

**City of Pleasant Ridge**  
23925 Woodward Avenue  
Pleasant Ridge, Michigan 48069

**City Commission Meeting  
December 13, 2016  
Agenda**

Honorable Mayor, City Commissioners and Residents: This shall serve as your official notification of the Public Hearing and Regular City Commission Meeting to be held Tuesday, December 13, 2016, at 7:30 p.m., in the City Commission Chambers, 23925 Woodward Avenue, Pleasant Ridge, Michigan 48069. The following items are on the Agenda for your consideration:

**PUBLIC HEARING AND REGULAR CITY COMMISSION MEETING – 7:30 P.M.**

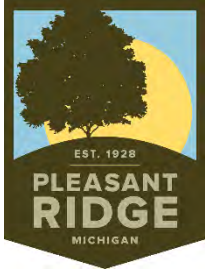
- 1. Meeting Called to Order.**
- 2. Pledge of Allegiance.**
- 3. Roll Call.**
- 4. PUBLIC DISCUSSION – items not on the Agenda.**
- 5. Receiving and filing the audit of the City's Financial Statements for the fiscal year ended June 30, 2016.**
- 6. Centennial Homes Presentation.**
- 7. Governmental Reports.**
- 8. City Commission Liaison Reports.**
  - **Commissioner Scott – Historical Commission.**
  - **Commissioner Krzysiak – Recreation Commission.**
  - **Commissioner Foreman – Ferndale Public Schools.**
  - **Commissioner Perry – Planning/DDA, Committee Liaison.**
- 9. Consent Agenda.**

*All items listed on the Consent Agenda are considered to be routine by the City Commission, will be enacted by one motion and approved by a roll call vote. There will be no separate discussion of these items unless a City Commissioner or visitor so requests, in which event, the item will be removed from the consent agenda and considered as the last item of business.*

  - a. Minutes of the Regular City Commission Meeting held Tuesday, November 15, 2016.
  - b. Monthly Disbursement Report.
  - c. Resolution regarding 2017 Federal Poverty Guidelines.
  - d. Resolution regarding the PA 152.

10. **Proposed Oakland County Community Development Block Grant Program Year 2017 Community Application and Subrecipient Agreement.**
  - a. **Public Hearing** – Solicitation of public comments on the proposed Oakland County Community Development Block Grant Program Year 2017 Community Application and Subrecipient Agreement.
  - b. Oakland County Community Development Block Grant Program Year 2017 Community Application and Subrecipient Agreement.
11. **Scheduling a public hearing on Tuesday, January 10, 2017, at 7:30 p.m. to solicit public comments on an Ordinance to amend Chapter 10, Animals, Section 10-1, Definitions, and Section 10-5, Number of Household Pets Limited.**
12. **City Manager's Report.**
13. **Other Business.**
14. **Adjournment.**

In the spirit of compliance with the Americans with Disabilities Act, individuals with a disability should feel free to contact the City at least seventy-two (72) hours in advance of the meeting, if requesting accommodations.



# City of Pleasant Ridge

James Breuckman, City Manager

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From: Jim Breuckman, City Manager  
To: City Commission  
Date: December 8, 2016  
Re: FY15-16 Year End Financial Statements

## Overview

Attached are the year-end FY15-16 financial statements for the City.

## Background

The attached audited financial statements have been prepared by Abraham and Gaffney, the City's auditors. I am happy to say that we were able to increase our general fund fund balance by \$56,598, well above our budgeted amount. Our general fund ended with a fund balance of \$597,566, which is 22.5% of total general fund expenditures. As you know, our goal is to maintain a general fund fund balance of 25-30% of expenditures. We were at 16% a few years ago, and we are glad to be making progress towards our goal.

The City's overall financial results for FY15-16 were stable with small fund balance builds across the organization. An exception is SCAF which had a fund balance decrease as we began to use SCAF money for the Gainsboro Park project. Those funds will be repaid over the next 9 years with park millage revenue.

## Requested Action

City Commission action to receive and file the FY15-16 City of Pleasant Ridge financial statements.

## Principals

Dale J. Abraham, CPA  
Steven R. Kirinovic, CPA  
Aaron M. Stevens, CPA  
Eric J. Glashouwer, CPA  
Alan D. Panter, CPA  
William I. Tucker IV, CPA



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To the Honorable Mayor and  
Members of the City Commission  
City of Pleasant Ridge, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pleasant Ridge, Michigan (the City) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 6, 2016. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note A to the financial statements. As described in Note N to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, during the year ended June 30, 2016. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimate affecting the governmental activities, business-type activities, Water and Sewer Fund, and the discretely presented component unit financial statements was:

- Management's calculation of depreciation expense for the current period is based on an estimate of the useful lives of the capital assets.

The most sensitive estimates affecting the governmental activities financial statements were:

- Management's calculation of the net post-employment benefits obligation is estimated based upon certain actuarial assumptions.
- Management's calculation of the percentages for current and noncurrent compensated absence payments is based on an estimate of the percentage of employees' use of compensated absences.
- The calculation of the net pension liability is based on an actuarial study which utilized certain actuarial assumptions.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material misstatements were not detected as a result of our auditing procedures.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is 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.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 25, 2016.

#### *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 Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to 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 to our retention.

#### Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison schedules, and pension and other post-employment benefit schedules, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of management and members of the City Commission of the City of Pleasant Ridge, Michigan and is not intended to be, and should not be, used by anyone other than these specified parties.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

October 25, 2016

## Principals

Dale J. Abraham, CPA  
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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS

To the Honorable Mayor and  
Members of the City Commission  
City of Pleasant Ridge, Michigan

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pleasant Ridge, Michigan (the City) as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in internal control to be a significant deficiency:

### BANK RECONCILIATIONS

The account reconciliation process is an important part of the City's internal control and accounting procedures. The purpose of reconciliations is to ensure that general ledger account balances are supported by underlying transaction detail or third-party information. They also provide an important internal control, in that any differences identified between the underlying detail and an account balance through the reconciliation process may be indicative of an erroneous entry having been posted.

## BANK RECONCILIATIONS - CONTINUED

During the course of our audit, we noted that while most of the bank and investment accounts were eventually reconciled with the general ledger, the pooled cash accounts were not reconciled to supporting records in a timely manner. At the commencement of audit fieldwork, reconciling items had been identified for May, but not yet posted to the City's general ledger and June's bank reconciliation had not yet been completed.

We recommend that reconciliations be performed for all critical account balances on a periodic basis, that all items requiring adjustment to the general ledger be addressed in a timely manner, and that a secondary review of the reconciliations includes critical evaluation of those items identified as differences. For bank and investment account reconciliations specifically, we recommend that the current month's reconciliations be completed prior to receiving the subsequent month's bank statement.

## 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 and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 the following instance of noncompliance:

## UNFAVORABLE BUDGET VARIANCES

As noted in the budgetary comparison schedules, the expenditures of certain General Fund activities and the Solid Waste Fund exceeded the amounts appropriated. A similar issue was noted and reported in our audit comments last year.

Michigan Public Act 621 of 1978, as amended, provides that the City adopt formal budgets for all applicable General and Special Revenue Funds, and shall not incur expenditures in excess of the amounts appropriated. Also, the Public Act requires amendments to be performed prior to incurring additional expenditures.

We recommend the City monitor expenditures against adopted budgets in all applicable funds and make appropriate budget amendments as needed.

This communication is intended solely for the information and use of management, the members of the City Commission, others within the City, and applicable departments of the State of Michigan and is not intended to be, and should not be, used by anyone other than these specified parties.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

October 25, 2016



**City of Pleasant Ridge  
Oakland County, Michigan**

**FINANCIAL STATEMENTS**

**June 30, 2016**

City of Pleasant Ridge

TABLE OF CONTENTS

June 30, 2016

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	i-ii
MANAGEMENT'S DISCUSSION AND ANALYSIS	iii-vii
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	3
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balances	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	6
Proprietary Funds	
Statement of Net Position	7
Statement of Revenues, Expenses, and Changes in Fund Net Position	8
Statement of Cash Flows	9
Notes to Financial Statements	10-33
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund	
Budgetary Comparison Schedule (Non-GAAP Budgetary Basis)	34-35
Schedule of Changes in Employer's Net Pension Liability and Related Ratios	36
Schedule of Employer Contributions	37
Other Post-Employment Benefits Schedule of Funding Progress	38
Notes to Required Supplementary Information	39
OTHER SUPPLEMENTARY INFORMATION	
Nonmajor Governmental Funds	
Combining Balance Sheet	40-42
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	43-45
COMPONENT UNIT FUND	
Downtown Development Authority	
Balance Sheet	46
Reconciliation of the Balance Sheet to the Statement of Net Position	47
Statement of Revenues, Expenditures, and Changes in Fund Balance	48
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance to the Statement of Activities	49

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Commission  
City of Pleasant Ridge, Michigan

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pleasant Ridge, Michigan (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City'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 respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pleasant Ridge, Michigan, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principles***

As discussed in Note N to the financial statements, the City implemented GASB issued Statement No. 72, *Fair Value Measurement and Application*, during the year. As a result, the City has applied fair value to certain investments and disclosures related to all fair value measurements. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and pension and other post-employment benefit schedules, 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, who 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pleasant Ridge's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

October 25, 2016

City of Pleasant Ridge  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016

Our discussion and analysis of the City of Pleasant Ridge's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the City's financial statements.

**Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2016:

- Property tax revenues are the City's largest revenue source. Property tax revenue for the year ended June 30, 2016 was approximately \$2.922 million, which is a 21.00% increase from the year before. This resulted from a 3.67% increase in taxable value and an additional 3.9119 mills being levied.

**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 as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the City's operations in more detail than the government-wide financial statements by providing information about the City's most significant funds.

**Governmental Activities**

The following table shows, in a condensed format, the current year's net position and changes in net position compared to the prior year:

	June 30, 2015	June 30, 2016	Change from Prior Year In Dollars	As a Percent
Assets				
Current and other assets	\$ 4,099,911	\$ 3,690,203	\$ (409,708)	-9.99%
Capital assets	8,374,862	8,770,834	395,972	4.73%
Total Assets	12,474,773	12,461,037	(13,736)	-0.11%
Liabilities				
Current liabilities	654,837	421,083	(233,754)	-35.70%
Noncurrent liabilities	5,231,102	5,819,669	588,567	11.25%
Total Liabilities	5,885,939	6,240,752	354,813	6.03%
Net Position				
Net investment in capital assets	6,479,561	6,987,480	507,919	7.84%
Restricted	218,192	263,119	44,927	20.59%
Unrestricted	32,712	(454,787)	(487,499)	-1490.28%
	<u>\$ 6,730,465</u>	<u>\$ 6,795,812</u>	<u>\$ 65,347</u>	0.97%

City of Pleasant Ridge  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2016

**Governmental Activities - continued**

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>Change from Prior Year In Dollars</u>	<u>As a Percent</u>
<b>Revenues</b>				
Program Revenues				
Charges for services	\$ 917,535	\$ 753,010	\$ (164,525)	-17.93%
Operating grants and contributions	198,691	335,664	136,973	68.94%
Capital grants and contributions	147,785	-	(147,785)	100.00%
General revenues				
Property taxes	2,415,342	2,922,586	507,244	21.00%
State shared revenues	240,814	235,011	(5,803)	-2.41%
Investment and other	<u>119,795</u>	<u>121,612</u>	<u>1,817</u>	1.52%
Total revenue	4,039,962	4,367,883	327,921	8.12%
<b>Expenses</b>				
General government	631,034	811,094	180,060	28.53%
Public safety	1,280,638	1,383,383	102,745	8.02%
Public works	1,351,856	1,185,647	(166,209)	-12.29%
Community and economic development	13,121	650	(12,471)	-95.05%
Recreation and culture	932,266	837,347	(94,919)	-10.18%
Interest on long-term debt	<u>102,462</u>	<u>84,415</u>	<u>(18,047)</u>	-17.61%
Total expenses	<u>4,311,377</u>	<u>4,302,536</u>	<u>(8,841)</u>	-0.21%
Change in Net Position	<u>\$ (271,415)</u>	<u>\$ 65,347</u>	<u>\$ 336,762</u>	-124.08%

The City's governmental net position increased .97 percent from a year ago, increasing from \$6,730,465 million to \$6,795,812 million. Total governmental revenues were \$4,367,883 while total governmental expenses were \$4,302,536, resulting in an overall increase in net position of \$65,347.

Total governmental revenues increased approximately \$327,921 or 8.12 percent. Property taxes increased \$507,244, partially offset by decreases in charges for service. Grants and contributions overall increased by approximately 11,000.

The City's total governmental expenses decreased approximately \$8,841 or 0.21 percent from the prior year. Decreased costs were associated with less storm cleanup costs and fewer building and equipment repairs.

City of Pleasant Ridge

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

**Business-type Activities**

The following table shows, in a condensed format, the current year's net position and changes in net position compared to the prior two years:

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>Change from Prior Year</u> <u>In Dollars</u>	<u>As a Percent</u>
<b>Assets</b>				
Current and other assets	\$ 930,487	\$ 1,092,039	\$ 161,552	17.36%
Capital assets	<u>1,823,909</u>	<u>1,742,217</u>	<u>(81,692)</u>	-4.48%
Total Assets	2,754,396	2,834,256	79,860	2.90%
<b>Liabilities</b>				
Current liabilities	154,403	152,888	(1,515)	-0.98%
Noncurrent liabilities	<u>779,519</u>	<u>689,422</u>	<u>(90,097)</u>	-11.56%
Total Liabilities	933,922	842,310	(91,612)	-9.81%
<b>Net Position</b>				
Net investment in capital assets	956,700	962,699	5,999	0.63%
Unrestricted	<u>863,774</u>	<u>1,029,247</u>	<u>165,473</u>	19.16%
	<u>\$ 1,820,474</u>	<u>\$ 1,991,946</u>	<u>\$ 171,472</u>	9.42%
<b>Revenues</b>				
Program Revenues				
Charges for services	\$ 1,138,244	\$ 1,229,062	\$ 90,818	7.98%
General revenues				
Investment earnings	<u>1,853</u>	<u>2,939</u>	<u>1,086</u>	100.00%
Total revenue	1,140,097	1,232,001	91,904	8.06%
<b>Expenses</b>				
Water and sewer systems	<u>1,126,797</u>	<u>1,060,529</u>	<u>(66,268)</u>	-5.88%
Change in net position	<u>\$ 13,300</u>	<u>\$ 171,472</u>	<u>\$ 158,172</u>	1189.26%

The City's business-type activities consist of the water and sewer systems. The City provides water and sewer services to residents through contracts or consortiums with the Detroit Water and Sewerage Department. Total net position of the business-type activities increased approximately \$158,178 from a year ago. The current year resulted in operating income of \$171,472 compared to prior year income from operations of \$13,300.

**The City's Funds**

Our analysis of the City's major funds begins on page 3, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the City as a whole. The City Commission creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The City's major funds for the current year include the General Fund and the I-696 Segregated Capital Asset Fund.

City of Pleasant Ridge

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

**The City's Funds - continued**

The General Fund pays for most of the City's governmental services. However, the most significant governmental service is police and fire protection, which incurred expenditures of approximately \$1.12 million in 2016, which was an increase of \$46,000, or 4.28 percent, from 2015.

