



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

**City Commission Meeting  
December 12, 2017  
Agenda**

Honorable Mayor, City Commissioners and Residents: This shall serve as your official notification of the Organizational Meeting of the Pleasant Ridge City Commission to be held Tuesday, December 12, 2017, 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:

**ORGANIZATIONAL 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, 2017.**
6. **Resolution recognizing former City Commissioner Jay Foreman.**
7. **Resolution recognizing Water Clerk Darren Humphreys.**
8. **Centennial Homes Presentation.**
9. **Governmental Reports.**
10. **City Commission Liaison Reports.**
  - **Commissioner Scott – Historical Commission.**
  - **Commissioner Krzysiak – Recreation Commission.**
  - **Commissioner Perry – Planning/DDA, Committee Liaison.**
11. **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 Public Hearing and Regular City Commission Meeting held Tuesday, November 14, 2017.**
  - b. **Monthly Disbursement Report.**
  - c. **Resolution regarding 2018 Federal Poverty Guidelines.**
  - d. **Resolution regarding PA 152.**

- e. Establishing a public hearing for Tuesday, January 9, 2018 to solicit public comments on the following Zoning Ordinance Amendments:
  - i. Ordinance to amend Chapter 82, Zoning, of the Pleasant Ridge City Code by the elimination of Section 82-197(b)(1)(m).
  - ii. Ordinance to amend Chapter 82, Zoning, of the Pleasant Ridge City Code, Section 82.204, Solar Panels.

**12. Organizational Items:**

- a. Establishment of the second Tuesday of each month at 7:30 p.m. as the Regular City Commission Meeting day.
- b. Adoption of Roberts' Rule of Order for the City Commission and other City appointed bodies.
- c. Appointment of Commissioner Ann Perry as Deputy Mayor, term to expire November 12, 2019.
- d. Appointment of Commissioner \_\_\_\_\_ as liaison to the Pleasant Ridge Police Board, term to expire November 12, 2019.
- e. Appointment of Commissioner \_\_\_\_\_ as liaison to the Pleasant Ridge Recreation Commission, term to expire November 12, 2019.
- f. Appointment of Commissioner \_\_\_\_\_ as liaison to the Pleasant Ridge Planning Commission and Downtown Development Authority, the Woodward Avenue Action Association Executive Board (WA3), and the Woodward Avenue Transit Committee, term to expire November 12, 2019.
- g. Appointment of Commissioner \_\_\_\_\_ as liaison to the Pleasant Ridge Historical Commission, term to expire November 12, 2019.
- h. Appointment of Commissioner \_\_\_\_\_ as representative to the Ferndale Public Schools Superintendent's Advisory Committee, term to expire November 12, 2019.
- i. Appointment of Mayor Kurt Metzger, as the Legislative Coordinator to the Michigan Municipal League.
- j. Appointment of Mr. Charles Digby as the Pleasant Ridge Police Commissioner, term to expire November 12, 2019.
- k. Appointment of City Manager James Breuckman as the City representative and City Clerk Amy Drealan, as alternate to the Intergovernmental Cable Communications Authority, term to expire November 12, 2019.
- l. Appointment of Mayor Kurt Metzger, Commissioner Ann Perry, City Manager James Breuckman, and Assistant City Manager Scott Pietrzak, as the City's representatives to the Fire Protection Agreement Committee, term to expire November 12, 2019.

- m. Appointment of Assistant City Manager Scott Pietrzak, as delegate and City Clerk Amy Drealan as alternate to the Woodward Dream Cruise Board of Directors, term to expire November 12, 2019.
- n. Appointment of Assistant City Manager Scott Pietrzak as delegate and City Manager James Breuckman, as alternate to the Southeastern Oakland County Resource Recovery Authority (SOCRRA) Board of Trustees.
- o. Appointment of Assistant City Manager Scott Pietrzak as delegate and City Manager James Breuckman, as alternate to the Southeastern Oakland County Water Authority (SOCWA) Board of Trustees.
- p. Appointment of Mayor Kurt Metzger, as the City's delegate representative and City Manager James Breuckman, as the City's alternate representative to the General Assembly Board of the Southeast Michigan Council of Governments (SEMCOG).
- q. Appointment of City Manager James Breuckman as Act 51 Administrator for the City of Pleasant Ridge.
- r. Appointment of Mayor Kurt Metzger, as delegate and City Manager James Breuckman as alternate to the Annual Meeting of the Michigan Municipal League to be held annually.
- s. Appointment of Amy M. Drealan, as officer delegate to the Municipal Employee's Retirement Systems (MERS) Annual Meeting to be held annually.

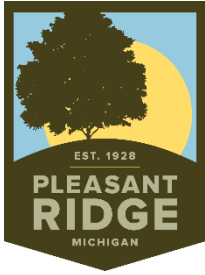
**13. Community Action Alliance Water Residential Assistance Program (WRAP).**

**14. City Manager's Report.**

**15. Other Business.**

**16. 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 7, 2016  
Re: FY16-17 Year End Financial Statements

## Overview

Attached are the year-end FY16-17 financial statements for the City.

## Background

The attached audited financial statements have been prepared by SK&T, the City's auditors.<sup>1</sup>

The most notable item is that we were able to increase our general fund fund balance by \$73,986, well above our budgeted amount. Our general fund ended with a fund balance of \$671,552, which is 25.2% 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% in 2014, so we are happy to report that we have successfully built our fund balance to our target range over the past 3 years. The financial statements report our unassigned fund balance at \$615,166 due to \$56,386 of prepaid expenditures.

The City's overall financial results for FY16-17 were stable with small fund balance builds across the organization. An exception is SCAF which had a fund balance decrease as used SCAF money for the Gainsboro Park project. Those funds will be repaid over the next 8 years with park millage revenue.

The financial statements also highlight our underfunded pension and OPEB<sup>2</sup> status. We have been taking steps to address both of these looming issues, the most notable of which was the passage of the police pension millage by the voters this past November. These new millage funds will be used to fund our police pension fund, which accounts for about 2/3 of the City's total pension fund. The City also no longer offers retirement health care to administrative employees hired after 2011 and police hired after 2017, so our OPEB liability will decrease over time.

## Requested Action

City Commission action to receive and file the FY16-17 City of Pleasant Ridge financial statements.

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<sup>1</sup> SK&T is Stevens, Kirinovic & Tucker P.C. This is a successor organization to Abraham & Gaffney

<sup>2</sup> Other Post Employment Benefits, i.e. retirement health care

# City of Pleasant Ridge

Year Ended June 30, 2017

Audit Presentation

# Introduction



Dane M. Porter, CPA

Manager

Stevens, Kirinovic & Tucker, P.C.

# Independent Auditor's Report

»» Pages i–ii

# Management's Responsibility

- ▶ “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”.



# Auditor's Responsibility

- ▶ “Our responsibility is to express opinions on these financial statements based on our audit”.

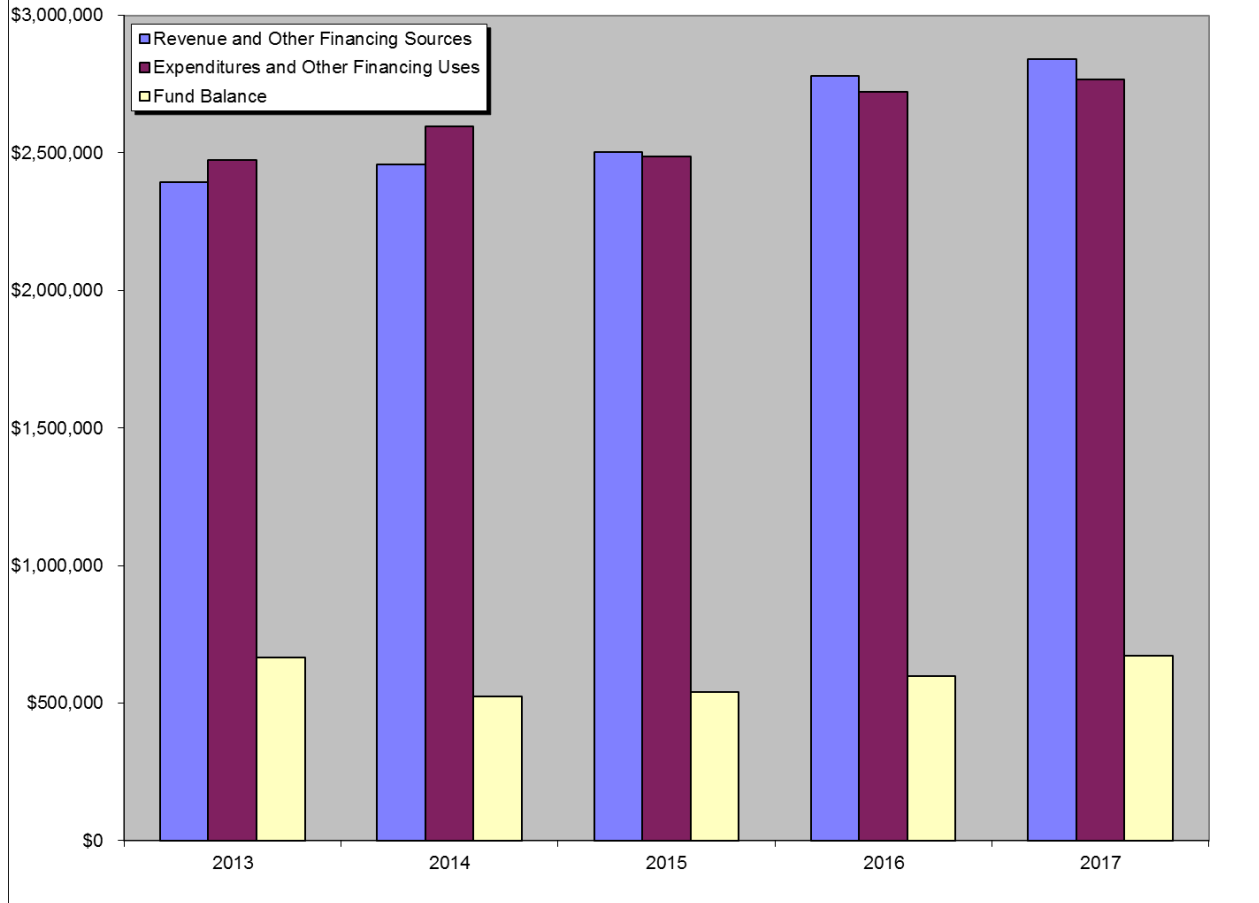
# Opinions

- ▶ “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...”

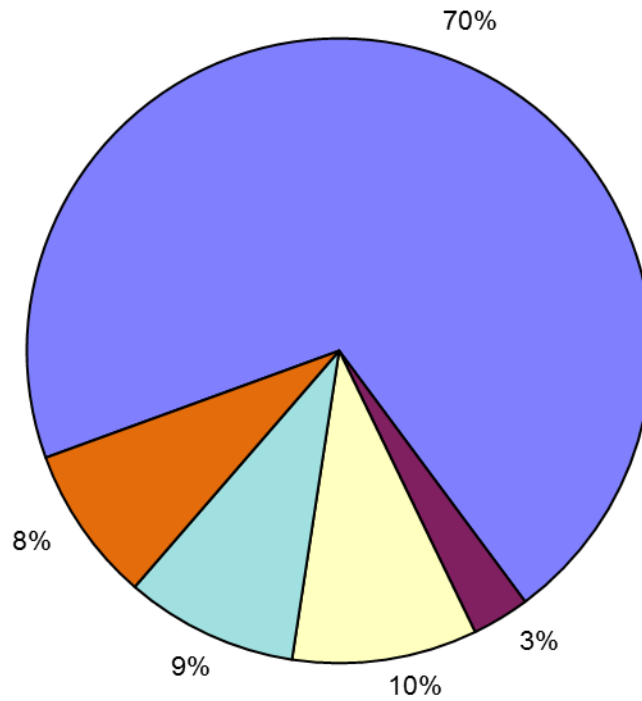
# Governmental Funds

»» Pages 3–4 and 6–7

### City of Pleasant Ridge General Fund Revenues, Expenditures, and Fund Balance

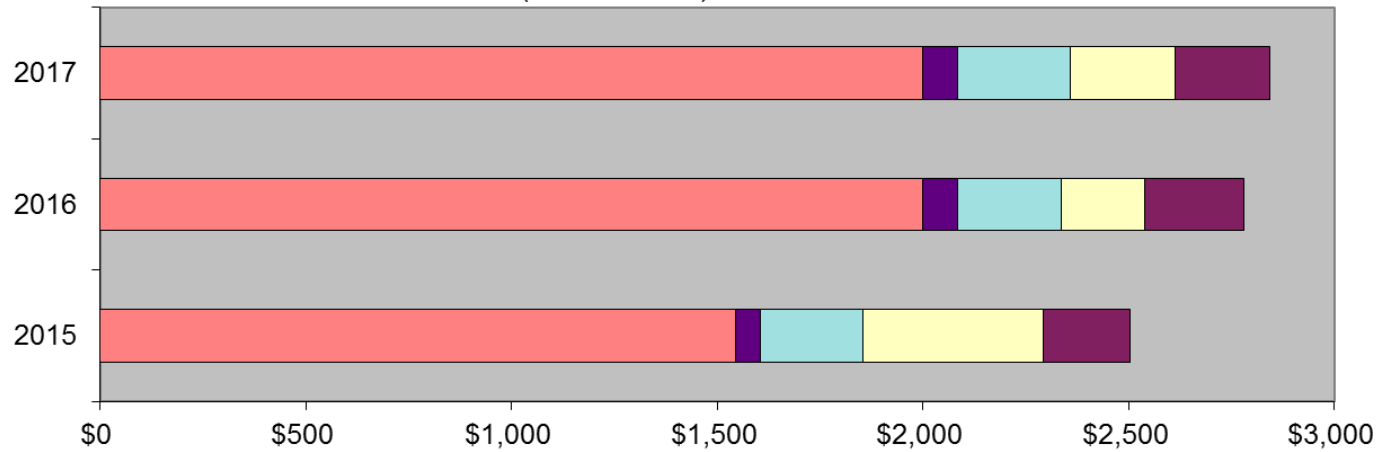


### City of Pleasant Ridge General Fund Revenues 2017



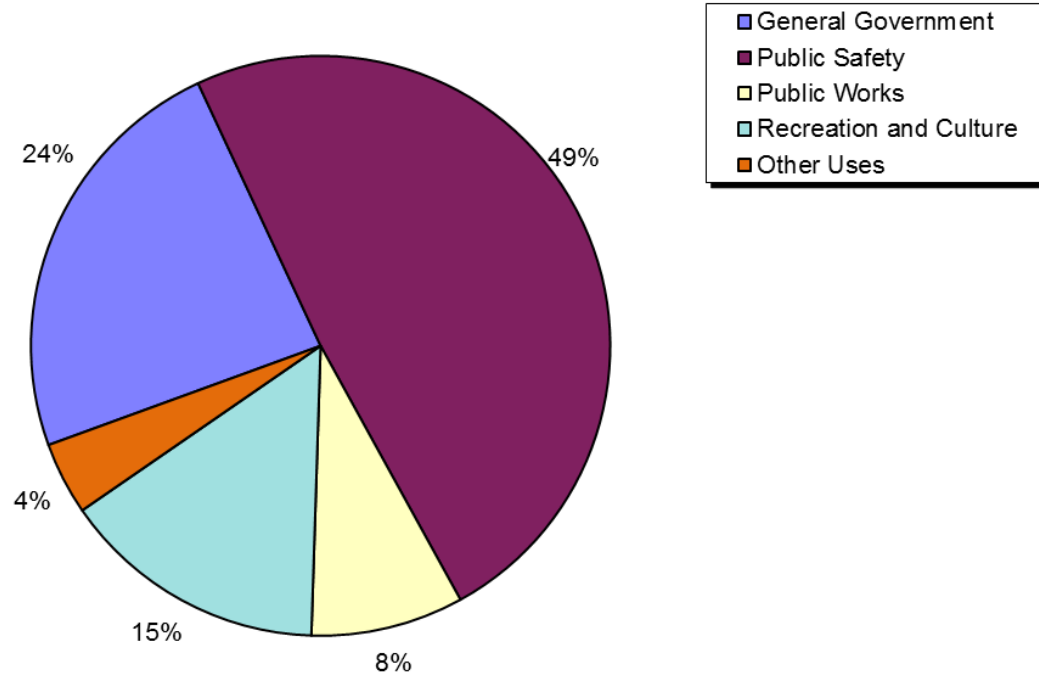
- Taxes
- Licenses and Permits
- Intergovernmental
- Charges for Services
- Other Sources

City of Pleasant Ridge  
General Fund Revenue Trends  
(In Thousands)

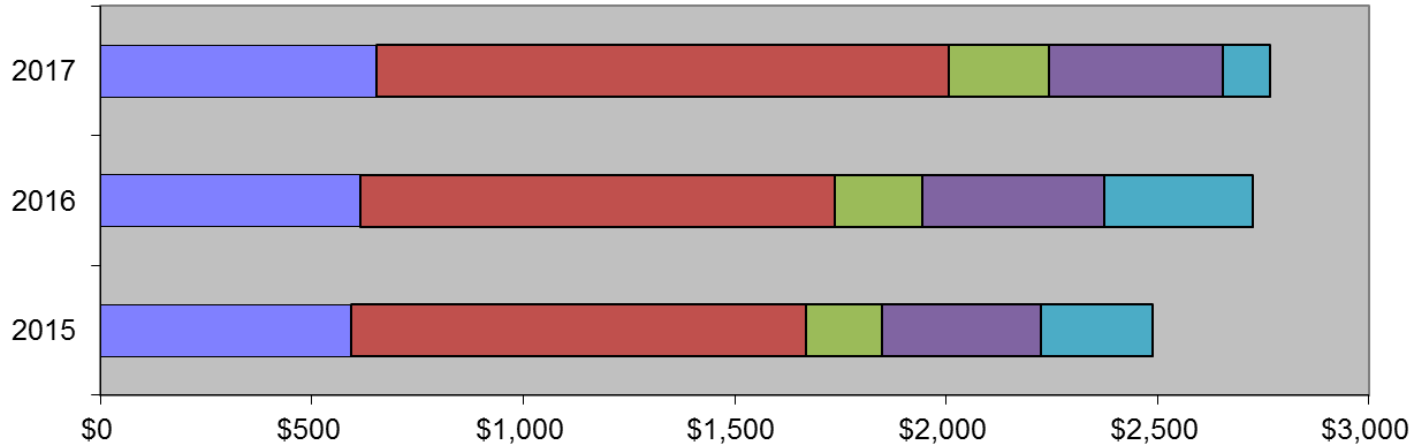


	2015	2016	2017
■ Taxes	\$1,543	\$1,999	\$2,000
■ Licenses and Permits	\$62	\$86	\$85
■ Intergovernmental	\$249	\$252	\$273
■ Charges for Services	\$437	\$202	\$254
■ Other Sources	\$212	\$241	\$230

