



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

**City Commission Meeting
December 8, 2020
Agenda**

Honorable Mayor, City Commissioners and Residents: This shall serve as your official notification of the Regular City Commission Meeting to be held Tuesday, December 8, 2020, at 7:30pm, via teleconference as described below. The following items are on the Agenda for your consideration:

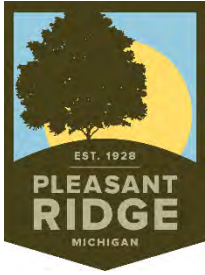
REGULAR CITY COMMISSION MEETING – 7:30 P.M.

- 1. Meeting Called to Order.**
- 2. Pledge of Allegiance.**
- 3. Roll Call.**
- 4. Receiving and filing the audit of the City's Financial Statements for the fiscal year ended June 30, 2020.**
- 5. PUBLIC DISCUSSION – items not on the Agenda.**
- 6. Governmental Reports.**
- 7. Consideration of the following Consent Agenda.**
All items listed on the Consent Agenda are considered to be routine by the City Commission, will be enacted by one motion and approved by a roll call vote. There will be no separate discussion of these items unless a City Commissioner or visitor so requests, in which event, the item will be removed from the consent agenda and considered as the last item of business.
 - a. Minutes of the Regular City Commission Meeting held Tuesday, November 10, 2020.
 - b. Monthly Disbursement Report.
 - c. Resolution regarding 2021 Federal Poverty Guidelines.
 - d. Resolution regarding PA 152.
 - e. Resolution regarding the Industrial Pretreatment Program by the Great Lakes Water Authority (GLWA).
 - f. Interlocal between the City of Pleasant Ridge and Oakland County to approve the designated assessor for the period of January 1, 2021 – December 31, 2025.
 - g. Addendum to the agreement between the City of Pleasant Ridge and Alerus Financial/Municipal Employees Retirement Systems (MERS) for Retirement Account Administration Services.
 - h. Appointment of City Manager James Breuckman as delegate and Commissioner Ann Perry as alternate to Woodward Avenue Action Association Executive Board (WA3), term to expire November 9, 2021.

- i. Tentative Annual Meeting Schedule for the following Commissions:
 - a. City Commission.
 - b. Historical Commission.
 - c. Planning Commission/Downtown Development Authority.
 - d. Recreation Commission.
- 8. **Interlocal Agreement between the City of Pleasant Ridge and the City of Berkley for Emergency Dispatch Services.**
- 9. **Investment Committee Report regarding Investment Allocations.**
- 10. **City Manager's Report**
- 11. **Other Business.**
- 12. **Adjournment.**

Due to the COVID-19 State of Emergency declared by the Governor's Executive Order 2020-4, the limitation on public assemblies of Executive Order 2020-11, and the permitting of public meetings by remote participation allowed by Governor's Executive Order 2020-15, the December 8, 2020, Pleasant Ridge City Commission meeting will be conducted via remote participation.

All members of the public will be permitted to participate during the public comment and public hearing portions of the meeting. There are two ways that members of the public can participate in the meeting 1) by joining the Zoom meeting by computer videoconference, or 2) by watching the meeting livestream on the City's YouTube channel or public access channel and providing comments by email at appropriate times during the meeting. If you have any ADA questions, please call the Clerk's Office (248) 541-2901.



City of Pleasant Ridge

James Breuckman, City Manager

From: Jim Breuckman, City Manager
 To: City Commission
 Date: December 3, 2020
 Re: FY20 Year End Financial Statements

Overview

Attached are the year-end FY20 financial statements for the City.

Background

The attached audited financial statements have been prepared by Maner Costerisan, the City's auditors.

Fund Balance

The most notable item is that we were able to increase our general fund fund balance by \$259,647, well above our budgeted amount. Refer to page 13 of the audit document.

Our general fund ended with a fund balance of \$987,474, which is 44% of total general fund expenditures. As you know, our goal is to maintain a minimum 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 exceed our target range over the past 5 years, strengthening the City's financial position.