Total General Fund revenues increased from a year ago by \$277,406 due primarily to increased taxable values, building department activity, and franchise fees. Total General Fund revenues for 2016 were more than expenditures resulting in an increase in fund balance of \$56,598. Ending fund balance was \$597,566, all of which was unassigned. Fund balance represents 23 percent of total General Fund expenditures.

The I-696 Segregated Capital Asset Fund was established to account for the funds received from the State of Michigan in connection with condemnation proceedings instituted by the State to acquire City-owned property for the construction of interstate highway 696. As of June 30, 2016, the I-696 Segregated Capital Asset Fund reported a fund balance of \$2,600,894, a decrease of \$641,978 from the prior year. Of the total fund balance, \$2,591,616 is considered committed for specific purpose. Recently, the City has been using this fund to provide temporary financing for capital improvement, infrastructure, and park improvement projects instead of issuing bonds or spreading projects over multiple years. The fund will be reimbursed over the next several years with the proceeds from the infrastructure improvement and park improvement millages.

The Water and Sewer Fund is used to account for the operations required to provide water distribution, water treatment, sewage disposal, and sewage treatment systems for the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges. As of June 30, 2016, the Water and Sewer Fund reported a net position of \$1,991,946, an increase of \$171,472 from the prior year.

**General Fund Budgetary Highlights**

Over the course of the year, the City amended the budget to take into account events during the year. Overall, revenues exceeded the amended budget by \$47,190 and expenditures were less than amended budget by \$14,222. Budget amendments were made as a result of changes in estimates for refunds and rebates and for transfers in from other funds. Increases in retirement and OPEB costs, printing costs and engineering and other contractual service costs were also incorporated into budget amendments.

**Capital Asset and Debt Administration**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$10,513,051, net of accumulated depreciation. This investment in capital assets includes land, buildings, police equipment, roads and the water and sewer system. Current year additions to capital assets included building and land improvements totaling approximately \$249,454, infrastructure improvements of \$698,430 and construction in progress totaling \$57,817.

As of June 30, 2016, the City's primary government had total debt outstanding of \$2,710,113. The outstanding debt consists of general obligation bonds, installment purchase agreements, accrued compensated absences, and contractual obligations to the County for the City's share of drain bonds. In addition, the City has accrued a net other post-employment benefit (OPEB) liability of \$1,017,745 and a net pension liability of \$3,044,683.

More detailed information concerning capital assets and long-term debt can be found within the notes to the basic financial statements.



City of Pleasant Ridge

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

**Economic Factors and Next Year's Budgets and Rates**

Economic factors and constraints on local government revenue imposed by the State challenge the City's budgets each fiscal year and the City continues to budget conservatively. The 2016-2017 budget included a minimal increase in property tax revenues due to an increase of property tax revenue of just 0.3%, reduced state shared revenue projections as proposed by the State of Michigan, and continuing increases in both healthcare and pension costs.

The City's retirement health care and unfunded pension costs are two challenges that management is continuing to work on. As these costs continue to see large increases year over year, management is working to limit future exposure to these costs while managing current expenses to be able to provide the same high level of service as has been done in the past.

As a result of the above, the City is again projected to run a very small budget surplus in FY16-17.

**Contacting the City's Management**

The financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

## **BASIC FINANCIAL STATEMENTS**

City of Pleasant Ridge  
STATEMENT OF NET POSITION  
June 30, 2016

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		(DDA)
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 719,986	\$ 107,866	\$ 827,852	\$ 31,656
Receivables	43,381	329,760	373,141	-
Due from other governmental units	83,934	-	83,934	84
Total current assets	847,301	437,626	1,284,927	31,740
Noncurrent assets				
Investments	2,842,902	654,413	3,497,315	-
Capital assets not being depreciated	1,804,517	-	1,804,517	72,500
Capital assets being depreciated, net	6,966,317	1,742,217	8,708,534	99,795
Total noncurrent assets	11,613,736	2,396,630	14,010,366	172,295
<b>TOTAL ASSETS</b>	12,461,037	2,834,256	15,295,293	204,035
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	575,527	-	575,527	-0-
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	173,125	56,208	229,333	-
Accrued liabilities	48,755	1,303	50,058	-
Accrued interest payable	19,114	5,281	24,395	-
Unearned revenue	6,651	-	6,651	-
Due to other governmental units	84	-	84	-
Current portion of compensated absences	65,000	-	65,000	-
Current portion of long-term debt	108,354	90,096	198,450	-
Total current liabilities	421,083	152,888	573,971	-0-
Noncurrent liabilities				
Net other post-employment benefits obligation	1,017,745	-	1,017,745	-
Noncurrent portion of compensated absences	82,241	-	82,241	-
Noncurrent portion of long-term debt	1,675,000	689,422	2,364,422	-
Net pension liability	3,044,683	-	3,044,683	-
Total noncurrent liabilities	5,819,669	689,422	6,509,091	-0-
<b>TOTAL LIABILITIES</b>	6,240,752	842,310	7,083,062	-0-
<b>NET POSITION</b>				
Net investment in capital assets	6,987,480	962,699	7,950,179	172,295
Restricted for:				
Streets	130,749	-	130,749	-
Other purposes	132,370	-	132,370	-
Unrestricted	(454,787)	1,029,247	574,460	31,740
<b>TOTAL NET POSITION</b>	<u>\$ 6,795,812</u>	<u>\$ 1,991,946</u>	<u>\$ 8,787,758</u>	<u>\$ 204,035</u>

See accompanying notes to financial statements.

City of Pleasant Ridge  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

Functions/Programs	Expenses	Net (Expense) Revenue and Changes in Net Position					
		Program Revenues		Primary Government			Component Unit (DDA)
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government							
Governmental activities							
General government	\$ 811,094	\$ 272,024	\$ 36,496	\$ (502,574)	\$ -	\$ (502,574)	\$ -
Public safety	1,383,383	162,670	-	(1,220,713)	-	(1,220,713)	-
Public works	1,185,647	112,123	298,818	(774,706)	-	(774,706)	-
Community and economic development	650	3,846	-	3,196	-	3,196	-
Recreation and culture	837,347	202,347	350	(634,650)	-	(634,650)	-
Interest on long-term debt	84,415	-	-	(84,415)	-	(84,415)	-
Total governmental activities	4,302,536	753,010	335,664	(3,213,862)	-0-	(3,213,862)	-0-
Business-type activities							
Water and sewer	1,060,529	1,229,062	-	-	168,533	168,533	-
Total primary government	<u>\$ 5,363,065</u>	<u>\$ 1,982,072</u>	<u>\$ 335,664</u>	(3,213,862)	168,533	(3,045,329)	-0-
Component unit							
Downtown Development Authority	<u>\$ 133,984</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	-0-	-0-	(133,984)
		General revenues					
				2,922,586	-	2,922,586	93,248
				235,011	-	235,011	-
				21,597	2,939	24,536	45
				100,015	-	100,015	10,229
				<u>3,279,209</u>	<u>2,939</u>	<u>3,282,148</u>	<u>103,522</u>
				65,347	171,472	236,819	(30,462)
				<u>6,730,465</u>	<u>1,820,474</u>	<u>8,550,939</u>	<u>234,497</u>
				<u>\$ 6,795,812</u>	<u>\$ 1,991,946</u>	<u>\$ 8,787,758</u>	<u>\$ 204,035</u>

See accompanying notes to financial statements.

City of Pleasant Ridge

Governmental Funds

BALANCE SHEET

June 30, 2016

	General	I-696 Segregated Capital Asset	Nonmajor Governmental Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,191	\$ 471,818	\$ 234,977	\$ 719,986
Investments	659,885	2,183,017	-	2,842,902
Accounts receivable	19,084	-	24,297	43,381
Due from other governmental units	43,520	-	40,414	83,934
Advance to other funds	-	9,278	-	9,278
<b>TOTAL ASSETS</b>	<b>\$ 735,680</b>	<b>\$ 2,664,113</b>	<b>\$ 299,688</b>	<b>\$ 3,699,481</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 85,100	\$ 63,219	\$ 24,806	\$ 173,125
Accrued liabilities	37,001	-	11,754	48,755
Due to other governmental units	84	-	-	84
Advance from other funds	9,278	-	-	9,278
Unearned revenue	6,651	-	-	6,651
<b>TOTAL LIABILITIES</b>	<b>138,114</b>	<b>63,219</b>	<b>36,560</b>	<b>237,893</b>
<b>FUND BALANCES</b>				
Nonspendable				
Advance to other funds	-	9,278	-	9,278
Restricted				
Solid waste	-	-	32,162	32,162
Streets and highways	-	-	130,749	130,749
Infrastructure improvements	-	-	69,458	69,458
Public safety	-	-	430	430
Library	-	-	13,126	13,126
Recreation	-	-	966	966
Debt service	-	-	16,228	16,228
Committed				
I-696 Segregated capital asset	-	2,591,616	-	2,591,616
Assigned				
Debt service	-	-	9	9
Unassigned	597,566	-	-	597,566
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>597,566</b>	<b>2,600,894</b>	<b>263,128</b>	<b>3,461,588</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 735,680</b>	<b>\$ 2,664,113</b>	<b>\$ 299,688</b>	<b>\$ 3,699,481</b>

See accompanying notes to financial statements.

City of Pleasant Ridge

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

June 30, 2016

**Total fund balances - governmental funds** **\$ 3,461,588**

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Cost of capital assets	\$ 16,088,982	
Accumulated depreciation	<u>(7,318,148)</u>	
Capital assets, net		8,770,834

Governmental funds report actual pension expenditures for the fiscal year, whereas the governmental activities will recognize the net pension liability as of the measurement date. Pension contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and differences between projected and actual pension plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	575,527
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet. Long-term liabilities at year-end consist of:

Direct obligations	1,783,354	
Accrued interest payable	19,114	
Compensated absences	147,241	
Net other post-employment benefits obligation	1,017,745	
Net pension liability	<u>3,044,683</u>	
		<u>(6,012,137)</u>

<b>Net position of governmental activities</b>	<b><u><u>\$ 6,795,812</u></u></b>
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City of Pleasant Ridge

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2016

	General	I-696 Segregated Capital Asset	Nonmajor Governmental Funds	Total
REVENUES				
Taxes	\$ 1,998,593	\$ 491,224	\$ 621,549	\$ 3,111,366
Licenses and permits	85,576	-	-	85,576
Intergovernmental	252,342	100,000	198,818	551,160
Charges for services	202,273	-	159,050	361,323
Fines and forfeits	33,088	-	-	33,088
Interest and rents	13,818	17,100	289	31,207
Other	194,164	-	-	194,164
TOTAL REVENUES	2,779,854	608,324	979,706	4,367,884
EXPENDITURES				
Current				
General government	615,366	-	-	615,366
Public safety	1,122,519	-	-	1,122,519
Public works	204,817	-	455,001	659,818
Community and economic development	650	-	-	650
Recreation and culture	429,834	-	259,554	689,388
Other	272,589	408	-	272,997
Capital outlay	-	877,783	100,000	977,783
Debt service	-	-	197,696	197,696
TOTAL EXPENDITURES	2,645,775	878,191	1,012,251	4,536,217
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	134,079	(269,867)	(32,545)	(168,333)
OTHER FINANCING SOURCES (USES)				
Transfers in	19	-	132,000	132,019
Transfers out	(77,500)	-	(54,519)	(132,019)
TOTAL OTHER FINANCING SOURCES (USES)	(77,481)	-0-	77,481	-0-
NET CHANGE IN FUND BALANCES	56,598	(269,867)	44,936	(168,333)
Fund balances, beginning of year	540,968	2,870,761	218,192	3,629,921
Fund balances, end of year	\$ 597,566	\$ 2,600,894	\$ 263,128	\$ 3,461,588

See accompanying notes to financial statements.

City of Pleasant Ridge

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

**Net change in fund balances - total governmental funds** \$ (168,333)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 987,365
Depreciation expense	<u>(591,393)</u>

Excess of capital outlay over depreciation expense	395,972
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowing increases long-term liabilities in the statement of net position. In the current period, these amounts consist of:

Bond and installment loan principal retirements	111,947
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	1,334
(Increase) in compensated absences	(8,825)
(Increase) in net other post-employment benefits obligation	(78,943)
Increase in deferred outflows of resources related to pensions	433,896
(Increase) in net pension liability	<u>(621,701)</u>

(274,239)

<b>Change in net position of governmental activities</b>	<b>\$ <u>65,347</u></b>
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City of Pleasant Ridge  
Proprietary Fund  
STATEMENT OF NET POSITION  
June 30, 2016

	Business-type Activities <u>Water and Sewer</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 107,866
Accounts receivable	<u>329,760</u>
Total current assets	437,626
Noncurrent assets	
Investments	654,413
Capital assets being depreciated, net	<u>1,742,217</u>
Total noncurrent assets	<u>2,396,630</u>
TOTAL ASSETS	2,834,256
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	56,208
Other accrued liabilities	1,303
Accrued interest payable	5,281
Current portion of long-term debt	<u>90,096</u>
Total current liabilities	152,888
Noncurrent liabilities	
Noncurrent portion of long-term debt	<u>689,422</u>
TOTAL LIABILITIES	<u>842,310</u>
<b>NET POSITION</b>	
Net investment in capital assets	962,699
Unrestricted	<u>1,029,247</u>
TOTAL NET POSITION	<u><u>\$ 1,991,946</u></u>

See accompanying notes to financial statements.

City of Pleasant Ridge

Proprietary Fund

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Year Ended June 30, 2016

	Business-type Activities <u>Water and Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 1,216,923
Penalties and fines	<u>12,139</u>
TOTAL OPERATING REVENUES	1,229,062
OPERATING EXPENSES	
Salaries, wages, and fringe benefits	29,950
Contractual services	104,335
Water purchases	193,977
Sewage treatment	542,703
Administrative charges	30,000
Operating supplies	4,290
Other	13,590
Depreciation	<u>119,026</u>
TOTAL OPERATING EXPENSES	<u>1,037,871</u>
OPERATING INCOME	191,191
NONOPERATING REVENUES (EXPENSES)	
Interest income	2,939
Interest expense and fees	<u>(22,658)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(19,719)</u>
CHANGE IN NET POSITION	171,472
Net position, beginning of year	<u>1,820,474</u>
Net position, end of year	<u><u>\$ 1,991,946</u></u>

See accompanying notes to financial statements.

City of Pleasant Ridge  
Proprietary Fund  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2016

	Business-type Activities <u>Water and Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 1,175,146
Cash paid to suppliers	(887,939)
Cash paid to employees	<u>(29,231)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	257,976
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital asset acquisitions	(37,334)
Payments on borrowing	(87,691)
Interest and fees paid	<u>(23,254)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(148,279)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	2,939
Purchase of investments	<u>(202,684)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>(199,745)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(90,048)
Cash and cash equivalents, beginning of year	<u>197,914</u>
Cash and cash equivalents, end of year	<u><u>\$ 107,866</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 191,191
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	119,026
(Increase) decrease in:	
Accounts receivable	(53,916)
Prepaid expenses	5,000
(Decrease) in:	
Accounts payable	(4,044)
Other accrued liabilities	<u>719</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 257,976</u></u>

See accompanying notes to financial statements.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Pleasant Ridge, Michigan (the City) is located in Oakland County, Michigan and has a population of approximately 2,500. The City operates with a City Manager/Commission form of government and provides services to its residents in many areas including general government, law enforcement, highways and streets, human services, and utilities services.