**City of Pleasant Ridge  
General Fund Expenditures and Other Financing Uses  
2017**



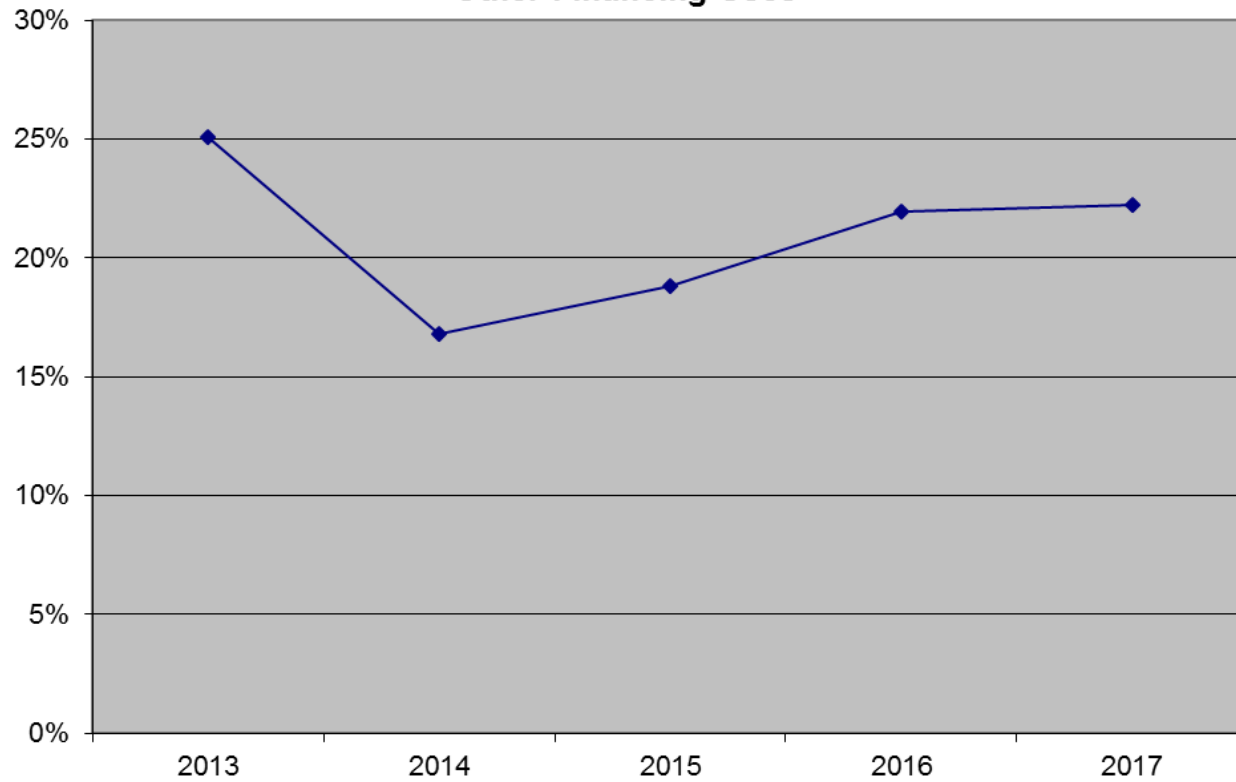
City of Pleasant Ridge  
 General Fund Expenditure Trends  
 (In Thousands)



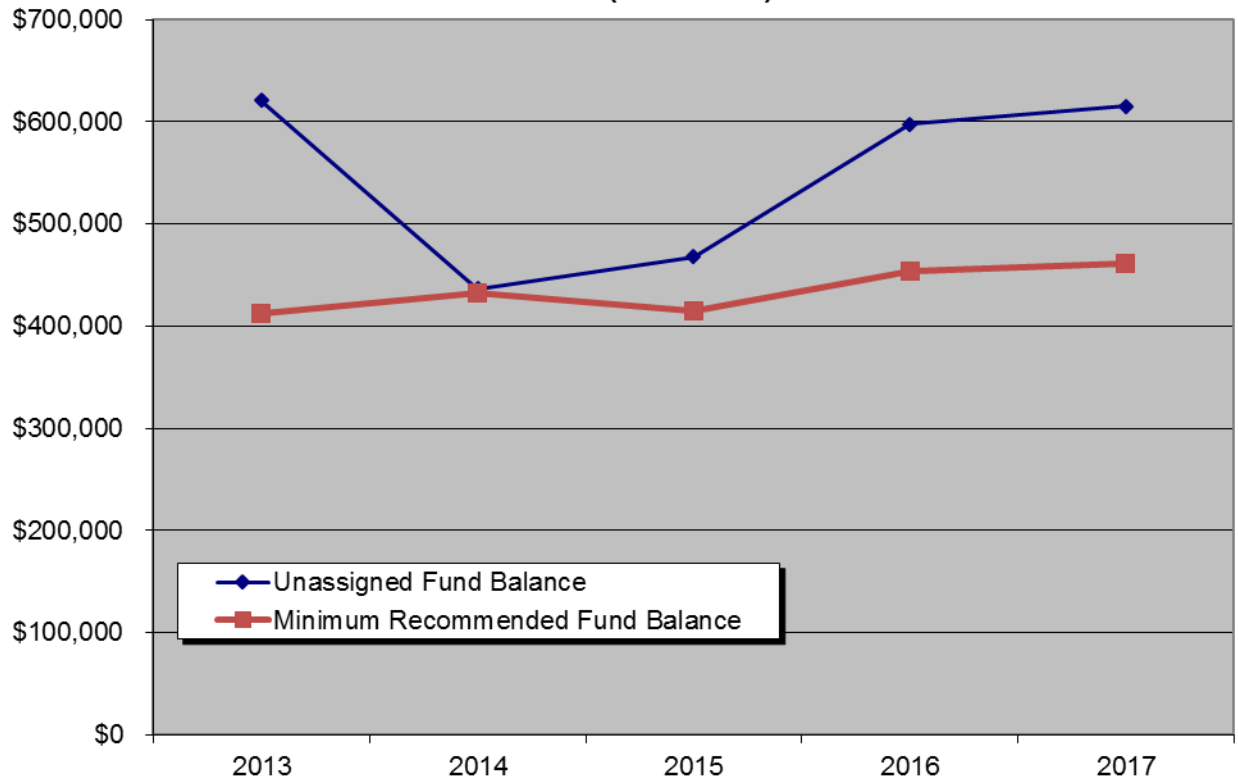
	2015	2016	2017
General Government	\$593	\$615	\$653
Public Safety	\$1,076	\$1,123	\$1,354
Public Works	\$179	\$205	\$236
Recreation and Culture	\$375	\$430	\$412
Other Uses	\$264	\$351	\$112



### City of Pleasant Ridge Unassigned Fund Balance as Percentage of Expenditures and Other Financing Uses



### City of Pleasant Ridge Unassigned Fund Balance vs. Minimum Recommended Fund Balance (In Dollars)



Thank you for the opportunity to provide services for the City of Pleasant Ridge





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, 2017. 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 May 15, 2017. 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. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2017. 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:

- The calculation of the net other post-employment benefits obligation is based on an actuarial study which utilized 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. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *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 December 6, 2017.

#### *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 the City Commission and management 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.

*Stevens Kirinovic & Tucker, P.C.*

STEVENS, KIRINOVIC & TUCKER, P.C.  
Certified Public Accountants

December 6, 2017



## 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, 2017, 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.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

UNFAVORABLE BUDGET VARIANCES - CONTINUED

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.

*Stevens Kirinovic & Tucker, P.C.*

STEVENS, KIRINOVIC & TUCKER, P.C.  
Certified Public Accountants

December 6, 2017



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

**FINANCIAL STATEMENTS**

**June 30, 2017**

City of Pleasant Ridge

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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, 2017, 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, 2017, 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.

## **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.

*Stevens Kirinovic & Tucker, P.C.*

STEVENS, KIRINOVIC & TUCKER, P.C.  
Certified Public Accountants

December 6, 2017

City of Pleasant Ridge

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

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, 2017. 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, 2017:

- Property tax revenues are the City's largest revenue source. Property tax revenue for the year ended June 30, 2017 was approximately \$3.1 million, which is a 3.47% increase from the year before. This resulted from a 1.58% increase in taxable value and 0.5996 less mills being levied.
- The City issued \$3 million in general obligation bonds for the purpose of various capital improvement projects around the City.

**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:

	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>Change from Prior Year</u> <u>In Dollars</u>	<u>As a Percent</u>
<b>Assets</b>				
Current and other assets	\$ 3,690,203	\$ 5,916,151	\$ 2,225,948	60.32%
Capital assets	<u>8,770,834</u>	<u>10,088,730</u>	<u>1,317,896</u>	15.03%
Total Assets	12,461,037	16,004,881	3,543,844	28.44%
<b>Liabilities</b>				
Current liabilities	421,083	547,506	126,423	30.02%
Noncurrent liabilities	<u>5,819,669</u>	<u>8,886,633</u>	<u>3,066,964</u>	52.70%
Total Liabilities	6,240,752	9,434,139	3,193,387	51.17%
<b>Net Position</b>				
Net investment in capital assets	6,987,480	6,702,379	(285,101)	-4.08%
Restricted	263,119	2,142,386	1,879,267	714.23%
Unrestricted	<u>(454,787)</u>	<u>(1,981,437)</u>	<u>(1,526,650)</u>	335.68%
	<u>\$ 6,795,812</u>	<u>\$ 6,863,328</u>	<u>\$ 67,516</u>	0.99%

City of Pleasant Ridge  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017

**Governmental Activities - continued**

	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>Change from Prior Year In Dollars</u>	<u>As a Percent</u>
<b>Revenues</b>				
Program Revenues				
Charges for services	\$ 753,010	\$ 767,493	\$ 14,483	1.92%
Operating grants and contributions	335,664	255,393	(80,271)	-23.91%
Capital grants and contributions	-	3,250	3,250	100.00%
General revenues				
Property taxes	2,922,586	3,023,978	101,392	3.47%
State shared revenues	235,011	249,415	14,404	6.13%
Investment and other	121,612	304,874	183,262	150.69%
	<u>4,367,883</u>	<u>4,604,403</u>	<u>236,520</u>	<u>5.41%</u>
<b>Expenses</b>				
General government	811,094	799,379	(11,715)	-1.44%
Public safety	1,383,383	1,487,173	103,790	7.50%
Public works	1,185,647	1,317,242	131,595	11.10%
Community and economic development	650	-	(650)	-100.00%
Recreation and culture	837,347	793,947	(43,400)	-5.18%
Interest on long-term debt	84,415	139,146	54,731	64.84%
	<u>4,302,536</u>	<u>4,536,887</u>	<u>234,351</u>	<u>5.45%</u>
Change in Net Position	<u>\$ 65,347</u>	<u>\$ 67,516</u>	<u>\$ 2,169</u>	<u>3.32%</u>

The City's governmental net position increased 3.32% percent from a year ago, increasing from \$6,795,812 to \$6,863,328. Total governmental revenues were \$4,604,403 while total governmental expenses were \$4,536,887, resulting in an overall increase in net position of \$67,516.

Total governmental revenues increased \$236,520 or 5.41% percent. Property taxes increased \$101,392, while charges for services increased \$14,483 and investment and other income increased \$183,262. These increases, however, were partially offset by decreases in operating grants and contribution revenue, which decreased \$80,271.

The City's total governmental expenses increased \$234,351 or 5.45 percent from the prior year. Increased costs were associated with more IT costs, costs to maintain the parks and more building and equipment repairs.

City of Pleasant Ridge

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

**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 year:

	June 30, 2016	June 30, 2017	Change from Prior Year	
			In Dollars	As a Percent
<b>Assets</b>				
Current and other assets	\$ 1,092,039	\$ 1,140,596	\$ 48,557	4.45%
Capital assets	<u>1,742,217</u>	<u>1,752,552</u>	<u>10,335</u>	0.59%
Total Assets	2,834,256	2,893,148	58,892	2.08%
<b>Liabilities</b>				
Current liabilities	152,888	179,139	26,251	17.17%
Noncurrent liabilities	<u>689,422</u>	<u>594,058</u>	<u>(95,364)</u>	-13.83%
Total Liabilities	842,310	773,197	(69,113)	-8.21%
<b>Net Position</b>				
Net investment in capital assets	962,699	1,065,536	102,837	10.68%
Unrestricted	<u>1,029,247</u>	<u>1,054,415</u>	<u>25,168</u>	2.45%
	<u>\$ 1,991,946</u>	<u>\$ 2,119,951</u>	<u>\$ 128,005</u>	6.43%
<b>Revenues</b>				
Program Revenues				
Charges for services	\$ 1,229,062	\$ 1,266,740	\$ 37,678	3.07%
General revenues				
Investment earnings	<u>2,939</u>	<u>6,046</u>	<u>3,107</u>	100.00%
Total revenue	1,232,001	1,272,786	40,785	3.31%
<b>Expenses</b>				
Water and sewer systems	<u>1,060,529</u>	<u>1,144,781</u>	<u>84,252</u>	7.94%
Change in net position	<u>\$ 171,472</u>	<u>\$ 128,005</u>	<u>\$ (43,467)</u>	-25.35%

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 Great Lakes Water Authority. Total net position of the business-type activities approximately \$43,467 from a year ago. The current year resulted in operating income of \$128,005 compared to prior year income from operations of \$171,472.

**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, the I-696 Segregated Capital Asset Fund, and the Infrastructure Improvements Fund.

City of Pleasant Ridge

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

**The City's Funds - continued**

The General Fund pays for most of the City's governmental services. However, the most significant governmental service is public safety, including police and fire protection, which incurred expenditures of approximately \$1.35 million in 2017, which was an increase of \$232,000, or 20.65 percent, from 2016.

Total General Fund revenues increased from a year ago by \$61,770 due primarily to increased taxable values, charges for services, and fines and forfeitures. Total General Fund revenues for 2017 were more than expenditures resulting in an increase in fund balance of \$73,986. Ending fund balance was \$671,552 all of which was unassigned except for the \$56,386 which related to prepaids and, therefore, was classified as nonspendable. 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, 2017, the I-696 Segregated Capital Asset Fund reported a fund balance of \$2,668,388, a decrease of \$415,938 from the prior year due to the continued financing of park improvement projects. Of the total fund balance, \$2,663,636 is considered committed for a 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 Infrastructure Improvement Fund finances new infrastructure projects within the City. This year, the fund issued \$3,000,000 of new bonds for additional capital projects. Debt service on the bonds will be paid for with the proceeds of the City's infrastructure millage. Last year, the fund was blended with the I-696 Segregated Capital Asset Fund; however, going forward it will be reported as its own stand-alone fund. As of June 30, 2017, the Infrastructure Improvement Fund reported a fund balance of \$2,031,748.

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, 2017, the Water and Sewer Fund reported a net position of \$2,119,951, an increase of \$128,005 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 \$151,690 and expenditures were less than amended budget by \$13,264. Transfers to the Capital Project Fund exceeded the budget by \$70,000. Budget amendments were made as a result of changes in estimates for property taxes and investment performance. The issuance of new debt was 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, 2017, amounted to \$11,841,282, 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 \$934,464, infrastructure improvements of \$1,019,073 and a combination of vehicles and equipment making up the remaining.

As of June 30, 2017, the City's primary government had total debt outstanding of \$5,549,400. 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 \$1,130,857 and a net pension liability of \$2,937,320.

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, 2017

**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 2017-2018 budget included a minimal increase in property tax revenues due to a decrease of property tax revenue of just 1.79%, 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 FY17-18.

**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, 2017

	Primary Government			Component Unit (DDA)
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 1,213,035	\$ 179,057	\$ 1,392,092	\$ 65,145
Cash and cash equivalents - restricted	1,487,721	-	1,487,721	-
Investments	2,192,744	-	2,192,744	-
Receivables	68,982	300,438	369,420	-
Due from other governmental units	78,098	-	78,098	-
Prepays	58,681	1,050	59,731	-
Total current assets	5,099,261	480,545	5,579,806	65,145
Noncurrent assets				
Investments	816,890	660,051	1,476,941	-
Capital assets not being depreciated	1,746,700	-	1,746,700	72,500
Capital assets being depreciated, net	8,342,030	1,752,552	10,094,582	92,479
Total noncurrent assets	10,905,620	2,412,603	13,318,223	164,979
<b>TOTAL ASSETS</b>	<b>16,004,881</b>	<b>2,893,148</b>	<b>18,898,029</b>	<b>230,124</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources related to pensions	343,020	-	343,020	-0-
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	257,834	79,838	337,672	-
Accrued liabilities	53,341	2,190	55,531	-
Accrued interest payable	33,588	4,153	37,741	-
Unearned revenue	5,944	-	5,944	-
Current portion of compensated absences	69,365	-	69,365	-
Current portion of long-term debt	127,434	92,958	220,392	-
Total current liabilities	547,506	179,139	726,645	-0-
Noncurrent liabilities				
Net other post-employment benefits obligation	1,130,857	-	1,130,857	-
Noncurrent portion of compensated absences	71,818	-	71,818	-
Noncurrent portion of long-term debt	4,746,638	594,058	5,340,696	-
Net pension liability	2,937,320	-	2,937,320	-
Total noncurrent liabilities	8,886,633	594,058	9,480,691	-0-
<b>TOTAL LIABILITIES</b>	<b>9,434,139</b>	<b>773,197</b>	<b>10,207,336</b>	<b>-0-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources related to pensions	50,434	-	50,434	-
<b>NET POSITION</b>				
Net investment in capital assets	6,702,379	1,065,536	7,767,915	164,979
Restricted for:				
Streets	73,912	-	73,912	-
Other purposes	2,068,474	-	2,068,474	-
Unrestricted	(1,981,437)	1,054,415	(927,022)	65,145
<b>TOTAL NET POSITION</b>	<b>\$ 6,863,328</b>	<b>\$ 2,119,951</b>	<b>\$ 8,983,279</b>	<b>\$ 230,124</b>

See accompanying notes to financial statements.

City of Pleasant Ridge  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit (DDA)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 799,379	\$ 338,790	\$ 14,987	\$ -	\$ (445,602)	\$ -	\$ (445,602)	\$ -
Public safety	1,487,173	163,203	-	-	(1,323,970)	-	(1,323,970)	-
Public works	1,317,242	135,524	238,141	3,250	(940,327)	-	(940,327)	-
Community and economic development	-	625	-	-	625	-	625	-
Recreation and culture	793,947	129,351	2,265	-	(662,331)	-	(662,331)	-
Interest on long-term debt	139,146	-	-	-	(139,146)	-	(139,146)	-
Total governmental activities	4,536,887	767,493	255,393	3,250	(3,510,751)	-0-	(3,510,751)	-0-
Business-type activities								
Water and sewer	1,144,781	1,266,740	-	-	-	121,959	121,959	-
Total primary government	<u>\$ 5,681,668</u>	<u>\$ 2,034,233</u>	<u>\$ 255,393</u>	<u>\$ 3,250</u>	(3,510,751)	121,959	(3,388,792)	-0-
Component unit								
Downtown Development Authority	<u>\$ 67,437</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	-0-	-0-	(67,437)
		General revenues						
		Property taxes			3,023,978	-	3,023,978	93,411
		State shared revenue			249,415	-	249,415	-
		Interest earnings			219,279	6,046	225,325	105
		Miscellaneous			85,595	-	85,595	10
		Total general revenues			<u>3,578,267</u>	<u>6,046</u>	<u>3,584,313</u>	<u>93,526</u>
		Change in net position			67,516	128,005	195,521	26,089
		Net position, beginning of the year			<u>6,795,812</u>	<u>1,991,946</u>	<u>8,787,758</u>	<u>204,035</u>
		Net position, end of the year			<u>\$ 6,863,328</u>	<u>\$ 2,119,951</u>	<u>\$ 8,983,279</u>	<u>\$ 230,124</u>

See accompanying notes to financial statements.