Pension and OPEB

The financial statements also highlight our underfunded pension and Other Post-Employment Benefits (OPEB, i.e. retirement health care) status. We have stabilized and begun to increase funding levels for our retirement benefits programs over the past few years. Specifically:

- Our net pension liability was reduced (improved) by \$210,659, and stood at \$2,935,270 on 12/31/19 (page 37 of the audit document)
- Our OPEB liability was reduced (improved) by \$124,074 and stood at \$1,681,596 on 6/30/20.

Passage of the police pension millage in November of 2017 was a major step towards achieving long-term stability in our retirement benefits offerings for current and future employees. We reduced our pension and OPEB liabilities by about 7% in FY20. There are many factors which influence how our liabilities improve each year, including market performance, but we have put the measures into place necessary to eliminate our unfunded liabilities over time.

Requested Action

City Commission action to receive and file the FY20 City of Pleasant Ridge financial statements.

November 30, 2020

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, 2020, 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 have not been 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 required supplementary information to the financial statements, certain activities of the General Fund and one Special Revenue Fund exceeded the amounts appropriated. A similar issue was noted and reported in our audit comments last year.

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

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

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

Very truly yours,

Manes Costeiran PC

November 30, 2020

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, 2020. 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 June 19, 2020. 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 1 to the financial statements. During the fiscal year ended June 30, 2020, the City implemented Governmental Accounting Standards Board No. 84, *Fiduciary Activity*. Accordingly, the financial statements contain a statement of fiduciary net position and a statement of changes in fiduciary net position. 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, business-type activities, and Water and Sewer Fund financial statements were:

The calculation of the net OPEB liability and the related deferred inflows and outflows of resources are based on an actuarial study which utilized certain actuarial assumptions.

The calculation of the net pension liability and the related deferred inflows and outflows of resources are based on an actuarial study which utilized certain actuarial assumptions.

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

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.

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 November 30, 2020.

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.

Very truly yours,

Manes Costeiran PC

**CITY OF PLEASANT RIDGE
OAKLAND COUNTY, MICHIGAN**

**REPORT ON FINANCIAL STATEMENTS
(with required and additional
supplementary information)**

YEAR ENDED JUNE 30, 2020

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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, 2020, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, the City implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, in the current year. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, 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.

Maney Costerian PC

November 30, 2020

CITY OF PLEASANT RIDGE MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2020. 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, 2020:

- Property tax revenues are the City's largest revenue source. Property tax revenue for the year ended June 30, 2020 was approximately \$3.4 million, which is a 4.51% increase from the year before. This resulted from a 4.7% increase in taxable value and 0.0257 less mills being levied.
- The City ended the year with total net position of \$9,839,596. This is an increase of \$1,635,430 from the prior year.

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, 2019</u>	<u>June 30, 2020</u>	<u>Change from Prior Year</u> <u>In Dollars</u>	<u>As a Percent</u>
Assets				
Current and other assets	\$ 5,937,050	\$ 5,891,658	\$ (45,392)	-0.76%
Capital assets	<u>10,583,097</u>	<u>10,868,348</u>	<u>285,251</u>	2.70%
Total assets	<u>16,520,147</u>	<u>16,760,006</u>	<u>239,859</u>	1.45%
Deferred Outflows of Resources	<u>390,243</u>	<u>334,024</u>	<u>(56,219)</u>	-14.41%
Liabilities				
Current liabilities	626,690	657,727	31,037	4.95%
Noncurrent liabilities	<u>9,060,629</u>	<u>8,448,391</u>	<u>(612,238)</u>	-6.76%
Total liabilities	<u>9,687,319</u>	<u>9,106,118</u>	<u>(581,201)</u>	-6.00%
Deferred Inflows of Resources	<u>1,306,874</u>	<u>736,914</u>	<u>(569,960)</u>	-43.61%

