Restricted	783,456	1,004,627	1,045,418	1,416,121	1,803,729	3,517,301	3,941,499	3,759,437	3,749,665	3,814,982
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,477,310	1,678,750	2,651,420	2,418,940	1,249,105	1,818,726	2,500,974	2,550,871	3,059,702	2,812,081
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>(6,000)</u>
Total all other governmental funds	<u>2,260,766</u>	<u>2,683,377</u>	<u>3,696,838</u>	<u>3,835,061</u>	<u>3,677,948</u>	<u>5,961,141</u>	<u>6,442,473</u>	<u>6,310,308</u>	<u>6,789,367</u>	<u>6,621,063</u>
Total of all governmental funds	<u>\$ 7,400,324</u>	<u>\$ 7,892,553</u>	<u>\$ 9,056,689</u>	<u>\$ 9,811,875</u>	<u>\$ 10,164,290</u>	<u>\$ 12,644,021</u>	<u>\$ 12,124,502</u>	<u>\$ 12,965,882</u>	<u>\$ 13,711,866</u>	<u>\$ 13,880,463</u>

Source: City annual financial statements

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting (Unaudited))

	As of June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue										
Property taxes	\$ 9,731,424	\$ 10,197,228	\$ 10,364,217	\$ 11,248,390	\$ 11,746,322	\$ 13,933,374	\$ 14,925,134	\$ 15,483,542	\$ 16,111,332	\$ 17,076,274
Licenses and permits	524,660	465,172	600,860	575,216	422,889	558,273	633,821	586,187	603,819	509,865
Federal sources	88,597	23,048	61,248	26,756	20,000	548,714	498,895	1,132,170	62,409	103,367
State sources	1,529,587	1,550,499	1,784,473	1,920,691	1,875,446	2,108,696	2,402,348	3,185,577	3,650,105	2,802,022
Charges for services	1,657,022	1,739,435	1,757,741	1,826,181	1,752,292	1,674,177	1,389,252	1,402,701	1,475,238	1,590,271
Fines and forfeitures	414,544	387,632	345,648	299,776	327,838	269,124	325,493	306,253	339,160	288,154
Interest	183,089	10,622	24,571	241,173	181,287	(122,905)	154,512	585,295	1,302,229	1,367,142
Other	291,316	273,017	237,293	297,073	612,658	305,704	532,765	727,730	249,338	205,010
Total revenue	14,420,239	14,646,653	15,176,051	16,435,256	16,938,732	19,275,157	20,862,220	23,409,455	23,793,630	23,942,105
Expenditures										
Current:										
General government	1,583,140	1,564,902	1,572,391	1,749,266	1,798,251	1,874,223	2,640,009	2,172,421	3,211,476	2,834,344
Municipal court	301,031	291,358	307,338	311,149	341,440	376,150	390,073	387,287	398,503	407,839
Public safety:										
Police, fire, and EMS	4,658,059	4,615,621	4,928,474	5,058,104	5,086,614	5,217,117	5,568,761	5,853,520	7,566,939	8,274,823
Public works and streets										
Streets	679,676	573,506	1,023,726	1,738,763	1,988,907	1,769,930	3,198,364	4,376,497	4,975,150	5,131,750
Rubbish disposal and recycling	1,531,871	1,831,265	1,908,192	1,516,710	1,594,402	1,511,833	2,081,245	1,792,548	1,928,982	1,906,290
Community and economic development	29,179	22,709	61,110	25,517	20,000	20,000	20,000	20,000	20,000	6,000
Recreation and culture	1,260,231	1,290,409	1,230,091	1,268,699	1,117,270	1,150,665	1,361,519	1,672,931	1,661,086	1,686,953
Other functions	2,317,056	2,214,406	6,143,193	2,172,478	2,672,145	3,230,287	3,494,384	3,099,365	21,117	32,599
Capital outlay	962,592	1,261,943	301,714	1,115,097	1,288,850	942,177	1,746,795	2,277,532	2,349,171	2,046,760
Debt service principal	340,625	352,500	494,922	421,375	428,250	466,375	663,250	720,625	742,500	792,500
Debt service interest	137,487	135,805	124,948	302,912	250,188	236,669	217,339	195,349	172,722	145,919
Total expenditures	13,800,947	14,154,424	18,096,099	15,680,070	16,586,317	16,795,426	21,381,739	22,568,075	23,047,646	23,265,777
Excess of Revenue (Under) Over Expenditures	619,292	492,229	(2,920,048)	755,186	352,415	2,479,731	(519,519)	841,380	745,984	676,328
Other Financing Sources (Uses)										
Debt issuance/refinanced	-	-	3,705,000	-	-	-	-	-	-	-
Refinanced notes	-	-	-	-	-	-	-	-	-	-
Debt premiums or discount	-	-	379,184	-	-	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	(14,700)	-	-	-	-	-	-
Transfers in	1,933,112	2,096,305	2,595,971	2,393,987	2,257,113	2,505,544	4,630,407	4,938,602	4,996,805	4,987,169
Transfers out	(1,933,112)	(2,096,305)	(2,595,971)	(2,379,287)	(2,257,113)	(2,505,544)	(4,630,407)	(4,938,602)	(4,996,805)	(5,494,900)
Total other financing (uses) sources	-	-	4,084,184	-	-	-	-	-	-	(507,731)
Net Change in Fund Balances	619,292	492,229	1,164,136	755,186	352,415	2,479,731	(519,519)	841,380	745,984	168,597
Fund Balances - Beginning of year	6,781,032	7,400,324	7,892,553	9,056,689	9,811,875	10,164,290	12,644,021	12,124,502	12,965,882	13,711,866
Fund Balances - End of year	\$ 7,400,324	\$ 7,892,553	\$ 9,056,689	\$ 9,811,875	\$ 10,164,290	\$ 12,644,021	\$ 12,124,502	\$ 12,965,882	\$ 13,711,866	\$ 13,880,463
Debt service as a percentage of noncapital expenditures	3.72%	3.79%	3.48%	4.97%	4.66%	4.54%	5.00%	5.04%	4.42%	4.49%

Source: City Annual Financial Statements

Revenue Capacity

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

Property Tax Levies and Collections

Last Ten Fiscal Years
(Unaudited)

Tax year	Fiscal Year Ended June 30	Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Percent of Levy Collected
2015	2016	10,451,191	10,252,294	98.097%	176,834	10,429,128	99.789%
2016	2017	10,559,446	10,422,145	98.700%	136,808	10,558,953	99.995%
2017	2018	10,675,554	10,553,167	98.854%	121,906	10,675,072	99.995%
2018	2019	11,551,076	11,363,058	98.372%	186,472	11,549,530	99.987%
2019	2020	12,033,990	11,895,247	98.847%	136,988	12,032,235	99.985%
2020	2021	14,178,132	13,982,218	98.618%	194,477	14,176,695	99.990%
2021	2022	14,430,559	14,215,700	98.511%	213,360	14,429,060	99.990%
2022	2023	14,958,355	14,802,561	98.958%	153,250	14,955,811	99.983%
2023	2024	15,563,748	15,360,100	98.692%	201,767	15,561,867	99.988%
2024	2025	16,499,517	16,279,968	98.669%	218,213	16,498,181	99.992%