The City has five (5) City Commissioners, including the Mayor, who are elected at-large every two (2) years for overlapping four (4) year terms. The Commissioner with the most votes in the prior election is the Mayor Pro-Tem. A full-time City Manager is appointed by the City Commission to carry out the policies that are established.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to city governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's more significant accounting policies are described below.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America these financial statements present the financial activities of the City of Pleasant Ridge (primary government) and its component unit. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters considers the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the financial statements of the City of Pleasant Ridge contain all the funds controlled by the City Commission.

2. Discretely Presented Component Unit

The component unit is reported in a separate column to emphasize that, while legally separate, the City remains financially accountable for this entity or the nature and significance of the relationship between the entity and the City is such that exclusion of the entity would render the financial statements misleading. The financial statements contain the following discretely presented component unit:

Downtown Development Authority - The members of the governing board of the Downtown Development Authority (DDA) are appointed by the City Commission. The City Commission approves the DDA's annual budget and any required budget amendments. The City Commission also has the ability to significantly influence operations of the DDA. The DDA is included in the City's audited financial statements and is not audited separately.

3. Joint Ventures

The City participates in the following activities which are considered to be joint ventures in relation to the City, due to the formation of an organization by contractual agreement between two (2) or more participants that maintain joint control, financial interest, and financial responsibility.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Joint Ventures - continued

Southeastern Oakland County Resource Recovery Authority - The City is a member of the Southeastern Oakland County Resource Recovery Authority (SOCRRA), which is a joint venture among twelve (12) municipalities in Oakland County, including the City of Pleasant Ridge. The City appoints one (1) member of the governing board, which approves the annual budget. SOCRRA provides waste disposal and recycling services to its municipal communities. Principal funding for the Authority is derived from waste disposal charges to the member municipalities. For the year ended June 30, 2016, the City of Pleasant Ridge expended \$181,007 in payments to SOCRRA.

The City has no explicit and measurable equity interest in the joint venture. The City is also unaware of any circumstances that would cause any significant additional financial benefit or burden to the participating governments in the near future.

The financial activities of SOCRRA are accounted for and reported separately from the participating units. Separate audited financial statements for the year ended June 30, 2015, are available at SOCRRA's administrative offices. As of June 30, 2015, SOCRRA had net position of \$3,555,535.

Southeastern Oakland County Water Authority - The City is a member of the Southeastern Oakland County Water Authority (SOCWA), which is a joint venture among eleven (11) municipalities in Oakland County, including the City of Pleasant Ridge. The City appoints one (1) member of the governing board, which approves the annual budget. SOCWA provides a water supply system for use by the participating municipalities. Principal funding for the Authority is derived from water charges to the member municipalities. For the year ended June 30, 2016, the City of Pleasant Ridge expended \$193,977 in payments to SOCWA.

The City has no explicit and measurable equity interest in the joint venture. The City is also unaware of any circumstances that would cause any significant additional financial benefit or burden to the participating governments in the near future.

The financial activities of SOCWA are accounted for and reported separately from the participating units. Separate audited financial statements for the year ended June 30, 2015, are available at SOCWA's administrative offices. As of June 30, 2015, SOCWA had net position of \$16,184,491.

4. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component unit as a whole. For the most part, interfund activity has been eliminated in the preparation of these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents the direct functional expenses of the primary government and its component unit and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

4. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS

The fund financial statements present the City's individual major funds and aggregated nonmajor funds. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- a. The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The I-696 Segregated Capital Asset Fund was established to account for the funds received from the State of Michigan in connection with condemnation proceedings instituted by the State to acquire City-owned property for the construction of interstate highway 696. The City is now using the balance of the fund to provide temporary financing for various capital projects throughout the city, including roads and park improvements. The fund will be reimbursed over the next several years from the revenue generated by the separate infrastructure improvement and park improvement millages.

The City reports the following major enterprise fund:

- a. The Water and Sewer Fund is used to account for the operations required to provide water distribution, water treatment, sewage disposal, and sewage treatment systems for the general public, the costs (expenses, including depreciation) are financed or recovered primarily through user charges.

5. Measurement Focus

The government-wide and proprietary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is sixty (60) days. Revenues that are considered measurable but not available are recorded as a receivable and unavailable revenue. Significant revenues susceptible to accrual are special assessments and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

6. Basis of Accounting - continued

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues 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 revenues of enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

If/when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

7. Budgets and Budgetary Accounting

The General and Special Revenue Fund budgets shown as required supplementary information were prepared on the same modified accrual basis used to reflect actual results. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The City employs the following procedures in establishing the budgetary data reflected in the financial statements.

- a. The City requires the City Manager to submit an estimate of revenues and anticipated expenditures for the succeeding fiscal year on or before April 10 of each year. The City Manager is then authorized to assign and transfer budget amounts within each fund to the extent that the net total fund appropriation (which the City defines as gross authorized expenditures less related revenues that are specifically designated to fund those activities) is not exceeded. City Commission approval is required for any budgetary changes that result in an increase to net appropriations.
- b. A budget workshop is held between the time of the City Manager's submission of the budget and the second meeting held in May.
- c. A Public Hearing is conducted to obtain taxpayers' comments in May.
- d. Prior to the second regular Commission meeting in May, the budget is legally enacted through passage of a resolution.
- e. The budget is legally adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds; however, they are maintained at the account level for control purposes.
- f. The City does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at June 30 are not carried forward to the following fiscal year.
- g. Budgeted amounts are reported as originally adopted or amended by the City Commission during the year. Individual amendments were appropriately approved by the City Commission as required.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

8. Cash, Cash Equivalents, and Investments

The City pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the City's investments. Cash consists of checking, savings, and money market accounts. Cash equivalents consist of temporary investments in mutual funds and certificates of deposit with original maturities of ninety (90) days or less.

Investments include mutual funds, equity securities, and certificates of deposit with original maturities of greater than 90 days from the date of purchase. Investments are recorded at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

9. Due from Other Governmental Units

Due from other governmental units consists of amounts due from the State of Michigan or other governments for various payments and grants.

10. Receivables

Receivables consist of amounts due related from individuals and businesses related to charges for services, interest receivable, special assessments receivable, taxes levied that have not been collected, and other amounts owed to the City at year-end.

11. Prepays

Prepaid expenditures in the governmental funds, such as insurance premiums, which are expected to be written off within the next fiscal year, are included in net current assets. Reported prepaid expenditures are equally offset by nonspendable fund balance which indicates they do not constitute "available spendable resources" even though they are a component of net current assets.

12. Unearned Revenue

The City defers revenue recognition in connection with resources that have been received but not yet earned.

13. Compensated Absences

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation and sick time. All employees with accumulated unused vacation and sick time pay at June 30, 2016, were vested and the total due to them, along with related payroll taxes, is recorded entirely in the government-wide financial statements.

14. Interfund Transactions

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.



## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED****15. Capital Assets**

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities, business-type activities, and component unit columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at acquisition cost on the date received. Infrastructure assets reported by governmental activities include all roads and streets regardless of their acquisition date or amount.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is computed using the straight-line method over the following useful lives:

Land improvements	15 years
Buildings and improvements	10 - 50 years
Vehicles	3 years
Equipment	5 - 15 years
Software	3 years
Infrastructure - streets and alleys	12 - 20 years
Water and sewer transmission and distribution	25 years
Water meters	15 years

**16. Long-term Liabilities**

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**17. Deferred Outflows/Inflows of Resources**

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

The City reports deferred outflows of resources which correspond to the City's net pension liability and are related to the differences between expected and actual experience, changes in assumptions, differences between projected and actual pension plan investment earnings, and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow of resources in the period to which they apply.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the City does not have any items that qualify for reporting in this category.

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE A: DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**18. Property Tax**

The City of Pleasant Ridge bills and collects its own property taxes and also taxes for other governmental units. The City's property tax revenue recognition policy and related tax calendar disclosures are highlighted in the following paragraph:

Property taxes are levied and become a lien on July 1 on the taxable valuation of property located in the City as of the preceding December 31 and are payable without penalty through July 31, or if elected by the taxpayer, paid in eight monthly installments from July through February. The July 1 levy is composed of the City's millage, County's millage assessments, and school taxes. All real property taxes not paid to the City by March 1 are turned over to the Oakland County Treasurer for collection. The Oakland County Treasurer purchases the receivables of all taxing districts on any delinquent real property taxes. Delinquent personal property taxes receivable are retained by the City for subsequent collection. City property tax revenues are recognized as revenues in the fiscal year levied.

The City is permitted by charter to levy taxes up to 20 mills (\$20 per \$1,000 of taxable valuation) for general governmental services. They are also permitted to levy additional mills specifically designated for refuse services, infrastructure improvements, library services, pool operations, and pool debt. For the year ended June 30, 2016, the City levied 13.9919 mills per \$1,000 of taxable valuation for general governmental services, 1.6700 mills for refuse services, 0.2704 mills for community promotion, 2.9242 mills for infrastructure improvements, 0.3865 mills for library services, 1.2400 mills for pool operations, 0.7385 mills for park improvements, and 1.3380 mills for pool debt. The total taxable value for the 2015 levy for property within the City was \$137,265,570.

**19. Comparative Data**

Comparative data for the prior year has not been presented in the accompanying financial statements since their inclusion would make the statements unduly complex and difficult to read.

**NOTE B: DEPOSITS AND INVESTMENTS**

In accordance with Michigan Compiled Laws, the City is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE B: DEPOSITS AND INVESTMENTS - CONTINUED**

Deposits

As of June 30, 2016, the carrying amounts and bank balances for each type of bank account are as follows:

<u>Account Type</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking and savings	\$ 826,792	\$ 928,285
Certificates of deposit	150,435	150,435
TOTAL PRIMARY GOVERNMENT	977,227	1,078,720
COMPONENT UNIT		
Checking and savings	31,656	31,656
TOTAL REPORTING ENTITY	<u>\$ 1,008,883</u>	<u>\$ 1,110,376</u>

The primary government cash and cash equivalents caption on the basic financial statements included \$1,060 of imprest cash.

Deposits of the City are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the City. As of June 30, 2016, the City accounts were insured by the Federal Deposit Insurance Corporation (FDIC) for \$900,435 and the amount of \$209,941 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the City held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

Credit Risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). The City's investments as of June 30, 2016, were not subject to rating.

Interest Rate Risk

The City will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio.

Custodial Credit Risk

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

Limiting investments to the types of securities authorized by the Commission and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business in accordance with Commission approved policy.

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE B: DEPOSITS AND INVESTMENTS - CONTINUED**

Concentration of Credit Risk

The City will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

Limiting investments to the types of securities listed in the "Authorized Investments" section; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with the "Authorized Institutions" section; and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

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; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (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 or liability.

The City had the following recurring fair value measurements as of June 30, 2016:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurement</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ 824,630	\$ 824,630	\$ -	\$ -
Equity Securities	1,157,854	1,157,854	-	-
	<u>\$ 1,982,484</u>	<u>\$ 1,982,484</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in an investment pool 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.

At the year ended June 30, 2016, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Oakland County Government Investment Pool	<u>\$ 1,364,396</u>	<u>\$ -0-</u>	No restrictions	None

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE B: DEPOSITS AND INVESTMENTS - CONTINUED**

The cash and cash equivalents and investments referred to above have been reported in the cash and cash equivalents or investments captions on the basic financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of June 30, 2016:

	Primary Government	Component Unit	Reporting Entity
Cash and cash equivalents	\$ 827,852	\$ 31,656	\$ 859,508
Investments	3,497,315	-	3,497,315
	<u>\$ 4,325,167</u>	<u>\$ 31,656</u>	<u>\$ 4,356,823</u>

**NOTE C: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Transfers to General Fund from:	
Nonmajor governmental funds	<u>\$ 19</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 77,500
Nonmajor governmental funds	<u>54,500</u>
	<u>\$ 132,000</u>

Transfers to the General Fund from the nonmajor governmental funds were to close out the Tree Beautification Fund. Transfers made to nonmajor governmental funds from the General Fund were to finance the current year debt service payments and pool operations. Transfers made to the nonmajor governmental funds from other nonmajor governmental funds were related to infrastructure and other capital improvements.

**NOTE D: ADVANCES PAYABLE AND RECEIVABLE**

The following schedule details advances payable and receivable related to the primary government June 30, 2016:

Advance from I-696 Segregated Capital Asset Fund to:	
General Fund	<u>\$ 9,278</u>

In a previous year, the I-696 Segregated Capital Asset Fund provided a loan to the General Fund for the purchase of a police car. The General Fund is repaying the loan over 4 years.

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE E: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, was as follows:

**Primary Government**

	Balance July 1, 2015	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2016
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 1,746,700	\$ -	\$ -	\$ 1,746,700
Construction in progress	18,336	57,817	(18,336)	57,817
Subtotal	1,765,036	57,817	(18,336)	1,804,517
Capital assets being depreciated				
Land improvements	866,157	80,856	-	947,013
Buildings and improvements	3,663,605	168,598	-	3,832,203
Vehicles	123,463	-	-	123,463
Equipment	564,592	-	-	564,592
Software	19,430	-	-	19,430
Infrastructure - streets and alleys	8,099,334	698,430	-	8,797,764
Subtotal	13,336,581	947,884	-0-	14,284,465
Less accumulated depreciation for:				
Land improvements	(693,361)	(39,573)	-	(732,934)
Buildings and improvements	(1,585,204)	(102,232)	-	(1,687,436)
Vehicles	(86,087)	(12,805)	-	(98,892)
Equipment	(314,766)	(46,157)	-	(360,923)
Software	(13,851)	(2,790)	-	(16,641)
Infrastructure - streets and alleys	(4,033,486)	(387,836)	-	(4,421,322)
Subtotal	(6,726,755)	(591,393)	-0-	(7,318,148)
Net capital assets being depreciated	6,609,826	356,491	-0-	6,966,317
Capital assets, net	<u>\$ 8,374,862</u>	<u>\$ 414,308</u>	<u>\$ (18,336)</u>	<u>\$ 8,770,834</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 19,412
Public safety	22,138
Public works	406,485
Recreation and culture	143,358
	<u>\$ 591,393</u>

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE E: CAPITAL ASSETS - CONTINUED**

**Primary Government - Continued**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Business-type activities</b>				
Capital assets being depreciated				
Water and sewer transmission and distribution system	\$ 3,306,075	\$ 37,334	\$ -	\$ 3,343,409
Water meters	157,233	-	-	157,233
Vehicles and miscellaneous equipment	14,602	-	-	14,602
Subtotal	3,477,910	37,334	-0-	3,515,244
Less accumulated depreciation for:				
Water and sewer transmission and distribution system	(1,545,059)	(108,544)	-	(1,653,603)
Water meters	(94,340)	(10,482)	-	(104,822)
Vehicles and miscellaneous equipment	(14,602)	-	-	(14,602)
Subtotal	(1,654,001)	(119,026)	-0-	(1,773,027)
Capital assets, net	<u>\$ 1,823,909</u>	<u>\$ (81,692)</u>	<u>\$ -0-</u>	<u>\$ 1,742,217</u>

**Component Unit**

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<b>Downtown Development Authority (DDA)</b>				
Capital assets not being depreciated				
Land	\$ 72,500	\$ -	\$ -	\$ 72,500
Capital assets being depreciated				
Land improvements	119,715	18,656	-	138,371
Less accumulated depreciation for:				
Land improvements	(31,260)	(7,316)	-	(38,576)
Net capital assets being depreciated	88,455	11,340	-0-	99,795
Capital assets, net	<u>\$ 160,955</u>	<u>\$ 11,340</u>	<u>\$ -0-</u>	<u>\$ 172,295</u>

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE F: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2016.