**CITY OF PLEASANT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Activities (continued)

	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>Change from Prior Year</u> <u>In Dollars</u>	<u>As a Percent</u>
Net Position				
Net investment in capital assets	\$ 6,154,139	\$ 6,724,139	\$ 570,000	9.26%
Restricted	1,459,152	1,024,904	(434,248)	-29.76%
Unrestricted	<u>(1,697,094)</u>	<u>(498,045)</u>	<u>1,199,049</u>	<u>70.65%</u>
	<u>\$ 5,916,197</u>	<u>\$ 7,250,998</u>	<u>\$ 1,334,801</u>	<u>22.56%</u>
Revenues				
Program Revenues				
Charges for services	\$ 852,575	\$ 735,140	\$ (117,435)	-13.77%
Operating grants and contributions	373,947	305,302	(68,645)	-18.36%
Capital grants and contributions	45,000	35,000	(10,000)	-22.22%
General revenues				
Property taxes	3,209,607	3,354,221	144,614	4.51%
State shared revenues	266,525	259,190	(7,335)	-2.75%
PPT reimbursement	50,393	52,088	1,695	3.36%
Investment and other	<u>240,750</u>	<u>235,602</u>	<u>(5,148)</u>	<u>-2.14%</u>
Total revenue	<u>5,038,797</u>	<u>4,976,543</u>	<u>(62,254)</u>	<u>-1.24%</u>
Expenses				
General government	681,532	671,276	(10,256)	-1.50%
Public safety	866,268	684,780	(181,488)	-20.95%
Public works	1,369,097	1,412,606	43,509	3.18%
Recreation and culture	819,564	737,641	(81,923)	-10.00%
Interest on long-term debt	<u>148,142</u>	<u>135,439</u>	<u>(12,703)</u>	<u>-8.57%</u>
Total expenses	<u>3,884,603</u>	<u>3,641,742</u>	<u>(242,861)</u>	<u>-6.25%</u>
Change in net position	<u>\$ 1,154,194</u>	<u>\$ 1,334,801</u>	<u>\$ 180,607</u>	<u>15.65%</u>

The City's governmental net position increased 22.56% from a year ago, increasing from \$5,916,197 to \$7,250,998. Total governmental revenues were \$4,976,543 while total governmental expenses were \$3,641,742, resulting in an overall increase in net position of \$1,154,194.

Total governmental revenues decreased \$62,254 or 1.24%. Charges for services decreased \$117,435, primarily due to decreased recreational program fees related to COVID-19 and operating grants and contributions decreased \$68,645, primarily due to decreased donations.

The City's total governmental expenses decreased \$242,861 or 6.25% from the prior year. Decreased costs were associated with changes in the City's net OPEB liability.

**CITY OF PLEASANT RIDGE
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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:

	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>Change from Prior Year</u> <u>In Dollars</u>	<u>As a Percent</u>
Assets				
Current and other assets	\$ 1,304,479	\$ 1,539,335	\$ 234,856	18.00%
Capital assets	<u>1,716,488</u>	<u>1,614,125</u>	<u>(102,363)</u>	-5.96%
Total assets	<u>3,020,967</u>	<u>3,153,460</u>	<u>132,493</u>	4.39%
Deferred Outflows of Resources	<u>6,177</u>	<u>4,237</u>	<u>(1,940)</u>	-31.41%
Liabilities				
Current liabilities	235,629	191,365	(44,264)	-18.79%
Noncurrent liabilities	<u>481,685</u>	<u>366,205</u>	<u>(115,480)</u>	-23.97%
Total liabilities	<u>717,314</u>	<u>557,570</u>	<u>(159,744)</u>	-22.27%
Deferred Inflows of Resources	<u>21,861</u>	<u>11,529</u>	<u>(10,332)</u>	-47.26%
Net Position				
Net investment in capital assets	1,217,276	1,211,968	(5,308)	-0.44%
Unrestricted	<u>1,070,693</u>	<u>1,376,630</u>	<u>305,937</u>	28.57%
	<u>\$ 2,287,969</u>	<u>\$ 2,588,598</u>	<u>\$ 300,629</u>	13.14%
Revenues				
Program Revenues				
Charges for services	\$ 1,288,953	\$ 1,393,596	\$ 104,643	8.12%
General revenues				
Investment earnings	<u>15,407</u>	<u>16,280</u>	<u>873</u>	5.67%
Total revenue	<u>1,304,360</u>	<u>1,409,876</u>	<u>105,516</u>	8.09%
Expenses				
Water and sewer systems	<u>1,071,582</u>	<u>1,109,247</u>	<u>37,665</u>	3.51%
Change in net position	<u>\$ 232,778</u>	<u>\$ 300,629</u>	<u>\$ 67,851</u>	29.15%

The City's business-type activities consist of the water and sewer systems. The City provides water and sewer services to residents through contacts or consortiums with the Great Lakes Water Authority. Total net position of the business-type activities increased approximately \$300,629 from a year ago.