Source: City Controller/Treasurer's office

City of Grosse Pointe Farms, Michigan

Property Tax Rates – Direct and Overlapping Governments

**Last Ten Fiscal years
(Unaudited)**

Tax Year	Millage Rates - Direct City Taxes				Overlapping Taxes									Total Tax Rate	
	General Operating	Debt	Special Purpose	Total Direct Taxes	County	Detroit Zoo	Detroit Inst. Arts	Wayne County Total	Grosse Pointe Library	Community College	Intermediate School District	School Homestead	School Non-homestead	Total Homestead	Non-homestead
2015	11.5000	1.0834	1.4166	14.0000	10.0127	0.1000	0.2000	17.0178	2.0712	3.2408	3.4643	15.3956	26.6421	48.4846	59.7311
2016	11.5000	1.0834	1.8666	14.4500	11.0366	0.1000	0.2000	18.0417	2.0613	3.2408	3.4643	15.2850	26.6158	49.8380	61.1688
2017	11.5000	0.9834	1.8666	14.3500	11.0360	0.1000	0.2000	18.0411	2.2186	3.2408	3.4643	14.9483	26.6308	49.5580	61.2405
2018	11.5000	1.0834	2.3666	14.9500	11.0349	0.1000	0.2000	18.0400	2.1925	3.2408	3.4643	14.7127	26.6184	49.8952	61.8009
2019	11.5000	1.0834	2.3666	14.9500	11.0328	0.1000	0.2000	18.0379	2.1707	3.2408	3.4643	15.5975	28.1087	50.7561	63.2673
2020	11.5000	1.0834	4.3666	16.9500	11.0315	0.1000	0.2000	18.0366	2.1504	3.2408	3.4643	15.9353	28.1307	53.0723	65.2677
2021	11.8198	0.3890	4.5824	16.7912	11.0031	0.0997	0.1995	17.9959	2.1235	3.2378	3.4558	13.0458	28.1183	49.9564	65.0289
2022	11.7666	0.3871	4.5618	16.7155	10.9623	0.0992	0.1986	17.9202	2.0970	3.2202	3.4399	14.4586	28.1061	51.1913	64.8388
2023	11.5270	0.3767	4.5618	16.4655	10.9623	0.0992	0.1986	17.9202	2.0970	3.2202	3.4399	13.8174	28.1061	50.3001	64.5888
2024	11.5588	0.3620	4.5447	16.4655	10.9258	0.0988	0.1979	17.8548	2.0811	3.2043	3.4280	13.6446	28.0988	50.0460	64.5002

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

General Operating	Debt	Special Purpose
11.723	no limit	4.5447

Wayne Country, Michigan Apportionment Report

City of Grosse Pointe Farms, Michigan

Assessed Taxable Values (History of Property Values)

**Last Ten Fiscal years
(Unaudited)**

Taxable Value by Property Type								
Tax Year	Fiscal Year	Residential	Commercial	Personal Property	Total Value	Tax Rate (mills)	Estimated Actual Value	Taxable Value as a Percentage of Actual
2015	2016	675,239,291	35,913,319	11,831,300	722,983,910	14.0000	1,573,803,800	45.94%
2016	2017	680,008,073	40,769,819	11,708,800	732,486,692	14.4500	1,687,843,896	43.40%
2017	2018	692,031,608	41,507,789	12,109,700	745,649,097	14.3500	1,799,942,800	41.43%
2018	2019	716,434,050	41,934,374	15,041,900	773,410,324	14.9500	1,848,092,262	41.85%
2019	2020	743,822,574	43,299,107	20,961,500	808,083,181	14.9500	1,985,795,620	40.69%
2020	2021	769,858,961	42,968,308	23,981,500	836,808,769	16.9500	2,083,060,000	40.17%
2021	2022	792,711,290	43,359,240	24,878,100	860,948,630	16.7912	2,100,629,800	40.99%
2022	2023	828,362,320	44,471,069	23,308,190	896,141,579	16.7155	2,200,729,400	40.72%
2023	2024	881,906,913	45,123,187	22,026,700	949,056,800	16.4655	2,401,351,046	39.52%
2024	2025	982,164,390	49,025,686	19,460,700	1,050,650,776	16.4655	2,785,755,600	37.72%

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

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

Source: Wayne County Department of Assessing and Equalization.

City of Grosse Pointe Farms, Michigan

Principal Property Tax Payers (Major Taxpayers)

Current and Nine Years Ago
(Unaudited)

	Taxpayer	2024 Taxable Value	Percentage of Total	2015 Taxable Value	Percentage of Total	2014 Rank
1	DTE Gas Company	\$ 9,847,000	0.94%	2,692,500	0.37%	4
2	Kercheval Pierson LLC	6,032,600	0.57%	4,857,700	0.66%	2
3	American House Grosse Pointe LLC	4,921,375	0.47%	2,177,192	0.30%	7
4	DTE Electric Company	4,550,100	0.43%	4,647,500	0.64%	3
5	Country Club of Detroit	4,002,366	0.38%	4,777,936	0.67%	1
6	Private Residence Lake Shore	3,569,439	0.34%			
7	Private Residence Lake Shore	3,167,360	0.30%	2,661,565	0.37%	6
8	Premier Equities GP, LLC	2,516,300	0.24%	2,667,193	0.37%	5
9	Private Residence Lake Shore	2,178,456	0.21%	1,915,521	0.26%	8
10	Private Residence at Lakeshore	2,172,036	0.21%	1,692,000	0.23%	9
	Private Residence Provincial			1,635,408	0.23%	10

Source: City Assessing Department Records

Debt Capacity

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

City of Grosse Pointe Farms, Michigan

Ratios of General Bonded Debt Outstanding

**Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	General Obligation Bonds	Less: Pledged Debt Service Funds	Net General Bonded Debt	Taxable Value	Debt as a Percentage of Taxable Value	Population	Debt Per Capita	Debt per Total Personal Income
2016	16,853,859	-	16,853,859	722,983,910	2.33%	9,479	1,778	*
2017	15,566,522	-	15,566,522	732,486,692	2.13%	9,479	1,642	*
2018	18,249,157	-	18,249,157	745,649,097	2.45%	9,479	1,925	*
2019	16,787,330	-	16,787,330	773,410,324	2.17%	9,479	1,771	*
2020	15,260,502	-	15,260,502	808,083,181	1.89%	10,148	1,504	*
2021	13,668,675	-	13,668,675	836,808,769	1.63%	10,148	1,347	*
2022	12,581,847	-	12,581,847	860,948,630	1.46%	10,148	1,240	*
2023	11,420,020	-	11,420,020	896,141,579	1.27%	10,148	1,125	*
2024	10,238,192	-	10,238,192	949,056,800	1.08%	10,148	1,009	*
2025	20,874,008	-	20,874,008	1,050,650,776	1.99%	10,148	2,057	*

* information not available
Source: City Controller/Treasurer's office

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
General obligation bonds	\$ 4,782,319	\$ 4,393,797	\$ 8,023,209	\$ 7,541,283	\$ 7,052,482	\$ 6,525,556	\$ 5,801,755	\$ 5,019,829	\$ 4,216,028	\$ 3,362,231
Installment purchase agreements	-	-	-	-	-	-	-	-	-	-
Total	4,782,319	4,393,797	8,023,209	7,541,283	7,052,482	6,525,556	5,801,755	5,019,829	4,216,028	3,362,231
Business-type Activities										
General obligation bonds	12,071,540	11,172,725	10,225,948	9,246,047	8,208,020	7,143,117	6,780,092	6,400,191	6,022,164	17,511,777
Installment purchase agreements										
Revenue bonds										
Capital leases										
Total	12,071,540	11,172,725	10,225,948	9,246,047	8,208,020	7,143,117	6,780,092	6,400,191	6,022,164	17,511,777
Total debt of the government	\$ 16,853,859	\$ 15,566,522	\$ 18,249,157	\$ 16,787,330	\$ 15,260,502	\$ 13,668,673	\$ 12,581,847	\$ 11,420,020	\$ 10,238,192	\$ 20,874,008
Taxable Value	\$ 722,983,910	\$ 732,486,692	\$ 745,649,097	\$ 773,410,324	\$ 808,083,181	\$ 836,808,768	\$ 860,948,630	\$ 896,141,579	\$ 949,056,800	\$ 1,050,650,776
Ratio of Taxable Value to Total Debt	2.33%	2.13%	2.45%	2.17%	1.89%	1.63%	1.46%	1.27%	1.08%	1.99%
Total Population	9,479	9,479	9,479	9,479	10,148	10,148	10,148	10,148	10,148	10,148
Total Debt Per Capita	\$ 1,778	\$ 1,642	\$ 1,925	\$ 1,771	\$ 1,504	\$ 1,347	\$ 1,240	\$ 1,125	\$ 1,009	\$ 2,057
Percentage - Total Debt to Total Personal Income	*	*	*	*	*	*	*	*	*	*