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
<b>Primary Government</b>					
Governmental activities					
Pool/Fitness Center Bonds	\$ 1,875,000	\$ -	\$ (100,000)	\$ 1,775,000	\$ 100,000
Installment Loan Agreement	20,301	-	(11,947)	8,354	8,354
Compensated Absences	138,416	72,891	(64,066)	147,241	65,000
	2,033,717	72,891	(176,013)	1,930,595	173,354
Business-type activities					
Water and Sewer System					
George W. Kuhn Drain Bonds	867,209	-	(87,691)	779,518	90,096
	<u>\$ 2,900,926</u>	<u>\$ 72,891</u>	<u>\$ (263,704)</u>	<u>\$ 2,710,113</u>	<u>\$ 263,450</u>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

**Primary Government**

General Obligation Bonds

\$2,550,000 2003 General Obligation Unlimited Tax Bonds dated June 1, 2003, due in annual installments ranging from \$100,000 to \$200,000 through April 1, 2028, with interest ranging from 4.000 to 4.375 percent, payable semiannually.

\$ 1,775,000

Installment Loan Agreement

\$44,879 National Equipment Leasing Loan dated February 14, 2014, due in a final installment of \$8,354 on February 14, 2017, with interest of 7.43 percent.

\$ 8,354

Water and Sewer System George W. Kuhn Drain Bonds

The City is a participating community in the George W. Kuhn drain project. The project is administered by the Oakland County Drain Commission, and financed through the sale of drain bonds, drawdowns from the State of Michigan revolving fund, Federal and State of Michigan grants, and contributions from Oakland County, Michigan. The City, along with thirteen other local communities, is obligated for the payment of principal and interest of the outstanding debt. The City is obligated for varying percentages of each of the county bond issuances.

\$ 779,518

Compensated Absences

Individual employees have vested rights upon termination of employment to receive payments for unused sick/vacation time. The dollar amounts of these vested rights including related payroll taxes, which have been recorded in the government-wide financial statements, amounted to \$147,241 at June 30, 2016.



City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE F: LONG-TERM DEBT - CONTINUED**

The annual requirements to pay the debt principal and interest outstanding for the Bonds and the Installment Loan Agreement are as follows:

**Primary Government**

Year Ending June 30,	Governmental Activities				Business-type Activities	
	General Obligation Bonds		Installment Loan Agreement		Drain Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 100,000	\$ 75,524	\$ 8,354	\$ 621	\$ 90,096	\$ 21,128
2018	100,000	71,524	-	-	92,372	19,570
2019	125,000	67,524	-	-	94,584	14,387
2020	125,000	62,212	-	-	97,056	13,572
2021	125,000	56,899	-	-	99,593	10,908
2022-2026	800,000	193,121	-	-	287,141	17,902
2027-2029	400,000	26,249	-	-	18,676	1,002
	<u>\$ 1,775,000</u>	<u>\$ 553,053</u>	<u>\$ 8,354</u>	<u>\$ 621</u>	<u>\$ 779,518</u>	<u>\$ 98,469</u>

**NOTE G: DEFINED BENEFIT PENSION PLAN**

Plan Description

The City participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan's Legislature under Public Act 135 of 1945 and administered by a nine (9) member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing MERS website at [www.mersofmich.com](http://www.mersofmich.com).

Summary of Significant Accounting Policies

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. Public Act 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers full-time employees at the City including general employees, police, and non-union employees.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE G: DEFINED BENEFIT PENSION PLAN - CONTINUED**Benefits Provided - continued

Retirement benefits for employees are calculated as 1.70 or 2.50 percent of the employee's five-year final average compensation (depending on the division) times the employee's years of service with no maximum for the 1.70 percent multiplier and a maximum of 80 percent of final average compensation for the 2.50 percent multiplier. Normal retirement age is 60 with a reduced benefit at age 55 with 15 years of service or an unreduced benefit at age 50 with 25 years of service. Deferred retirement benefits vest after 6 or 8 years of credited service, but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for non-duty disability benefits after 6 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Commission, generally after negotiations of these terms with the affected unions. Benefit terms may be subject to binding arbitration in certain circumstances.

At the December 31, 2015 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	10
Active employees	9
	<hr/>
	33
	<hr/>

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, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. 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. The employer may establish contribution rates to be paid by its covered employees.

Employer contributions range from 4.20 to 9.75 percent based on annual payroll for open divisions. For the year ended June 30, 2016, the active employee contribution rate was 2.50 percent of annual pay for the police division and 3.00 percent of annual pay for the non-union employees hired after July 1, 2011.

Net Pension Liability

The net pension liability reported at June 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE G: DEFINED BENEFIT PENSION PLAN - CONTINUED**

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2014	\$ 5,405,689	\$ 2,982,707	\$ 2,422,982
Changes for the Year			
Service cost	71,305	-	71,305
Interest on total pension liability	433,753	-	433,753
Difference between expected and actual experience	40,456	-	40,456
Changes in assumptions	248,716	-	248,716
Employer contributions	-	211,243	(211,243)
Employee contributions	-	10,639	(10,639)
Net investment (loss)	-	(42,958)	42,958
Benefit payments, including employee refunds	(367,542)	(367,542)	-0-
Administrative expense	-	(6,399)	6,399
Other changes	(4)	-	(4)
Net changes	426,684	(195,017)	621,701
Balances at December 31, 2015	<u>\$ 5,832,373</u>	<u>\$ 2,787,690</u>	<u>\$ 3,044,683</u>

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

For the year ended June 30, 2016, the employer recognized pension expense of \$424,597. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 26,971	\$ -
Changes in assumptions	165,811	-
Net difference between projected and actual earnings on pension plan investments	258,129	-
Contributions subsequent to the measurement date*	<u>124,616</u>	<u>-</u>
Total	<u>\$ 575,527</u>	<u>\$ -0-</u>

\* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2017.

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE G: DEFINED BENEFIT PENSION PLAN - CONTINUED**

Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued

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

<u>Year Ending June 30,</u>	<u>Pension Expense</u>
2017	\$ 163,583
2018	163,583
2019	67,191
2020	56,554

Actuarial Assumptions

The total pension liability in the December 31, 2015 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.8% in the long-term.

Investment rate of return: 7.75%, net of investment expenses, including inflation.

Mortality rates used were based on a blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%; RP-2014 Employee Mortality Tables; RP-2014 Juvenile Mortality Tables all with a 50% Male and 50% Female blend. For disabled retirees, the RP-2014 Disabled Retiree Mortality Table with a 50% Male and 50% Female blend is used to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of the most recent actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

Discount Rate

The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

Projected Cash Flows

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE G: DEFINED BENEFIT PENSION PLAN - CONTINUED**

Projected Cash Flows - continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	57.5%	8.52%
Global Fixed Income	20.0%	5.68%
Real Assets	12.5%	7.73%
Diversifying Strategies	10.0%	10.06%

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

The following presents the net pension liability of the employer, calculated using the discount rates of 8.25%, as well as what the City's net pension liability would be using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	\$ 3,716,629	\$ 3,044,683	\$ 2,479,060

**NOTE H: OTHER POST-EMPLOYMENT BENEFITS**

Plan Description

The City provides certain retiree medical benefits as other post-employment benefits (OPEB) to all applicable employees, in accordance with union agreements and/or personnel policies. The single-employer OPEB plan is administered by the City's management and obligations of plan members and employees are established and amended by the City Commission. The following are the Governmental Accounting Standards Board Statement No. 45 (GASB Statement No. 45) required disclosures and these disclosures have been implemented prospectively by the City. In accordance with union agreement and personnel policy, upon retirement each employee will be eligible for continuation of certain medical, prescription drug, dental, and vision coverage. Employees become eligible for the minimum coverage after the age of 55 with 15 years of service. Additional coverage is provided as the age of retirement increases and more years of service are attained. The City contributes 90 percent of the monthly premiums and the retirees must contribute the balance of premiums not paid by the employer in accordance with plan provisions.

The City no longer offers retirement health care benefits to new administrative employees. In November 2015, the City established a Retiree Health Care Savings Trust with MERS to allow current employees to contribute to a savings account for their future retirement health care costs. The City contributed \$5,000 to the trust in the year ended June 30, 2016.

During the year ended June 30, 2016, 11 retirees were receiving benefits. Expenditures for post-employment benefits are recognized when claims are paid. During the year, net expenditures for current premiums of \$179,056 were recognized for post-employment benefits.

The plan does not issue a separate stand-alone financial statement.

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE H: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

Funding Policy

The City's annual other post-employment benefit cost is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The City has no obligation to make contributions in advance of when the premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The only current contributions being made are to pay the actual current premiums of the retirees. That amount was less than the annual required contribution and is reflected in the schedule that follows. Administrative costs of the plan are paid for by the City.

Funding Progress

For the year ended June 30, 2016, the City has determined an estimated cost of providing post-employment benefits through the alternative measurement method of calculation as of June 30, 2013. The calculation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed thirty (30) years.

The City's computed contribution and actual funding is summarized as follows:

Annual required contribution (ARC)	\$ 274,815
Interest on net OPEB obligation	28,164
Adjustment to annual required contribution	<u>(39,980)</u>
Annual OPEB cost (expense)	262,999
Amounts contributed:	
Payments of current premiums (net of employee reimbursement)	179,056
Prefunded benefits	<u>5,000</u>
Total amounts contributed	<u>184,056</u>
Increase in net OPEB obligation	78,943
OPEB obligation - beginning of year	<u>938,802</u>
OPEB obligation - end of year	<u><u>\$ 1,017,745</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

	Year Ended June 30,		
	2014	2015	2016
Annual OPEB cost	\$ 268,263	\$ 265,488	\$ 262,999
Percentage contributed	39%	64%	68%
Net OPEB obligation	844,451	938,802	1,017,745

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE H: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

The current funding progress of the plan as is as follows:

	Year Ended December 31, 2006	2009	Year Ended June 30, 2013
Actuarial value of assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL) (entry age)	4,450,060	4,008,721	4,168,212
Unfunded AAL (UAAL)	4,450,060	4,008,721	4,168,212
Funded ratio	0%	0%	0%
Annual covered payroll	604,364	560,339	680,274
UAAL as a percentage of covered payroll	736%	715%	613%

This trend information was obtained from the most recently issued alternative measurement method valuations.

**Valuation Methods and Assumptions**

Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revisions as actual results are compared with past expectations and new estimates and assumptions are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

**Retirement Age for Active Employees** - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits. The plan is closed to new employees hired after 2013.

**Marital Status** - Marital status of members at the calculation date was assumed to continue throughout retirement.

**Mortality** - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2002 United States Life Tables for males and for females were used.

**Turnover** - Non-group-specific age-based turnover data from GASB Statement No. 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for the purpose of allocating to periods the present value of total benefits to be paid.

**Healthcare Cost Trend Rate** - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 6.0 percent initially, increased to an ultimate rate of 6.6 percent after six years.

**Health Insurance Premiums** - 2013 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

City of Pleasant Ridge  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2016

**NOTE H: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

Valuation Methods and Assumptions - continued

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 3.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2016 was 30 years.

**NOTE I: CODE ENFORCEMENT FINANCIAL INFORMATION**

The City has elected to report the financial activities of the code enforcement department in the General Fund. The following is the required information as it relates to this department for the year ended June 30, 2016:

REVENUES	
Licenses and permits	
Electrical permits	\$ 7,730
Building permits	63,042
Plumbing/heating permits	12,520
Administrative fee	<u>6,313</u>
TOTAL REVENUES	89,605
EXPENDITURES	
Salaries and wages	75,388
Operating supplies and other	<u>21,327</u>
TOTAL EXPENDITURES	<u>96,715</u>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(7,110)
PRIOR CUMULATIVE EXCESS OF REVENUES OVER EXPENDITURES	<u>-0-</u>
CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	<u>\$ (7,110)</u>

**NOTE J: RISK MANAGEMENT**

The City participates in a State pool, the Michigan Municipal Risk Management Authority, with other municipalities for property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The City has individual self-insured retention amounts of \$10,000 for Sewage System Overflows (per occurrence) and a \$250 deductible per occurrence of property and crime coverage. State pool members' limits of coverage (per occurrence) are \$15,000,000 for liability and about \$5,900,000 for property. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.



City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE J: RISK MANAGEMENT - CONTINUED**

The City also participates in a pool, the Michigan Municipal League Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The City has not been informed of any special assessments being required.

**NOTE K: I-696 SEGREGATED CAPITAL ASSET CAPITAL PROJECTS FUND**

The I-696 Segregated Capital Asset Fund ("SCAF") was established in 1986 to account for the funds received from the State of Michigan in connection with condemnation proceedings instituted by the State to acquire City-owned property. The property is located along the City's northern boundary and was acquired by the State for right-of-way for the I-696 highway. The property consisted of unimproved land used by the City for recreation purposes.

The State had remitted in prior years, its "good faith offer" of \$1,022,000 to the City together with related interest. During fiscal year 1995, the City of Pleasant Ridge and the State signed a settlement agreement ending the condemnation proceedings. The City received \$4,250,000 as final compensation covering unpaid principal and interest and any other costs or claims which the City had against the Department of Transportation arising out of the condemnation proceedings. Out of the proceeds, \$700,000 was earmarked under the settlement agreement for the repair and improvement of local roads that the City claimed was damaged by the I-696 project. In addition, the City was obligated, under a binding agreement, to pay one-third of the amount received, or \$1,416,667, to attorneys representing the City in the matter. The attorneys accepted \$1,250,000 in full settlement for their services.

The funds that were received, after the above deductions are defined as the fund's principal by the City's code of ordinances (Chapter Two, Article II, Division 9, Sections 2-131 through 2-139). The ordinance stipulates that the principal, \$3,242,872, is to remain intact with the investment income derived from the principal to be spent on various capital related purposes at the direction of the City Commission. Recently, the City has begun using a portion of the principal to provide temporary financing for various capital projects throughout the city, including roads and park improvements. The fund will be reimbursed over the next several years from the revenue generated by the separate infrastructure improvement and park improvement millages. The fund balance of the fund is reported as Nonspendable (prepaid assets) and Committed. As of June 30, 2016, the fund balance is \$2,600,894.

**NOTE L: RESTRICTED NET POSITION**

Restrictions of net position shown in the government-wide financial statements indicate that restrictions imposed by the funding source or some other outside source which precludes their use for unrestricted purposes. The following are the various net position restrictions as of June 30, 2016:

PRIMARY GOVERNMENT

Governmental activities	
Restricted for streets	\$ 130,749
Restricted for other purposes	
Infrastructure improvements	69,458
Solid waste services	32,162
Public safety	430
Debt service	16,228
Recreation and culture	14,092
	<hr/>
	132,370
	<hr/>
	\$ 263,119

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE M: DETAILS OF FUND BALANCE CLASSIFICATIONS**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five classifications of fund balance under this standard:

*Nonspendable* - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

*Restricted* - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

*Committed* - amounts constrained on use imposed by formal action of the government's highest level of decision making authority (i.e., Board, Council, etc.).

*Assigned* - amounts intended to be used for specific purposes. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*Unassigned* - all other resources; the remaining fund balance after nonspendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative fund balances are always reported as unassigned, no matter which fund the deficit occurs in.