City of Pleasant Ridge

Governmental Funds

BALANCE SHEET

June 30, 2017

	General	I-696 Segregated Capital Asset	Infrastructure Improvements
<b>ASSETS</b>			
Cash and cash equivalents	\$ 114,551	\$ 510,329	\$ 394,145
Cash and cash equivalents - restricted	-	-	1,487,721
Investments	766,359	2,243,275	-
Accounts receivable	39,932	-	-
Due from other funds	-	-	216,000
Due from other governmental units	41,511	-	-
Advance to other funds	-	4,752	-
Prepays	56,386	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,018,739</b>	<b>\$ 2,758,356</b>	<b>\$ 2,097,866</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 137,261	\$ 34,968	\$ 66,118
Accrued liabilities	38,230	-	-
Due to other funds	161,000	55,000	-
Advance from other funds	4,752	-	-
Unearned revenue	5,944	-	-
<b>TOTAL LIABILITIES</b>	<b>347,187</b>	<b>89,968</b>	<b>66,118</b>
<b>FUND BALANCES</b>			
Nonspendable			
Prepays	56,386	-	-
Advance to other funds	-	4,752	-
Restricted			
Solid waste	-	-	-
Streets and highways	-	-	-
Infrastructure improvements	-	-	2,031,748
Public safety	-	-	-
Library	-	-	-
Recreation	-	-	-
Debt service	-	-	-
Committed			
Segregated capital asset	-	2,663,636	-
Infrastructure improvements	-	-	-
Unassigned	615,166	-	-
<b>TOTAL FUND BALANCES</b>	<b>671,552</b>	<b>2,668,388</b>	<b>2,031,748</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,018,739</b>	<b>\$ 2,758,356</b>	<b>\$ 2,097,866</b>

See accompanying notes to financial statements.

Nonmajor Governmental Funds		Total
\$ 194,010	\$ 1,213,035	
-	1,487,721	
-	3,009,634	
29,050	68,982	
-	216,000	
36,587	78,098	
-	4,752	
2,295	58,681	
<u>\$ 261,942</u>	<u>\$ 6,136,903</u>	
\$ 19,487	\$ 257,834	
15,111	53,341	
-	216,000	
-	4,752	
-	5,944	
<u>34,598</u>	<u>537,871</u>	
2,295	58,681	
-	4,752	
18,991	18,991	
73,112	73,112	
-	2,031,748	
1,549	1,549	
10,779	10,779	
3,912	3,912	
5,538	5,538	
-	2,663,636	
111,168	111,168	
-	615,166	
<u>227,344</u>	<u>5,599,032</u>	
<u>\$ 261,942</u>	<u>\$ 6,136,903</u>	

City of Pleasant Ridge

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

June 30, 2017

**Total fund balances - governmental funds** **\$ 5,599,032**

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	\$ 18,061,183	
Accumulated depreciation	<u>(7,972,453)</u>	
Capital assets, net		10,088,730

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	343,020	
Deferred inflows of resources related to pensions	<u>(50,434)</u>	
		292,586

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	4,721,201	
Unamortized bond premium	152,871	
Accrued interest payable	33,588	
Compensated absences	141,183	
Net other post-employment benefits obligation	1,130,857	
Net pension liability	<u>2,937,320</u>	
		<u>(9,117,020)</u>
<b>Net position of governmental activities</b>		<b><u><u>\$ 6,863,328</u></u></b>

City of Pleasant Ridge

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2017

	General	I-696 Segregated Capital Asset	Infrastructure Improvements
<b>REVENUES</b>			
Taxes	\$ 2,000,312	\$ 98,361	\$ 389,521
Licenses and permits	84,901	-	-
Intergovernmental	272,526	-	40,000
Charges for services	254,158	-	-
Fines and forfeits	56,410	-	-
Interest and rents	12,255	211,495	15
Other	161,062	-	29,460
<b>TOTAL REVENUES</b>	<b>2,841,624</b>	<b>309,856</b>	<b>458,996</b>
<b>EXPENDITURES</b>			
Current			
General government	653,154	-	-
Public safety	1,354,304	-	-
Public works	236,090	18	122
Recreation and culture	412,099	-	-
Other	5,000	-	-
Capital outlay	-	725,776	1,040,065
Debt service	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,660,647</b>	<b>725,794</b>	<b>1,040,187</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>180,977</b>	<b>(415,938)</b>	<b>(581,191)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	9	-	-
Transfers out	(107,000)	-	-
Bond issuance costs	-	-	(56,500)
Bond premium	-	-	152,871
Installment purchase agreement	-	-	-
Proceeds from debt issuance	-	-	3,000,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(106,991)</b>	<b>-0-</b>	<b>3,096,371</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>73,986</b>	<b>(415,938)</b>	<b>2,515,180</b>
Restated fund balances, beginning of year	597,566	3,084,326	(483,432)
Fund balances, end of year	<u>\$ 671,552</u>	<u>\$ 2,668,388</u>	<u>\$ 2,031,748</u>

See accompanying notes to financial statements.



Nonmajor Governmental Funds	Total
\$ 604,924	\$ 3,093,118
-	84,901
198,140	510,666
183,712	437,870
1,127	57,537
397	224,162
5,627	196,149
<hr/>	<hr/>
993,927	4,604,403
-	653,154
9	1,354,313
483,483	719,713
241,642	653,741
-	5,000
281,243	2,047,084
198,282	198,282
<hr/>	<hr/>
1,204,659	5,631,287
<hr/>	<hr/>
(210,732)	(1,026,884)
177,000	177,009
(70,009)	(177,009)
-	(56,500)
-	152,871
67,957	67,957
-	3,000,000
<hr/>	<hr/>
174,948	3,164,328
<hr/>	<hr/>
(35,784)	2,137,444
263,128	3,461,588
<hr/>	<hr/>
\$ 227,344	\$ 5,599,032
<hr/> <hr/>	<hr/> <hr/>

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, 2017

**Net change in fund balances - total governmental funds** **\$ 2,137,444**

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	\$ 2,017,080	
Depreciation expense	<u>(699,184)</u>	
Excess of capital outlay over depreciation expense		1,317,896

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:

Borrowing of long-term debt	(3,067,957)	
Bond premium	(152,871)	
Bond and installment loan principal retirements	<u>130,110</u>	
		(3,090,718)

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:

(Increase) in accrued interest payable	(14,474)	
Decrease in compensated absences	6,058	
(Increase) in net other post-employment benefits obligation	(113,112)	
(Decrease) in deferred outflows of resources related to pensions	(232,507)	
(Increase) in deferred inflows of resources related to pensions	(50,434)	
Decrease in net pension liability	<u>107,363</u>	
		<u>(297,106)</u>

**Change in net position of governmental activities** **\$ 67,516**

City of Pleasant Ridge  
Proprietary Fund  
STATEMENT OF NET POSITION  
June 30, 2017

	Business-type Activities
	Water and Sewer
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 179,057
Accounts receivable	300,438
Prepaid expenses	1,050
Total current assets	480,545
Noncurrent assets	
Investments	660,051
Capital assets being depreciated, net	1,752,552
Total noncurrent assets	2,412,603
<b>TOTAL ASSETS</b>	<b>2,893,148</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	79,838
Other accrued liabilities	2,190
Accrued interest payable	4,153
Current portion of long-term debt	92,958
Total current liabilities	179,139
Noncurrent liabilities	
Noncurrent portion of long-term debt	594,058
<b>TOTAL LIABILITIES</b>	<b>773,197</b>
<b>NET POSITION</b>	
Net investment in capital assets	1,065,536
Unrestricted	1,054,415
<b>TOTAL NET POSITION</b>	<b>\$ 2,119,951</b>

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, 2017

	Business-type Activities
	<u>Water and Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 1,251,226
Penalties and fines	<u>15,514</u>
TOTAL OPERATING REVENUES	1,266,740
OPERATING EXPENSES	
Salaries, wages, and fringe benefits	78,139
Contractual services	112,854
Water purchases	193,113
Sewage treatment	558,326
Administrative charges	30,304
Operating supplies	6,686
Other	14,063
Depreciation	<u>133,304</u>
TOTAL OPERATING EXPENSES	<u>1,126,789</u>
OPERATING INCOME	139,951
NONOPERATING REVENUES (EXPENSES)	
Interest income	6,046
Interest expense and fees	<u>(17,992)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(11,946)</u>
CHANGE IN NET POSITION	128,005
Net position, beginning of year	<u>1,991,946</u>
Net position, end of year	<u><u>\$ 2,119,951</u></u>

See accompanying notes to financial statements.

City of Pleasant Ridge  
Proprietary Fund  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2017

	Business-type Activities
	Water and Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from customers	\$ 1,296,062
Cash paid to suppliers	(892,766)
Cash paid to employees	(77,252)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	326,044
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital asset acquisitions	(143,639)
Payments on borrowing	(92,502)
Interest and fees paid	(19,120)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(255,261)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	6,046
Purchase of investments	(5,638)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	408
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	71,191
Cash and cash equivalents, beginning of year	107,866
Cash and cash equivalents, end of year	\$ 179,057
<b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 139,951
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	133,304
(Increase) decrease in:	
Accounts receivable	29,322
Prepaid expenses	(1,050)
Increase in:	
Accounts payable	23,630
Other accrued liabilities	887
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 326,044</b>

See accompanying notes to financial statements.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**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, 2017

**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, 2017, the City of Pleasant Ridge expended \$197,610 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, 2016, are available at SOCRRA's administrative offices. As of June 30, 2016, SOCRRA had net position of \$3,465,655.

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, 2017, the City of Pleasant Ridge expended \$193,113 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, 2016, are available at SOCWA's administrative offices. As of June 30, 2016, SOCWA had net position of \$17,056,568.

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, 2017

**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.
- c. The Infrastructure Improvement Fund was established to account for funds received from the City's infrastructure improvement millage and bond proceeds for various infrastructure capital projects throughout the City.

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.



NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

6. Basis of Accounting - continued

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.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

7. Budgets and Budgetary Accounting - continued

- 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.

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. Restricted cash and cash equivalents in the governmental activities related to bond proceeds which have not yet been spent.

Investments include mutual funds, equity securities, and participation in a governmental investment pool. Investments are recorded at fair value.

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, 2017, 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, 2017

**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 noncurrent.

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. Accrued Interest Payable

Accrued interest is presented for long-term obligations in the government-wide financial statements.

18. 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.

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.

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

18. Deferred Outflows/Inflows of Resources - continued

The City reports deferred outflows of resources and deferred inflows of resources related to the net pension liability for 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 or inflow of resources in the period to which they apply.

19. 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, 2017, the City levied 13.6238 mills per \$1,000 of taxable valuation for general governmental services, 1.6260 mills for refuse services, 0.3481 mills for community promotion, 2.8472 mills for infrastructure improvements, 0.3763 mills for library services, 1.2073 mills for pool operations, 0.7190 mills for park improvements, and 1.2122 mills for pool debt. The total taxable value for the 2016 levy for property within the City was \$140,067,812.

20. 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 preclude their use for unrestricted purposes.

21. 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.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

- 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.

Deposits

As of June 30, 2017, 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	\$ 2,878,753	\$ 3,220,401
COMPONENT UNIT		
Checking and savings	<u>65,145</u>	<u>65,145</u>
TOTAL REPORTING ENTITY	<u>\$ 2,943,898</u>	<u>\$ 3,285,546</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, 2017, the City accounts were insured by the Federal Deposit Insurance Corporation (FDIC) for \$750,000 and the amount of \$2,535,546 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, 2017, 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.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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.

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 advisors 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, 2017:

<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	\$ 814,198	\$ 814,198	\$ -	\$ -
Equity Securities	1,378,546	1,378,546	-	-
	<u>\$ 2,192,744</u>	<u>\$ 2,192,744</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.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

Investments in Entities that Calculate Net Asset Value per Share - continued

At the year ended June 30, 2017, 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>\$ 1,476,941</u>	<u>\$ -0-</u>	No restrictions	None

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, 2017:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Reporting Entity</u>
Cash and cash equivalents	\$ 1,392,092	\$ 65,145	\$ 1,457,237
Cash and cash equivalents - restricted	1,487,721	-	1,487,721
Investments - current	2,192,744	-	2,192,744
Investments - noncurrent	<u>1,476,941</u>	<u>-</u>	<u>1,476,941</u>
	<u>\$ 6,549,498</u>	<u>\$ 65,145</u>	<u>\$ 6,614,643</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>\$ 9</u>
Transfers to nonmajor governmental funds from:	
General Fund	\$ 107,000
Nonmajor governmental funds	<u>70,000</u>
	<u>\$ 177,000</u>

Transfers to the General Fund from the nonmajor governmental funds were to close out the Non-Voted Debt Service 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.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**NOTE D: ADVANCES PAYABLE AND RECEIVABLE**

The following schedule details advances payable and receivable related to the primary government as of June 30, 2017:

Advance from I-696 Segregated Capital Asset Fund to:	
General Fund	<u>\$ 4,752</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.

**NOTE E: INTERFUND RECEIVABLES AND PAYABLES**

Due to Infrastructure Improvements Fund from:	
General Fund	\$ 161,000
I-696 Segregated Capital Assets Fund	<u>55,000</u>
	<u>\$ 216,000</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**NOTE F: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017, was as follows:

**Primary Government**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions/</u> <u>Reclassifications</u>	<u>Deletions/</u> <u>Reclassifications</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 1,746,700	\$ -	\$ -	\$ 1,746,700
Construction in progress	57,817	760,006	(817,823)	-0-
Subtotal	1,804,517	760,006	(817,823)	1,746,700
Capital assets being depreciated				
Land improvements	947,013	817,823	-	1,764,836
Buildings and improvements	3,832,203	116,641	-	3,948,844
Vehicles	123,463	53,403	-	176,866
Equipment	564,592	67,957	(44,879)	587,670
Software	19,430	-	-	19,430
Infrastructure - streets and alleys	8,797,764	1,019,073	-	9,816,837
Subtotal	14,284,465	2,074,897	(44,879)	16,314,483



City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**NOTE F: CAPITAL ASSETS - CONTINUED**

**Primary Government - Continued**

	Balance July 1, 2016	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2017
<b>Governmental activities - continued</b>				
Less accumulated depreciation for:				
Land improvements	\$ (732,934)	\$ (93,048)	\$ -	\$ (825,982)
Buildings and improvements	(1,687,436)	(116,770)	-	(1,804,206)
Vehicles	(98,892)	(23,485)	-	(122,377)
Equipment	(360,923)	(24,303)	44,879	(340,347)
Software	(16,641)	(2,789)	-	(19,430)
Infrastructure - streets and alleys	(4,421,322)	(438,789)	-	(4,860,111)
Subtotal	<u>(7,318,148)</u>	<u>(699,184)</u>	<u>44,879</u>	<u>(7,972,453)</u>
Net capital assets being depreciated	<u>6,966,317</u>	<u>1,375,713</u>	<u>-0-</u>	<u>8,342,030</u>
Capital assets, net	<u>\$ 8,770,834</u>	<u>\$ 2,135,719</u>	<u>\$ (817,823)</u>	<u>\$ 10,088,730</u>

Depreciation expense was charged to the following governmental activities:

General government	\$ 16,696
Public safety	27,248
Public works	515,034
Recreation and culture	140,206
	<u>\$ 699,184</u>

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>Business-type activities</b>				
Capital assets being depreciated				
Water and sewer transmission and distribution system	\$ 3,343,409	\$ 90,221	\$ -	\$ 3,433,630
Water meters	157,233	11,110	-	168,343
Vehicles and miscellaneous equipment	14,602	42,308	-	56,910
Subtotal	3,515,244	143,639	-0-	3,658,883
Less accumulated depreciation for:				
Water and sewer transmission and distribution system	(1,653,603)	(114,559)	-	(1,768,162)
Water meters	(104,822)	(12,704)	-	(117,526)
Vehicles and miscellaneous equipment	(14,602)	(6,041)	-	(20,643)
Subtotal	<u>(1,773,027)</u>	<u>(133,304)</u>	<u>-0-</u>	<u>(1,906,331)</u>
Capital assets, net	<u>\$ 1,742,217</u>	<u>\$ 10,335</u>	<u>\$ -0-</u>	<u>\$ 1,752,552</u>

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**NOTE F: CAPITAL ASSETS - CONTINUED**

**Component Unit**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
<b>Downtown Development Authority (DDA)</b>				
Capital assets not being depreciated				
Land	\$ 72,500	\$ -	\$ -	\$ 72,500
Capital assets being depreciated				
Land improvements	138,371	-	-	138,371
Less accumulated depreciation for:				
Land improvements	(38,576)	(7,316)	-	(45,892)
Net capital assets being depreciated	99,795	(7,316)	-0-	92,479
Capital assets, net	<u>\$ 172,295</u>	<u>\$ (7,316)</u>	<u>\$ -0-</u>	<u>\$ 164,979</u>

**NOTE G: 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, 2017.

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
<b>Primary Government</b>					
Governmental activities					
General Obligation Bonds	\$ 1,775,000	\$ 3,000,000	\$ (100,000)	\$ 4,675,000	\$ 100,000
Installment Loan Agreement	8,354	67,957	(30,110)	46,201	17,880
Unamortized bond premium	-	152,871	-	152,871	9,554
Compensated Absences	147,241	69,365	(75,423)	141,183	69,365
	1,930,595	3,290,193	(205,533)	5,015,255	196,799
Business-type activities					
Water and Sewer System					
George W. Kuhn Drain Bonds	779,518	96,814	(189,316)	687,016	92,958
	<u>\$ 2,710,113</u>	<u>\$ 3,387,007</u>	<u>\$ (394,849)</u>	<u>\$ 5,702,271</u>	<u>\$ 289,757</u>

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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. \$ 1,675,000

\$3,000,000 2017 Limited Tax General Obligation Bonds dated May 2, 2017, due in annual installments ranging from \$150,000 to \$260,000 through October 1, 2032, with interest of 3.000 percent, payable semiannually. 3,000,000

\$ 4,675,000

Installment Loan Agreement

\$67,957 National Equipment Leasing Loan dated March 7, 2017, due in annual installments of \$21,756 through April 1, 2019, and a final installment of \$9,691 on April 1, 2019, and a final installment of \$9,691 on April 1, 2020, with interest of 8.39 percent. \$ 46,201

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.