*Information not available
Source: City Controller/Treasurer's office

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Calculation of debt limit										
State Equalized Value	\$ 786,901,900	\$ 843,921,948	\$ 899,971,400	\$ 924,046,131	\$ 992,897,810	\$ 1,041,530,000	\$ 1,050,314,900	\$ 1,100,364,700	\$ 1,200,675,523	\$ 1,392,877,800
10 percent of equalized value	\$ 78,690,190	\$ 84,392,195	\$ 89,997,140	\$ 92,404,613	\$ 99,289,781	\$ 104,153,000	\$ 105,031,490	\$ 110,036,470	\$ 120,067,552	\$ 139,287,780
Calculation of debt subject to limit:										
Total debt	\$ 16,853,859	\$ 15,566,522	\$ 18,249,157	\$ 16,787,330	\$ 15,260,501	\$ 13,668,675	\$ 12,581,847	\$ 11,420,020	\$ 10,238,192	\$ 20,874,008
Less debt not subject to limit:										
Revenue bonds	-	-	-	-	-	-	-	-	-	-
Water resources commission or court-ordered bonds	3,415,000	2,775,000	2,125,000	1,440,000	725,000	-	-	-	-	-
Net debt subject to limit	\$ 13,438,859	\$ 12,791,522	\$ 16,124,157	\$ 15,347,330	\$ 14,535,501	\$ 13,668,675	\$ 12,581,847	\$ 11,420,020	\$ 10,238,192	\$ 20,874,008
Legal debt margin	\$ 65,251,331	\$ 71,600,673	\$ 73,872,983	\$ 77,057,283	\$ 84,754,280	\$ 90,484,325	\$ 92,449,643	\$ 98,616,450	\$ 109,829,360	\$ 118,413,772
Net debt subject to limit as percentage of debt limit	17.08%	15.16%	17.92%	16.61%	14.64%	13.12%	11.98%	10.38%	8.53%	14.99%

Source: City Controller/Treasurer's office

City of Grosse Pointe Farms, Michigan

Direct and Overlapping – Governmental Activities Debt

June 30, 2025

(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percent Applicable	Estimated Share of Overlapping Debt
Wayne County	\$ 255,285,020	1.77%	\$ 4,518,545
Grosse Pointe School District	89,645,000	27.43%	24,589,624
Grosse Pointe Library	13,310,000	27.43%	3,650,933
Wayne County Community College	-	0.00%	-
Intermediate School District	-	0.00%	-
Total overlapping debt	358,240,020		32,759,101
Direct city debt			20,874,008
Total direct and overlapping debt			\$ 53,633,109

The estimated percentage applicable is calculated by the taxable value of the City of Grosse Pointe Farms divided by the taxable value of the taxing authority's district.

Source: Municipal Advisory Council of Michigan

Demographics and Economic Information

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

City of Grosse Pointe Farms, Michigan

Demographic and Economic Statistics

June 30, 2024

(Unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate (1)
2016	9,479	*	*	*
2017	9,479	*	*	*
2018	9,479	*	*	*
2019	9,479	*	*	*
2020	10,148	*	*	*
2021	10,148	*	*	*
2022	10,148	*	*	*
2023	10,148	*	*	*
2024	10,148	*	*	*
2025	10,148	*	*	*

Source: City-Data.com, U.S. Census Bureau

(1) For population over 25 years old and over.

* Information not available

City of Grosse Pointe Farms, Michigan

Principal Employers

Last Fiscal Year and Nine Years Ago
(Unaudited)

Employer	2025			2016		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Grosse Pointe Schools	338	1	8%	254	1	8%
Country Club of Detroit	280	2	7%	120	3	4%
City of Grosse Pointe Farms	120	3	3%	122	2	4%
Grosse Pointe Academy	80	4	2%	80	6	2%
Grosse Pointe War Memorial	60	5	1%			
Dirty Dog Jazz Café	50	6	1%			
St. Paul's Church/School	45	7	1%	45	8	1%
Wendy's	44	8	1%			
Village Market	36	9	1%	36	9	1%
Morgan Stanley	33	10	1%			
United States Post Office				102	4	3%
Henry Ford/ Pierson Clinic				90	5	3%
Hill Chop House				50	7	2%
Coldwell Banker				35	10	1%
Total	1086		25%	934		29%

Source: Data Axle Reference Solutions

Operating Information

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

Function/ Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Election data:										
Registered voters	8,190	8,593	8,386	8,639	8,764	9,280	9,166	9,311	9,296	9,554
Voters (at the polls or absentee)	875	6,680	2,979	6,197	3,536	7,530	2,492	4,983	1,568	7,498
Percent voting	11%	78%	36%	72%	40%	81%	27%	54%	17%	78%
Municipal court - Court caseload	4,745	4,862	4,668	4,885	5,118	3,484	3,904	5,856	5,936	7,056
Police:										
Physical arrests	497	505	441	424	321	218	158	126	112	128
Investigations	5,413	5,631	5,196	4,917	4,680	4,497	6,890	8,169	8,072	7,340
Fire:										
Fire runs	91	146	146	166	153	241	362	341	422	386
Emergency medical runs	551	582	532	711	651	660	753	768	688	711
Inspections	39	65	55	62	30	54	103	70	96	118
Public works:										
Miles of street resurfaced	1.70	1.33	2.03	1.36	1.39	0.41	1.06	1.73	2.42	1.43
Refuse collected (tons)	6,430	6,972	6,759	7,344	6,799	7,236	6,903	6,324	5,946	6,157
Parks and recreation:										
Recreation program attendance	2,037	1,669	2,277	2,645	756	1,072	678	2,063	1,837	1,785
Individuals entering Pier Park	113,213	146,970	145,358	141,467	117,609	120,399	129,935	131,136	127,146	130,534
Water:										
Number of customers billed	4,043	4,048	4,050	4,044	4,062	4,059	4,050	4,076	4,067	4,070
Total consumption (thous.cu.ft.)	58,049	62,690	56,207	54,704	51,366	54,518	50,667	54,570	49,994	45,060
Avg. consumption per user	14.36	15.49	13.88	13.53	12.65	13.43	12.51	13.39	12.29	11.07

Source : Various City of Grosse Pointe Farms departments

Capital Asset Statistics by Function

Last Ten Fiscal Years
(Unaudited)

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7	7	7	7	7
Fire:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire response vehicles	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles):										
Major streets	11	11	11	11	11	11	11	11	11	11
Local streets	27	27	27	27	27	27	27	27	27	27
Sidewalks	75	75	75	75	75	75	75	75	75	75
Streetlights	959	959	959	959	959	959	959	959	959	959
Traffic signals	23	23	23	23	23	23	23	23	23	23
Refuse collection trucks	8	8	8	8	8	8	8	8	8	8
Parks and recreation:										
Acreage	23	23	23	23	23	23	23	23	23	23
Developed parks/playgrounds	2	2	2	2	2	2	2	2	2	2
Developed fields (soccer, baseball, etc.)	5	5	5	5	5	5	5	5	5	5
Harbor boat wells	333	333	333	333	333	333	333	333	333	333
Water:										
Mains (miles) *	51.75	51.89	51.89	51.89	51.89	53.10	53.10	53.10	53.10	53.10
Fire hydrants	502	503	503	503	503	499	499	499	499	499
Storage capacity - Millions of gallons	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Sewer:										
Miles of sanitary sewers	18	18	18	18	18	18	18	18	18	18
Miles of storm sewers	18	18	18	18	18	18	18	18	18	18
Miles of combined sanitary and storm	21	21	21	21	21	21	21	21	21	21

* Note: During the fiscal years ended June 30, 2018 and 2021, engineering inventories were taken of the City's water mains and fire hydrants. The miles of water mains and number of fire hydrants has been restated here to reflect the data gathered in that inventory. The prior years shown have also been restated accordingly.