**Fund Balance Classification Policies and Procedures**

The formal action that is required to be taken to establish a fund balance commitment is a resolution by the City Commission, the highest level of decision making authority, of the City of Pleasant Ridge.

For assigned fund balance, the City of Pleasant Ridge has not approved a policy indicating who is authorized to assign amounts to a specific purpose. In the absences of such a policy, this authority is retained by the governing body.

The City of Pleasant Ridge has not formally adopted a policy that determines when both restricted and unrestricted fund balances are available which should be used first. In the absence of such a policy, resources with the highest level of restriction will be used first.

**NOTE N: CHANGE IN ACCOUNTING PRINCIPLES**

GASB Statement No. 72, *Fair Value Measurement and Application*, was implemented during the current year. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

**NOTE O: COMMITMENTS**

The City extended into contracts during the year to improve the Gainsboro Park. As of June 30, 2016, the remaining commitment for the Gainsboro Park Project was \$26,500.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

**NOTE P: UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The statement establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The statement requires governments providing other postemployment benefits (OPEB) to recognize their unfunded OPEB obligations as a liability for the first time, and to more comprehensibly and comparably measure the annual costs of OPEB benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2017-2018 fiscal year.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The statement improves financial reporting through the disclosure of information about the nature and magnitude of tax abatements that are not consistently or comprehensively reported to the public at present. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

## **REQUIRED SUPPLEMENTARY INFORMATION**

City of Pleasant Ridge

General Fund

BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)

Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	\$ 1,997,350	\$ 1,997,350	\$ 1,998,593	\$ 1,243
Licenses and permits	87,690	87,690	85,576	(2,114)
Intergovernmental	254,000	254,000	252,342	(1,658)
Charges for services	190,380	190,380	195,927	5,547
Fines and forfeits	40,000	40,000	33,088	(6,912)
Interest and rents	10,500	10,500	13,804	3,304
Other	100,000	146,000	193,814	47,814
TOTAL REVENUES	2,679,920	2,725,920	2,773,144	47,224
EXPENDITURES				
Current				
General government				
Commission	27,550	27,550	15,631	11,919
Manager	127,801	127,801	133,499	(5,698)
Treasurer	88,800	88,800	82,605	6,195
Clerk	109,614	109,614	110,733	(1,119)
Assessor	21,600	21,600	21,023	577
Elections	11,363	11,363	8,318	3,045
General government	135,350	135,350	136,283	(933)
Attorney services	56,750	56,750	38,304	18,446
Information technology	76,870	76,870	67,748	9,122
Cable television	5,750	5,750	1,222	4,528
Total general government	661,448	661,448	615,366	46,082
Public safety				
Police department	781,985	781,985	777,025	4,960
Fire services	258,000	258,000	256,581	1,419
Building department	63,555	63,555	60,349	3,206
Capital outlay	30,000	30,000	28,564	1,436
Total public safety	1,133,540	1,133,540	1,122,519	11,021
Public works				
Public works services	158,000	158,000	167,568	(9,568)
Street lighting	35,400	35,400	37,249	(1,849)
Total public works	193,400	193,400	204,817	(11,417)
Community and economic development				
Planning commission	-	-	650	(650)

City of Pleasant Ridge

General Fund

BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS) - CONTINUED

Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES - CONTINUED				
Current - continued				
Recreation and culture				
Parks and recreation department	\$ 418,879	\$ 418,879	\$ 425,809	\$ (6,930)
Other				
Retirement benefits	237,600	248,600	272,587	(23,987)
TOTAL EXPENDITURES	2,644,867	2,655,867	2,641,748	14,119
EXCESS OF REVENUES OVER EXPENDITURES	35,053	70,053	131,396	61,343
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	19	19
Transfers out	(11,000)	(70,500)	(77,500)	(7,000)
TOTAL OTHER FINANCING SOURCES (USES)	(11,000)	(70,500)	(77,481)	(6,981)
Net change in fund balance (prior to adjustments for GASB Statement No. 54)	\$ 24,053	\$ (447)	\$ 53,915	\$ 54,362

City of Pleasant Ridge

SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

Last Fiscal Year (Ultimately ten fiscal years will be displayed)  
(Amounts were determined as of 12/31 of each fiscal year)

	2014	2015
Total Pension Liability		
Service cost	\$ 67,290	\$ 71,305
Interest	422,582	433,753
Difference between expected and actual experience	-	40,456
Changes of assumptions	-	248,716
Benefit payments, including employee refunds	(345,474)	(367,542)
Other	(2)	(4)
Net change in total pension liability	144,396	426,684
Total Pension Liability, beginning	5,261,293	5,405,689
Total Pension Liability, ending	<u>\$ 5,405,689</u>	<u>\$ 5,832,373</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 200,664	\$ 211,243
Contributions - employee	10,149	10,639
Net investment income	183,562	(42,958)
Benefit payments including employee refunds	(345,474)	(367,542)
Administrative expense	(6,715)	(6,399)
Net change in plan fiduciary net position	42,186	(195,017)
Plan Fiduciary Net Position, beginning	2,940,521	2,982,707
Plan Fiduciary Net Position, ending	<u>\$ 2,982,707</u>	<u>\$ 2,787,690</u>
City's Net Pension Liability	<u>\$ 2,422,982</u>	<u>\$ 3,044,683</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55%	48%
Covered Employee Payroll	\$ 550,037	\$ 568,862
City's Net Pension Liability as a percentage of Covered Employee Payroll	441%	535%

City of Pleasant Ridge

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Last Fiscal Year (Ultimately ten fiscal years will be displayed)  
(Amounts are determined as of 6/30 each fiscal year)

	<u>2015</u>	<u>2016</u>
Actuarial determined contributions	\$ 189,972	\$ 242,271
Contributions in relation to the actuarially determined contribution	<u>196,956</u>	<u>242,271</u>
Contribution deficiency (excess)	<u>\$ (6,984)</u>	<u>\$ -0-</u>
Covered Employee Payroll	\$ 821,298	\$ 854,741
Contributions as a percentage of covered employee payroll	24%	28%



City of Pleasant Ridge  
OTHER POST-EMPLOYMENT BENEFITS PLAN  
Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
6/30/2013	\$ -	\$ 4,168,212	\$ 4,168,212	-	\$ 680,274	612.7%
12/31/2009	-	4,008,721	4,008,721	-	560,339	715.4%
12/31/2006	-	4,450,060	4,450,060	-	604,364	736.3%

City of Pleasant Ridge

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

**NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The City's budgeted expenditures for the General Fund have been shown at the functional classification level. The approved budgets of the City have been adopted at the activity level for the General Fund and total expenditure level for the Special Revenue Funds.

During the year ended June 30, 2016, the City incurred expenditures in the General Fund and Solid Waste Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
General government			
Manager	\$ 127,801	\$ 133,499	\$ 5,698
Clerk	109,614	110,733	1,119
General government	135,350	136,283	933
Public works			
Public works services	158,000	167,568	9,568
Street lighting	35,400	37,249	1,849
Community and economic development			
Planning commission	-	650	650
Recreation and culture			
Parks and recreation department	418,879	425,809	6,930
Other			
Retirement benefits	248,600	272,587	23,987
Transfers out	70,500	77,500	7,000
Solid Waste Fund	330,523	350,198	19,675

**NOTE B: RECONCILIATION FROM BUDGETARY BASIS TO GAAP BASIS**

The amounts presented in the General Fund budgetary comparison schedule were adopted by the City Commission on a basis prior to the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The reconciliations on the General Fund budgetary comparison schedules reconcile the differences between the budgets legally adopted by the City Commission to the actual amounts presented in the basic financial statements for the implementation of GASB Statement No. 54.

Net change in General Fund Fund Balance (budgetary basis)	\$ 53,915
Net change in fund balance related to Historical Fund:	
Revenue related to additional sales, interest, and other	6,710
Expenditures related to administration and capital outlay	<u>(4,027)</u>
Net change in General Fund Fund Balance (GAAP basis)	<u>\$ 56,598</u>

## **OTHER SUPPLEMENTARY INFORMATION**

City of Pleasant Ridge  
Nonmajor Governmental Funds

BALANCE SHEET

June 30, 2016

	Special Revenue		
	Major Streets	Local Streets	Tree Planting Beautification
ASSETS			
Cash and cash equivalents	\$ 60,789	\$ 33,850	\$ -
Accounts receivable	-	-	-
Due from other governmental units	25,591	14,823	-
TOTAL ASSETS	<u>\$ 86,380</u>	<u>\$ 48,673</u>	<u>\$ -0-</u>
LIABILITIES			
Accounts payable	\$ 1,059	\$ 3,245	\$ -
Accrued wages	-	-	-
TOTAL LIABILITIES	1,059	3,245	-0-
FUND BALANCES			
Restricted			
Solid waste	-	-	-
Streets and highways	85,321	45,428	-
Infrastructure improvements	-	-	-
Public safety	-	-	-
Library	-	-	-
Recreation	-	-	-
Debt service	-	-	-
Assigned			
Debt service	-	-	-
TOTAL FUND BALANCES	<u>85,321</u>	<u>45,428</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 86,380</u>	<u>\$ 48,673</u>	<u>\$ -0-</u>

Special Revenue				
Solid Waste	Pool/Fitness Facility (Operating)	Drug Forfeiture	Library	Capital Projects
\$ 29,293	\$ 11,794	\$ 430	\$ 13,126	\$ 69,458
24,297	-	-	-	-
-	-	-	-	-
<u>\$ 53,590</u>	<u>\$ 11,794</u>	<u>\$ 430</u>	<u>\$ 13,126</u>	<u>\$ 69,458</u>
 \$ 20,502	 \$ -	 \$ -	 \$ -	 \$ -
926	10,828	-	-	-
21,428	10,828	-0-	-0-	-0-
 32,162	 -	 -	 -	 -
-	-	-	-	-
-	-	-	-	69,458
-	-	430	-	-
-	-	-	13,126	-
-	966	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>32,162</u>	<u>966</u>	<u>430</u>	<u>13,126</u>	<u>69,458</u>
<u>\$ 53,590</u>	<u>\$ 11,794</u>	<u>\$ 430</u>	<u>\$ 13,126</u>	<u>\$ 69,458</u>

City of Pleasant Ridge  
Nonmajor Governmental Funds  
BALANCE SHEET - CONTINUED  
June 30, 2016

	Debt Service		
	Pool/Fitness Center Debt Service	Non-Voted Debt Service	Total
ASSETS			
Cash and cash equivalents	\$ 16,228	\$ 9	\$ 234,977
Accounts receivable	-	-	24,297
Due from other governmental units	-	-	40,414
TOTAL ASSETS	<u>\$ 16,228</u>	<u>\$ 9</u>	<u>\$ 299,688</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 24,806
Accrued wages	-	-	11,754
TOTAL LIABILITIES	-0-	-0-	36,560
FUND BALANCES			
Restricted			
Solid waste	-	-	32,162
Streets and highways	-	-	130,749
Infrastructure improvements	-	-	69,458
Public safety	-	-	430
Library	-	-	13,126
Recreation	-	-	966
Debt service	16,228	-	16,228
Assigned			
Debt service	-	9	9
TOTAL FUND BALANCES	<u>16,228</u>	<u>9</u>	<u>263,128</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 16,228</u>	<u>\$ 9</u>	<u>\$ 299,688</u>

City of Pleasant Ridge

Nonmajor Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2016

	Special Revenue		
	Major Streets	Local Streets	Tree Planting Beautification
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	148,418	50,400	-
Charges for services	-	-	-
Interest and rents	74	44	-
TOTAL REVENUES	148,492	50,444	-0-
EXPENDITURES			
Current			
Public works	55,971	48,210	-
Recreation and culture	-	-	-
Capital outlay	-	100,000	-
Debt service	-	-	-
TOTAL EXPENDITURES	55,971	148,210	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	92,521	(97,766)	-0-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	54,500	-
Transfers out	(54,500)	-	(19)
TOTAL OTHER FINANCING SOURCES (USES)	(54,500)	54,500	(19)
NET CHANGE IN FUND BALANCES	38,021	(43,266)	(19)
Fund balances, beginning of year	47,300	88,694	19
Fund balances, end of year	\$ 85,321	\$ 45,428	\$ -0-

Special Revenue				
Solid Waste	Pool/Fitness Facility (Operating)	Drug Forfeiture	Library	Capital Projects
\$ 223,972	\$ 166,301	\$ -	\$ 51,831	\$ -
-	-	-	-	-
112,123	46,927	-	-	-
43	29	-	19	80
336,138	213,257	-0-	51,850	80
350,198	-	-	-	622
-	205,834	-	53,720	-
-	-	-	-	-
-	13,457	-	-	-
350,198	219,291	-0-	53,720	622
(14,060)	(6,034)	-0-	(1,870)	(542)
-	7,000	-	-	70,000
-	-	-	-	-
-0-	7,000	-0-	-0-	70,000
(14,060)	966	-0-	(1,870)	69,458
46,222	-0-	430	14,996	-0-
\$ 32,162	\$ 966	\$ 430	\$ 13,126	\$ 69,458



City of Pleasant Ridge

Nonmajor Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended June 30, 2016

	Debt Service		
	Pool/Fitness Center Debt Service	Non-Voted Debt Service	Total
REVENUES			
Taxes	\$ 179,445	\$ -	\$ 621,549
Intergovernmental	-	-	198,818
Charges for services	-	-	159,050
Interest and rents	-	-	289
TOTAL REVENUES	179,445	-0-	979,706
EXPENDITURES			
Current			
Public works	-	-	455,001
Recreation and culture	-	-	259,554
Capital outlay	-	-	100,000
Debt service	183,748	491	197,696
TOTAL EXPENDITURES	183,748	491	1,012,251
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,303)	(491)	(32,545)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	500	132,000
Transfers out	-	-	(54,519)
TOTAL OTHER FINANCING SOURCES (USES)	-0-	500	77,481
NET CHANGE IN FUND BALANCES	(4,303)	9	44,936
Fund balances, beginning of year	20,531	-0-	218,192
Fund balances, end of year	\$ 16,228	\$ 9	\$ 263,128

City of Pleasant Ridge

Component Unit Fund

BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY (DDA)

June 30, 2016

ASSETS

Cash and cash equivalents	\$ 31,656
Due from other governmental units	<u>84</u>

TOTAL ASSETS	<u>\$ 31,740</u>
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LIABILITIES

Accounts payable	\$ -
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FUND BALANCE

Unassigned	<u>31,740</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 31,740</u>
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City of Pleasant Ridge

Component Unit Fund

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF  
NET POSITION - DOWNTOWN DEVELOPMENT AUTHORITY (DDA)

June 30, 2016

**Total fund balance - governmental fund** \$ 31,740

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund.

