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**City of Grosse Pointe Woods, Municipal Court**  
(a component unit of the City of Grosse Pointe Woods, Michigan)

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**Financial Statements**  
**June 30, 2021**

# City of Grosse Pointe Woods, Municipal Court

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## **Independent Auditor's Report**

To the Honorable Mayor and Members of the City Council  
City of Grosse Pointe Woods, Municipal Court

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the bond account/governmental activities and fiduciary activities of the City of Grosse Pointe Woods, Municipal Court (the "Court"), a component unit of the City of Grosse Pointe Woods, Michigan, as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the City of Grosse Pointe Woods, Municipal Court's basic financial statements, as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the bond account/governmental activities and fiduciary activities of the City of Grosse Pointe Woods, Municipal Court as of June 30, 2021 and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the financial statements, during the year ended June 30, 2021, the Court adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which gives guidance on the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

To the Honorable Mayor and Members of the City Council  
City of Grosse Pointe Woods, Municipal Court

***Other Matter***

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 supplemental 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.

*Plante & Moran, PLLC*

December 8, 2021

## City of Grosse Pointe Woods, Municipal Court

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### Management's Discussion and Analysis

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Our discussion and analysis of the City of Grosse Pointe Woods, Municipal Court's (the "Court") financial performance provides an overview of the Court's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the Court's financial statements.

#### ***Using This Financial Report***

This financial report represents the activities of the funds of the Court during the year. The funds are custodial in nature (assets equal liabilities). Therefore, the activities are limited to collection of amounts that are subsequently returned or paid to third parties.

#### ***The Court as a Whole***

##### **General Account**

For the year ended June 30, 2021, the Court collected fines and fees of \$46,878 and remitted them to the State of Michigan and Wayne County, Michigan.

##### **Bond Account**

At June 30, 2021 and 2020, the Court had \$9,950 and \$2,795, respectively, of cash to refund outstanding bonds and deposits. During the year ended June 30, 2021, the Court collected and distributed \$6,226 for court-ordered restitution. There were no significant changes in court operations during the year.

Prior to the current year implementation of GASB Statement No. 84, *Fiduciary Activities*, the Court's operations were accounted for in agency funds. As a result, revenue and expenses were not previously reported.

#### ***Contacting the Court's Management***

This financial report is intended to provide our citizens and customers with a general overview of the Court's activities and to show the Court's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Court directly.

## City of Grosse Pointe Woods, Municipal Court

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### Statement of Net Position/Governmental Fund Balance Sheet

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June 30, 2021

	<u>Bond Account</u>
<b>Assets - Cash</b>	<b>\$ 9,950</b>
<b>Liabilities - Returnable bonds</b>	\$ 9,950
<b>Fund Balance/Net Position</b>	<u>-</u>
Total liabilities and fund balance/net position	<b>\$ 9,950</b>

## City of Grosse Pointe Woods, Municipal Court

### Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2021

	<u>Bond Account</u>
Revenue - Bond receipts	\$ 2,074
Expenditures - Bond forfeitures	<u>2,074</u>
Net Change in Fund Balance/Net Position	-
Fund Balance/Net Position - Beginning of year	<u>-</u>
Fund Balance/Net Position - End of year	<u><u>\$ -</u></u>

# City of Grosse Pointe Woods, Municipal Court

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## Statement of Fiduciary Net Position

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June 30, 2021

	<u>Custodial Fund - General Account</u>
<b>Assets - Cash</b>	\$ -
<b>Liabilities - Due to other governmental units</b>	<u>-</u>
<b>Net Position</b>	<u><u>\$ -</u></u>

## City of Grosse Pointe Woods, Municipal Court

### Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

	<u>Custodial Fund - General Account</u>
<b>Additions</b> - Fines and fees collected	\$ 435,932
<b>Deductions</b>	
Transfers to the State of Michigan	42,834
Transfers to Wayne County, Michigan	4,044
Transfers to the City of Grosse Pointe Woods, Michigan	<u>389,054</u>
Total deductions	<u>435,932</u>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	-
<b>Net Position</b> - Beginning of year	<u>-</u>
<b>Net Position</b> - End of year	<u><u>\$ -</u></u>

June 30, 2021

### Note 1 - Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of Grosse Pointe Woods, Municipal Court (the "Court"):

#### ***Reporting Entity***

The City of Grosse Pointe Woods, Municipal Court is governed by an elected judge.