Source: Departmental annual reports

City of Grosse Pointe Farms, Michigan

Full-Time Equivalent Government Employees by Function

**Last Ten Fiscal Years
(Unaudited)**

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	9.00	9.00	9.00	9.00	9.00	9.00	8.00	8.00	8.00	8.00
Public safety:										
Police	39.00	37.00	37.00	37.00	37.00	37.00	37.00	37.00	38.00	38.00
Fire and EMS	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Public service	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Radio system	1.00	1.00	1.00	1.00	1.00	1.00	0.38	0.38	0.38	0.15
Municipal court	3.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Public works:										
DPW	25.00	22.00	22.00	23.00	22.00	22.00	22.00	22.00	22.00	22.00
Water and sewer	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00	10.00	9.00
Park and recreation	29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00
Total	122.00	115.00	116.00	117.00	116.00	116.00	114.38	115.38	116.38	115.15

Source : Various City of Grosse Pointe Farms departments



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

Independent Auditor's Report

To Management and the City Council
City of Grosse Pointe Farms, Michigan

We have audited, 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 (*Government Auditing Standards*), 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 Farms, Michigan (the "City") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the City Council
City of Grosse Pointe Farms, Michigan

Purpose of this Report

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

Plante & Moran, PLLC

October 31, 2025

October 31, 2025

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

We have audited the financial statements of the City of Grosse Pointe Farms, Michigan (the "City") as of and for the year ended June 30, 2025 and have issued our report thereon dated October 31, 2025. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Legislative and Informational Items

Section I communicates significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process.

Section II contains updated legislative and informational items that we believe will be of interest to you.

We would like to take this opportunity to thank the City's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

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

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these or any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



William E. Brickey

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 22, 2025, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the City's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the City, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 31, 2025 regarding our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 25, 2025.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements.

The City adopted Governmental Accounting Standards Board (GASB) 101, *Compensated Absences*, for the year ended June 30, 2025. The change in accounting standard had an immaterial impact on the financial statements, and, accordingly, the accounting change has not been retrospectively applied to prior periods presented.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Section I - Required Communications with Those Charged with Governance (Continued)

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

- Total pension and OPEB (other postemployment benefits) liabilities - Management's estimates of the total pension and OPEB liabilities and expense are based on discount rates, rate of return, and other assumptions, which are used by an actuary to calculate the total pension and OPEB liabilities. While the actuary uses assumptions to calculate the total pension and OPEB liabilities, it is management's responsibility to assess whether the assumptions made are reasonable. We evaluated the key assumptions used to calculate the total pension and OPEB liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.
- Estimated liabilities related to resolution of self-insurance and other claims - Management's estimates of the self-insurance and other claims, which are disclosed in Note 7 to the financial statements, are based on historical information regarding claims. We evaluated the key factors and assumptions used to develop the estimates and determined they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the City, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 31, 2025.

**Section I - Required Communications with Those Charged with Governance
(Continued)**

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

Other Information Included in Annual Reports

Our responsibility for other information included in annual reports does not extend beyond the financial statements, and we do not express an opinion or any form of assurance on the other information. However, we read the introductory and statistical sections, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially misstated or materially inconsistent with the information or manner of its presentation appearing in the financial statements.

Section II - Legislative and Informational Items

Inflation Reduction Act (IRA)

Significant legislation was enacted in 2022 that has dramatically expanded the available tax credits, tax incentives, and other funding opportunities related to the green energy sector. The One, Big, Beautiful Bill (OBBB), enacted on July 4, 2025, introduced sweeping changes to those credits. However, the OBBB delayed the implementation of certain provisions - meaning that, with careful planning, the City can still take advantage of available credits. Additionally, the new monetization options from the original legislation that expanded the benefits of tax credits for qualifying activities to public sector organizations like the City remain unchanged from the OBBB. The breadth of qualifying activities is significant, including, in most cases, the production of electricity; production of solar, wind, and energy equipment; installation of energy-efficient upgrades to businesses and homes; and the acquisition of electric vehicles (EVs) and charging equipment. We are happy to discuss any questions or potential tax credit opportunities with you, and please also feel free to visit our IRA tax credits articles and webinars at <https://www.plantemoran.com/explore-our-thinking/areas-of-focus/inflation-reduction-act-tax-credits>.

Monitoring Lease, SBITA, and PPP Activity

GASB Statements No. 87, *Leases*; No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*; and No. 94, *Public-Private and Public-Public Partnerships (PPP) and Availability Payment Arrangements*, were effective in fiscal years 2022 and 2023. Although significant analyses were performed to determine the applicability of the new standards and record any necessary adjustments, we want to stress the importance of implementing ongoing monitoring procedures over lease, SBITA, and PPP activity. When the City enters into new leases, SBITAs, or PPPs; existing agreements are modified; or other facts and circumstances change, consideration must be given to the impact those changes will have on lease, SBITA, and PPP accounting. In order to do so, the City must ensure there is a process in place to identify and appropriately account for new leases, SBITAs, or PPPs or changes to existing agreements on an ongoing basis or at least at the end of each year.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a municipality with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We understand that the technology department continues to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessment of the system in order to verify that the control environment is working as intended is a key part of measuring associated business risk. We encourage administration and those charged with governance to work with the technology team on this very important topic. If we can be of assistance in the process, we would be happy to do so.

Revenue Sharing

The fiscal year 2025 budget includes \$1.79 billion for revenue sharing. Further details of the breakdown of this amount are available at https://www.michigan.gov/treasury/0,,7-121-1751_2197---,00.html.

The fiscal year 2025 City, Village, and Township Revenue Sharing (CVTRS) program includes the following types of payments:

- CVTRS-Standard payment based on fiscal year 2024 CVTRS total eligible payment amount
- 3-Factor Formula Payments:
 - Taxable Value Payment - Based on taxable values and populations for local units
 - Weighted Population Payment - Based on unit type population weight factors and populations for local units
 - Yield Equalization Payment - Based on an amount that is sufficient to provide the guaranteed tax base for a local tax effort, not to exceed 0.02

Section II - Legislative and Informational Items (Continued)

As provided in the September 2024 Department of Treasury letter on City, Village, and Township Revenue Sharing (CVTRS) Fiscal Year 2025 Detailed Guidance, there are no submission requirements to receive any of the 2025 CVTRS payments.

- The CVTRS-Standard payments are paid in one-sixth increments, paid on the last business day of October, December, February, April, June, and August.

The 3-Factor Formula Payments are paid on February 28, 2025 in an amount of half of the estimated 2025 payment, and the remaining 2025 payment is paid on June 30, 2025.

OMB Revisions to the Uniform Guidance

In April 2024, the Office of Management and Budget (OMB) released revisions for the Uniform Guidance for federal grants and agreements, which are effective for fiscal year ends beginning on October 1, 2024 and after. The guidance clarifies the applicability of requirements and terminology and includes some relaxation and clarification of certain requirements that required prior approval from federal regulators. A few key changes include the following:

- Increase the single audit threshold to \$1 million from \$750,000
- Require the schedule of expenditures of federal awards (SEFA) to identify recipient of federal award for audits that cover multiple recipients
- Increase the *de minimis* indirect cost rate from 10 percent to 15 percent, effective for grants received on October 1, 2024 and after

The changes are included in more detail within the federal register at <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>, and we are happy to discuss these changes with you.

Capitalization Thresholds

The April 2024 Uniform Grants Guidance 2024 Revision described above resulted in the equipment threshold increasing from \$5,000 to \$10,000. This threshold applies to the value of equipment that at the end of the grant period may be retained, sold, or otherwise disposed of with no further responsibility to the federal agency. In addition to considering this Uniform Guidance threshold related to federal grants compliance, it may be a good time for the City to reevaluate the capitalization thresholds. We are happy to assist you in thinking through considerations in evaluating these thresholds.

Other New Legislation

Upcoming Accounting Standards Requiring Preparation

We actively monitor new Governmental Accounting Standards Board (GASB) standards and due process documents and provide periodic updates to help you understand how the latest financial reporting developments will impact the City. In addition to the summaries below and to stay up to date, Plante & Moran, PLLC issues a biannual GASB accounting standard update. The most recent update and a link to previous fall and spring updates are available [here](#).