\$ 687,016

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 \$141,183 at June 30, 2017.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**NOTE G: 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
2018	\$ 100,000	\$ 153,774	\$ 17,880	\$ 3,876	\$ 92,958	\$ 16,614
2019	275,000	155,274	19,380	2,376	94,845	14,377
2020	280,000	145,387	8,941	750	97,056	12,093
2021	285,000	135,349	-	-	99,269	9,754
2022	320,000	125,087	-	-	101,677	7,362
2023-2027	1,800,000	444,634	-	-	189,787	9,905
2028-2032	1,355,000	137,074	-	-	11,424	493
2033	260,000	3,900	-	-	-	-
	<u>\$ 4,675,000</u>	<u>\$ 1,300,479</u>	<u>\$ 46,201</u>	<u>\$ 7,002</u>	<u>\$ 687,016</u>	<u>\$ 70,598</u>

**NOTE H: 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.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**NOTE H: 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, 2016 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	9
Active employees	<u>10</u>
	<u><u>33</u></u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, 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 4.40 to 9.04 percent based on annual payroll for open divisions. For the year ended June 30, 2017, 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, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of that date.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances at December 31, 2015	\$ 5,832,373	\$ 2,787,690	\$ 3,044,683
Changes for the Year			
Service cost	75,507	-	75,507
Interest on total pension liability	455,540	-	455,540
Difference between expected and actual experience	(75,651)	-	(75,651)
Employer contributions	-	244,324	(244,324)
Employee contributions	-	11,785	(11,785)
Net investment income	-	312,825	(312,825)
Benefit payments, including employee refunds	(351,726)	(351,726)	-0-
Administrative expense	-	(6,175)	6,175
Net changes	<u>103,670</u>	<u>211,033</u>	<u>(107,363)</u>
Balances at December 31, 2016	<u>\$ 5,936,043</u>	<u>\$ 2,998,723</u>	<u>\$ 2,937,320</u>

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

For the year ended June 30, 2017, the employer recognized pension expense of \$426,085. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 13,485	\$ 50,434
Changes in assumptions	82,905	-
Net difference between projected and actual earnings on pension plan investments	115,830	-
Contributions subsequent to the measurement date*	<u>130,800</u>	<u>-</u>
Total	<u>\$ 343,020</u>	<u>\$ 50,434</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, 2018.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**NOTE H: 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>
2018	\$ 119,588
2019	23,199
2020	37,775
2021	(18,776)

Actuarial Assumptions

The total pension liability in the December 31, 2016 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.75% in the long-term plus a percentage based on an age related scale to reflect merit, longevity, and promotional pay increases.

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, 2016 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.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

Projected Cash Flows - continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	55.50%	8.65%
Global Fixed Income	18.50%	3.76%
Real Assets	13.50%	9.72%
Diversifying Strategies	12.50%	7.50%

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 8.00%, as well as what the City's net pension liability would be using a discount rate that is 1% lower (7.00%) or 1% higher (9.00%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	\$ 3,612,524	\$ 2,937,320	\$ 2,367,512

**NOTE I: 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, 2017.

During the year ended June 30, 2017, 13 retirees were receiving benefits. Expenditures for post-employment benefits are recognized when claims are paid. During the year, net expenditures for current premiums of \$130,122 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, 2017

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

Funding Policy

The City's annual other post-employment benefit cost is calculated based on the actuarially determined annual required contribution of the employer (ARC). 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, 2017, the City has determined an estimated cost of providing post-employment benefits through the entry age normal actuarial method of calculation as of June 30, 2016. 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)	\$ 255,166
Interest on net OPEB obligation	30,532
Adjustment to annual required contribution	<u>(37,464)</u>
Annual OPEB cost (expense)	248,234
Amounts contributed:	
Payments of current premiums (net of employee reimbursement)	130,122
Prefunded benefits	<u>5,000</u>
Total amounts contributed	<u>135,122</u>
Increase in net OPEB obligation	113,112
OPEB obligation - beginning of year	<u>1,017,745</u>
OPEB obligation - end of year	<u><u>\$ 1,130,857</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,		
	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual OPEB cost	\$ 265,488	\$ 262,999	\$ 248,234
Percentage contributed	64%	68%	54%
Net OPEB obligation	\$ 938,802	\$ 1,017,745	\$ 1,130,857

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

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

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

	Year Ended December 31, 2009	Year Ended June 30, 2013	Year Ended June 30, 2016
Actuarial value of assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL) (entry age)	4,008,721	4,168,212	5,243,712
Unfunded AAL (UAAL)	4,008,721	4,168,212	5,243,712
Funded ratio	0%	0%	0%

This trend information was obtained from the most recently issued alternative measurement and actuarial 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.

In the June 30, 2016 actuarial valuation, the individual entry age normal actuarial cost method was used. The UAAL is being amortized as a level percentage of payroll over a 30 year period.

The unfunded actuarially accrued liability, in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Salary increases: 2.5%

Discount rate: 3.0%

Mortality: RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 (RPH-2016 table is calculated based on RPH-2014 table with 8 years of MP-2014 mortality improvement backed out and projected to 2016 using Scale MP-2016).

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**NOTE J: 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, 2017:

REVENUES	
Licenses and permits	
Electrical permits	\$ 7,340
Building permits	64,923
Plumbing/heating permits	12,638
Administrative fee	<u>8,225</u>
 TOTAL REVENUES	 93,126
EXPENDITURES	
Salaries and wages	81,550
Operating supplies and other	<u>47,405</u>
 TOTAL EXPENDITURES	 <u>128,955</u>
 EXCESS OF REVENUES (UNDER) EXPENDITURES	  (35,829)
 PRIOR CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	  <u>(7,110)</u>
 CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	  <u>\$ (42,939)</u>

**NOTE K: 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.

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.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**NOTE L: SEGREGATED CAPITAL ASSET CAPITAL PROJECTS FUNDS**

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 were 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 SCAF is being reimbursed over the next several years from the revenue generated by the separate infrastructure improvement and park improvement millages.

During the current fiscal year, the Infrastructure Improvements Fund reimbursed the I-696 Segregated Capital Asset Fund \$483,432 for amounts spent in previous years. As of June 30, 2017, the Infrastructure Improvements Fund has fully repaid I-696 Segregated Capital Asset Fund for amounts previously financed.

As of June 30, 2017, the I-696 Segregated Capital Asset Fund has financed a net \$802,989 for various park improvements. This will be repaid in future years by the proceeds from the park improvement millage.

**NOTE M: 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, 2017:

PRIMARY GOVERNMENT	
Governmental activities	
Restricted for streets	\$ 73,912
Restricted for other purposes	
Solid waste	19,558
Infrastructure improvements	2,031,748
Public safety	1,549
Library	10,779
Recreation	4,840
	<hr/>
	2,068,474
	<hr/>
	\$ 2,142,386
	<hr/>

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**NOTE N: 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 absence 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 should be used first. In the absence of such a policy, resources with the highest level of restriction will be used first.

**NOTE O: RESTATEMENT OF FUND BALANCE**

The beginning fund balances for the I-696 Segregated Capital Asset and Infrastructure Improvement Funds were increased and decreased by \$483,432, respectively, to account for infrastructure improvement activity which had previously been reported in the I-696 Segregated Capital Asset Fund.

**NOTE P: UPCOMING ACCOUNTING PRONOUNCEMENTS**

In January 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.

City of Pleasant Ridge

NOTES TO FINANCIAL STATEMENTS

June 30, 2017

**NOTE P: UPCOMING ACCOUNTING PRONOUNCEMENTS - CONTINUED**

In March 2016, the GASB issued Statement No. 82, *Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2017-2018 fiscal year.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement improves financial reporting by establishing specific criteria for identifying activities that should be reported as fiduciary activities and will clarify whether and how business-type activities should report their fiduciary activities. The City is currently evaluating the impact his standard will have on the financial statements when adopted during the 2018-2019 fiscal year.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement will increase the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2020-2021 fiscal year.

**REQUIRED SUPPLEMENTARY INFORMATION**

City of Pleasant Ridge

General Fund

BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)

Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Property taxes	\$ 2,009,345	\$ 2,000,945	\$ 2,000,312	\$ (633)
Licenses and permits	65,050	64,450	84,901	20,451
Intergovernmental	252,232	252,232	272,526	20,294
Charges for services	213,435	213,035	245,671	32,636
Fines and forfeits	37,000	37,000	56,410	19,410
Interest and rents	10,500	10,500	12,235	1,735
Other	100,000	101,000	158,797	57,797
<b>TOTAL REVENUES</b>	<b>2,687,562</b>	<b>2,679,162</b>	<b>2,830,852</b>	<b>151,690</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General government</b>				
Commission	21,550	21,550	14,234	7,316
Manager	135,802	158,541	153,543	4,998
Treasurer	88,500	110,500	108,756	1,744
Clerk	107,559	105,259	103,472	1,787
Assessor	21,900	21,900	21,063	837
Elections	15,363	10,363	7,100	3,263
General government	139,350	158,350	152,685	5,665
Attorney services	46,750	41,750	31,137	10,613
Information technology	65,600	65,600	58,093	7,507
Cable television	5,750	5,750	3,071	2,679
<b>Total general government</b>	<b>648,124</b>	<b>699,563</b>	<b>653,154</b>	<b>46,409</b>
<b>Public safety</b>				
Police department	821,839	1,024,952	1,027,664	(2,712)
Fire services	258,000	258,000	256,581	1,419
Building department	63,725	67,735	70,059	(2,324)
<b>Total public safety</b>	<b>1,143,564</b>	<b>1,350,687</b>	<b>1,354,304</b>	<b>(3,617)</b>
<b>Public works</b>				
Public works services	178,000	165,948	206,075	(40,127)
Street lighting	35,400	35,400	30,015	5,385
<b>Total public works</b>	<b>213,400</b>	<b>201,348</b>	<b>236,090</b>	<b>(34,742)</b>



City of Pleasant Ridge

General Fund

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

Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONTINUED				
Current - continued				
Recreation and culture				
Parks and recreation department	\$ 366,864	\$ 385,564	\$ 406,878	\$ (21,314)
Other				
Retirement benefits	267,000	5,000	5,000	-
TOTAL EXPENDITURES	2,638,952	2,642,162	2,655,426	(13,264)
EXCESS OF REVENUES OVER EXPENDITURES	48,610	37,000	175,426	138,426
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	9	9
Transfers out	(37,000)	(37,000)	(107,000)	(70,000)
TOTAL OTHER FINANCING SOURCES (USES)	(37,000)	(37,000)	(106,991)	(69,991)
Net change in fund balance (prior to adjustments for GASB Statement No. 54)	\$ 11,610	\$ -0-	\$ 68,435	\$ 68,435

City of Pleasant Ridge

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

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

	2014	2015	2016
Total Pension Liability			
Service cost	\$ 67,290	\$ 71,305	\$ 75,507
Interest	422,582	433,753	455,540
Difference between expected and actual experience	-	40,456	(75,651)
Changes of assumptions	-	248,716	-
Benefit payments, including employee refunds	(345,474)	(367,542)	(351,726)
Other	(2)	(4)	-
Net change in total pension liability	144,396	426,684	103,670
Total Pension Liability, beginning	5,261,293	5,405,689	5,832,373
Total Pension Liability, ending	<u>\$ 5,405,689</u>	<u>\$ 5,832,373</u>	<u>\$ 5,936,043</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 200,664	\$ 211,243	\$ 244,324
Contributions - employee	10,149	10,639	11,785
Net investment income (loss)	183,562	(42,958)	312,825
Benefit payments, including employee refunds	(345,474)	(367,542)	(351,726)
Administrative expenses	(6,715)	(6,399)	(6,175)
Net change in plan fiduciary net position	42,186	(195,017)	211,033
Plan Fiduciary Net Position, beginning	2,940,521	2,982,707	2,787,690
Plan Fiduciary Net Position, ending	<u>\$ 2,982,707</u>	<u>\$ 2,787,690</u>	<u>\$ 2,998,723</u>
City's Net Pension Liability	<u>\$ 2,422,982</u>	<u>\$ 3,044,683</u>	<u>\$ 2,937,320</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	55%	48%	51%
Covered Employee Payroll	\$ 550,037	\$ 568,862	\$ 618,585
City's Net Pension Liability as a percentage of Covered Employee Payroll	441%	535%	475%

City of Pleasant Ridge

SCHEDULE OF PENSION CONTRIBUTIONS

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarial determined contributions	\$ 189,972	\$ 242,271	\$ 255,997
Contributions in relation to the actuarially determined contribution	<u>196,956</u>	<u>242,271</u>	<u>255,997</u>
Contribution deficiency (excess)	<u>\$ (6,984)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Covered Employee Payroll	\$ 821,298	\$ 854,741	\$ 625,950
Contributions as a percentage of covered employee payroll	24%	28%	41%

City of Pleasant Ridge

OTHER POST-EMPLOYMENT BENEFITS PLAN

Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Underfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
6/30/2016	\$ -	\$ 5,243,712	\$ 5,243,712	-
6/30/2013	-	4,168,212	4,168,212	-
12/31/2009	-	4,008,721	4,008,721	-

City of Pleasant Ridge

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2017

**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, 2017, the City incurred expenditures in the General Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
Public safety			
Police department	\$ 1,024,952	\$ 1,027,664	\$ 2,712
Building department	67,735	70,059	2,324
Public works			
Public works services	165,948	206,075	40,127
Recreation and culture			
Parks and recreation department	385,564	406,878	21,314
Transfers out	37,000	107,000	70,000

**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 utilized 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)	\$ 68,435
Net change in fund balance related to Historical Fund:	
Revenue related to additional sales, interest, and other	10,772
Expenditures related to administration and capital outlay	<u>(5,221)</u>
Net change in General Fund Fund Balance (GAAP basis)	<u>\$ 73,986</u>

**NOTE C: EMPLOYEE RETIREMENT PLAN**

Changes of benefit terms: There were no changes of benefit terms during plan year 2016.

Changes in assumptions: There were no changes in assumptions during plan year 2016.

## **OTHER SUPPLEMENTARY INFORMATION**

City of Pleasant Ridge  
Nonmajor Governmental Funds  
COMBINING BALANCE SHEET  
June 30, 2017

	Special			
	Major Streets	Local Streets	Solid Waste	Pool/Fitness Facility (Operating)
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,637	\$ 19,941	\$ 7,655	\$ 20,743
Accounts receivable	-	-	29,050	-
Due from other governmental units	27,282	9,305	-	-
Prepays	800	-	567	928
<b>TOTAL ASSETS</b>	<b>\$ 44,719</b>	<b>\$ 29,246</b>	<b>\$ 37,272</b>	<b>\$ 21,671</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 53	\$ -	\$ 15,901	\$ 3,533
Accrued wages	-	-	1,813	13,298
<b>TOTAL LIABILITIES</b>	<b>53</b>	<b>-0-</b>	<b>17,714</b>	<b>16,831</b>
<b>FUND BALANCES</b>				
Nonspendable				
Prepays	800	-	567	928
Restricted				
Solid waste	-	-	18,991	-
Streets and highways	43,866	29,246	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Recreation	-	-	-	3,912
Debt service	-	-	-	-
Committed				
Infrastructure improvements	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>44,666</b>	<b>29,246</b>	<b>19,558</b>	<b>4,840</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 44,719</b>	<b>\$ 29,246</b>	<b>\$ 37,272</b>	<b>\$ 21,671</b>

Revenue		Capital Projects	Debt Service		Total
Drug Forfeiture	Library	Capital Projects	Pool/Fitness Center Debt Service	Non-Voted Debt Service	
\$ 1,549	\$ 10,779	\$ 111,168	\$ 5,538	\$ -	\$ 194,010
-	-	-	-	-	29,050
-	-	-	-	-	36,587
-	-	-	-	-	2,295
<u>\$ 1,549</u>	<u>\$ 10,779</u>	<u>\$ 111,168</u>	<u>\$ 5,538</u>	<u>\$ -0-</u>	<u>\$ 261,942</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,487
-	-	-	-	-	15,111
-0-	-0-	-0-	-0-	-0-	34,598
-	-	-	-	-	2,295
-	-	-	-	-	18,991
-	-	-	-	-	73,112
1,549	-	-	-	-	1,549
-	10,779	-	-	-	10,779
-	-	-	-	-	3,912
-	-	-	5,538	-	5,538
-	-	111,168	-	-	111,168
<u>1,549</u>	<u>10,779</u>	<u>111,168</u>	<u>5,538</u>	<u>-0-</u>	<u>227,344</u>
<u>\$ 1,549</u>	<u>\$ 10,779</u>	<u>\$ 111,168</u>	<u>\$ 5,538</u>	<u>\$ -0-</u>	<u>\$ 261,942</u>



City of Pleasant Ridge

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES

Year Ended June 30, 2017

	Special			
	Major Streets	Local Streets	Solid Waste	Pool/Fitness Facility (Operating)
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 222,448	\$ 165,165
Intergovernmental	141,780	56,360	-	-
Charges for services	-	-	135,524	48,188
Fines and forfeits	-	-	-	-
Interest and rents	53	43	105	56
Other	-	5,627	-	-
<b>TOTAL REVENUES</b>	<b>141,833</b>	<b>62,030</b>	<b>358,077</b>	<b>213,409</b>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
Public works	57,001	55,371	370,681	-
Recreation and culture	-	-	-	187,778
Capital outlay	55,487	92,841	-	67,957
Debt service	-	-	-	21,757
<b>TOTAL EXPENDITURES</b>	<b>112,488</b>	<b>148,212</b>	<b>370,681</b>	<b>277,492</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>29,345</b>	<b>(86,182)</b>	<b>(12,604)</b>	<b>(64,083)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	70,000	-	-
Transfers out	(70,000)	-	-	-
Installment purchase agreement	-	-	-	67,957
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(70,000)</b>	<b>70,000</b>	<b>-0-</b>	<b>67,957</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(40,655)</b>	<b>(16,182)</b>	<b>(12,604)</b>	<b>3,874</b>
Fund balances, beginning of year	85,321	45,428	32,162	966
Fund balances, end of year	<u>\$ 44,666</u>	<u>\$ 29,246</u>	<u>\$ 19,558</u>	<u>\$ 4,840</u>

Revenue		Capital Projects	Debt Service		Total
Drug Forfeiture	Library	Capital Projects	Pool/Fitness Center Debt Service	Non-Voted Debt Service	
\$ -	\$ 51,476	\$ -	\$ 165,835	\$ -	\$ 604,924
-	-	-	-	-	198,140
-	-	-	-	-	183,712
1,127	-	-	-	-	1,127
1	41	98	-	-	397
-	-	-	-	-	5,627
1,128	51,517	98	165,835	-0-	993,927
9	-	-	-	-	9
-	-	430	-	-	483,483
-	53,864	-	-	-	241,642
-	-	64,958	-	-	281,243
-	-	-	176,525	-	198,282
9	53,864	65,388	176,525	-0-	1,204,659
1,119	(2,347)	(65,290)	(10,690)	-0-	(210,732)
-	-	107,000	-	-	177,000
-	-	-	-	(9)	(70,009)
-	-	-	-	-	67,957
-0-	-0-	107,000	-0-	(9)	174,948
1,119	(2,347)	41,710	(10,690)	(9)	(35,784)
430	13,126	69,458	16,228	9	263,128
\$ 1,549	\$ 10,779	\$ 111,168	\$ 5,538	\$ -0-	\$ 227,344

City of Pleasant Ridge

Component Unit Fund

BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY (DDA)

June 30, 2017

ASSETS	
Cash and cash equivalents	<u>\$ 65,145</u>
LIABILITIES	
Accounts payable	\$ -
FUND BALANCE	
Unassigned	<u>65,145</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 65,145</u>

City of Pleasant Ridge

Component Unit Fund

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

June 30, 2017

**Total fund balance - governmental fund** \$ 65,145

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>(45,892)</u>	
Capital assets, net		<u>164,979</u>
<b>Net position of governmental activities</b>		<u><u>\$ 230,124</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, 2017

REVENUES	
Taxes	\$ 93,411
Interest	105
Other	<u>10</u>
TOTAL REVENUES	93,526
EXPENDITURES	
Current	
Community and economic development	<u>60,121</u>
NET CHANGE IN FUND BALANCE	33,405
Fund balance, beginning of year	<u>31,740</u>
Fund balance, end of year	<u><u>\$ 65,145</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, 2017

**Net change in fund balance - governmental fund** \$ 33,405

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:

Depreciation expense (7,316)

**Change in net position of governmental activities** \$ 26,089

**City of Pleasant Ridge, Michigan**

**PERFORMANCE AUDIT OF FUNDS EXPENDED  
UNDER SECTION 13 OF PA 51 OF 1951,  
AS AMENDED**

**June 30, 2017**



City of Pleasant Ridge  
Oakland County, Michigan

PERFORMANCE AUDIT OF FUNDS EXPENDED UNDER  
SECTION 13 OF PA 51 OF 1951,  
AS AMENDED

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June 30, 2017

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City of Pleasant Ridge  
Oakland County, Michigan

AUDIT OBJECTIVES, SCOPE, METHODOLOGY

June 30, 2017

**Audit Objectives**

Our performance audit of the City of Pleasant Ridge had the following objective:

- To determine whether funds expended under Section 13 of PA 51 of 1951, as amended by PA 298 of 2012, were expended in compliance with the Act.

