

November 17, 2022

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

We have audited the financial statements of the City of Grosse Pointe Woods, Municipal Court (the "Court") as of and for the year ended June 30, 2022 and have issued our report thereon dated November 17, 2022. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated August 3, 2022, 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 Court. 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.

**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 3, 2022.

**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 Court are described in Note 1 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during 2022.

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

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

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. There were no significant balances, amounts, or disclosures in the financial statements based on sensitive management estimates.

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 Court, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Court'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 November 17, 2022.

***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 Court'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.

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

November 17, 2022

**Other Information Included in Annual Reports**

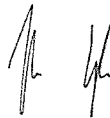
This information is intended solely for the use of the honorable mayor, members of the City Council, and management of the Court and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

**Plante & Moran, PLLC**



William E. Brickey  
Partner



Joshua L. Yde  
Senior Manager

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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 Report**  
**June 30, 2022**

# 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

### **Opinions**

We have audited the 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, 2022 and the related notes to the financial statements, which collectively comprise the Court'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 financial position of the bond account/governmental activities and fiduciary activities of the Court as of June 30, 2022 and the respective changes in its financial position 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). 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 Court 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 Court'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 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 Honorable Mayor and Members  
of the City Council  
City of Grosse Pointe Woods, Municipal Court

In performing an audit in accordance with GAAS, 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 Court'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 Court'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 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 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 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*

November 17, 2022

# 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, 2022. 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. Therefore, the activities are limited to collection of amounts that are subsequently returned or paid to third parties. The bond account holds the bonds that have not yet been remitted to the third parties, and the general account collects the fines and fees and remits them to other governmental units.

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

#### **General Account**

For the year ended June 30, 2022, the Court collected fines and fees of \$44,123 and remitted them to the State of Michigan and Wayne County, Michigan. This represented a decrease from \$46,878 collected and remitted for the year ended June 30, 2021.

#### **Bond Account**

At June 30, 2022 and 2021, the Court had \$9,075 and \$9,950, respectively, of cash to refund outstanding bonds. During the year ended June 30, 2022, the Court collected and distributed \$2,074 in forfeitures. There were no significant changes in court operations during the year.

### ***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**

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

**June 30, 2022**

	<u>Bond Account</u>
<b>Assets - Cash</b>	<b><u>\$ 9,075</u></b>
<b>Liabilities - Returnable bonds</b>	<b>\$ 9,075</b>
<b>Fund Balance/Net Position</b>	<b><u>-</u></b>
Total liabilities and fund balance/net position	<b><u>\$ 9,075</u></b>

**City of Grosse Pointe Woods, Municipal Court**

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

**Year Ended June 30, 2022**

	<u>Bond Account</u>
Revenue - Bond receipts	\$ 1,550
Expenditures - Bond forfeitures	<u>1,550</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**

**Statement of Fiduciary Net Position**

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	<b>June 30, 2022</b>
	<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, 2022

	<u>Custodial Fund - General Account</u>
<b>Additions - Fines and fees collected</b>	\$ 377,846
<b>Deductions</b>	
Transfers to the State of Michigan	38,582
Transfers to Wayne County, Michigan	5,541
Transfers to the City of Grosse Pointe Woods, Michigan	<u>333,723</u>
Total deductions	<u>377,846</u>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	-
<b>Net Position - Beginning of year</b>	<u>-</u>
<b>Net Position - End of year</b>	<u><u>\$ -</u></u>

June 30, 2022

### 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, 2022.

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.

**June 30, 2022**

**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.

**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.

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.