Section II - Legislative and Informational Items (Continued)

GASB Statement No. 103 - Financial Reporting Model Improvements

This new accounting pronouncement will be effective for fiscal years ending June 30, 2026 and after. This statement establishes new accounting and financial reporting requirements, or modifies existing requirements, related to the following: management's discussion and analysis (MD&A); unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. This statement requires that the MD&A be limited to the five topics noted in the standard and provides further guidance on how the MD&A should be written. For proprietary fund financial reporting, the statement defines nonoperating revenue and expense and introduces the concept of subsidies. It also requires new subtotals to present total noncapital subsidies and income or loss, including both operating activities and noncapital subsidies. The statement prescribes that the required budgetary comparison schedules be reported only in the required supplementary information section of the statements and dictates what variance information should be included. Next, the statement removes the option to present discretely presented component unit information as condensed information in the notes rather than in the statements. Lastly, the statement outlines how unusual or infrequent items should be presented separately on the financial statements.

GASB Statement No. 104 - Disclosure of Certain Capital Assets

This new accounting pronouncement requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. The statement also requires additional disclosures for capital assets held for sale.

Significant GASB Proposal Worth Watching

The Revenue and Expense Recognition project aims to develop a comprehensive accounting and financial reporting model for transactions that result in revenue and expenses. The GASB has issued a preliminary views document that proposes a new categorization framework that replaces the exchange/nonexchange transaction notion with a four-step categorization process for classifying a transaction. In addition to this new framework, the proposal also addresses recognition and measurement of revenue and expense transactions. The exposure draft for this project is expected sometime in 2026.

Plante & Moran, PLLC has spent significant time digesting this new proposed standard and recently testified to the GASB about our feedback. We strongly encourage the City to monitor developments with this standard, as the potential impact is quite broad.

**GENERAL FUND STATEMENTS
OF THE
CITY OF GROSSE POINTE FARMS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025, 2024 AND 2023**

FINANCIAL INFORMATION

The following financial information has been compiled from information provided in the City of Grosse Pointe Farms audited Financial Reports for the fiscal years ended June 30, 2025, 2024 and 2023. These audited Financial Reports were prepared in accordance with the Generally Accepted Accounting Principles. The City's auditors have not been asked to consent to the use of information from such audited Annual Financial Reports in the Preliminary Official Statement nor the final Official Statement and have not conducted any subsequent review of such audited Financial Statements or of the information presented in this Appendix.

Copies of audited Financial Reports of the City may be obtained from the State of Michigan - Department of Treasury.

Michigan Department of Treasury
Local Audit and Finance Division
Lansing, MI 48922
Telephone: (517) 373-3227
Website: www.michigan.gov/treasury

**CITY OF GROSSE POINTE FARMS
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
AS OF JUNE 30**

	2025	2024	2023
REVENUES			
Property taxes	\$15,107,524	\$14,248,193	\$13,719,657
Federal grants	12,253	16,811	1,112,170
State shared revenue and grants	1,371,320	1,272,712	1,197,042
Charges for services	1,590,271	1,475,238	1,402,701
Licenses and permits	509,865	603,819	586,187
Fines and forfeits	288,154	339,160	306,253
Investment income	659,580	583,267	154,687
Lease Revenue	438,575	438,575	438,575
Other revenue	179,214	138,297	486,671
TOTAL REVENUES	20,156,756	19,116,072	19,403,943
EXPENDITURES			
Current:			
General government	2,834,344	3,211,476	2,172,421
Public safety	8,274,823	7,566,939	5,853,520
Public works and streets	3,297,549	3,242,536	2,421,139
Municipal Court	346,858	351,051	339,288
Recreation and culture	1,686,953	1,661,086	1,672,931
Other functions	32,599	19,904	3,097,192
TOTAL EXPENDITURES	16,473,126	16,052,992	15,556,491
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,683,630	3,063,080	3,847,452
OTHER FINANCING SOURCES (USES)			
Transfers out	(3,346,729)	(2,796,155)	(2,873,907)
TOTAL OTHER FINANCING SOURCES (USES)	(3,346,729)	(2,796,155)	(2,873,907)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	336,901	266,925	973,545
FUND BALANCE AT BEGINNING OF THE YEAR	6,922,499	6,655,574	5,682,029
FUND BALANCE AT END OF YEAR	\$ 7,259,400	\$ 6,922,499	\$ 6,655,574

The Notes to the Financial Statements are an integral part to this Statement.

Source: City of Grosse Pointe Farms Annual Comprehensive Financial Reports

**CITY OF GROSSE POINTE FARMS
GENERAL FUND - BALANCE SHEET
FOR YEARS ENDED JUNE 30**

ASSETS	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,487,767	\$ 2,033,452	\$ 3,249,960
Investments	5,535,620	4,810,045	3,316,900
Receivables:			
Property taxes	6,903	7,864	7,575
Accrued interest	38,290	69,642	27,285
Other	65,291	22,887	135,000
Due from other governmental units	199,271	199,355	182,511
Leases Receivables	4,896,065	5,192,053	5,460,443
Prepays and other assets	27,535	2,650	5,630
Due from other funds	7,077	24,023	17,043
Inventories	2,646	3,570	30,651
TOTAL ASSETS	<u>\$12,266,465</u>	<u>\$12,365,541</u>	<u>12,432,998</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
LIABILITIES			
Accounts payable	293,803	334,497	261,088
Accrued and other liabilities	385,708	305,512	298,186
Unearned revenue	-	32,850	-
Refundable deposits, bonds, etc.	161,087	165,141	174,533
TOTAL LIABILITIES	<u>840,598</u>	<u>838,000</u>	<u>733,807</u>
Deferred Inflows of Resources - Unavailable revenue	4,166,467	4,605,042	5,043,617
FUND EQUITY AND OTHER CREDITS			
Nonspendable:			
Prepays	27,535	2,650	5,630
Leases	729,598	587,011	416,826
Inventory	2,646	3,570	30,651
Committed:			
Parking	397,650	397,650	397,650
Harbor	323,317	263,715	220,759
Public Safety Equipment	95,250	89,963	115,321
Assigned :			
Subsequent years' budget	200,000	200,000	200,000
Unassigned	5,483,404	5,377,940	5,268,737
TOTAL FUND EQUITY AND OTHER CREDITS	<u>7,259,400</u>	<u>6,922,499</u>	<u>6,655,574</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 12,266,465</u>	<u>\$ 12,365,541</u>	<u>\$ 12,432,998</u>

The Notes to the Financial Statements are an integral part to this Statement.

Source: City of Grosse Pointe Farms Annual Comprehensive Financial Reports

FORM OF APPROVING OPINION

_____, 2026

City Council
City of Grosse Pointe Farms, Michigan

Ladies and Gentlemen:

We have acted as bond counsel to the City of Grosse Pointe Farms, County of Wayne, State of Michigan (the “City”) in connection with the issuance by the City of its \$ _____ Capital Improvement Bonds, Series 2026, dated _____, 2026 (the “Bonds”). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Bonds have been duly authorized, executed and delivered by the City and are valid and legally binding limited tax general obligations of the City. The full faith and credit of the City have been pledged for the payment of the principal of and interest on the Bonds when due. Such principal and interest are payable as a first budget obligation of the City from its general funds. Taxes imposed by the City for the payment of such principal and interest are subject to constitutional, statutory and charter limitations.

2. The Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

3. The interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the federal corporate alternative minimum tax under Section 55 of the Code. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City

City of Grosse Pointe Farms, Michigan
_____, 2026

Page 2

comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the official statement relating to the Bonds.

It is understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement also may be subject to the exercise of judicial discretion in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

LMB/____

4925-1480-4624 v1 [90409-12]

FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORM OF CONTINUING DISCLOSURE CERTIFICATE

**CITY OF GROSSE POINTE FARMS,
COUNTY OF WAYNE, STATE OF MICHIGAN**

**§ _____
CAPITAL IMPROVEMENT BONDS, SERIES 2026**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Grosse Pointe Farms, County of Wayne, State of Michigan (the “Issuer”) in connection with the issuance of its Capital Improvement Bonds, Series 2026, in the aggregate principal amount of \$ _____ (the “Bonds”). The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriter in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Issuer and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Issuer shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

Section 2. Definitions. The following capitalized terms shall have the following meanings:

“1934 Act” shall mean the Securities Exchange Act of 1934, as amended.