**Audit Scope**

Our audit was to examine whether the amounts expended in the City's Major Street and Local Street Funds for the period July 1, 2016 through June 30, 2017, were expended in compliance with Section 13 of PA 51 of 1951, as amended. We conducted this performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Audit Methodology**

We conducted a preliminary review of City's processes and procedures over disbursements in the Major Street and Local Street Funds as a basis for defining our audit objectives and scope. Our preliminary review included interviewing various City staff, reviewing applicable statutes, reviewing the City's policies and procedures, and reviewing internal control to obtain an understanding of the City's disbursement process.

To accomplish our objective, we obtained the Public Act 51 Street Financial Report for Cities and Villages, Statement of Revenues, Expenditures, and Changes in Fund Balance for the previous year and determined if the report was filed timely with the Michigan Department of Transportation.

We verified the accuracy and completeness of the amounts received for Michigan Transportation Funding (MTF) and the expenditures of these funds in the Major and Local Street funds.

We determined whether interest earned on MTF revenue was appropriately credited to the Major and Local Street funds in accordance with section 13(11) of Public Act 51 of 1951.

We determined whether the amount for administration costs was in compliance with section 13(8) of Public Act 51 of 1951 as amended by Public Act 298 of 2012.

We determined whether the amount of MTF transferred between Major and Local Streets was in compliance with section 13(6) and 13(7) of Public Act 51 of 1951 as amended by Public Act 298 of 2012.

City of Pleasant Ridge  
Oakland County, Michigan

AUDIT RESULTS

June 30, 2017

**Audit Objective:** To determine whether funds expended under Section 13 of PA 51 of 1951, as amended by PA 298 of 2012, were expended in compliance with the Act.

**Audit Conclusion:** Based on our testing of a sample of transactions, we concluded that the City of Pleasant Ridge's expenditures for the period July 1, 2016 through June 30, 2017, were in compliance with Section 13 of PA 51 of 1951, as amended by PA 298 of 2012.

*Stevens Kirinovic & Tucker, P.C.*

STEVENS, KIRINOVIC & TUCKER, P.C.  
Certified Public Accountants

December 6, 2017



## City of Pleasant Ridge

23925 Woodward Avenue  
Pleasant Ridge, Michigan 48069

### **A RESOLUTION of APPRECIATION Recognizing the Service of Jay Foreman to the City of Pleasant Ridge**

**WHEREAS**, Jay Foreman was elected to the City Commission on November 5<sup>th</sup>, 2013 and served as City Commissioner from 2013 until 2017; and

**WHEREAS**, Mr. Foreman also served as a member of the Pleasant Ridge Recreation Commission before his election to the City Commission; and

**WHEREAS**, during Mr. Foreman's term the City of Pleasant Ridge has undergone significant change in many positive ways; and

**WHEREAS**, during Mr. Foreman's term the City initiated and completed many key projects that have and will continue to improve the quality of life for Pleasant Ridgers now and in the future; and

**WHEREAS**, Mr. Foreman acted as Commission liaison to the Ferndale Board of Education and worked in that capacity the diligently and enthusiastically support the success of our School District; and

**WHEREAS**, Mr. Foreman exemplifies the spirit of commitment to community that makes Pleasant Ridge such a wonderful place to live; and

**WHEREAS**, after a successful four-year term filled with dedicated, loyal, and thorough service to the residents of Pleasant Ridge, Mr. Foreman chose to step away from civic life.

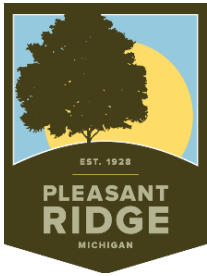
**NOW, THEREFORE, BE IT RESOLVED** that the Pleasant Ridge City Commission does hereby officially recognize the contributions of Jay Foreman to the City Commission and the residents of Pleasant Ridge; and

**BE IT FURTHER RESOLVED** that the Pleasant Ridge City Commission, on behalf of all the residents of Pleasant Ridge, does hereby express to Mr. Foreman the Commission's and resident's best wishes for health and happiness as he steps away from public life.

*Signed this 12th day of December 2017, in the City of Pleasant Ridge State of Michigan in witness whereof the official seal and signature of the city.*

---

*Kurt Metzger, Mayor*



## City of Pleasant Ridge

23925 Woodward Avenue  
Pleasant Ridge, Michigan 48069

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### **A RESOLUTION of APPRECIATION Recognizing the Service of Darren Humphreys to the City of Pleasant Ridge**

**WHEREAS**, Darren Humphreys served the City of Pleasant Ridge in a number of roles from 2006 until 2017; and

**WHEREAS**, during Mr. Humphreys' time with the City of Pleasant Ridge he was a valuable part of the administrative staff; and

**WHEREAS**, Mr. Humphreys is leaving the City to pursue new opportunities; and

**WHEREAS**, the residents of Pleasant Ridge value and recognize the hard work that Mr. Humphreys has contributed over the years to ensure that our City operations run smoothly and efficiently; and

**WHEREAS**, Mr. Humphreys has performed his many duties over the years diligently, conscientiously, and with earnest humility, he will be missed both professionally and as a friend.

**NOW, THEREFORE, BE IT RESOLVED** that the City of Pleasant Ridge does hereby officially recognize the contributions of Darren Humphreys to the residents and City Commission of Pleasant Ridge; and

**BE IT FURTHER RESOLVED** that the City Commission of the City of Pleasant Ridge on behalf of all of the City's residents does hereby express to Mr. Humphreys the Commission's and the residents' best wishes for his dedication and service to the City of Pleasant Ridge and wish him the best in his future personal and professional endeavors.

*Signed this 12th day of December 2017, in the City of Pleasant Ridge State of Michigan in witness whereof the official seal and signature of the city.*

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*Kurt Metzger, Mayor*



## City of Pleasant Ridge

Amy M. Drealan, City Clerk

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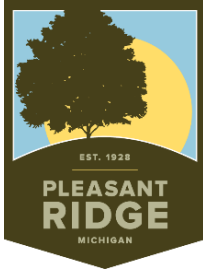
From: Amy M. Drealan, City Clerk  
To: Mayor and City Commission  
Date: December 12, 2017  
Re: Historical Commission Centennial Homes Presentation

Members of the Historical Commission will present the 2017 City of Pleasant Ridge Centennial Home Recognition.

The 2017 homes to be recognized are:

28 Elm Park  
71 Kensington

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



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

**Public Hearing and Regular City Commission Meeting  
November 14, 2017**

Having been duly publicized, Mayor Metzger called the meeting to order at 7:31 p.m.

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

**Public Discussion**  
(None)

**2018 Oakland County Community Development Block Grant Program**

The City is eligible to receive \$6000 under this program. The funds are used to support senior services programs.

Mayor Metzger opened the public hearing at 7:33 p.m. With no comments or discussion, Mayor Metzger closed the public hearing at 7:34 p.m.

**17-3334**

Motion by Commissioner Perry, second by Commissioner Scott, that the 2018 application and subrecipient agreement be approved and the Mayor be authorized to sign the agreement.

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

**Ordinance 426 to Amend Chapter 74, Utilities**

Breuckman explained that this ordinance would require utilities and their subcontractors to provide notice when they are performing work along rear property lines of any property in the city. Foreman inquired how utilities would be made aware of the change in the ordinance. Breuckman noted that information would be sent to their government relations offices.

Mayor Metzger opened the public hearing at 7:36 p.m. With no comments or discussion, Mayor Metzger closed the public hearing at 7:37 p.m.

**17-3335**

Motion by Commissioner Foreman, second by Commissioner Perry, that Ordinance 426 amending Chapter 74 be adopted.

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

**City Commission Liaison Reports**

Commissioner Scott reported on the Historical Commission. There are no meetings until January. They will be working on getting homes signed up for the next Home and Garden Tour before the end of the year. Drealan noted that the Historical Commission covers the reindeer and the pictures with Santa are handled by the City.

Commissioner Krzysiak reported on the Recreation Commission. He noted that Pietrzak presented the pool season recap to the Commission. Tree lighting is December 4th and there is a Christmas breakfast on December 2nd. There will be two vacancies on the Recreation Commission. Applications can be found online or with the City Clerk.

Commissioner Foreman reported on Ferndale Public Schools. He commented that a new program called Cartridges for Kids has started. You can recycle your printer cartridges and raise money for the schools. Bins are located at the Ferndale Public Library and at Webb Elementary. Just for Kicks is an adult talent/variety show at the Loving Touch. The event raises money for scholarships for outdoor education programs. Detroit Concert for a Cure is December 4th. The cast of American In Paris will be performing at the Loving Touch. It benefits Broadway Cares and Ferndale Blessings in a Backpack. The next schoolboard meeting is November 20th.

Commissioner Perry reported on the Planning Commission/DDA. The October meeting included a discussion regarding solar panel regulations. The primary focus of the discussion was whether to allow solar panels on the street side of homes. There will be a public hearing on December 11th regarding that topic. There will also be a public hearing on December 11th regarding allowing the Sunoco station to obtain a merchant liquor license. The license would allow them to sell beer and wine for consumption off-premises.

**November 7, 2017 General Election Certification**

City Clerk Drealan noted that 1,038 residents participated in the election. Precinct 1 had 513 ballots cast and Precinct 2 had 525. Approximately 44% of registered voters cast ballots. The Police Stabilization Millage passed with 827 yes votes and 125 no votes. The official canvas has been received from the County and is available for review. Mayor Metzger noted that Pleasant Ridge had the top voter turnout of all communities with elections in the tri-county area.

**17-3336**

Motion by Commissioner Foreman, second by Commissioner Perry, to receive and file the Official Certification and Election Report.

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

## **Oaths of Office**

City Clerk Drealan administered the Oath of Office to Mayor Kurt Metzger, Commissioner Bret Scott and new Commissioner Amanda Wahl.

## **Governmental Reports**

Representative Robert Wittenberg, Michigan House of Representatives, thanked Commissioner Foreman for his public service and congratulated Commissioner Wahl. He commented on the coffee hour meetings. He can be contacted at 517-373-0478 or robertwittenburg@house.mi.gov. He noted that the auto insurance bill failed and new bills are being considered. They can be seen at FairandAffordable.com. Bills regarding concealed guns in schools will likely come up after Thanksgiving. He indicated that he and many others are against these bills.

Sergeant Robert Ried, Pleasant Ridge Police Department, thanked everyone who attended the Cops and Coffee event. He recommended that everyone check their credit reports.

Deputy City Manager Scott Pietrzak presented an update on the patio project behind the Community Center. Work is still being done on the new play structure.

## **Consent Agenda**

### **17-3337**

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

Adopted:                    Yeas: Commissioners Perry, Scott, Krzysiak, Wahl, Mayor Metzger  
                                  Nays: None

## **City Manager's Report**

City Manager Breuckman commented on how important it was that the residents supported the police millage. He noted that, besides the Recreation Commission, there is also one vacancy on the Historical Commission and one on the Planning Commission. Applications need to be received by the middle of December. Drealan noted that the Board of Review will also have an opening. He commented that the lawsuit involving Oak Park, Huntington Woods and the 45th District Court has been resolved. There will be no net impact on the City's budget as a result of the settlement. The Foundation, Garden Club and Historical Commission have partnered together to provide lighting in Stephenson Park. The sewer lining project has begun. Residents will be receiving notices when their street is scheduled for cleaning and will get a door hanger on the day of the service. Gainsboro Park has won a design award from the State Parks and Recreation Department. There will be an award ceremony and a dinner.

## **Other Business**

Commissioner Krzysiak noted that there is no book club meeting in December. He welcomed Commissioner Wahl and thanked the Foreman family. Commissioner Wahl expressed excitement at being a part of the Commission.



With no further business or discussion, Mayor Metzger adjourned the meeting at 8:20pm.

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Mayor Kurt Metzger

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Amy M. Drealan, City Clerk

/dleg

November 2017

ACCOUNTS PAYABLE

PAYROLL LIABILITIES	\$	6,929.80
TAX LIABILITIES	\$	241,521.86
ACCOUNTS PAYABLE	\$	178,497.20
<b>TOTAL</b>	<b>\$</b>	<b>426,948.86</b>

PAYROLL

November 8, 2017	\$	35,071.27
November 22, 2017	\$	36,083.36
<b>TOTAL</b>	<b>\$</b>	<b>71,154.63</b>

CHECK REGISTER FOR CITY OF PLEASANT RIDGE  
 PAYROLL LIABILITIES  
 November 2017

Check Date	Check	Vendor Name	Description	Amount
11/8/2017	2008	ALERUS FINANCIAL	RETIRMENT CONTRIBUTIONS	\$ 289.23
11/8/2017	2009	ALERUS FINANCIAL	RETIRMENT CONTRIBUTIONS	\$ 1,347.07
11/8/2017	2010	MIFOP	UNION DUES	\$ 141.00
11/8/2017	2011	MISDU	FOC DEDUCTIONS	\$ 224.60
11/8/2017	2012	ALERUS FINANCIAL	RHSP CONTRIBUTIONS	\$ 248.86
11/8/2017	2013	ALERUS FINANCIAL	RETIRMENT CONTRIBUTIONS	\$ 1,305.16
11/22/2017	2034	ALERUS FINANCIAL	RETIRMENT CONTRIBUTIONS	\$ 473.57
11/22/2017	2035	ALERUS FINANCIAL	RETIRMENT CONTRIBUTIONS	\$ 1,190.16
11/22/2017	2036	ALERUS FINANCIAL	RHSP CONTRIBUTIONS	\$ 1,236.69
11/22/2017	2037	MISDU	FOC DEDUCTIONS	\$ 224.60
11/22/2017	2038	ALERUS FINANCIAL	RETIRMENT CONTRIBUTIONS	\$ 248.86
TOTAL PAYROLL LIABILITIES				\$ 6,929.80

CITY OF PLEASANT RIDGE CHECK REGISTER  
 ACCOUNTS PAYABLE  
 November 15, 2017

Check Date	Check	Vendor Name	Description	Amount
11/15/2017	21625	45TH DISTRICT COURT	TICKET EXPENSE	\$ 165.00
11/15/2017	21626	ACCUSHRED, LLC	CITY SHREDDING SERVICES	\$ 55.00
11/15/2017	21627	ADKISON, NEED & ALLEN P.L.L.C.	CONTRACTUAL SERVICES	\$ 4,384.50
11/15/2017	21628	AMERICAN PLANNING ASSOCIATION	MEMBERSHIP RENEWAL AND DUES	\$ 587.00
11/15/2017	21629	ANDERSON, ECKSTEIN & WESTRICK	IRON RIDGE DEVELOPMENT	\$ 19,684.77
11/15/2017	21630	BCBS OF MI	HEALTH CARE BENEFITS DECEMBER 2017	\$ 21,216.00
11/15/2017	21631	BOB BROOKS COMPUTER SALES INC	ELECTION EQUIPMENT SUPPLIES	\$ 83.75
11/15/2017	21632	CITY OF OAK PARK	SIDEWALK REPLACEMENT	\$ 15,302.27
11/15/2017	21633	CITY OF ROYAL OAK	WATER AND SEWER MAINTENANCE	\$ 3,656.94
11/15/2017	21634	COMMUNITY MEDIA NETWORK	CITY COMMUNITY MEETING RECORDINGS	\$ 400.00
11/15/2017	21635	DEBORAH GREEN	PREPARATION OF CITY MINUTES	\$ 75.00
11/15/2017	21636	EUGENE LUMBERG	CITY ATTORNEY SERVICES	\$ 406.25
11/15/2017	21637	GREAT AMERICA	WIRELESS SERVICES	\$ 433.00
11/15/2017	21638	GREAT LAKES WATER AUTHORITY	IWC CHARGES FOR SEPTEMBER 2017	\$ 431.68
11/15/2017	21639	HART INTERCIVIC	ELECTION EQUIPMENT SUPPLIES	\$ 243.28
11/15/2017	21640	HISTORICAL SOCIETY OF MICHIGAN	MEMBERSHIP	\$ 35.00
11/15/2017	21641	KENNETH BORYCZ	MECHANICAL INSPECTOR SERVICES	\$ 1,093.13
11/15/2017	21642	LIVING LAB	GAINSBORO PARK CDS	\$ 600.00
11/15/2017	21643	MELANIE SEVALD	CSF CLASS	\$ 644.00
11/15/2017	21644	MOUNTAIN PAVER CONSTRUCTION INC	COMMUNITY CENTER IMPROVEMENTS	\$ 21,634.37
11/15/2017	21645	MUNICIPAL CODE CORPORATION	MUNICODE UPDATES	\$ 1,640.00
11/15/2017	21646	NYE UNIFORM	UNIFORM REIMBURSEMENT	\$ 863.15
11/15/2017	21647	OAKLAND COUNTY TREASURER	SEWERAGE TREATMENT OCTOBER 2017	\$ 47,998.25
11/15/2017	21648	PRINTING SYSTEMS, INC.	PRINTING OF ELECTION BALLOTS	\$ 480.96
11/15/2017	21649	PROVIDENCE CORP.HEALTH SERVICE	POLICE OFFICER PRE EMPLOYMENT	\$ 239.00
11/15/2017	21650	PSYCHOLOGICAL SYSTEMS, INC.	POLICE OFFICER PRE EMPLOYMENT	\$ 900.00
11/15/2017	21651	RAY KEE	BUILDING INSPECTOR SERVICES	\$ 1,350.00
11/15/2017	21652	RUOK COMPANY	HISTORICAL MUSEUM REPAIRS	\$ 375.00
11/15/2017	21653	SAFEBUILT	CODE ENFORCEMENT SERVICES	\$ 275.00
11/15/2017	21654	SOCRRA	REFUSE COLLECTION CONTRACT	\$ 8,923.00
11/15/2017	21655	SOCWA	WATER PURCHASES OCTOBER 2017	\$ 15,548.08
11/15/2017	21656	STATE OF MICHIGAN	COMMUNITY WATER TESTING	\$ 1,291.55
11/15/2017	21657	THE DAVEY TREE EXPERT COMPANY	CITY TREE SERVICES	\$ 630.00
11/15/2017	21658	TOSHIBA FINANCIAL SERVICES	COPIER LEASE	\$ 1,092.72
11/15/2017	21659	U.S. POSTAL SERVICE	PERMIT #156 POSTAGE PURCHASE	\$ 900.00
11/15/2017	21660	UNIFIRST CORPORATION	MAT RENTALS AND JANITORIAL SUPPLIES	\$ 1,679.93
11/15/2017	21661	UNUM LIFE INSURANCE COMPANY	HEALTH BENEFITS DECEMBER 2017	\$ 156.00
11/15/2017	21662	VICTORIA DICKINSON	OCTOBER/NOVEMBER CLASSES	\$ 64.00
11/15/2017	21663	WEB MATTERS BY KRISTIE	WEBSITE HOSTING SERVICES	\$ 77.50
11/15/2017	21664	WEX BANK	FUEL PURCHASES FOR POLICE CARS	\$ 2,882.12