Cost of capital assets	\$ 210,871	
Accumulated depreciation	<u>(38,576)</u>	
Capital assets, net		<u>172,295</u>
<b>Net position of governmental activities</b>		<u><u>\$ 204,035</u></u>

City of Pleasant Ridge

Component Unit Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
DOWNTOWN DEVELOPMENT AUTHORITY (DDA)

Year Ended June 30, 2016

REVENUES	
Taxes	\$ 93,248
Interest	45
Other	<u>10,229</u>
TOTAL REVENUES	103,522
EXPENDITURES	
Current	
Community and economic development	125,186
Capital outlay	<u>20,138</u>
TOTAL EXPENDITURES	<u>145,324</u>
NET CHANGE IN FUND BALANCE	(41,802)
Fund balance, beginning of year	<u>73,542</u>
Fund balance, end of year	<u><u>\$ 31,740</u></u>

City of Pleasant Ridge

Component Unit Fund

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES -  
DOWNTOWN DEVELOPMENT AUTHORITY (DDA)

Year Ended June 30, 2016

**Net change in fund balance - governmental fund** \$ (41,802)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in the governmental fund. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 18,656	
Depreciation expense	<u>(7,316)</u>	
Excess of capital outlay over depreciation expense		<u>11,340</u>
<b>Change in net position of governmental activities</b>		<u><u>\$ (30,462)</u></u>



## City of Pleasant Ridge

Amy M. Drealan, City Clerk

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From: Amy M. Drealan, City Clerk  
To: Mayor and City Commission  
Date: December 13, 2016  
Re: Historical Commission Centennial Homes Presentation

Members of the Historical Commission will present the 2016 City of Pleasant Ridge Centennial Home Recognition.

The 2016 homes to be recognized are:

- 15 Devonshire
- 7 Kenberton
- 21 Kensington
- 93 Kensington
- 17 Oakdale

Please feel free to contact me should you wish to discuss this matter further.



# CENTENNIAL HOMES

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*Historic Pleasant Ridge*

*December 13, 2016*



The Historical Commission is proud to recognize 5 additional homes for being 100+ years old



*114 years of history*



# 21 KENSINGTON BLVD.



1916



100 YEARS



# 93 KENSINGTON BLVD.



1916



100 YEARS



# 15 DEVONSHIRE RD.



1916



100 YEARS



# 7 KENBERTON DR.



1916



100 YEARS



# 17 OAKDALE BLVD.



1916



100 YEARS



**City of Pleasant Ridge**  
 23925 Woodward Avenue  
 Pleasant Ridge, Michigan 48069

**Regular City Commission Meeting  
 November 15, 2016**

Having been duly publicized, Mayor Metzger called the meeting to order at 7:30 p.m.

Present: Commissioners Foreman, Krzysiak, Perry, Scott, Mayor Metzger  
 Also Present: City Manager Breuckman, City Clerk Drealan.  
 Absent: None.

**Public Discussion**

Mr. John Ganis, 44 Fairwood, noted that the Environmental Committee hosting a talk on Monday at the Community Center about his book on climate change called "America's Endangered Coasts: Photographs from Texas to Maine." Commissioner Scott noted that citizens can be added to the Environmental Committee email list by writing to [p.ridgeenvironmental@gmail.com](mailto:p.ridgeenvironmental@gmail.com) to receive notifications of upcoming events.

Ms. Amanda Wahl, 27 Fairwood, reported on Foundation progress. The passcode system at the Rec Center should be ready for the holidays. It is estimated that the system will allow the Rec Center to be open an hour earlier and stay open until midnight. There will be some safeguards in place so that if you have a health issue you can push a button to call 911. In the next couple of months, the Foundation will identify the theme of the auction and what it will support.

Mr. Robert Sakat, 8 Fairwood, applauded the Women's Club for the lasagna dinner.

Ms. Jean Russell, 62 Devonshire, noted that the 50+ Club trip to Pewabic tile company was very successful and she would like to plan another trip.

**Governmental Reports**

Sergeant Robert Reid, Pleasant Ridge Police Department, noted that there are still a lot of identify thefts reported. He recommended keeping an eye on your reports, bank accounts, credit cards, and getting identity theft protection. The problem of losing packages from porches is in the process of being resolved. Other communities are still experiencing this problem. Discussion regarding how identity theft protection works.

**City Commission Liaison Reports**

Commissioner Perry reported that the Planning/DDA Committee did not meet in October and that they are combining the November and December meetings due to the holiday schedule. Next meeting is Monday, December 12th. Discussion regarding possible new meeting schedule. No new schedule has been decided upon at this time. Discussion regarding RTA vote - down by 19,000

votes. Mayor Metzger noted that this is the last region in the country without a regional transit system. Discussion regarding Seattle and other cities that recognize that the cost of regional transit is an investment that is vital to the growth of any metropolitan area.

Commissioner Scott gave an update on the Historical Commission. He thanked Commissioner Foreman for attending the meeting in his absence. Date for the next Home and Garden tour is June 10th. Some residents will be asked to open their homes or backyards for this event. Next meeting is December 7th.

Commissioner Krzysiak reported on the Recreation Commission. The October meeting was cancelled. No Thanks and Giving Artists Market this year due to lack of interest and vendors. Request for those with talent or interest in crafts to reach out to the Recreation Commission to try to reestablish this event. Discussion regarding how notice is going out that the event has been cancelled. Participation in these events seems to be down all over. Commissioner Scott noted that several subcommittees have openings - Historical Commission, Recreation Commission and Planning/DDA.

Commissioner Foreman reported on Ferndale Public Schools. Ferndale High School Golden Eagle Marching Band has won their 9th State Championship in the last 13 years. Took home 1st Place in Flight Four, Outstanding Music Performance, Outstanding Visual Performance and Outstanding General Effect. The Just 4 Kicks adult talent show was held last Saturday. It raised over \$2000 for camp scholarships for students to participate in the outdoor education component of the curriculum. Elementary school restructuring has resulted in twice the number of students going into this program. Approximately \$2300 was raised and more will come in from DVD sales and T-shirt sales. Thanks to Commissioner Krzysiak and his wife who won the 50/50 raffle and donated the winnings to the program. Commissioner Krzysiak congratulated Commissioner Foreman on his performance and participation. This was the best year so far for funds raised. Discussion regarding how to learn about the event. Next Monday is the next School Board meeting.

### **Consent Agenda**

**16-3280**

Motion by Commissioner Perry, second by Commissioner Scott, that the Consent Agenda, be approved, as listed.

Adopted:                      Yeas: Commissioner Foreman, Perry, Krzysiak, Scott, Mayor Metzger  
                                     Nays: None.

### **Gainsboro Park Update**

Assistant City Manager Scott Pietrzak reported that the project is 95 - 98% completed and the rest is scheduled to be completed in the spring. He presented before and after photographs of Flynn Field, the Maywood intersection, the DPW area, Gainsboro street and the Amherst intersection.

Discussion held regarding cars attempting to turn onto Gainsboro. Ballards and a stop sign will be added. City will continue to monitor the situation and add more if necessary. Discussing regarding striping being added. Discussion regarding removing ballards for police/fire. Discussion regarding ballard being added to Maywood intersection as well. Additional photographs of the basketball and tennis area. Request was made for people to avoid walking on the hydroseed, the "blue grass." Additional work needed on the tennis courts but nets will be installed Thursday so courts will be



useable. Photographs of toddler play area noting that seating and wi-fi access will be added. Additional photos of the Kids Play Area, Greenspace, Community Garden and Kensington.

Highlights of project: New equipment at play structure including the first install in Michigan of a global motion piece. Different surface under handicapped accessible equipment, wood chips elsewhere. Expect wood chips to settle and dissipate some and will need to replace some in the future. Walking path connects from Dog Run through the parks to the Baseball Field. The path is approximately 4500 feet round trip. Planning on signage to indicate distances. New basketball equipment and gathering space bistro tables and chairs. New dog run and community garden area. Brick loss on wall behind park is MDOT's problem. Quote to fix it is higher than MDOT will reimburse. Other cities that have taken over maintenance of the wall are struggling with the cost. Wall is structurally sound and could be potential canvas for public art. Swales integrated with rip rap have been improved to filter water before it goes into the sewers. Grass and landscaping will be added that will further help dissipate the water. May try to make them bio-swales in the future. Halloween Hayride event and Movie in the Park event already showcased benefits and use of the park. Spring 2017 - tennis/basketball resurface; baseball diamond resurface; drinking fountain/misting station. Drinking fountain is multi-purpose providing drinks, bottle filling and pet watering. The Turtle will be moved in between the two playgrounds and rehabbed. Bike racks, trash cans and benches to be added in December.

Signs need to be taken down saying "no dogs in the park." Signs will be reposted when project is complete. Small gates for dog park will be done this year. Monitoring run off situation on Kensington. Street will be swept when everything is done. Snow will be cleared with sidewalk schedule. Discussion regarding two entrances to dog park and possibility of having a universal key card.

Thanks given to everyone involved in the getting the project done.

### **City Manager's Report**

City Manager Breuckman reported regarding Road Bond status. Referendum period passed with no referendum. Topographical work being done at Norwich and Hanover. Sewers will be inspected and cleaned between Thanksgiving and Christmas. Cambridge, West and Oxford sewers will be lined. Planning to award a bid in March then road bond process will proceed. Bond funding will come in March or April and start work in spring. Targeting 2018 for Ridge, Indiana and Bermuda Roads. Southbound Ridge has a new pole for radar speed control. Ridge Road narrowing at school will be rolled into the Ridge Road reconstruction project. City has partnered with Oak Park for sidewalk replacement and street patching work. Concentrating on the West side of town this year. Planning to fix the Woodward sidewalks in the spring. Reiterated that applications to serve on commissions are needed.

Upcoming events: Toddler Christmas Party; Christmas Tree Lighting on December 5th; Garden Club Holiday Greens Workshop at Community Center on December 7th; Home for the Holiday - Garden Club Fundraiser on December 10th; Bingo moved to this Thursday with full meal at 6:00, no cost. Intern's last week is in December.



### **Other Business**

Commissioner Foreman noted that the Halloween Candy collection took in 82 pounds last year and 99 pounds this year. Jason Bandy guessed the right amount again. Thank you to everyone that donated.

Commissioner Krzysiak mentioned that the Book Club will meet Monday, November 28, and will be reading "The Brief and Wondrous Life of Oscar Wao" by Junot Diaz. He also mentioned that 1000 people have agreed to participate in a Unity Walk on November 20 committing to creating and maintaining a more inclusive America.

Mayor Metzger thanked Lee Hart and Charles Dunlap for assisting with Halloween at the park. It is expected to be an annual event. Pleasant Ridge voter turnout was 79.6%, the ninth highest in Oakland County. There was a 74.7% yes vote on the RTA, second highest after Huntington Woods. Discussion regarding voting in Lake Angelus. Discussion regarding correcting voter rolls. 2331 registered voters, 2550 citizens, 2100 eighteen and over. Difference comes from citizens who maintain their voter registration after having moved. Congratulations to Amy Drealan and workers for management of the election.

With no further business or discussion, Mayor Metzger adjourned the meeting at 9:00 p.m.

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Mayor Kurt Metzger

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Amy M. Drealan, City Clerk  
/dleg

November 2016

ACCOUNTS PAYABLE

PAYROLL LIABILITIES	\$	5,871.88
TAX LIABILITIES	\$	490,745.50
ACCOUNTS PAYABLE	\$	556,816.64
<b>TOTAL</b>	<b>\$</b>	<b>1,053,434.02</b>

PAYROLL

November 9, 2016	\$	32,510.66
November 23, 2016	\$	32,976.54

<b>TOTAL</b>	<b>\$</b>	<b>65,487.20</b>
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CHECK REGISTER FOR CITY OF PLEASANT RIDGE  
PAYROLL LIABILITIES  
NOVEMBER 2016

PG 1

Check Date	Check	Vendor Name	Description	Amount
11/9/2016	1781	MIFOP	UNION DUES-NOV 2016	\$ 188.00
11/9/2016	1782	MISDU	FOC DEDUCTIONS	\$ 224.60
11/9/2016	1783	M&T BANK-ICMA - 401a	RETIRMENT CONTRIBUTIONS	\$ 1,112.57
11/9/2016	1784	ICMA RETIREMENT TRUST - 457	RETIRMENT CONTRIBUTIONS	\$ 1,562.68
11/23/2016	1804	MISDU	FOC DEDUCTIONS	\$ 224.60
11/23/2016	1805	M&T BANK-ICMA - 401a	RETIRMENT CONTRIBUTIONS	\$ 997.57
11/23/2016	1806	ICMA RETIREMENT TRUST - 457	RETIRMENT CONTRIBUTIONS	\$ 1,561.86
TOTAL PAYROLL LIABILITIES				<u>\$ 5,871.88</u>

**CHECK REGISTER FOR CITY OF PLEASANT RIDGE  
TAX LIABILITIES  
NOVEMBER 2016**

PG 2

Check Date	Check	Vendor Name	Description	Amount
11/01/2016	2414	CITY OF PLEASANT RIDGE-DDA	2016 TAX COLLECTIONS	\$ 3,419.66
11/01/2016	2415	CITY OF PLEASANT RIDGE-TAXES	2016 TAX COLLECTIONS	\$ 133,862.72
11/01/2016	2416	CITY OF PLEASANT RIDGE-TAXES	2016 TAX COLLECTIONS	\$ 536.03
11/01/2016	2417	CORELOGIC REFUND DEPT	2016 TAX OVERPAYMENT	\$ 2,127.61
11/01/2016	2418	FERNDAL PUBLIC SCHOOL	2016 TAX COLLECTIONS	\$ 53,455.30
11/01/2016	2419	OAKLAND COUNTY TREASURER	2016 TAX COLLECTIONS	\$ 90,111.93
11/01/2016	2420	ROMANO LAW	2016 TAX OVERPAYMENT	\$ 1,417.74
11/15/2016	2421	CITY OF PLEASANT RIDGE-DDA	2016 TAX COLLECTIONS	\$ 858.07
11/15/2016	2422	CITY OF PLEASANT RIDGE-TAXES	2016 TAX COLLECTIONS	\$ 31,604.79
11/15/2016	2423	FERNDAL PUBLIC SCHOOL	2016 TAX COLLECTIONS	\$ 12,001.17
11/15/2016	2424	LINDA WANDREI	2016 TAX OVERPAYMENT	\$ 582.13
11/15/2016	2425	OAKLAND COUNTY TREASURER	2016 TAX COLLECTIONS	\$ 21,151.95
11/15/2016	2426	STEPHEN MCKENNEY & LESLEY MCINTYRE	2016 TAX OVERPAYMENT	\$ 210.68
11/30/2016	2427	CITY OF PLEASANT RIDGE-DDA	2016 TAX COLLECTIONS	\$ 1,031.73
11/30/2016	2428	CITY OF PLEASANT RIDGE-TAXES	2016 TAX COLLECTIONS	\$ 68,213.29
11/30/2016	2429	FERNDAL PUBLIC SCHOOL	2016 TAX COLLECTIONS	\$ 24,465.18
11/30/2016	2430	OAKLAND COUNTY TREASURER	2016 TAX COLLECTIONS	\$ 45,695.52
TOTAL TAX LIABILITIES				\$ 490,745.50