“Annual Report” shall mean any Annual Report of the Issuer provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including any person holding Bonds through nominees, depositories or other intermediaries).

“Bondholder” shall mean the registered owner of any Bonds.

“Dissemination Agent” shall mean the Issuer or any successor Dissemination Agent appointed in writing by the Issuer and which has filed with the Issuer a written acceptance of such appointment.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, and existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“GAAP” shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Governmental Accounting Standards Board and in effect from time to time.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the 1934 Act. As of the date of this Disclosure Certificate, the address and telephone and telecopy numbers of the MSRB are as follows:

Municipal Securities Rulemaking Board
1300 I Street NW, Suite 1000
Washington, DC 20005
Tel: (202) 838-1500
Fax: (202) 898-1500

“Official Statement” shall mean the final Official Statement for the Bonds dated _____, 2026.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12 (17 CFR Part 240, § 240.15c2-12) promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Counsel” shall mean legal counsel expert in federal securities law.

“State” shall mean the State of Michigan.

Section 3. Provision of Annual Reports.

(a) Each year, the Issuer shall provide, or shall cause the Dissemination Agent to provide, not later than the date seven (7) months after the end of the Issuer’s fiscal year, commencing with the Issuer’s Annual Report for its fiscal year ending June 30, 2026, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days (or such lesser number of days as is acceptable to the Dissemination Agent) prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). Currently, the Issuer’s fiscal year commences on July 1. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by specific reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the Issuer are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for the Issuer shall be included in the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report of the Issuer by the date required in subsection (a), the Issuer shall file a notice, in a timely fashion, with the MSRB, in substantially the form attached as Exhibit A.

(c) If the Issuer’s fiscal year changes, the Issuer shall file written notice of such change with the MSRB, in substantially the form attached as Exhibit B.

(d) Whenever any Annual Report or portion thereof is filed as described above, it shall be attached to a cover sheet in substantially the form attached as Exhibit C.

(e) If the Dissemination Agent is other than the Issuer, the Dissemination Agent shall file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the Issuer) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes

of the Rule or any other state or federal securities law, rule, regulation or administrative order.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the Issuer for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the City of the same nature as that contained in the following tables in the Official Statement: Population; History of Property Valuations; Tax Rates (Per \$1,000 of Taxable Value); Tax Rate Limitations; Tax Levies and Collections; Revenues from the State of Michigan; Labor Agreements; Retirement Plan; Other Post Employment Benefits; General Fund – Fund Balance; Debt Statement; Schedule of Bond Maturities; and Statement of Legal Debt Margin.

The Issuer's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Issuer covenants to provide, or cause to be provided, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event and in accordance with the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Tender offers;

- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (15) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (16) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security holders, if material; and
- (17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14), (15), or (16), the Issuer shall as soon as possible determine if such Listed Event would be material under applicable federal securities laws. The Issuer covenants that its determination of materiality will be made in conformance with federal securities laws.

(c) If the Issuer determines that (i) a Listed Event described in subsection (a)(1), (3), (4), (5), (6), (9), (11), (12), (13) or (17) has occurred or (ii) the occurrence of a Listed Event described in subsection (a)(2), (7), (8), (10), (14), (15), or (16), would be material under applicable federal securities laws, the Issuer shall cause a notice of such occurrence to be filed with the MSRB within ten (10) business days of the occurrence of the Listed Event, together with a cover sheet in substantially the form attached as Exhibit D. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Issuer shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Issuer), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Issuer acknowledges that the “rating changes” referred to in subsection (a)(11) above may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Issuer is liable.

(f) The Issuer acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Issuer does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

Section 6. Mandatory Electronic Filing with EMMA.

All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

Section 7. Termination of Reporting Obligation.

(a) The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or the prior redemption or payment in full of all of the Bonds. If the Issuer's obligation to pay a portion of the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the Issuer, and the Issuer shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer (i) receives an opinion of Securities Counsel, addressed to the Issuer, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) files notice to such effect with the MSRB.

Section 8. Dissemination Agent. The Issuer, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Issuer) shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver.

(a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(i) if the amendment or waiver relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the Issuer, or type of business conducted by the Issuer;

(ii) this Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Issuer shall describe such amendment or waiver in the next Annual Report and shall include an explanation of the reason for such amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the Amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be filed by the Issuer or the Dissemination Agent (if other than the Issuer) at the written direction of the Issuer with the MSRB.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Failure to Comply. In the event of a failure of the Issuer or the Dissemination Agent (if other than the Issuer) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Issuer or the Dissemination Agent (if other than the Issuer) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages hereunder under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds. Notwithstanding the foregoing, if the alleged failure of the Issuer to comply with this Disclosure Certificate is the inadequacy of the information disclosed pursuant hereto, then the Bondholders and the Beneficial Owners (on whose behalf a Bondholder has not acted with respect to this alleged failure) of not less than a majority of the aggregate principal amount of the then outstanding Bonds must take the actions described above before the Issuer shall be compelled to perform with respect to the adequacy of such information disclosed pursuant to this Disclosure Certificate.

Section 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

Section 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Issuer or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Issuer or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein-designated recipients of such information and notices.

Section 15. Additional Disclosure Obligations. The Issuer acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Issuer, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

Section 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

CITY OF GROSSE POINTE FARMS

By: _____

Its: Mayor

And: _____
_____ Its: City Clerk

Dated: _____, 2026

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Grosse Pointe Farms, County of Wayne, Michigan

Name of Bond Issue: \$ _____ Capital Improvement Bonds, Series 2026

Date of Bonds: _____, 2026

NOTICE IS HEREBY GIVEN that the City of Grosse Pointe Farms has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The City of Grosse Pointe Farms anticipates that the Annual Report will be filed by _____.

CITY OF GROSSE POINTE FARMS

By: _____

Its _____

Dated: _____

EXHIBIT B

NOTICE OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Issuer: City of Grosse Pointe Farms, County of Wayne, Michigan

Name of Bond Issue: \$_____ Capital Improvement Bonds, Series 2026

Date of Bonds: _____ 1, 2026

NOTICE IS HEREBY GIVEN that the City of Grosse Pointe Farms' fiscal year has changed. Previously, the City of Grosse Pointe Farms' fiscal year ended on _____. It now ends on _____.

CITY OF GROSSE POINTE FARMS

By: _____

Its _____

Dated: _____

EXHIBIT C

ANNUAL REPORT COVER SHEET

This cover sheet and the attached Annual Report or portion thereof should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(A) and (B).

Issuer's Name: City of Grosse Pointe Farms, County of Wayne, MI

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Annual Report relates: _____

Number of pages of the attached Annual Report or portion thereof: _____

Name of Bond Issue to which the attached Annual Report relates: \$ Capital Improvement Bonds, Series 2026

Date of such Bonds: _____, 2026

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____

Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

EXHIBIT D

EVENT NOTICE COVER SHEET

This cover sheet and the attached Event Notice should be filed electronically with the Municipal Securities Rulemaking Board through the EMMA Dataport at <http://www.emma.msrb.org> pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

Issuer's and/or Other Obligated Person's Name: City of Grosse Pointe Farms, County of Wayne, MI

Issuer's Six-Digit CUSIP Number(s): _____

or Nine-Digit CUSIP Number(s) to which the attached Event Notice relates: _____

Number of pages of the attached Event Notice: _____

Description of the attached Event Notice (Check One):

1. Principal and interest payment delinquencies
2. Non-Payment related defaults
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to rights of securities holders
8. Bond calls
9. Defeasances
10. Release, substitution, or sale of property securing repayment of the securities
11. Rating changes
12. Tender offers
13. Bankruptcy, insolvency, receivership or similar event of an obligated person
14. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of an obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms
15. Appointment of a successor or additional trustee, or the change of name of a trustee
16. _____ Incurrence of a financial obligation of an obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of an obligated person, any of which affect security holders, if material
17. _____ Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of an obligated person, any of which reflect financial difficulties
18. Failure to provide annual financial information as required
19. Other material event notice (specify) _____

I hereby represent that I am authorized by the Issuer or its agent to distribute this information publicly:

Signature: _____

Name: _____ Title: _____

Employer: _____

Address: _____

City, State, Zip Code: _____

Voice Telephone Number: _____

Please format the Event Notice attached to this cover sheet in 10 point type or larger. Contact the MSRB at (202) 223-9503 with questions regarding this form or the dissemination of this notice.