Total for 11-15-2017

\$ 178,497.20

CITY OF PLEASANT RIDGE CHECK REGISTER  
**TAX LIABILITIES**  
 November 2017

Check Date	Check	Vendor Name	Description	Amount
11/15/2017	2508	CITY OF PLEASANT RIDGE-DDA	2017 TAX COLLECTIONS	\$ 4,911.01
11/15/2017	2509	CITY OF PLEASANT RIDGE-GENERAL	2017 TAX COLLECTIONS	\$ 113.13
11/15/2017	2510	CITY OF PLEASANT RIDGE-TAXES	2017 TAX COLLECTIONS	\$ 109,081.73
11/15/2017	2511	FERNDALE SCHOOL DISTRICT	2017 TAX COLLECTIONS	\$ 50,896.66
11/15/2017	2512	JULIA OSBURN	2017 TAX OVERPAYMENT	\$ 1,152.19
11/15/2017	2513	OAKLAND COUNTY TREASURER	2017 TAX COLLECTIONS	\$ 74,875.56
11/15/2017	2514	VALERIE NEWMAN	2017 TAX OVERPAYMENT	\$ 491.58
TOTAL TAX LIABILITIES				\$ 241,521.86



## 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 12, 2017  
Re: 2018 Poverty Guidelines

The City Commission is required to annually 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 2018 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	\$14,450
2	\$16,500
3	\$20,420
4	\$24,600
5	\$28,780
6	\$32,960
7	\$37,140
8	\$41,320
For each additional person, add	\$4,180

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:

- a. \$5,000 for the taxpayer individually; and
- b. \$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 12, 2017.

\_\_\_\_\_  
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 12, 2017  
 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:

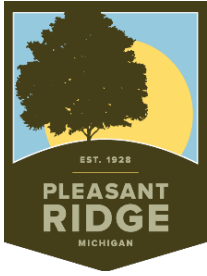
- The Bill allows public employers to use an 80/20 cost share arrangement and limits the employer contribution to no more than 80% of the total plan cost.
- The Bill limits the amount a public employer can pay for the annual cost or illustrative rate of benefits to an amount equal to \$6,560.52 for individuals, \$13,720.07 for individual and spouse coverage and \$17,892.36 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, 2018, and considered on an annual basis. If no action is taken, communities will be in violation of the Public Act and would lose 10% of their CVTRS monies in 2018. As you may recall, the City adopted a resolution to opt-out of this provision for 2015, 2016 & 2017.

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 12, 2017.*

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*Amy M. Drealan  
City Clerk*



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**September 15, 2017**

**PUBLIC EMPLOYER CONTRIBUTIONS TO MEDICAL BENEFIT PLANS  
ANNUAL COST LIMITATIONS – CALENDAR YEAR 2018**

For a medical benefit plan coverage year beginning on or after January 1, 2012, MCL 15.563, as amended by 2013 Public Act 270, sets a limit on the amount that a public employer may contribute to a medical benefit plan.

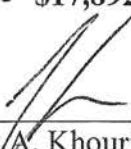
For medical benefit plan coverage years beginning on or after January 1, 2013, MCL 15.563 provides that the dollar amounts that are multiplied by the number of employees with each coverage type be adjusted annually. Specifically, the dollar amounts shall be adjusted, by October 1 of each year, by the change in the medical care component of the United States consumer price index for the most recent 12-month period for which data are available. For calendar year 2017, the limit on the amount that a public employer may contribute to a medical benefit plan was set to the sum of the following:

- \$ 6,344.80 times the number of employees and elected public officials with single-person coverage
- \$13,268.93 times the number of employees and elected public officials with individual-and-spouse coverage or individual-plus-1-nonspouse-dependent coverage
- \$17,304.02 times the number of employees and elected public officials with family coverage.

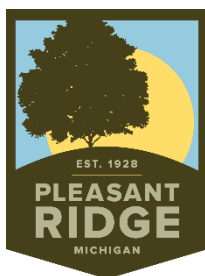
The limits for 2018 equal the 2017 limits increased by **3.4 percent**. The 3.4 percent is the percentage change in the medical care component from the period September 2015-August 2016 to the period September 2016-August 2017.

Thus, for medical benefit plan coverage years beginning on or after January 1, 2018, the limit on the amount that a public employer may contribute to a medical benefit plan equals the sum of the following:

- **\$ 6,560.52** times the number of employees and elected public officials with single-person coverage
- **\$13,720.07** times the number of employees and elected public officials with individual-and-spouse coverage or individual-plus-1-nonspouse-dependent coverage
- **\$17,892.36** times the number of employees and elected public officials with family coverage.

  
\_\_\_\_\_  
Nick A. Khouri  
State Treasurer

September 15, 2017



# City of Pleasant Ridge

James Breuckman, City Manager

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From: Jim Breuckman, City Manager  
To: Planning Commission  
Date: December 4, 2017  
Re: Proposed Amendment to Ordinance Section 82-197(b)(1)(m)

## Overview

Sunny Singh, owner of the Sunoco Station, has applied to the State for a SDM (Specially Designated Merchant) liquor license. This would allow him to sell packaged beer and wine at his gas station for consumption off the premises. These liquor licenses are not subject to quotas.

## Background

Section 82-197(b)(1) establishes specific requirements for automobile service stations. Subsection (m) states that “the sale of alcoholic beverages on the premises is expressly prohibited.”

Mr. Singh is asking the Planning Commission to consider amending the zoning ordinance to eliminate subsection (m), which would allow him to proceed with securing a SDM liquor license for the site.

The proposed ordinance would eliminate subsection m, allowing for gas stations to engage in SDM sales under the provisions of Section 82-197(b)(9) of the Pleasant Ridge zoning ordinance. The most notable restriction is that the hours of SDM sales are limited to 9am to 10pm. The gas station complies with all other standards applicable to SDM sales.

The next step in the process is for the Planning Commission to hold a public hearing on the proposed amendment and provide a recommendation to the City Commission.

## Requested Action

Planning Commission consideration of the request to eliminate 82-197(b)(1)(m) of the zoning ordinance, with a recommendation to the City Commission.

**CITY OF PLEASANT RIDGE**  
**Ordinance No \_\_\_\_**

AN ORDINANCE TO AMEND THE CITY OF PLEASANT RIDGE CODE OF ORDINANCES, CHAPTER 82 – ZONING.

THE CITY OF PLEASANT RIDGE ORDAINS:

**Section 1.**

The following sections of Chapter 82, Zoning, of the Pleasant Ridge City Code are amended as follows:

1. Section 82-197(b)(1), Automobile Service Stations and Oil Change Establishments, is amended to read as follows:

~~m. The sale of alcoholic beverages on the premises is expressly prohibited.~~

The remaining subsections n through p shall be amended to be new subsections m through o.

**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.**

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 8 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 seven days after publication of a notice of adoption, as provided by law.

**Section 5. Adoption.**

This Ordinance is hereby declared to have been adopted by the Commission of the City of Pleasant Ridge at a meeting duly called and held on the \_\_\_ day of \_\_\_, 20\_\_\_, and ordered to be given publication in the manner prescribed by law.



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Amy M. Drealan, City Clerk

Planning Commission Public Hearing: .....Monday, December 11, 2017

Planning Commission Recommendation:...

City Commission Introduction:.....

City Commission Public Hearing: .....

City Commission Adoption: .....

Published:.....

Effective:.....



# City of Pleasant Ridge

James Breuckman, City Manager

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From: Jim Breuckman, City Manager  
To: Planning Commission  
Date: December 4, 2017  
Re: Solar Energy System Regulations

## Overview

A proposed zoning amendment to allow solar energy systems where visible from the street has been developed and is attached.

## Background

The crux of the question before us is that historic preservation is a significant concern in Pleasant Ridge. Our Zoning Ordinance recognizes this in many ways, large and small. Our exterior design standards are a major example. So is the current prohibition of solar panels anywhere on a property where they are visible from the street.

The question is, do historic preservation considerations that strive to keep houses looking as close as possible to how they looked when they were built outweigh the need to allow for solar energy systems where they are visible from the street.

The reason why this is a particularly salient question for Pleasant Ridge is that the majority of our residential streets (20 out of 22) run east and west, meaning that houses face either north or south. A house on the north side of the street can only install a roof-mounted solar energy system on the south-facing roof, which means that it is visible from the street. In effect, our current solar energy standards prohibit nearly half of our properties from installing a rooftop solar energy system.

## Survey Results

A short, three question survey was conducted on this issue prior to scheduling the public hearing for the proposed ordinance. The survey was published online and was included in the summer edition of the Ridger. We received a total of 64 responses to the survey.

The first question asked if solar panels should be allowed where visible from the street. 62.5% were in favor and 37.5% were opposed.

The second question asked if all black panels, or other design requirements to make the panels less noticeable and obtrusive, should be required. 54.84% agreed, 45.16% disagreed.



There were also a number of open-ended comments that were provided, which are included in the attached survey results summary.

## Considerations

I offer the following as thought-starters for your consideration as we examine this issue.

- Solar panels aesthetically change the appearance of a historic structure, but do not necessarily change the structural integrity of the house. They do not destroy or permanently alter the historic resource. When the panels are removed, the house can easily be restored to its original appearance. We do not run the risk of permanently altering or destroying historic resources, so objections on historic preservation grounds are purely aesthetic.

*Is it appropriate to prohibit solar energy systems based on aesthetic concerns alone?*

- An oft-cited reason to wait on doing something with solar panels is because technology is advancing. A common opinion for this matter is that solar shingles will obviate this discussion. However, it is uncertain if solar shingles will ever be as cost effective as traditional solar panels. Perhaps they will, but there is still a large price difference. Solar shingles have been the next big thing for at least 10 years now. I was at a conference in 2007 where Dow Chemical was displaying and marketing solar shingles that would be coming to market “soon.” Instead, Dow shut down the program because it was never market viable.

Furthermore, regulations can be changed. If emerging technologies that are more aesthetically pleasing and are cost-competitive with solar panels do pan out, we can revise our regulations accordingly in the future.

*Is it worth waiting for a technological outcome that may or may not materialize?*

- Prices on solar energy systems have declined to the point where it is now feasible for homeowners to put in a residential system. Payback periods are now in the 7-10 year range, meaning that homeowners can reasonably put in systems which will save them money over time, and also reduce the carbon intensity of our energy system.

*Is it appropriate to retain a regulatory barrier in the short term that impacts the economic and environmental bottom lines in the hope that a more aesthetically pleasing hardware option will be price effective at some point in the future?*

## Example Photographs

On the following pages are photographs of solar energy system installations on historic or traditionally styled houses. These are intended only to provide context for what visible solar energy systems look like. Please note the difference in appearance between the panels with silver frames and grids, vs. the uniform black panels that have black frames and grids.

## Requested Action

Planning Commission consideration of the request to amend Section 82-204 of the zoning ordinance with a recommendation to the City Commission.









**CITY OF PLEASANT RIDGE**  
**Ordinance No \_\_\_\_**

AN ORDINANCE TO AMEND THE CITY OF PLEASANT RIDGE  
CODE OF ORDINANCES, CHAPTER 82 – ZONING.

THE CITY OF PLEASANT RIDGE ORDAINS:

**Section 1.**

The following Section 82-204 of Chapter 82, Zoning, of the Pleasant Ridge City Code is amended as follows:

Section 82-204. **Solar Energy Systems ~~Panels~~**

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~~Solar panels energy systems shall be~~ include solar collector surfaces and ancillary electrical equipment that are either affixed to a permanent principal or accessory building, or as a freestanding structure. A solar energy system collects, stores, and/or distributes solar energy for heating or cooling, generating electricity, or heating water.

Solar energy systems are permitted in all districts as an accessory use ~~as a special use~~ subject to the following:

- ~~(1) Placement of ground mounted solar energy equipment is not permitted within the required front yard setback. Ground mounted solar energy systems shall meet the location and setback requirements applicable to detached accessory buildings (see Section 82-193).~~
- ~~(2) Ground mounted solar panels shall only be located in a side or rear yard and shall meet or exceed required yard setbacks and shall be located to minimize any glare to adjacent properties.~~
- (2) Roof mounted solar energy equipment shall be permitted on principal and accessory buildings provided that located so as not to the panels or solar collector surface does not increase the total height of the structure above the maximum allowable height of the structure on which it is located, in accordance with the applicable zoning regulations.
- ~~(3) Solar energy collectors shall be designed to minimize glare, and shall be uniform in color. Frames (internal and external) shall be the same color as the collector.~~
- ~~(4) Solar panels, requiring a frame and/or brackets for mounting on the roof, shall not be visible from the public right-of-way.~~

**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.**

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 8 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 seven days after publication of a notice of adoption, as provided by law.

**Section 5. Adoption.**

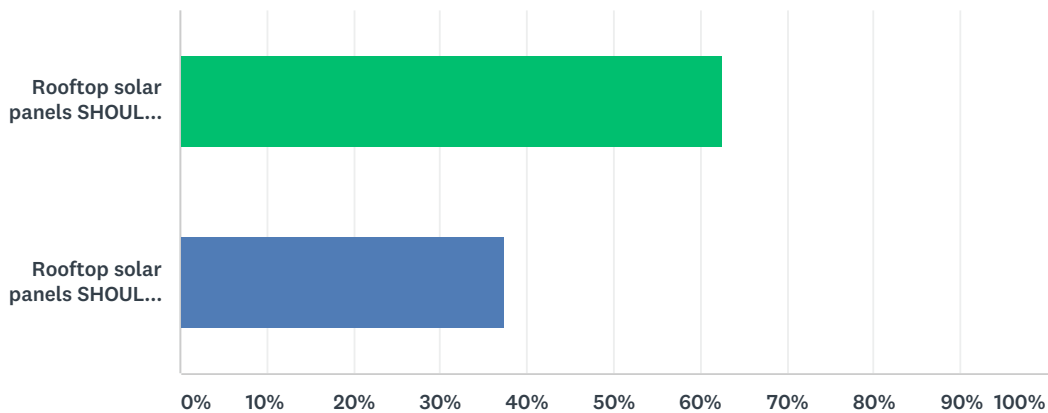
This Ordinance is hereby declared to have been adopted by the Commission of the City of Pleasant Ridge at a meeting duly called and held on the \_\_\_ day of \_\_\_, 20\_\_\_, and ordered to be given publication in the manner prescribed by law.

\_\_\_\_\_  
Amy M. Drealan, City Clerk

- Planning Commission Public Hearing: .....Monday, December 11, 2017
- Planning Commission Recommendation: ...
- City Commission Introduction:.....
- City Commission Public Hearing: .....
- City Commission Adoption: .....
- Published:.....
- Effective:.....

Q1 Solar energy systems continue to decrease in price each year, and now residential systems can pay back in as little as 7 years. As solar energy becomes more affordable, more residents are interested in installing solar panels on their house. However, Pleasant Ridge's zoning prohibits solar panels on the front side of houses, where they are visible from the street. This is a problem for nearly half of our residents because most of our streets run east and west. If your house is on the north side of the street, the only good place to put solar panels is on the side of the house that faces the street. Our zoning standards prohibit nearly half of our residents from installing a solar energy system. At this time, the City is re-examining our solar energy system regulations to decide if we should allow them to be installed where they are visible from the street. This survey is intended to gauge public interest in this topic to help the Planning and City Commissions as they consider this matter. Please indicate which of the following statements you most agree with:

Answered: 64 Skipped: 0

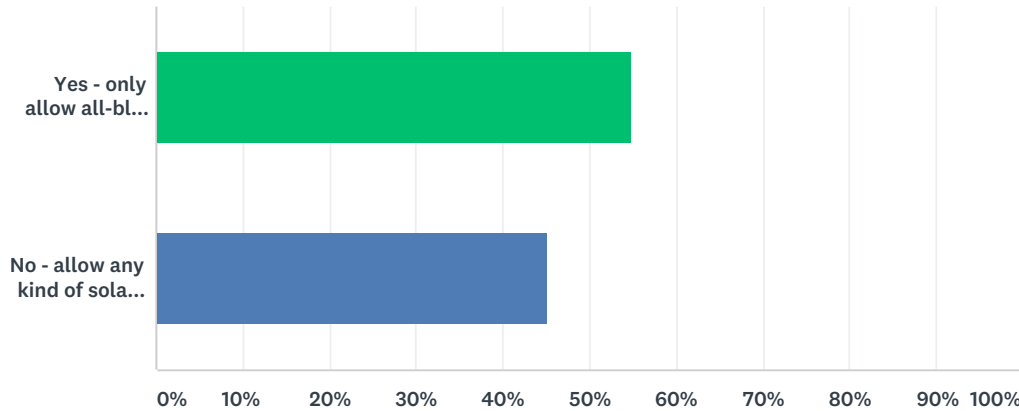


ANSWER CHOICES	RESPONSES	
Rooftop solar panels SHOULD be allowed where they are visible from the street.	62.50%	40
Rooftop solar panels SHOULD NOT be allowed where they are visible from the street.	37.50%	24
TOTAL		64



Q2 All-black solar panels are now readily available, and are considered by some to be less obtrusive or noticeable than the traditional solar panels with silver-colored grid materials. All-Black Panel Example: Traditional Solar Panel Example: If Pleasant Ridge allows solar panels on the sides of houses that are visible from the street, should we require that only all-black panels may be used?

Answered: 62 Skipped: 2



ANSWER CHOICES	RESPONSES	
Yes - only allow all-black panels	54.84%	34
No - allow any kind of solar panel	45.16%	28
TOTAL		62

Pleasant Ridge Residential Solar Survey

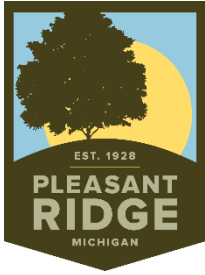
### Q3 Is there anything else you want to share with us regarding residential solar panels?