CITY OF PLEASANT RIDGE MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's Funds

Our analysis of the City's major funds begins on page 11, 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.

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 \$1.45 million in 2020, which was an increase of \$53,044, or 3.80 percent, from 2019.

Total General Fund revenues decreased from a year ago by \$15,593. Total General Fund revenues for 2020 were more than expenditures resulting in an increase in fund balance of \$259,647. Ending fund balance was \$1,247,121 all of which was unassigned except for the \$70,999 which related to prepaids and, therefore, was classified as nonspendable. Unassigned fund balance represents 41 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, 2020, the I-696 Segregated Capital Asset Fund reported a fund balance of \$3,129,945 an increase of \$138,128 from the prior year due to investment earnings. The total fund balance 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 net amount to be reimbursed in future years is \$112,927.

The Infrastructure Improvement Fund finances new infrastructure projects within the City. As of June 30, 2020, the Infrastructure Improvement Fund reported a fund balance of \$715,968, a decrease of \$458,703 from the prior year.

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, 2020, the Water and Sewer Fund reported a net position of \$2,588,598, an increase of \$300,629 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 \$20,352 and expenditures were less than amended budget by \$142,176. Budget amendments were made as a result of changes in estimates for property taxes, charges for services, licenses and permits, police and parks and recreation department expenditures.

CITY OF PLEASANT RIDGE MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounted to \$12,482,473, 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 \$437,003, infrastructure improvements of \$601,460 and a combination of vehicles and equipment making up the remaining. Additional information on capital assets can be found in Note 4 of the Notes to Financial Statements section.

As of June 30, 2020, the City's primary government had total debt outstanding of \$4,666,864. The outstanding debt consists of general obligation bonds, 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 \$1,681,596 and a net pension liability of \$2,935,270. Additional information on long-term obligations can be found in Notes 5, 6, and 7 of the Notes to Financial Statements section.

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 uncertainty created by the COVID-19 pandemic was a significant factor in the development of the 2020-2021 budget. As a result, the FY21 budget included a small increase in property tax revenues of about 2.5%, a presumed decrease in revenue sharing contributions from the State, and moderate but continued increases in both healthcare and pension costs.

The City adopts budgets including a three-year projection to try to anticipate and plan for future expenses. The impacts of COVID-19 on local property tax revenue will occur in future years due to the 12-18-month lag between market impact and property tax assessment changes. This possible reduction in property tax revenues due to the economic impact of COVID-19 was accounted for in the City's budget projections for FY22 and FY23, with a 7.5% decrease in property tax revenues planned for FY22. So far, we have not seen an impact on property values due to COVID-19's economic impacts, so we are hopeful that we have planned for the worst-case scenario which will not materialize. Regardless, the City has adjusted our revenue and spending projections so that we will be prepared in case there is a significant impact on local government finances from COVID-19.

The City continues to increase its contributions towards our underfunded pension plan with revenues generated by the police pension millage as it phases in. We are now in the third year of this millage, originally approved by the voters in 2017 as a 15-year millage.