The Court is a component unit of the City of Grosse Pointe Woods, Michigan (the "City") and is included in the basic financial statements of the City of Grosse Pointe Woods, Michigan at June 30, 2021.

The operations of the Court are included as a separate activity in the General Fund of the City of Grosse Pointe Woods, Michigan.

As required by accounting principles generally accepted in the United States of America, these financial statements present the Court. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. The Court is responsible for traffic and moving violations, certain civil matters, and misdemeanors.

#### ***Accounting and Reporting Principles***

The Court 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. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows.

In the case of the bond account, there are no differences between the two perspectives; therefore, all activity is reported within a single column.

Separate financial statements are provided for fiduciary funds, and they are excluded from the governmental activities statements.

#### ***Basis of Accounting***

The governmental fund uses 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 Court 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.

**Note 1 - Significant Accounting Policies (Continued)**

**Governmental Fund**

Governmental funds include all activities that provide general governmental services that are not business-type activities. The only governmental fund is the Court's bond account. The bond account receives and holds bond money from defendants as a promise to appear on an appointed court date, as well as restitution amounts paid by defendants. After the court date, the moneys are applied to fines and costs, bond costs, forfeitures, restitutions, and refunds, as appropriate. All operating costs related to the Court are paid by the City of Grosse Pointe Woods, Michigan.

**Fiduciary Fund**

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the Court's programs. Activities that are reported as fiduciary include the custodial fund, which is used to record the shares of fines and fees collected and remitted to the State of Michigan; Wayne County, Michigan; and the City of Grosse Pointe Woods, Michigan.

***Specific Balances and Transactions***

**Cash and Bank Deposits**

Cash includes cash on hand and demand deposits.

***Adoption of New Accounting Pronouncement***

During the current year, the Court adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, the bond account was previously reported as fiduciary activities but no longer meets the definition of such; therefore, these activities are now reported within a governmental fund. There was no effect on opening fund balance or net position upon adopting the standard. In addition, the custodial fund now reports additions and deductions within the statement of changes in fiduciary net position, which were not previously reported. Beginning balances were not modified as a result of adoption of this standard.

**Note 2 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The 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 Court has designated one bank for the deposit of its funds. The investment policy adopted by the City of Grosse Pointe Woods, Michigan 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 Court's deposits and investments are in accordance with statutory authority.

**June 30, 2021**

**Note 2 - Deposits and Investments (Continued)**

The Court's cash and investments are subject to one type of risk, which is 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 Court's deposits may not be returned to it. The Court does not have a deposit policy for custodial credit risk. At year end, the Court had no uninsured or uncollateralized deposits.

**Note 3 - Court Operations**

All of the costs related to the operations of the Court are budgeted items of the City of Grosse Pointe Woods, Michigan's General Fund, and, accordingly, such costs are paid by the City's General Fund. The Court's personnel are considered to be employees of the City, and, as such, they participate in the City's pension and health care plans. The wage and fringe benefit costs for the Court's personnel are budgeted line items of the City.

**Note 4 - Risk Management**

The Court 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 Court, through the City of Grosse Pointe Woods, Michigan, has purchased commercial general liability insurance for claims relating to property loss claims, torts, and errors and omissions. The City of Grosse Pointe Woods, Michigan is self-insured for medical claims with other communities. Under the workers' compensation program and medical program, the City is held liable for the first \$400,000 and \$25,000, respectively, of any occurrence. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.