**CITY OF PLEASANT RIDGE CHECK REGISTER**  
**ACCOUNTS PAYABLE**  
**NOVEMBER 2, 2016**

PG 3

Check Date	Check	Vendor Name	Description	Amount
11/02/2016	20736	ADKISON, NEED & ALLEN P.L.L.C.	CITY ATTORNEY SERVICES	\$ 1,309.25
11/02/2016	20737	ALBANA KOKA	HISTORICAL MUSEUM CLEANING	\$ 25.00
11/02/2016	20738	ANDERSON, ECKSTEIN & WESTRICK	GAINSBORO PARK IMPROVEMENTS	\$ 12,051.90
11/02/2016	20739	ANN MARIE CURLEY	TABLE REFUND FOR 2016 ARTIST MARKET	\$ 30.00
11/02/2016	20740	ANN WARNER	TABLE REFUND FOR 2016 ARTIST MARKET	\$ 30.00
11/02/2016	20741	AQUATIC SOURCE	WINTERIZING OF THE COMMUNITY POOL	\$ 2,587.69
11/02/2016	20742	ARROW UNIFORM RENTAL	MAT RENTAL AND JANITORIAL SUPPLIES	\$ 771.39
11/02/2016	20743	BRANCH TREE & LANDSCAPE SERVICES	CITYWIDE TREE SERVICES	\$ 2,800.00
11/02/2016	20744	CITY OF HUNTINGTON WOODS	CITY ATTORNEY SERVICES	\$ 1,938.75
11/02/2016	20745	COMMUNITY MEDIA NETWORK	CITY COMMISSION MEETING RECORDINGS	\$ 200.00
11/02/2016	20746	DEBORAH VARGOVICK	REIMBURSEMENT OF HANDRAIL EXPENSE	\$ 80.68
11/02/2016	20747	DEBORAH YARBER	PALLET KITS	\$ 1,060.00
11/02/2016	20748	DESIGN TEAM +	WOODWARD STREETScape	\$ 5,200.20
11/02/2016	20749	DETROIT EDISON COMPANY	COMMUNITY LIGHTING	\$ 2,973.85
11/02/2016	20750	EUGENE LUMBERG	CITY ATTORNEY SERVICES	\$ 375.00
11/02/2016	20751	FERNDAL RECREATION	2016 YOUTH BASEBALL LEAGUE FEES	\$ 526.00
11/02/2016	20752	GUS SIEGMOND	REIMBURSEMENT OF HANDRAIL EXPENSE	\$ 100.00
11/02/2016	20753	HARRIS CORPORATION	POLICE SUPPLIES AND EQUIPMENT	\$ 3,432.84
11/02/2016	20754	HOLIDAY FOOD CENTER	MEETING SUPPLIES	\$ 31.99
11/02/2016	20755	HOME DEPOT CREDIT SERVICES	BUILDING MAINTENANCE SUPPLIES	\$ 81.94
11/02/2016	20756	ICMA RETIREMENT CORPORATION	ANNUAL PLAN FEE	\$ 250.00
11/02/2016	20757	J & J AUTO TRUCK CENTER	POLICE CAR MAINTENANCE	\$ 381.53
11/02/2016	20758	JENNIFER DEITERICK	TABLE REFUND FOR 2016 ARTIST MARKET	\$ 30.00
11/02/2016	20759	KRISTA REED	REIMBURSEMENT OF HANDRAIL EXPENSE	\$ 100.00
11/02/2016	20760	LINDA WURTZEL	REFUND FOR 2016 ARTIST MARKET	\$ 60.00
11/02/2016	20761	MARVELOUS PROMOTIONS	POLICE UNIFORM SUPPLIES	\$ 254.40
11/02/2016	20762	MICH. MUNICIPAL WORKER'S COMP.	WORKERS COMPENSATION FUND	\$ 2,682.00
11/02/2016	20763	MICHAEL KAY	REIMBURSEMENT OF HANDRAIL EXPENSE	\$ 100.00
11/02/2016	20764	MICHAEL ZUNICH	REPLACEMENT OF PAYROLL CHECK #1690	\$ 26.42
11/02/2016	20765	MPARKS	GRAPHIC WORKSHOP DESIGN	\$ 65.00
11/02/2016	20766	MULTI-LAKES CONSERVATION ASSOC	POLICE TRAINING	\$ 278.25
11/02/2016	20767	OAKLAND SCHOOLS	PRINTING OF WATER BILLS	\$ 593.66
11/02/2016	20768	PAVEX CORPORATION	GAINSBORO PARK IMPROVEMENTS	\$ 105,446.29
11/02/2016	20769	PRIORITY ONE EMERGENCY	POLICE SUPPLIES	\$ 11,741.98
11/02/2016	20770	REBECCA SILVERMAN	TABLE REFUND FOR 2016 ARTIST MARKET	\$ 30.00
11/02/2016	20771	ROBERT RIED	REIMBURSEMENT FOR SUPPLIES	\$ 316.85
11/02/2016	20772	SAFEBUILT	CODE ENFORCEMENT SERVICES	\$ 660.00
11/02/2016	20773	SAM SOBH	REIMBURSEMENT OF HANDRAIL EXPENSE	\$ 100.00
11/02/2016	20774	SARAH HANSCOM	DPW WORK TRUCK LIGHT INSTALL	\$ 200.00
11/02/2016	20775	TIMOTHY DARLING	TABLE REFUND FOR 2016 ARTIST MARKET	\$ 30.00
11/02/2016	20776	TOM SHERRY	TABLE REFUND FOR ARTIST MARKET	\$ 30.00
11/02/2016	20777	UNUM LIFE INSURANCE COMPANY	HEALTH CARE BENEFITS	\$ 143.00
11/02/2016	20778	VICTORIA DICKINSON	SIT AND GET FIT CLASS	\$ 64.00
11/02/2016	20779	WINNIE CHRZANOWSKI	TABLE REFUND FOR 2016 ARTIST MARKET	\$ 30.00
11/02/2016	20780	YAZI SHAMINA	TABLE REFUND FOR 2016 ARTIST MARKET	\$ 30.00

Total for 11-2-2016

\$ 159,249.86

**CITY OF PLEASANT RIDGE CHECK REGISTER**  
**ACCOUNTS PAYABLE**  
**NOVEMBER 16, 2016**

PG 4

Check Date	Check	Vendor Name	Description	Amount
11/16/2016		21ST CENTURY MEDIA-MICHIGAN	PRINTING OF LEGAL ADS	\$ 5,176.14
11/16/2016	20782	ABRAHAM & GAFFNEY, P.C.	PROFESSIONAL SERVICES	\$ 1,000.00
11/16/2016	20783	AMERICAN PLANNING ASSOCIATION	MEMBERSHIP AND MATERIALS	\$ 563.00
11/16/2016	20784	ANDERSON, ECKSTEIN & WESTRICK	CITY WIDE PAVEMENT PATCHING	\$ 10,401.00
11/16/2016	20785	ARROW UNIFORM RENTAL	MAT RENTAL AND JANITORIAL SUPPLIES	\$ 520.42
11/16/2016	20786	BLUE CROSS BLUE SHIELD OF MICHIGAN	HEALTH CARE BENEFITS	\$ 27,223.87
11/16/2016	20787	BS&A SOFTWARE	SOFTWARE RENEWAL & SUPPORT	\$ 3,051.00
11/16/2016	20788	CARLA KRZYSIAK	YOGA CLASSES	\$ 128.00
11/16/2016	20789	CITY OF BERKLEY	SEPTEMBER PRISONER BOARD	\$ 3,409.61
11/16/2016	20790	CITY OF FERNDALE	FIRE CONTRACT PYMT - DECEMBER 2016	\$ 21,381.72
11/16/2016	20791	CITY OF ROYAL OAK	NAME A STREET SIGNS	\$ 13,246.90
11/16/2016	20792	COMMUNITY MEDIA NETWORK	CITY COMMISSION MEETING RECORDING	\$ 200.00
11/16/2016	20793	COURSAL ACRE FARM	2016 TREE LIGHTING CEREMONY	\$ 300.00
11/16/2016	20794	EGT GROUP, INC	PRINTING OF THE RIDGER	\$ 1,727.69
11/16/2016	20795	EUGENE LUMBERG	CITY ATTORNEY CONTRACT	\$ 375.00
11/16/2016	20796	FERNDALE PIZZA CO., INC.	RECREATION PROGRAM SUPPLIES	\$ 58.00
11/16/2016	20797	FERNDALE RECREATION	2016 YOUTH FALL SOCCER	\$ 400.00
11/16/2016	20798	GREAT AMERICA	ALLWORX TELEPHONE SYSTEM	\$ 476.30
11/16/2016	20799	GREAT LAKES WATER AUTHORITY	IWC CHARGES FOR SEPTEMBER 2016	\$ 858.96
11/16/2016	20800	HARTWELL CEMENT COMPANY	2016 PAVEMENT PATCHING PROGRAM	\$ 125,066.85
11/16/2016	20801	JANI-KING OF MICHIGAN, INC	JANITORIAL SERVICES	\$ 2,161.00
11/16/2016	20802	KELLY GERSEY	RECREATION PROGRAM	\$ 175.00
11/16/2016	20803	KIESLER'S POLICE SUPPLY, INC	POLICE DEPARTMENT SUPPLIES	\$ 695.30
11/16/2016	20804	KIRK, HUTH & LANGE PLC	CITY ATTORNEY CONTRACT	\$ 624.45
11/16/2016	20805	LEGAL SHIELD	PRE PAID LEGAL SERVICES	\$ 25.90
11/16/2016	20806	MELANIE SEVALD	CSF CLASS	\$ 840.00
11/16/2016	20807	MICHIGAN MUNICIPAL LEAGUE	MML WORKERS COMPENSATION FUND	\$ 575.00
11/16/2016	20808	MYRA WALMAN	REIMBURSEMENT OF YOGA CARD	\$ 180.00
11/16/2016	20809	NYE UNIFORM	UNIFORM ALLOWANCE-KOLEZAR	\$ 475.00
11/16/2016	20810	OAKLAND COUNTY TREASURER	GWKDD - OCTOBER 2016	\$ 46,827.17
11/16/2016	20811	PENCHURA, LLC FKA SUPERIOR PLAY LLC	GAINSBORO PARK PROJECT	\$ 65,185.00
11/16/2016	20812	PLANTE & MORAN PLLC	PROFESSIONAL SERVICES	\$ 5,355.00
11/16/2016	20813	PRINTING SYSTEMS, INC.	WATER BILL SUPPLIES	\$ 240.09
11/16/2016	20814	RAY KEE	BUILDING INSPECTOR SERVICES	\$ 1,350.00
11/16/2016	20815	SAFEBUILT	CODE ENFORCEMENT SERVICES	\$ 660.00
11/16/2016	20816	SANTA'S AGENT	2016 TREE LIGHTING CEREMONY	\$ 150.00
11/16/2016	20817	SCHEER'S ACE HARDWARE	BUILDING MAINTENANCE SUPPLIES	\$ 80.67
11/16/2016	20818	SCOTT MORROW	REIMBURSEMENT OF HANDRAIL EXPENSE	\$ 100.00
11/16/2016	20819	SOCPPWA	DUES FOR 2016/17 - MEMBERSHIP SCHULTZ	\$ 20.00
11/16/2016	20820	SOCRRA	REFUSE COLLECTION CONTRACT	\$ 16,467.46
11/16/2016	20821	SOCWA	WATER PURCHASES OCTOBER 2016	\$ 13,289.06
11/16/2016	20822	STATE OF MICHIGAN	WATER QUALITY TESTING	\$ 1,278.78
11/16/2016	20823	TOSHIBA FINANCIAL SERVICES	COPIER LEASE	\$ 1,011.21
11/16/2016	20824	UNUM LIFE INSURANCE COMPANY	DECEMBER 2016	\$ 143.00
11/16/2016	20825	WEB MATTERS BY KRISTIE	MONTHLY WEBSITE HOSTING - NOV 2016	\$ 24.95
11/16/2016	20826	WEX BANK	FUEL PURCHASES FOR POLICE CARS	\$ 1,081.58
11/16/2016	20827	WOLVERINE POWER SYSTEMS	BUILDING MAINTENANCE	\$ 401.16

Total for 11-16-2016

\$ 374,981.24

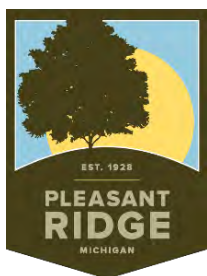
**CITY OF PLEASANT RIDGE CHECK REGISTER**  
**ACCOUNTS PAYABLE**  
Electronic Payments & P-Card Transactions

PG 5

Check Date	Check	Vendor Name	Description	Amount
11/15/2016	660	5TH 3RD	PROGRAM AND CITY SUPPLIES	\$ 7,244.42
11/15/2016	661	5TH 3RD	RECREATION PROGRAM SUPPLIES	\$ 574.14
11/15/2016	662	ADOBE SYSTEMS INC	SOFTWARE MAINTENANCE	\$ 15.99
11/15/2016	663	ADOBE SYSTEMS INC	SOFTWARE MAINTENANCE	\$ 52.99
11/15/2016	664	AMAZON.COM	OFFICE SUPPLIES	\$ 21.15
11/15/2016	665	AMAZON.COM	OFFICE SUPPLIES	\$ 118.70
11/15/2016	666	AT&T	WIRELESS SERVICES	\$ 47.82
11/15/2016	667	BEST BUY	RECREATION PROGRAM SUPPLIES	\$ 399.99
11/15/2016	668	COMCAST	TELECOMMUNICATION SERVICES	\$ 115.71
11/15/2016	669	COMCAST	TELECOMMUNICATION SERVICES	\$ 144.85
11/15/2016	670	CONTRACTORS CLOTHING	DPW EQUIPMENT	\$ 116.99
11/15/2016	671	DTE ENERGY	UTILITIES SERVICES	\$ 7,575.46
11/15/2016	672	ERADICO SERVICES INC	EXTERMINATION SERVICES	\$ 204.00
11/15/2016	673	GRAND TRAVERSE RESORT	CONFERENCE LODGING	\$ 407.90
11/15/2016	674	INTERMEDIA.NET INC.	TELECOMMUNICATION SERVICES	\$ 107.62
11/15/2016	675	INTRL SOCIETY OF ARBORICULTURE	OFFICE PUBLICATIONS	\$ 56.90
11/15/2016	676	ISCG WORKPLACE DESIGN &	OFFICE RENOVATION	\$ 1,167.42
11/15/2016	677	PERFECT WATER	FITNESS CENTER SUPPLIES	\$ 39.95
11/15/2016	678	POSTMASTER	POSTAGE REPLENISHMENT	\$ 700.00
11/15/2016	679	POTBELLYS SANDWICH SHOP	MEETING SUPPLIES	\$ 94.76
11/15/2016	680	QUILL CORPORATION	OFFICE SUPPLIES	\$ 408.05
11/15/2016	681	STAMPS.COM	MONTHLY SERVICE CHARGES	\$ 15.99
11/15/2016	682	WOW! BUSINESS	TELECOMMUNICATION SERVICES	\$ 271.18
11/15/2016	683	XFER COMMUNICATIONS	NETWORK SUPPORT SERVICES	\$ 209.50
11/15/2016	684	XFER COMMUNICATIONS	COMPUTER SUPPORT SERVICES	\$ 580.00
11/15/2016	685	AMAZON.COM	MEMBERSHIP FEES	\$ 10.99
11/15/2016	686	AMMO TO GO	POLICE DEPARTMENT SUPPLIES	\$ 325.31
11/15/2016	687	CHEAPER THAN DIRT	POLICE DEPARTMENT SUPPLIES	\$ 586.09
11/15/2016	688	CHEAPER THAN DIRT	POLICE DEPARTMENT SUPPLIES	\$ 519.79
11/15/2016	689	LED OUTFITTERS	DPW VEHICLE EQUIPMENT	\$ 373.26
11/15/2016	690	TRAFFIC SIGNS	POLICE DEPARTMENT SUPPLIES	\$ 78.62

Total for Electronic Payments

\$ 22,585.54



## City of Pleasant Ridge

Amy M. Drealan, City Clerk

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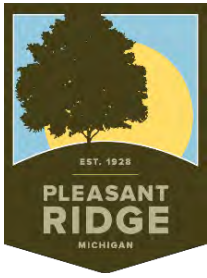
From: Amy M. Drealan, City Clerk  
To: Mayor and City Commission  
Date: December 13, 2016  
Re: 2017 Poverty Guidelines

The City Commission is required to adopt guidelines which set income levels in order for the Board of Review to consider poverty exemption applications. The income levels for a poverty exemption shall not be set lower by a city than the Federal Poverty Guidelines updated annually by the United States Department of Health and Human Services.