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, 2020

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		(DDA)
ASSETS				
Cash and investments	\$ 5,679,537	\$ 1,180,203	\$ 6,859,740	\$ 198,589
Receivables	65,944	338,360	404,304	-
Due from other governmental units	73,883	-	73,883	-
Prepays	72,294	20,772	93,066	-
Capital assets not being depreciated	1,746,700	-	1,746,700	72,500
Capital assets being depreciated, net	9,121,648	1,614,125	10,735,773	140,582
TOTAL ASSETS	16,760,006	3,153,460	19,913,466	411,671
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	295,263	3,599	298,862	-
Deferred outflows of resources related to OPEB	38,761	638	39,399	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	334,024	4,237	338,261	-
LIABILITIES				
Accounts payable	197,601	84,320	281,921	10,223
Accrued liabilities	50,355	5,337	55,692	-
Accrued interest payable	34,438	2,439	36,877	-
Unearned revenue	5,468	-	5,468	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	75,311	-	75,311	-
Current portion of long-term debt	294,554	99,269	393,823	-
Due in more than one year:				
Compensated absences	45,187	-	45,187	-
Net pension liability	2,898,933	36,337	2,935,270	-
Net other post-employment benefits liability	1,654,616	26,980	1,681,596	-
Long-term debt	3,849,655	302,888	4,152,543	-
TOTAL LIABILITIES	9,106,118	557,570	9,663,688	10,223
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	110,074	1,380	111,454	-
Deferred inflows of resources related to OPEB	626,840	10,149	636,989	-
TOTAL DEFERRED INFLOWS OF RESOURCES	736,914	11,529	748,443	-
NET POSITION				
Net investment in capital assets	6,724,139	1,211,968	7,936,107	213,082
Restricted for				
Streets	213,880	-	213,880	-
Infrastructure improvements	715,968	-	715,968	-
Other purposes	95,056	-	95,056	-
Unrestricted	(498,045)	1,376,630	878,585	188,366
TOTAL NET POSITION	\$ 7,250,998	\$ 2,588,598	\$ 9,839,596	\$ 401,448

See notes to financial statements.

**CITY OF PLEASANT RIDGE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

					Net (Expense) Revenue and Changes in Net Position			
		Program Revenues			Primary Government			Component Unit (DDA)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 671,276	\$ 331,707	\$ 4,735	\$ -	\$ (334,834)	\$ -	\$ (334,834)	\$ -
Public safety	684,780	175,160	-	-	(509,620)	-	(509,620)	-
Public works	1,412,606	158,230	262,402	35,000	(956,974)	-	(956,974)	-
Recreation and culture	737,641	70,043	38,165	-	(629,433)	-	(629,433)	-
Interest on long-term debt	135,439	-	-	-	(135,439)	-	(135,439)	-
Total governmental activities	3,641,742	735,140	305,302	35,000	(2,566,300)	-	(2,566,300)	-
Business-type activities								
Water and sewer	1,109,247	1,393,596	-	-	-	284,349	284,349	-
Total primary government	\$ 4,750,989	\$ 2,128,736	\$ 305,302	\$ 35,000	(2,566,300)	284,349	(2,281,951)	-
Component unit								
Downtown Development Authority	\$ 11,628	\$ -	\$ 5,000	\$ -	-	-	-	(6,628)
General revenues								
Property taxes					3,354,221	-	3,354,221	93,876
State shared revenue					259,190	-	259,190	-
Local community stabilization					52,088	-	52,088	3,514
Interest earnings					178,763	16,280	195,043	463
Miscellaneous					56,839	-	56,839	-
Total general revenues					3,901,101	16,280	3,917,381	97,853
Change in net position					1,334,801	300,629	1,635,430	91,225
Net position, beginning of the year					5,916,197	2,287,969	8,204,166	310,223
Net position, end of the year					\$ 7,250,998	\$ 2,588,598	\$ 9,839,596	\$ 401,448

See notes to financial statements.

**CITY OF PLEASANT RIDGE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020**

	General	I-696 Segregated Capital Asset	Infrastructure Improvements	Nonmajor Governmental Funds	Total
ASSETS					
Cash and investments	\$ 1,296,336	\$ 3,129,945	\$ 717,068	\$ 536,188	\$ 5,679,537
Accounts receivable	30,334	-	-	35,610	65,944
Due from other governmental units	38,637	-	-	35,246	73,883
Prepays	70,999	-	500	795	72,294
TOTAL ASSETS	\$ 1,436,306	\$ 3,129,945	\$ 717,568	\$ 607,839	\$ 5,891,658
LIABILITIES					
Accounts payable	\$ 133,613	\$ -	\$ 1,600	\$ 62,388	\$ 197,601
Accrued liabilities	50,104	-	-	251	50,355
Unearned revenue	5,468	-	-	-	5,468
TOTAL LIABILITIES	189,185	-	1,600	62,639	253,424
FUND BALANCES					
Nonspendable					
Prepays	70,999	-	500	795	72,294
Restricted					
Solid waste	-	-	-	36,626	36,626
Streets and highways	-	-	-	213,460	213,460
Infrastructure improvements	-	-	715,468	-	715,468
Public safety	-	-	-	1,559	1,559
Library	-	-	-	10,908	10,908
Recreation	-	-	-	45,588	45,588
Debt service	-	-	-	17,274	17,274
Committed					
Segregated capital asset	-	3,129,945	-	-	3,129,945
Infrastructure improvements	-	-	-	218,990	218,990
Unassigned	1,176,122	-	-	-	1,176,122
TOTAL FUND BALANCES	1,247,121	3,129,945	715,968	545,200	5,638,234
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,436,306	\$ 3,129,945	\$ 717,568	\$ 607,839	\$ 5,891,658

See notes to financial statements.