NOTICE OF SALE

OFFICIAL NOTICE OF SALE

\$11,195,000*

***(subject to adjustment as described below)**

**CITY OF GROSSE POINTE FARMS
COUNTY OF WAYNE, STATE OF MICHIGAN
CAPITAL IMPROVEMENT BONDS, SERIES 2026**

BIDS for the purchase of the above bonds (the “Bonds”) will be received by an agent of the undersigned by Bendzinski & Co., Municipal Finance Advisors, (“Bendzinski & Co.”), on Thursday, the 2nd day of April, 2026, until 1:00 p.m., prevailing Eastern Time, at which time they will be read. Signed bids may only be submitted by email at info@bendzinski.com, but no bid will be received after the time for receiving bids specified above and the bidder bears all risks of transmission failure.

IN THE ALTERNATIVE: Bids may be submitted electronically via PARITY pursuant to this Notice on the same date and until the same time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY conflict with this Notice, the terms of this Notice shall control. For further information about PARITY, potential bidders may contact the Municipal Advisor (identified below) or PARITY at (212) 849-5021.

BOND DETAILS: The bonds will be fully registered bonds of the denomination of \$5,000 each or any integral multiple thereof not exceeding the aggregate principal amount for each maturity at the option of the purchaser thereof, dated the date of their delivery, and will bear interest from their date payable on October 1, 2026, and semiannually thereafter.

The bonds will mature on the first day of October as follows (provided, however, that the amounts set forth below may be adjusted as described under “ADJUSTMENT IN PRINCIPAL AMOUNT” herein):

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
2026	\$400,000	2036	\$555,000
2027	385,000	2037	575,000
2028	405,000	2038	600,000
2029	420,000	2039	625,000
2030	435,000	2040	650,000
2031	455,000	2041	680,000
2032	475,000	2042	705,000
2033	490,000	2043	735,000
2034	510,000	2044	765,000
2035	535,000	2045	795,000

TERM BOND OPTION: Bidders shall have the option of designating bonds as serial bonds or term bonds, or both. The bidder must designate whether each of the principal amounts shown above represents a serial maturity or a mandatory redemption requirement for a term bond maturity. There may be more than one term bond designated. In the event that term bonds are utilized, the principal amount scheduled for maturity in the years shown above shall be represented by either serial bond maturities or mandatory redemption requirements, or a combination of both. Any such designation must be made at the time bids are submitted.

PRIOR REDEMPTION:

A. MANDATORY REDEMPTION. Bonds designated as term bonds shall be subject to mandatory redemption at par and accrued interest on the dates and in the amounts corresponding to the annual principal maturities hereinbefore set forth. The bonds or portions of bonds to be redeemed shall be selected by lot.

B. OPTIONAL REDEMPTION. Bonds maturing prior to October 1, 2036, are not subject to redemption prior to maturity. Bonds maturing on and after October 1, 2036, are subject to redemption prior to maturity, at the option of the City of Grosse Pointe Farms (the "City"), in such order as determined by the City, in whole or in part at any time on and after March 1, 2035, in integral multiples of \$5,000 and by lot within a maturity, at par value of the bond or portion of the bond called to be redeemed, plus accrued interest to the redemption date without a premium.

C. NOTICE OF REDEMPTION. Not less than thirty days' notice of redemption shall be given to the registered owners of bonds called to be redeemed by mail to each registered owner at the registered address. Failure to receive notice of redemption shall not affect the validity of the proceedings for redemption. Bonds or portions of bonds called for redemption shall not bear interest after the redemption date; provided, funds are on hand with the bond registrar and paying agent to redeem the bonds called for redemption.

INTEREST RATE AND BIDDING DETAILS: The bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the bids therefor, expressed in multiples of 1/8 or 1/100 of 1%, or both. The interest on any one bond shall be at one rate only and all bonds maturing in any one year must carry the same interest rate. The difference between the highest and lowest interest rates shall not exceed two percentage points. No proposal for the purchase of less than all of the bonds or at a price less than 99% of their par value will be considered.

BOOK-ENTRY-ONLY: At the option of the purchaser, the bonds will be issued in book-entry-only form as one fully-registered bond per maturity and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the bonds. Purchase of the bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in bonds purchased. However, the bonds will not be issued in book-entry form if the purchaser is willing to accept physical delivery of the bonds in denominations equal to the aggregate principal amount for each maturity and, if necessary, transfer the bonds only in such denominations. If requested by the purchaser of the bonds and determined by an authorized officer of the City, the bonds may be issued in the form of a single bond with an exhibit containing the principal maturity amounts and applicable interest rates and due dates. The book-entry-only system is described further in the preliminary official statement for the bonds.

BOND REGISTRAR AND PAYING AGENT: The bonds shall be payable as to principal in lawful money of the United States upon surrender thereof at the corporate trust office of Argent Institutional Trust Company, Grand Rapids, Michigan, the bond registrar and paying agent. Interest shall be paid to the registered owner of each bond as shown on the registration books at the close of business on the 15th day of the calendar month preceding the month in which the interest payment is due. Interest shall be paid when due by check or draft drawn upon and mailed by the bond registrar and paying agent to the registered owner at the registered address. As long as DTC, or its nominee Cede & Co., is the registered owner of the bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the bonds is the responsibility of DTC participants and indirect participants as described in the preliminary official statement for the bonds. The City from time to time as required may designate a successor bond registrar and paying agent.

PURPOSE AND SECURITY: The bonds are to be issued pursuant to the provisions of Act 34, Public Acts of Michigan, 2001, as amended, to defray all or part of the costs of (i) designing, acquiring, constructing and equipping public recreational facility improvements in the City, consisting of the construction of a new municipal swimming pool and bathhouse, demolition

of certain existing recreational structures, installation of new hardscape and landscape elements, parking lot improvements, site utility improvements and accessibility improvements, as well as all work, equipment and appurtenances necessary or incidental to such improvements and (ii) paying certain expenses relating to the issuance of the Bonds. The full faith and credit of the City have been pledged to the prompt payment of the principal of and interest on the bonds. The principal of and interest on the bonds are payable as a first budget obligation of the City from its general funds. The ability of the City to raise such funds is subject to applicable constitutional, statutory and charter limitations on the taxing power of the City.

ADJUSTMENT IN PRINCIPAL AMOUNT: Following receipt of bids and prior to final award, the City reserves the right to increase or decrease the principal amount of the bonds. Such adjustment, if necessary, will be made in increments of \$5,000, and may be made in one or more maturities. The purchase price will be adjusted proportionately to the adjustment of the principal amount of the bonds, but the interest rates specified by the successful bidder will not change. The successful bidder may not withdraw its bid as a result of any changes made as provided in this paragraph.

GOOD FAITH: A good faith deposit in the form of a certified or cashier's check drawn upon an incorporated bank or trust company, or wire transfer, in the amount of \$111,950 and payable to the order of the Finance Director/Treasurer of the City of Grosse Pointe Farms will be required of the successful bidder. The successful bidder is required to submit its good faith deposit as instructed by the City or Bendzinski & Co., not later than Noon, prevailing Eastern Time, on the next business day following the award. The good faith deposit will be applied to the purchase price of the Bonds, and payment of the balance of the purchase price of the Bonds shall be made at closing. In the event the successful bidder fails to honor its accepted bid, the good faith deposit will be retained by the City.