Answered: 34 Skipped: 30

#	RESPONSES	DATE
1	make designs be in good taste!	10/13/2017 7:46 PM
2	We are installing a 15 kWh system with the 1st Tesla powerwall 2.0 back up battery system in Michigan this November. We are strong advocates of solar and welcome any questions, and believe limited (if any) restrictions should be in place for rooftop solar. -52 Oakdale Boulevard	10/13/2017 7:42 PM
3	Solar panels are somewhat unsightly and I prefer they are not visible from the street.	10/13/2017 7:59 AM
4	As a city we have strived to maintain the historical elements and atmosphere of the community. The current offerings of solar panels are not aesthetically adequate to uphold the current appearances of the community. At this time solar panels should not be allowed on the front of homes.	10/11/2017 6:44 PM
5	I think they're great and lucky to live in a city that will allow solar power!!!	10/11/2017 1:18 PM
6	Solar power is good.	10/5/2017 12:16 PM
7	Many roofs are not black in our city, so requiring all back panels as a way to make the panels blend seems pointless.	9/5/2017 2:11 PM
8	Please prioritize training for Ferndale Fire, as they need to understand how to fight fires in spite of the panels	9/4/2017 9:01 PM
9	How about garage roofs that you can't see from the street.	9/4/2017 5:45 PM
10	We have a responsibility to be good stewards of our natural resources. It's time to put away the outdated requirements that are driven by esthetics.	9/4/2017 2:42 PM
11	Do not restrict to black only. Instead, broaden restrictions to allow a wider range -- All one color with minimal reflectivity OR Constructed to look similar to traditional roofing shingles such as the ones Tesla is touting. An all-black restriction is very short-sighted. Research what may be coming to the market soon, not just a single product that is now available. Prohibit bright metal and highly reflective surfaces.	9/4/2017 2:20 PM
12	Sustainability is more important than aesthetics.	9/4/2017 10:14 AM
13	While solar panels are green energy and saves money they look terrible.	9/4/2017 8:25 AM
14	Can you see if Elon Musk will use PR as a test study for his solar shingles? Kidding. AP	9/3/2017 10:08 AM
15	Does not fit our historical district. Reduces property value in historic neighborhood.	9/2/2017 11:46 PM
16	I don't know if this is consider to be a solar panel but I definitely think the new Tesla roofs should be allowed as well.	9/2/2017 9:53 AM
17	I'm more concerned about the "view" of the neighborhood (and reflection) when looking out my second storey windows. FYI this could be an unforeseen problem that comes up.	9/2/2017 7:09 AM
18	I'm really pro environment. But I'm also pro historic neighborhood, which is why I bought here. There needs to be a balance. Until solar tiles like those in design by Tesla are readily available, I will not support any solar panels on the front of homes.	9/2/2017 2:51 AM
19	I'm all for renewable energy, but it doesn't sound like the city has done its homework. There are still a number of challenges and problems with solar power.	9/2/2017 12:52 AM
20	Stop being ridiculous and allow people to efficiently energize their home.	9/1/2017 11:02 PM
21	No	9/1/2017 10:19 PM
22	No visible solar panels should be allowed, they destroy the historical character of our beautiful unique city. Also some home have portions of there roofs which are flat on top so it is inaccurate to say that half of the city is excluded under the current ordinance.	9/1/2017 9:13 PM

## Pleasant Ridge Residential Solar Survey

23	As much as I see the need to save on energy costs, I also feel that being a historic district PR's ambience would be forever changed by allowing these to be present from the street.	9/1/2017 5:57 PM
24	Limiting the discussion to only these two panel types is in error. The full range of available solar panel types including solar shingles now being developed needs to be included in the language of any ordinance. Technology advances faster than cities can create or revise regulations and any rewrite should allow for types still to be developed, such as solar tracking/ movable installs. Same goes for wind power; new vertical blade systems are small, quiet and unobtrusive. If wind generation is currently prohibited in our zoning regs ( I haven't checked), it also should be considered for approval, with sound and footprint limitations.	9/1/2017 5:34 PM
25	I'd prefer not to allow panels facing the street, on the front of the house. They are unsightly. However, corner lots may allow panels facing the rear of the house to be seen from one side, and I think that should be allowed. Only the front should be restricted. For those homes being excluded by this restriction, I think it will not be long before solar shingles are ready for prime time and priced feasibly. This would be a better solution for these cases.	9/1/2017 5:27 PM
26	If solar panels are allowed on a street visible side they must blend in w the roof top of a home, garage or building. Failure to make them less obtrusive looking will significantly degrade the historical perspective look and feel of our city. While modern technologies should be allowed it should be done with the most caution and used not to ruin our city	9/1/2017 5:20 PM
27	Please do not allow the aesthetic value of our historic properties to be negatively impacted by visible solar panels. Thank you.	9/1/2017 5:15 PM
28	They are quite common visible from street views throughout historic districts in Europe. There are new solar panels (shingles) that look great. It is still an emerging technology, like CFLs to LEDs.	9/1/2017 5:13 PM
29	I am an architect and I also use to work for a solar panel company and I am totally okay with this as long as it is done "in good taste".	9/1/2017 4:53 PM
30	This topic should be re-addressed as soon as other emerging technologies are proven both affordable and robust.	9/1/2017 4:48 PM
31	I hesitate to answer either of the questions above, because I think it depends. I am for an increase in solar, but I also feel that the character of the houses would be diminished if the solar implementation is done in a poor way. But, an all-out ban of solar that can be seen from the street doesn't seem right. For example, some homes in PR have a more modern style where even visible solar panels would not be obtrusive in my opinion, and some have low pitched roofs where the panels may not be as visible. If the "non-black"solar panels were installed on a high pitched tudor revival visible from the street, I would have a problem with it. But, if solar panels were installed on the detached garage of a home, even if still visible from the street, that would probably not be bothersome for me. And of course, as your question regarding all-black panels indicates, the style of solar panels is changing. There are solar shingles coming on the market that look like slate. etc. - assuming that they do look nice enough, I don't see why there would be any ban on those regardless of where they were placed.	9/1/2017 4:18 PM
32	If possible no solar panel should be placed on a side of a house if the other side of the house does not have a neighbor. Houses on many OF streets are very close to each other.	9/1/2017 4:06 PM
33	Should not be visible at all. No matter what kind/color they are.	9/1/2017 3:57 PM
34	would love it if the City could negotiate for residents to contract individually, but en masse, with a single contractor to get solar panels installed a reduced rate	9/1/2017 3:56 PM



# City of Pleasant Ridge

James Breuckman, City Manager

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From: Jim Breuckman, City Manager  
To: City Commission  
Date: December 7, 2016  
Re: GLWA Water Residential Assistance Program (WRAP)

## Overview

Staff is recommending that the City participate in the Great Lakes Water Authority's (GLWA) WRAP program. The WRAP program provides water bill payment and plumbing repair cost assistance to low-income households. There is no cost to the City to participate. Our only requirement to participate in the program is to provide certain administrative functions for the program which require a small amount of staff time.

## Background

The WRAP program was initiated as part of the formation of the GLWA. The purpose of the program is to provide water bill credits to low-income households. Qualifying households that have above-average water usage can also receive assistance with home audits and minor plumbing repairs. Finally, kitchen and bathroom faucets that are not lead free qualify for replacement assistance.

In Oakland County, the lead agency for the program is the Oakland Livingston Human Service Agency (OLHSA). The program is administered for the GLWA by the Wayne Metropolitan Community Action Agency across the region. Pleasant Ridge residents interested in the program would contact the WMCAA directly online or by phone. Refer to the flyer in the attached supplemental materials.

Eligibility is based on income. A household must be considered low-income to participate, with low-income being defined as having income that is lower than 150% of poverty, based on the number of household members. For a one-person household, the limit is \$18,090. A four-person household would qualify with an income of less than \$36,900. A chart with full detail is included in the attached supplemental materials.

There is no cost to the City to participate in this program. Our only commitment is to track participating households to make sure that they are staying current on payments and to report back to the GLWA on each water bill. We also agree to exempt participating households from having unpaid water bills being sent to the tax roll.

## Requested Action

City Commission consideration of the memorandum of agreement between the OLHSA and Pleasant Ridge.



**Office of the Chief Executive**

735 Randolph Street, Suite 1900  
Detroit, Michigan 48226

June 6, 2017

Dear Member Communities:

**Re: Water Residential Assistance Program (WRAP) Opportunities**

As water service providers, our focus is on reliably delivering water of unquestionable quality. Supporting households that are struggling to keep up with their water bills and performing minor plumbing repairs has not traditionally been within our reach. It was not until WRAP was created, as part of the formation of the Great Lakes Water Authority (GLWA), that a robust program with sustainable financial resources for broader distribution was available.

During its first year, WRAP supported more than 4,100 households in 60 participating communities through bill payment and arrearage assistance, home water audits and minor plumbing repairs. The impact the program had on these households was significant – the average assistance received per household was \$775 and 1,890 water shutoffs were avoided. Equally important, home water auditors helped recipients better understand their home water usage so they can manage future usage and bill payment in a sustainable manner.

As WRAP begins its second year of assistance, GLWA is reaching out to member communities to join the program if they have not already done so, or to add a new available option if they already participate. The program has been expanded to include home audits and minor plumbing repairs for eligible households that have above-average water usage but are not behind on their bills. Replacement of kitchen and bathroom faucets that are not “lead-free” are now eligible as minor repairs. The enclosed brochure highlights the results of WRAP’s first year of operation, and describes the different participation options available for your community. A list of current member community participants, as well as household eligibility requirements are also included.

All GLWA water and wastewater member communities are eligible to participate in WRAP. This first-of-its-kind program in Michigan is setting a standard for transformative water utility assistance programs. Participation in WRAP demonstrates our joint commitment to reliably delivering water of unquestionable quality and building healthy communities.

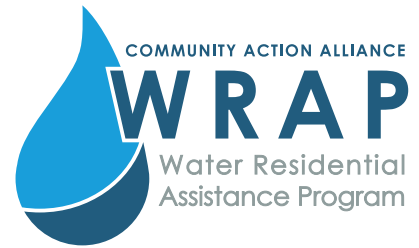
We encourage you to sign up for WRAP and share the WRAP Public Service Announcement (<https://youtu.be/ZQ07NSUI2uw>) with your cable station.

Sincerely yours,

Sue F. McCormick  
Chief Executive Officer

Attachments

# JOIN WRAP TO SUPPORT HOUSEHOLDS IN YOUR COMMUNITY



WRAP (Water Residential Assistance Program) was established as a result of the historic agreement that created the Great Lakes Water Authority (GLWA) in 2015. The program is a hallmark of regional collaboration to assist low-income households with water and sewer bills and encourage water use efficiency in the communities that GLWA serves. Launched on March 1, 2016, WRAP is the first program of its kind in Michigan and one of a few sustainable assistance plans in the country.

WRAP was designed by a team of Advisory Group members including representatives of agencies from Macomb, Oakland, and Wayne Counties, and Community Action Agencies in the GLWA service area. The program continues to evolve to better serve the varied needs of our member communities.

GLWA budgets 0.5% of its operating revenue for the program annually, which totalled \$4.5 million for the first year. Day-to-day program operations are coordinated for GLWA by its contractual partner, Wayne Metropolitan Community Action Agency. All GLWA member communities are encouraged to participate in WRAP to offer assistance to eligible residents.

According to Sue F. McCormick, GLWA CEO, "We're continuing to look at ensuring the program provides value in every community. I strongly encourage GLWA member communities to look at the success stories we've had and to examine how this program can benefit the constituents in their communities. Join us in extending this benefit to your constituents."

## First Year Impacts

March 1, 2016 - February 28, 2017

During WRAP's first year, more than 4,100 households in southeast Michigan received some level of water services assistance. The adjacent infographic depicts the results of home audits and repairs completed, as well as bill payment and arrearage assistance provided. WRAP funds committed during the first year totalled more than \$3.9 million.



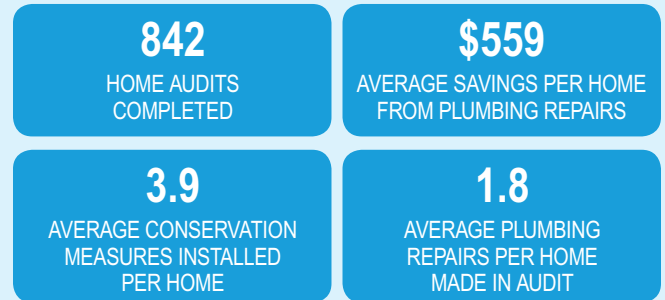
### FUNDS COMMITTED DURING FIRST YEAR

**\$1,181,902** + **\$2,000,857** + **\$746,909** = **\$3,929,668**  
 Billing Assistance + Arrearage Assistance + Home Audits + Repairs = Total

### BILL PAYMENT AND ARREARAGE ASSISTANCE



### HOME AUDITS AND MINOR PLUMBING REPAIRS



During its first year, WRAP focused on getting households back on track to manage payments and water usage. Processes developed for payment assistance and home audits have laid a solid foundation for expanding the program to reach its planned potential.



*WRAP's mission is to administer the distribution of WRAP funding to eligible, low-income households in GLWA's regional system with a vision to create a transformative water utility assistance program focusing on bill assistance, conservation and self-sufficiency initiatives. Three program options are available for GLWA member communities:*



## OPTION 1

- ◆ One-time home water audit for households above 120% average water usage
- ◆ Minor plumbing repairs (up to \$1,000 per household)
- ◆ Monthly bill credits (up to \$300 per year)
- ◆ Arrearage assistance (up to \$700 per year)

## OPTION 2

- ◆ One-time home water audit for households above 120% average water usage
- ◆ Minor plumbing repairs (up to \$1,000 per household)
- ◆ Monthly bill credits (up to \$300 per year)

## OPTION 3

- ◆ One-time home water audit for households above 120% average water usage
- ◆ Minor plumbing repairs (up to \$1,000 per household)

## Program Eligibility

All GLWA water and wastewater member communities are eligible to apply for WRAP assistance.

## Household Participation Criteria

Households are eligible to receive WRAP assistance if they meet all of the following criteria:

- Located within the GLWA regional system and provide proof of residency;
- Household income at or below 150% of federal poverty guidelines. The Program Administrator will review the past 3 months of household income to determine eligibility;
- A qualifying head of household must provide appropriate proof of identity for all members of the household 18 years and older;
- A payment toward the account balance of at least 5% of the amount owed or \$50, whichever is lower, must be paid within the last 90 days;
- Proof of responsibility for water bill.

Households can participate in WRAP for up to 2 years provided all eligibility criteria are met.

## Program Options Meet Varied Levels of Need

WRAP provides direct assistance with bill payment and arrearages, as well as funds for home water conservation audits and fixture repairs and replacements to conserve system resources and reduce future household water bills. Three options are available (see page 2) with different benefits as described in the chart below. All options include a home water audit and minor plumbing repairs. Only households with above 120% of average water usage are eligible for home water audits and minor plumbing repairs.



*“The WRAP program has provided an efficient, effective means to assist qualified customers in making payments and reducing arrearages on their water and sewer accounts. The effort required from the City has been minimal, and has yielded good results.”*

Coline Coleman, Chief Accountant  
City of Livonia

*“We’ve had more interest in the program than we anticipated. The availability of WRAP is very much appreciated by the City’s participants.”*

Karen Mondora, Director of Public Services  
City of Farmington Hills

PROGRAM BENEFITS FOR HOUSEHOLDS	Owner Occupied	Renter Occupied
<b>One-time home water audit</b> for households above 120% of average water usage.	✓	
<b>Minor plumbing repairs</b> up to \$1,000 per household to fix minor plumbing issues, identified in audit, leading to high water usage (finding and fixing leaks, upgrading water-using fixtures <sup>1</sup> ) and/or minor lead replacement assistance.	✓	
<b>\$25 monthly bill credits</b> up to \$300 per year in assistance. Applicable as long as client continues to pay all current monthly/quarterly charges. (Enrollees are eligible for second year monthly bill credits up to an additional \$300.)	✓	✓
<b>Arrearage assistance</b> up to \$700 to be paid 50% (up to \$350) after six months in the program, and 50% (up to \$350) after one year. (Enrollees are eligible for second year arrearage assistance up to an additional \$700.)	✓	✓

<sup>1</sup>Conservation measures, many fixture upgrades, and many repairs, such as toilet flapper repair or faucet washer repair, are completed during the home water audit by an EcoWorks Auditor. More complex repairs are contracted out to a licensed plumbing company.



## WRAP Participation Process for GLWA Member Communities

Participating in WRAP is easy. Contact the Community Action Agency serving your community and they will guide you through the 5-Step Implementation Process shown below. It's a simple process that can provide great benefit to qualified households in your community.



### COMMUNITY ACTION AGENCIES

#### City of Detroit and Wayne County

Alicia Ramon, Chief Programs Officer - Basic Needs  
Wayne Metropolitan Community Action Agency  
(313) 324-7950 • aramon@waynemetro.org

#### Lapeer, Macomb and St. Clair Counties

Julie Hintz, Program Manager  
Macomb Community Action  
(586) 469-5913 • Julie.Hintz@macombgov.org

#### Monroe County

Stephanie Kasprzak, Executive Director  
Monroe County Opportunity Program  
(734) 241-2775 ext. 206 • skasprzak1140@gmail.com

#### Oakland and Washtenaw Counties

Dayna Swindell, Community and Energy Services Dir.  
Oakland Livingston Human Service Agency  
(248) 209-2791 • daynas@olhsa.org

### Additional Resources

[www.glwater.org](http://www.glwater.org)

[www.waynemetro.org/wrap](http://www.waynemetro.org/wrap)

Wrap: A Story of Success Video (<https://youtu.be/CVa9YX8z16M>)

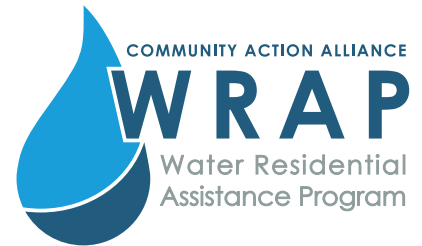


Macomb  
Community  
Action

OLHSA  
A Community Action Agency



# GLWA MEMBER COMMUNITY PARTICIPATION IN WRAP



All GLWA member communities are encouraged to participate in WRAP (Water Residential Assistance Program). The program assists low-income households with water and sewer bills and promotes water use efficiency. This list indicates each GLWA member community’s current program enrollment status, and the Community Action Agency responsible for administering WRAP assistance.