I have attached a copy of the Resolution which includes current Federal Poverty Guidelines for your review. The resolution applies to any and all Poverty Exemption Requests at the City's 2017 Board of Review Hearings.

Please contact me should you require any additional information.





## City of Pleasant Ridge

23925 Woodward Avenue  
Pleasant Ridge, Michigan 48069

### A RESOLUTION TO ESTABLISH POLICY AND GUIDELINES FOR USE BY THE BOARD OF REVIEW FOR GRANTING POVERTY EXEMPTIONS

**WHEREAS,** Section 7(u) of Act 206 Michigan Public Acts of 1893, as amended by Act 390 of Michigan Public Acts of 1994 (“Section 7(u) of the General Property Tax Act”), requires the governing body of the local assessment unit to determine the policy and guidelines for granting exemptions from property taxes for principal residences of persons in poverty (“poverty exemptions”), and

**WHEREAS,** the State Tax Commission has interpreted Section 7(u) of the General Property Tax and provided guidance as to the contents of the policy and guidelines applicable to a poverty exemption, and

**WHEREAS,** the City desires to comply with Section 7(u) of the General Property Tax Act and the guidance of the State Tax Commission,

**NOW, THEREFORE BE IT RESOLVED** THAT the following policy and guidelines are hereby adopted and shall be followed by the City’s Board of Review in granting poverty exemptions:

1. The total annual income for all members of the taxpayer’s family unit shall not exceed the federal poverty income standards established annually by the U.S. Department of Health and Human Services. For determinations regarding the 2017 property tax assessments, total annual income of the taxpayer seeking a poverty exemption shall not exceed the following:

Size of Family Unit	Poverty Guidelines
1	\$14,050
2	\$16,050
3	\$20,160
4	\$24,300
5	\$28,440
6	\$32,580
7	\$36,730
8	\$40,890
For each additional person, add	\$4,160

This table shall be revised annual in accordance with federal poverty income standards.

2. The maximum total value of assets of a taxpayer seeking a poverty exemption, other than a motor vehicle, personal property and the homestead being claimed, shall not exceed:

- \$5,000 for the taxpayer individually; and
- \$50,000 for the taxpayer’s entire household.

These asset value limitations shall be revised annually in accordance with the applicable Cost of Living Adjustments including the Consumers Price Index of the U.S. Department of Labor.

3. The Board of Review shall follow the policy and guidelines set forth above when granting and denying poverty exemptions. The same standards shall apply to each taxpayer within the City claiming the poverty exemption for the assessment year. However, if the Board of Review determines that there are substantial and compelling reasons that impose serious hardship imposed by serious medical conditions, which warrant a deviation from the policy and guidelines, and these reasons are communicated in writing to the taxpayer claiming the exemption, such reasons constitute sufficient grounds upon which to grant a poverty exemption

to a taxpayer even when the taxpayer does not satisfy the federal poverty income standards and/or the asset level established by the City in accordance with Section 7u(5) of the General Property Tax Act.

4. In addition to the requirements set forth above, to be eligible for a whole or partial exemption for the poverty exemption, a person shall do all the following on annual bases:

(a) Own and occupy a principal residence the property, for which the exemption is requested;

(b) File a claim with the Board of Review after January 1<sup>st</sup>, but before the day prior to the last day of the Board of Review on an application form provided by the Assessor, accompanied by federal and state income tax returns for all persons residing in the homestead, including any property tax credit returns, filed in the immediately preceding year or the current year;

(c) Produce a valid driver's license or other form of identification, if required by the Board of Review; and

(d) Produce a deed, land contract or other evidence of ownership of the property for which an exemption is requested, if required by the Board of Review.

5. For the purposes of determining eligibility for a poverty exemption, the term "principal residence" of the taxpayer shall mean the principal residence as the term is defined in Section 7(d) of the General Property Tax Act.

6. The policy and guidelines for granting poverty exemptions and the application form to apply for such exemptions shall be made available to the public by the Assessor.

7. Except as otherwise provided above, taxpayers applying for a poverty exemption shall satisfy all requirements of Section 8(u) of the General Property Tax Act and State Tax Commission Bulletin No. 5 of 1995.

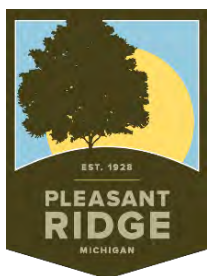
BE IT FURTHER RESOLVED that the State Equalized Value (SEV) on the property for which consideration is requested will not be reduced to an amount which is less than the amount which will generate property taxes equal to 3½% of the applicants' total household income plus the amount of the anticipated Michigan Income Tax household property tax credit.

Adopted:        Yeas:  
                     Nays:  
                     Absent:

**IN WITNESS WHEREOF**, I, Amy M. Drealan, duly certified Clerk of the City of Pleasant Ridge, do hereby attest that the Foregoing is a true and accurate copy of a Resolution adopted By the Pleasant Ridge City Commission at its Regular Meeting held Tuesday, December 13, 2016.

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Amy M. Drealan, City Clerk



## City of Pleasant Ridge

James Breuckman, City Manager

From: James Breuckman, City Manager  
 To: Mayor and City Commission  
 Date: December 8, 2016  
 Re: PA 152 – Health Care Insurance

### Overview

Attached is resolution opting out of the requirements of Michigan PA 152 of 2011 regarding limits on employer costs for employee health care.

### Background

Effective January 1, 2012, Public Act 152 of 2011, requires public employers and elected officials to contribute toward their health care benefit costs. Key items included in this bill are:

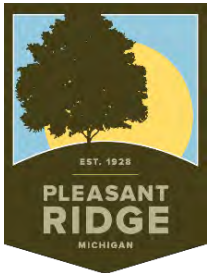
- The Bill allows public employers to use an 80/20 cost share arrangement and limits the employer contribution to no more than 80% of the total plan cost.
- The Bill limits the amount a public employer can pay for the annual cost or illustrative rate of benefits to an amount equal to \$6,344.80 for individuals, \$13,268.93 for individual and spouse coverage and \$17,304.02 for full family coverage, multiplied by the number of employees receiving benefits. The public employer can allocate its payments for medical benefits plan costs among its employees and elected officials as it sees fit. The limits will be adjusted for medical inflation annually.
- A local unit of government may exempt itself from the requirements of this act by a 2/3rds vote of the governing body.

Local governments have three options; the 80/20 provision, the “hard-cap” or the opt-out. Whatever is decided, formal action is required before January 1, 2017, and considered on an annual basis. If not action is taken, communities will be in violation of the Public Act and would lose 10% of their CVTRS monies in 2017. As you may recall, the City adopted a resolution to opt-out of this provision for 2015 & 2016.

The City currently requires a 10% employee contribution for health care. During our recent health care renewal, the City was able to achieve savings again this year by making some plan adjustments including implementing a high-deductible health care plan with a Health Savings Account for eligible employees and pre-65 retirees. Over the next year, the City will continue to explore medical coverage options in an attempt to further reduce costs, as it has over the past several years.

### Requested Action

City Commission consideration of the attached resolution opting out of the requirements of PA 152.



## **City of Pleasant Ridge**

23925 Woodward Avenue  
Pleasant Ridge, Michigan 48069

### **RESOLUTION**

#### **A RESOLUTION ELECTING TO COMPLY WITH THE PROVISIONS OF PUBLIC ACT 152 OF 2011 EXERCISING THE CITY’S RIGHT TO EXEMPT ITSELF FROM THE REQUIREMENTS OF THE ACT FOR THE NEXT SUCCEEDING YEAR**

- WHEREAS,** On September 27, 2011, the Publicly Funded Health Insurance Contribution Act, Act No. 152 of the Public Acts of Michigan of 2011 (“Act 152”), became effective on the State of Michigan; and
- WHEREAS,** Act 152 establishes standards and process with respect to medical benefit plans offered by public employers; and
- WHEREAS,** the City of Pleasant Ridge has historically recognized, in its role as steward for the public funds entrusted to it, that it must effectively manage those limited resources; and
- WHEREAS,** the City of Pleasant Ridge constantly engages in a review of expenditures in order to maximize the value it receives for goods and services; and
- WHEREAS,** the City Commission of the City of Pleasant Ridge believes that, as elected representatives for the City and answerable directly to the City’s voters, it is best positioned to determine what benefits (including medical benefits) ought to be offered in order to attract and retain the best qualified City employees at the lowest overall costs; and
- WHEREAS,** the City Commission of the City of Pleasant Ridge further believes that compensation determinations for City employees are most properly the responsibility of the City’s elected representatives, and not the State of Michigan or its officials; and
- WHEREAS,** to express its support for home rule government and to recognize that it is the City Commission’s duty to manage City affairs in order to be most responsive to City voters, taxpayers and residents.

#### **NOW, THEREFORE, BE IT RESOLVED, that:**

1. Pursuant to Section 8 of Act 152, the City of Pleasant Ridge hereby exempts itself from requirements of Act 152 for the next succeeding year.
2. All resolutions and parts of resolutions in conflict herewith are, to the extent of such conflict, repealed.

*I Amy M. Drealan, duly certified Clerk of the City of Pleasant Ridge do hereby certify that the foregoing Resolution was adopted by the Pleasant Ridge City Commission at its Regular Meeting held Tuesday, December 13, 2016.*

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*Amy M. Drealan  
City Clerk*



# City of Pleasant Ridge

Amy M. Drealan, City Clerk

From: Amy M. Drealan, City Clerk  
 To: Jim Breuckman, City Manager  
 Date: December 13, 2016  
 Re: 2017 CDBG Program

In order to qualify for Federal funding through the Community Development Block Grant (CDBG) Program, a Public Hearing must be held and a resolution adopted by the governing body to approve the application and Subrecipient agreement. Pleasant Ridge qualifies for the minimum funding level, which has been \$6,000. Since the City receives funding at the minimum level, all the funds must be programed into one designated category.

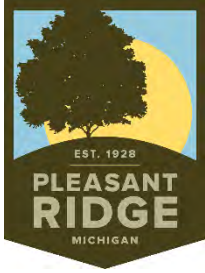
It has been increasingly difficult to find an appropriate way to spend the City's eligible CDBG funds. Several years ago, the City's low/moderate income area was eliminated and the city lost its ability to designate funds for programs such as sidewalk repairs, tree planting, and street improvements, which require at least a portion of the project be in the low/mod area. Listed below is the program category and recommended funding for the 2017 Program year. This is the same program the City funded for the last several years.

Public Services/ - \$6,000  
 Senior Services

Public Service funds are designated to provide seniors, age 62 and above, transportation services for the Senior Travel Club, meals at the 50+ club events and other related workshops geared towards residents 62 and above. This program also may be used for the reasonable costs of overall program management, coordination, monitoring and evaluation for the program.

## Requested Action

After the public hearing, City Commission approval of the 20174 Community Development Block Grant (CDBG) Community Application and Subrecipient Agreement.



## City of Pleasant Ridge

James Breuckman, City Manager

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From: Jim Breuckman, City Manager  
To: City Commission  
Date: December 8, 2016  
Re: City Code Amendment Public Hearing – Animal Regulations

### Overview

Attached is an ordinance for introduction to amend the City Code regarding the total number of animals that may be kept as pets in a household in the City.

### Background

The attached City Code ordinance amendment adds a broadened definition of “household pet” and establishes a new limitation on the total number of household pets that may be kept. Currently, the City only regulates dogs and cats as household pets, and establishes that no more than three dogs and/or cats may be kept as household pets.

We have recently run into a situation where a resident was keeping over 50 rabbits in their house as pets, in a very unsanitary manner. The proposed ordinance amendment would alter our existing household pet regulations to add in a definition for other animals kept as household pets, and establishing a limitation that no more than three dogs and/or cats may be kept, and that no more than 5 total household pets may be kept. This is intended to allow for a reasonable number of household pets to be kept, while providing the City with the means to address problem situations when they arise.

Note that there will be no licensing or inspection requirements attached to this ordinance.

### Requested Action

City Commission approval to schedule a public hearing for the proposed ordinance at its January 10 meeting.

City of Pleasant Ridge  
Ordinance No. 422

AN ORDINANCE TO AMEND THE CITY OF PLEASANT RIDGE CODE OF ORDINANCES,  
CHAPTER 10 – ANIMALS.

THE CITY OF PLEASANT RIDGE ORDAINS:

**Section 1.**

The following sections within Chapter 10 are hereby amended:

- a. A new definition is added to Section 10-1 to read as follows:

*Household Pet*: means an animal from a traditional companion animal species: dog, domestic cat, ferret, hedgehog, pet bird, hen, chicken, rabbit, tropical fish, domestic rodents not exceeding 12” in height or length (gerbil, guinea pig, hamster, chinchillas or domestic mouse or rat), turtles, miniature potbelly pigs and other similar purebred miniature pigs not to exceed 60 lbs. in weight, non-poisonous snakes not exceeding 10’ in length, iguanas not exceeding 20 lbs. in weight, reptiles not exceeding 24” in height or length, and tropical birds not exceeding 12” in height or length.

- b. Section 10-5 is amended to read in its entirety as follows:

Sec. 10-5. - Number of household pets limited.

- a. It shall be unlawful for residents in single-family dwellings to own, possess, keep or harbor more than three adult dogs or three adult cats, or a combination of three dogs and cats. It shall be unlawful for residents in multifamily dwellings to possess, keep or harbor more than one adult dog or one adult cat for every 1,000 square feet of living area.
- b. It shall be unlawful for residents in single-family dwellings to own, possess, keep or harbor more than five household pets in total. It shall be unlawful for residents in multifamily dwellings to possess, keep or harbor more than one household pet for every 1,000 square feet of living area. An unlimited number of fish can be kept in an aquarium not to exceed a seventy-gallon capacity.

**Section 2. Severability.**

Should any provision or part of this Article be declared by any court of competent jurisdiction to be invalid or unenforceable, the same shall not affect the validity or enforceability of the balance of this Article, which shall remain in full force and effect.

**Section 3. Repealer.**



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All other ordinances or parts of ordinances in conflict with this ordinance are hereby repealed only to the extent necessary to give this Ordinance full force and effect.

**Section 4. Savings clause.**

Nothing in this Article shall be construed to affect any suit or proceeding pending in any court or any rights acquired or any liability incurred, or any cause or causes of action acquired or existing, under any act or ordinance hereby repealed as cited in Section 3 of this Ordinance; nor shall any just or legal right or remedy of any character be lost, impaired, or affected by this Ordinance.

**Section 4. Effective Date.**

This Ordinance shall become effective fifteen days after enactment and upon publication as provided by law.

**Section 5. Adoption.**

This Ordinance is hereby declared to have been adopted by the City Commission of the City of Pleasant Ridge at a meeting duly called and held on the \_\_\_\_ day of \_\_\_\_\_, 2017, and ordered to be given publication in the manner prescribed by law.