AWARD OF BONDS: The bonds will be awarded to the bidder whose bid produces the lowest true interest cost to the City. True interest cost shall be computed by determining the annual interest rate (compounded semiannually) necessary to discount the debt service payments on the bonds from the payment dates thereof to April 22, 2026 and to the price bid.

LEGAL OPINION: Bids shall be conditioned upon the approving opinion of Dickinson Wright PLLC, attorneys of Troy, Michigan, the original of which will be furnished without expense to the purchaser at the delivery of the bonds. The fees of Dickinson Wright PLLC for services rendered in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue its approving opinion as to the validity of the above bonds, Dickinson Wright PLLC has made no inquiry as to any financial information, statements or material contained in any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the bonds and, accordingly, will not express any opinion with respect to the accuracy or completeness of any such financial information, statements or materials. By submitting a bid, the bidder consents to the engagement of Dickinson Wright PLLC as bond counsel to the City notwithstanding any representation of the bidder by such firm in matters unrelated to the issuance of the Bonds.

TAX MATTERS: The approving opinion will include an opinion to the effect that under existing law as enacted and construed on the date of the initial delivery of the Bonds, the interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the federal corporate alternative minimum tax under Section 55 of the Code. The opinion set forth above will be subject to the condition that the City comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the bonds to be included in gross income retroactive to the date of issuance of the bonds. The City has covenanted to comply with all such requirements. The opinion will express no opinion regarding other federal tax consequences arising with respect to the bonds.

The City has not designated the bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

If the successful bidder will obtain a municipal bond insurance policy or other credit enhancement for the bonds in connection with their original issuance at its expense, the successful bidder will be required, as a condition of delivery of the bonds, to certify that the premium therefor will be less than the present value of the interest expected to be saved as a result of such insurance or other credit enhancement. The form of an acceptable certificate will be provided by bond counsel.

In addition, the approving opinion of bond counsel will include an opinion to the effect that under existing law, as enacted and construed on the date of the initial delivery of the bonds, the bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment, or other disposition thereof.

ISSUE PRICE: The winning bidder shall assist the City in establishing the issue price of the bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the bonds, together with the supporting pricing wires or equivalent communications, substantially in the form provided by Bond Counsel, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the bonds may be taken on behalf of the City by the City’s municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City’s municipal advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the bonds) will apply to the initial sale of the bonds (the “competitive sale requirements”) because:

- (1) the City is disseminating this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the bonds to the bidder who submits a firm offer to purchase the bonds at the lowest true interest cost, as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the bonds, as specified in the bid.

In the event that competitive sale requirements are satisfied, the winning bidder shall be expected to certify as to the reasonably expected initial offering price of the bonds to the public.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. The City shall treat (i) the first price at which 10% of a maturity of the bonds (the “10% test”) is sold to the public as of the sale date as the issue price of that maturity and (ii) the initial offering price to the public as of the sale date of any maturity of the bonds not satisfying the 10% test as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the bonds satisfies the 10% test as of the date and time of the award of the bonds. Any maturity of the bonds (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) that does not satisfy the 10% test as of the date and time of the award of the bonds shall be subject to the hold-the-offering-price rule. Bids will not be subject to cancellation in the event that any maturity of the bonds is subject to the hold-the-offering-price rule. Bidders should prepare their bids on the assumption that some or all of the maturities of the bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the bonds.

By submitting a bid, each bidder confirms that, except as otherwise provided in its bid, it has an established industry reputation for underwriting new issuances of municipal bonds, and, further, the winning bidder shall (i) confirm that the underwriters have offered or will offer the bonds to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the bonds, that the underwriters will neither offer nor sell unsold bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or

- (2) the date on which the underwriters have sold at least 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the bonds.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to comply with the hold-the-offering-price rule if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the bonds to the public),
- (iii) a purchaser of any of the bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the bonds are awarded by the City to the winning bidder.

OFFICIAL STATEMENT: An electronic copy of the City’s preliminary official statement relating to the bonds may be obtained by contacting the Municipal Advisor at the address referred to below. The preliminary official statement is in a form

deemed final by the City for purposes of paragraph (b)(1) of SEC Rule 15c2-12 (the “Rule”), but is subject to revision, amendment and completion in a final official statement.

After the award of the bonds, the Municipal Advisor will provide the winning bidder with an electronic version of the final official statement, as that term is defined in paragraph (f)(3) of the Rule, within 7 business days from the date of the sale to enable the successful bidder or bidders to comply with paragraphs (b)(3) and (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board. Copies of the final official statement will be supplied by the Municipal Advisor, upon request and agreement by the purchaser to pay the cost of the copies. Requests for copies should be made to the Municipal Advisor at the address set forth below within 24 hours of the award of the bonds.

CONTINUING DISCLOSURE: In order to assist bidders in complying with paragraph (b)(5) of the Rule, the City will undertake, pursuant to a resolution adopted by its governing body and a continuing disclosure certificate, to provide annual reports and notices of certain events. A description of these undertakings is set forth in the preliminary official statement and will also be set forth in the final official statement.

CUSIP: It is anticipated that CUSIP numbers will be printed on the bonds, at the option of the purchaser, but neither the failure to print CUSIP numbers nor any improperly printed CUSIP numbers shall be cause for the purchaser to refuse to take delivery of and pay the purchase price for the bonds. The CUSIP Service Bureau’s charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

BIDDER CERTIFICATION: NOT “IRAN-LINKED BUSINESS”: By submitting a bid, the bidder shall be deemed to have certified that it is not an “Iran-Linked Business” as defined in Act 517, Public Acts of Michigan, 2012; MCL 129.311 et seq.

DELIVERY OF BONDS: The City will furnish bonds ready for execution at its expense. Bonds will be delivered without expense to the purchaser through DTC in New York, New York or such other place or by such other means as may be agreeable to the purchaser and the City. The usual closing documents, including a continuing disclosure certificate (to the extent that the purchaser is subject to the Rule) and a certificate that no litigation is pending affecting the issuance of the bonds, will be delivered at the time of the delivery of the bonds. If the bonds are not tendered for delivery by twelve o’clock noon, prevailing Eastern Time, on the 45th day following the date of sale, or the first business day thereafter if said 45th day is not a business day, the successful bidder on that day, or any time thereafter until delivery of the bonds, may withdraw its proposal by serving notice of cancellation, in writing, on the undersigned, in which event the City shall promptly return the good faith deposit. Payment for the bonds shall be made in Federal Reserve Funds.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL BIDS.

MUNICIPAL ADVISOR: Bendzinski & Co., Municipal Finance Advisors (the “Municipal Advisor”) is a Registered Municipal Advisor in accordance with the rules of the Municipal Securities Rulemaking Board. The Municipal Advisor has been retained by the City to provide certain financial advisory services relating to the planning, structuring and issuance of the Bonds. The Municipal Advisor is not engaged in the business of underwriting, trading, marketing or the distribution of securities or any other negotiable instruments. The Municipal Advisor’s duties, responsibilities and fees arise solely as a Registered Municipal Advisor to the City and it has no secondary obligation or other responsibility. Further information with respect to the Bonds may be obtained from Bendzinski & Co., Municipal Finance Advisors, 17000 Kercheval Avenue, Suite 230, Grosse Pointe, Michigan 48230, Telephone (313) 961-8222.

Tim Rowland, City Finance Director
City of Grosse Pointe Farms

The following have participated in the planning and development of this Bond issue:



CITY OF GROSSE POINTE FARMS

JOHN J GILLOOLY
Mayor

CITY COUNCIL

NEIL SROKA

SIERRA LEONE DONAVEN

DANIEL VINCENT JENSEN

JOE RICCI

BETH KONRAD-WILBERDING

LEV WOOD

ADMINISTRATION

SHANE REESIDE
City Manager

DERRICK KOZICKI
Assistant City Manager/Clerk

TIM ROWLAND
Finance Director/Treasurer/Controller

WILLIAM BURGESS
City Attorney

PROFESSIONAL SERVICES

REGISTRAR/PAYING AGENT

ARGENT INSTITUTIONAL TRUST COMPANY
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