MEMBER COMMUNITY	OPTION 1	OPTION 2	OPTION 3	COMMUNITY ACTION AGENCY
Allen Park	✓			Wayne Metro
Almont Village		✓		MCA
Ash Township	✓			MCOP
Auburn Hills				OLHSA
Augusta Township				OLHSA
Belleville				Wayne Metro
Berkley				OLHSA
Berlin Township				MCOP
Beverly Hills	✓			OLHSA
Bingham Farms	✓			OLHSA
Birmingham	✓			OLHSA
Bloomfield Hills				OLHSA
Bloomfield Township				OLHSA
Brownstown Township	✓			Wayne Metro
Burtchville Township				MCA
Canton Township	✓			Wayne Metro
Center Line	✓			MCA
Chesterfield Township	✓			MCA
Clawson	✓			OLHSA
Clinton Township		✓		MCA
Commerce Township	✓			OLHSA
Dearborn	✓			Wayne Metro
Dearborn Heights	✓			Wayne Metro
Detroit	✓			Wayne Metro

MEMBER COMMUNITY	OPTION 1	OPTION 2	OPTION 3	COMMUNITY ACTION AGENCY
Eastpointe	✓			MCA
Ecorse	✓			Wayne Metro
Farmington	✓			OLHSA
Farmington Hills	✓			OLHSA
Ferndale	✓			OLHSA
Flat Rock	✓			Wayne Metro
Fraser	✓			MCA
Garden City				Wayne Metro
Gibraltar		✓		Wayne Metro
Grosse Ile Township				Wayne Metro
Grosse Pointe				Wayne Metro
Grosse Pointe Farms				Wayne Metro
Grosse Pointe Park				Wayne Metro
Grosse Pointe Shores	✓			Wayne Metro
Grosse Pointe Woods				Wayne Metro
Hamtramck		✓		Wayne Metro
Harper Woods		✓		Wayne Metro
Harrison Township				MCA
Hazel Park		✓		OLHSA
Huntington Woods				OLHSA
Huron Charter Township				Wayne Metro
Imlay City				MCA
Inkster		✓		Wayne Metro
Keego Harbor	✓			OLHSA

Wayne Metropolitan Community Action Agency (Wayne Metro) • Macomb Community Action (MCA)  
 Monroe County Opportunity Program (MCOP) • Oakland Livingston Human Service Agency (OLHSA)



MEMBER COMMUNITY	OPTION 1	OPTION 2	OPTION 3	COMMUNITY ACTION AGENCY
Lake Orion				OLHSA
Lapeer	✓			MCA
Lathrup Village	✓			OLHSA
Lenox Township				MCA
Lincoln Park	✓			Wayne Metro
Livonia	✓			Wayne Metro
Macomb Township	✓			MCA
Madison Heights	✓			OLHSA
Melvindale	✓			Wayne Metro
New Haven Village	✓			MCA
Northville	✓			Wayne Metro
Northville Township				Wayne Metro
Novi				OLHSA
Oak Park				OLHSA
Orchard Lake	✓			OLHSA
Orion Township	✓			OLHSA
Oxford	✓			OLHSA
Pittsfield Charter Township	✓			OLHSA
Pleasant Ridge				OLHSA
Plymouth Township				Wayne Metro
Plymouth		✓		Wayne Metro
Pontiac	✓			OLHSA
Redford Township	✓			Wayne Metro
River Rouge	✓			Wayne Metro
Riverview	✓			Wayne Metro
Rochester Hills				OLHSA
Rockwood				Wayne Metro
Romulus		✓		Wayne Metro

MEMBER COMMUNITY	OPTION 1	OPTION 2	OPTION 3	COMMUNITY ACTION AGENCY
Roseville				MCA
Royal Oak	✓			OLHSA
Royal Oak Township	✓			OLHSA
Shelby Township	✓			MCA
South Rockwood				Wayne Metro
Southfield	✓			OLHSA
Southgate	✓			Wayne Metro
St. Clair Shores	✓			MCA
Sterling Heights	✓			MCA
Sumpter Township				Wayne Metro
Superior Township				OLHSA
Sylvan Lake				OLHSA
Taylor		✓		Wayne Metro
Trenton				Wayne Metro
Troy				OLHSA
Utica	✓			MCA
Van Buren Township	✓			Wayne Metro
Walled Lake				OLHSA
Warren	✓			MCA
Washington Township		✓		MCA
Wayne				Wayne Metro
West Bloomfield Township				OLHSA
Westland	✓			Wayne Metro
Wixom				OLHSA
Woodhaven				Wayne Metro
Ypsilanti	✓			OLHSA
Ypsilanti Township	✓			OLHSA

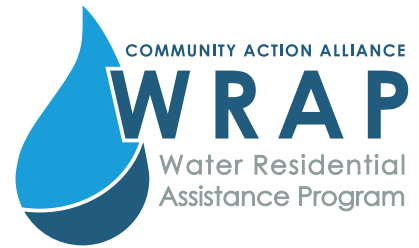
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 Monroe County Opportunity Program (MCOP) • Oakland Livingston Human Service Agency (OLHSA)



Macomb Community Action



# HOUSEHOLD ELIGIBILITY FOR WRAP ASSISTANCE



WRAP (Water Residential Assistance Program) provides assistance to eligible low-income households. Qualifying households must meet the income eligibility requirements shown in the income chart below. Owner-occupied households above 120% of average water usage are also eligible for minor home plumbing repairs. Water usage can be determined by comparing a recent water and sewer bill to the water usage conversion charts, provided in 100 cubic feet (CCF) and 1,000 gallons, to determine eligibility.

## INCOME

ANNUAL INCOME LIMIT	HOUSEHOLD MEMBERS										ELIGIBLE PROGRAMS
	1	2	3	4	5	6	7	8	9	10	
150% Poverty	\$18,090	\$24,360	\$36,630	\$36,900	\$43,170	\$49,440	\$55,710	\$61,980	\$68,250	\$74,520	WRAP
125% Poverty	\$15,075	\$20,300	\$25,525	\$30,750	\$35,975	\$41,200	\$46,425	\$51,650	\$56,875	\$62,100	Community Services Block Grant (CSBG)

Source: HHS Poverty Guidelines (1/24/2017)

## WATER USAGE CONVERSION IN 100 CUBIC FEET (CCF)

HOUSEHOLD SIZE	MONTHLY		QUARTERLY (EVERY 3 MONTHS)	
	AVERAGE USAGE (CCF)	20% ABOVE AVERAGE USAGE (CCF)	AVERAGE USAGE (CCF)	20% ABOVE AVERAGE USAGE (CCF)
1	3	4	9	11
2	6	7	18	22
3	9	11	27	32
4	12	14	36	43
5	15	18	45	54
6	18	21	54	65
7	21	25	63	76
8	24	29	72	86
9	27	32	81	97
10	30	36	90	108

Not all water providers use CCF as the unit of measurement for billing.

## WATER USAGE CONVERSION IN 1,000 GALLONS

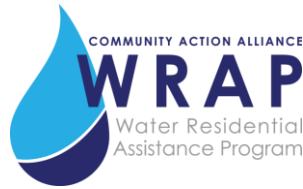
HOUSEHOLD SIZE	MONTHLY		QUARTERLY (EVERY 3 MONTHS)	
	AVERAGE USAGE (1,000 GALLONS)	20% ABOVE AVERAGE USAGE (1,000 GALLONS)	AVERAGE USAGE (1,000 GALLONS)	20% ABOVE AVERAGE USAGE (1,000 GALLONS)
1	2	3	7	8
2	4	5	13	16
3	7	8	20	24
4	9	10	27	32
5	11	13	34	40
6	13	16	40	49
7	16	19	47	57
8	18	22	54	64
9	20	24	61	73
10	22	27	67	81

*Not all water providers use 1,000 gallons as the unit of measurement for billing.*



Macomb  
Community  
Action





## Memorandum of Agreement Between

Wholesale Customer: Pleasant Ridge Attn: James Breuckman, City Manager 23925 Woodward Avenue Pleasant Ridge, Michigan 48069	CA Alliance: Oakland Livingston Human Service Agency (OLHSA) Attn: Susan Hardin, Chief Executive Officer 196 Cesar E Chavez Pontiac, Michigan 48343
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**Project:** The Water Residential Assistance Program (“WRAP”) is a universal service delivery model to help residential customers of the Great Lakes Water Authority access bill assistance, water conservation measures, and navigate resources and supports on a pathway toward self-sufficiency.

**Duration:** OLHSA (“CA Alliance”) is entering into a Memorandum of Agreement with the **City of Pleasant Ridge, a Michigan municipal corporation, (“Wholesale Customer” or “City”)** effective December 12, 2017, until parties agree to terminate the agreement with 30 days’ written notice pertaining to the WRAP program (the Project) operated by the CA and Wayne Metro Community Action Agency ( Project Administrator).

### City agrees to:

- Understand and accept the WRAP Universal Service Delivery Model design. (Attached hereto as Attachment A and made a part of this Agreement.)
- Provide to WRAP CA Alliance Agency a main point of contact who will be responsible for:
  - Receiving and reviewing reports of enrolled WRAP residents on regular basis.
  - Receiving and responding to CA Alliance questions regarding individual WRAP residential customer cases on an as needed basis.
  - Acting as liaison to Wholesale Customer billing department regarding payments made by CA Alliance.
  - Attending WRAP Wholesale Customer meetings held by CA Alliance.
- For those WRAP residents who enroll with arrearage/past due amounts, Wholesale Customer will:
  - Freeze arrearages for 12 months or until a resident exits from WRAP program.
  - Waive penalties for WRAP participants.

- Stop pending shutoffs once resident appointment confirmation is received from CA Alliance to Wholesale Customer.
  - For Residents for whom water has been shut off, it is understood by both parties that Resident is solely responsible for payment of applicable turn on/turn off fees.
  - Exempting from tax rolls. Provide CA with taxes due date (Semi-Annual, Annual)
  - Other protocols as deemed mutually agreeable in writing between both parties:
- Provide CA Alliance access, to past customer billing history, previous or current enrollment in payment plans, previous or current enrollment in Wholesale assistance plans, and/or customer alerts.
  - Engage with CA Alliance in shared WRAP marketing and outreach activities to residential customers in Wholesale Customer's community.

**Wayne Metro Community Action Agency Agrees to:**

- Provide a Single Service Point of Entry for GLWA regional resident to the WRAP Program; all calls will be processed through a dedicated telephone number-(313) 386-WRAP (9727) and via online Program Request Form.
- Pre-screen WRAP applicants for program eligibility and schedule residents for intake appointments based on pre-screening at time of call.
- Schedule intake appointments at CA Alliance Service Center accessible to residents.
- Inform and secure resident agreement of WRAP Program expectations and responsibilities via WRAP Client Contract.
- Provide an appeal process. **(SEE ATTACHMENT A )**
- Refer eligible residents with water usage at or above 120% of normal usage for Home Water Conservation audit. Conduct Home Water Audit and perform minor home plumbing repairs eligible within scope of project. **Homeowners Only**
- Provide a main point of contact to the Wholesale Customer who will be responsible for:
  - Providing reports of enrolled WRAP residents on a regular basis.
  - Reporting to Wholesale Customer at mutually agreed upon intervals on payment status of enrolled WRAP residential customers via electronic report.
  - Sending batched bill credit payments (based on \$25 per month) monthly and arrearage payments (bi-annually) to Wholesale Customer by the 21<sup>st</sup> day of the month for enrolled residents verified as in good standing with WRAP. Payment information will include: name, address, and account number.
  - Providing reports of WRAP residents who exit and/or are terminated from the program.

- Acting as liaison to Wholesale Customer regarding the WRAP Program.
- Engaging with Wholesale Customer in shared marketing and outreach activities around WRAP to residential customers.
- Collect and maintain program data, including but not limited to:
  - Scheduled appointments of residents residing in Wholesale Customer Community.
  - Status of enrolled residents in WRAP from Wholesale Customer Community receiving bill payment assistance and home water conservation audits.
  - Reconciliation of total assistance paid to Wholesale Customer including bill payment plan assistance, amount of arrearages paid (total and average).
  - Number of households assisted.

**Hold Harmless:** To the fullest extent permitted by law, the Parties agrees to indemnify, defend, pay on behalf of, and save harmless the other Party, and its elected and appointed officials, shareholders, officers, consultants, agents, volunteers and employees from and against all loss or expense (including costs and attorney's fees) by reason of liability imposed by law upon the parties or its elected and appointed officials, consultants, agents, volunteers and employees for damages, arising out of or in consequence of the performance of this Agreement, to the extent due to the negligence of the other party.

**Notices:** All notices, requests, demands or other communications hereunder shall be in writing and deemed given (a) when delivered personally or on the day said communication is sent by registered or certified mail, return receipt requested, postage prepaid, or (c) on the next business day after notice is sent by facsimile, electronic mail or pdf, or (d) on the day said communication is deposited with a nationally recognized overnight courier service, as the case may be, as follows:



If to City of : Pleasant Ridge  
Attn: James Breuckman, City Manager  
23925 Woodward Avenue  
Pleasant Ridge, Michigan 48069

If to OLHSA CAA  
Attn: Susan Harding, Chief Executive Officer  
196 Cesar E. Chavez  
Pontiac, Michigan 48343

AND

AND

Copy to:

Copy to: OLHSA CAA  
Attn: Barbara Jackson, Deputy Director the  
Welcome Center  
196 Cesar E. Chavez  
Pontiac, Michigan 48343

**Termination:** This agreement shall be in effect from Month Day, Year until either party agrees to terminate with 30 days written notice.

Should either party issue Notice of Termination, both parties agree that residents enrolled in WRAP prior and up to the date of written notice will continue to receive WRAP assistance until the first 12 months of resident enrollment is completed or resident termination.

**Modifications:** This MOA may be amended upon written approval of the parties at any time. No agent of the City shall have power to revoke, alter, enlarge or relax the stipulations or requirements of this Agreement, without the prior formal written authorization to do so, by ordinance, resolution or official action of the City.

**Venue and Choice of Law:** The Parties concur that any dispute concerning the interpretation of this Agreement shall be brought in the applicable state court located in the County of Wayne, Michigan, and that Michigan law shall control.

**Counterparts:** This Agreement may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument. A party may deliver executed signature pages to this Agreement by facsimile transmission or

electronic mail to the other party, which facsimile or electronic copies shall be deemed to be an original executed signature page binding on the party that so delivered the executed signature page by facsimile or electronic mail.

**Severability:** If any term or portion of this Agreement, or the application thereof, to any person or circumstance shall, to any extent, judicially be determined to be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

**Signed for OLHSA Community Action Agency:**

\_\_\_\_\_

\_\_\_\_\_  
Date

**Signed for City of Pleasant Ridge:**

\_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_

\_\_\_\_\_  
Date

## Attachment A

### Water Residential Assistance Program (WRAP) Components

#### Residential Assistance- Water Bill Payment Plan

- Maximum assistance per resident- \$1,000 annually
  - Water bill payment plan assistance consists of \$300 annual bill credit (\$25 per month for 12 months) for residents who are verified as staying current on regular bill payments (per billing cycles).
  - Up to \$700 annually in assistance for past due/ arrearage amounts. Arreages will be paid in two installments:
    - At 6 months of successful payment history, up to \$350(50%) will be applied
    - At 12 months of successful payment, up to \$350 (second 50%) can be applied.
  - Additional assistance via other CA Alliance funding sources may be leveraged with WRAP based on client eligibility and fund availability.
  - On-going case management will be provided to ensure client success in the WRAP program and to build other self-sufficiency supports.
  - Wholesale customers (i.e. City municipalities billing for GLWA water and/or sewer) will be engaged in regular communication and processing with CA Alliance agencies to monitor customer success in the WRAP program and track payment history.
  - Participants can remain in the program for up to 24 months. Participants must re-apply annually.
  - Participants who have been terminated from the program may request an appeal within 10 days of notification of termination. Participants may be granted an appeal if extenuating circumstances exist and the participant is able to pay the past due monthly charges (minus arrears at the time of enrollment) within 30 days of the appeal decision. Review and decision is at the discretion of the CA Alliance. Notice of the decision will be provided to Wholesale Customer. CA Alliance will request review of the customer's account after 30 days to determine whether bill has been paid to current date. If bill has been paid, customer will be allowed to remain in WRAP.

#### Residential Assistance- Home Water Audit Conservation

- Households presenting at intake with documented water usage above 120% of average usage will be referred for a Home Water Conservation audit, as performed by CA Alliance.
- Households can receive up to \$1,000 per household for water conservation and minor home plumbing repairs annually.
- Conservation measures and simple leak repairs will be completed during the Home Water Audit. Minor Home Repair and toilet replacement will be referred for a Minor Home Repair visit. Minor Plumbing Repairs will be completed by licensed plumbers following all applicable permitting laws.
- Eligible WRAP measures may include: Faucet aerators
  - Spigot protectors

- Low-flow toilets
- Low-flow showerheads
- Leaking faucets (indoor / outdoor)
- Hose bib leaks (outdoor)
- Pipe joint leaks (if easily accessible)
- Items not covered through WRAP:
- Emergency Repairs
- Plumbing that involves sewer/wastewater work
- Garbage disposals
- Dish washing machines
- Washing machines
- Repairs behind walls or underground
- Repairs in areas that pose a risk to contractors due to environmental hazards or structural deficiencies

**WRAP Resident Eligibility Guidelines:**

- Income-eligibility at 150% FPL or below based on 90 day look back from date of application.
- Bill must be in client/"tenant" name. Address must match client I.D.
- Proof of homeownership; If renter, lease must indicate tenant responsible for water\*
- Must have income source.
- Account holder must attend appointment.
- Shut off notice is not required.
- Bill does not have to be past due.
- For bill plan assistance, client participation in other education/trainings is not mandatory.
- Subsidized housing participants are eligible for assistance.

\* Eligibility may be based on non-owner occupied registration with Wholesale Customer community.



# Community Action Alliance Water Residential Assistance Program

\*Income restrictions and eligibility requirements apply.



Assistance up to \$1,000 per household per year. \$25 monthly bill credit + help with arrears.



Home water audit for households above 20% of average usage



Home repairs up to \$1,000 per household to fix minor plumbing issues leading to high usage



Water saving kits and consumer training classes



Supportive WRAP-Around Services

## WRAP Participant Check List:

- ✓ Have income at or below 150% of poverty threshold
- ✓ Provide proof of residency & income
- ✓ Provide renter's proof of responsibility for water on lease
- ✓ Stay current on monthly bill payment



WRAP funding is made possible by the Great Lakes Water Authority.

## Call 313.386.WRAP (9727)

or visit [www.waynemetro.org/wrap](http://www.waynemetro.org/wrap)



Wayne Metropolitan  
Community Action Agency  
Established 1971



# Community Action Alliance WRAP Program

Community Action Alliance will deliver WRAP through our Empowerment Pathway Model—a custom designed service plan to help residential customers in the Great Lakes Water Authority regions to access bill assistance, water conservation measures, and navigate resources and WRAP-around supports on a pathway toward self-sufficiency.

Household Income eligibility for the WRAP is 150% of poverty:

Household Members	Household Income	Household Members	Household Income
1	\$17,805	5	\$42,660
2	\$24,030	6	\$48,870
3	\$30,240	7	\$55,095
4	\$36,450	8	\$61,335



The WRAP's mission is to administer the distribution of WRAP funding to the eligible, low-income customers of the GLWA with a vision to create a transformative water utility assistance program focusing on bill assistance, conservation and self-sufficiency initiatives.

**Call 313.386.WRAP (9727)**

or visit [www.waynemetro.org/wrap](http://www.waynemetro.org/wrap)



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