**CITY OF PLEASANT RIDGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

Total fund balances - governmental funds \$ 5,638,234

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	\$ 21,188,508	
Accumulated depreciation	<u>(10,320,160)</u>	
Capital assets, net		10,868,348

Governmental funds report actual pension/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB liability as of the measurement date. 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, net differences between projected and actual plan investment earnings, and changes in proportion and differences between employer contributions and proportionate share of contributions will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources related to pensions	295,263	
Deferred outflows of resources related to OPEB	38,761	
Deferred inflows of resources related to pensions	(110,074)	
Deferred inflows of resources related to OPEB	<u>(626,840)</u>	
		(402,890)

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	4,020,000	
Unamortized bond premium	124,209	
Accrued interest payable	34,438	
Compensated absences	120,498	
Net OPEB liability	1,654,616	
Net pension liability	<u>2,898,933</u>	
		<u>(8,852,694)</u>

Net position of governmental activities \$ 7,250,998

**CITY OF PLEASANT RIDGE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020**

	General	I-696 Segregated Capital Asset	Infrastructure Improvements	Nonmajor Governmental Funds	Total
REVENUES					
Taxes	\$ 2,268,316	\$ 105,802	\$ 418,975	\$ 663,790	\$ 3,456,883
Licenses and permits	114,770	-	-	-	114,770
Intergovernmental	308,942	842	3,332	267,855	580,971
Charges for services	229,715	-	-	167,920	397,635
Fines and forfeits	81,991	-	-	-	81,991
Interest and rents	32,015	131,691	23,321	3,383	190,410
Other	118,223	-	-	35,660	153,883
TOTAL REVENUES	3,153,972	238,335	445,628	1,138,608	4,976,543
EXPENDITURES					
Current					
General government	682,876	-	-	-	682,876
Public safety	1,447,344	-	-	3	1,447,347
Public works	317,573	207	402	549,711	867,893
Recreation and culture	381,532	-	-	168,756	550,288
Other	5,000	-	-	-	5,000
Capital outlay	-	-	665,254	403,446	1,068,700
Debt service	-	-	238,675	197,905	436,580
TOTAL EXPENDITURES	2,834,325	207	904,331	1,319,821	5,058,684
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	319,647	238,128	(458,703)	(181,213)	(82,141)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	205,000	205,000
Transfers out	(60,000)	(100,000)	-	(45,000)	(205,000)
TOTAL OTHER FINANCING SOURCES (USES)	(60,000)	(100,000)	-	160,000	-
NET CHANGE IN FUND BALANCES	259,647	138,128	(458,703)	(21,213)	(82,141)
Fund balances, beginning of year	987,474	2,991,817	1,174,671	566,413	5,720,375
Fund balances, end of year	\$ 1,247,121	\$ 3,129,945	\$ 715,968	\$ 545,200	\$ 5,638,234

See notes to financial statements.

**CITY OF PLEASANT RIDGE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

Net change in fund balances - total governmental funds **\$ (82,141)**

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	\$ 1,180,151	
Loss on disposal of capital asset	(47,570)	
Depreciation expense	<u>(847,330)</u>	
Excess of capital outlay over depreciation expense and loss		285,251

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:

Amortization of bond premium	9,554	
Bond and installment loan principal retirements	<u>288,941</u>	
		298,495

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	2,646	
(Increase) in compensated absences	(1,712)	
Decrease in net OPEB liability	121,340	
(Decrease) in deferred outflows of resources related to pensions	(94,376)	
Increase in deferred outflows of resources related to OPEB	38,157	
(Increase) in deferred inflows of resources related to pensions	(99,065)	
Decrease in deferred inflows of resources related to OPEB	669,025	
Decrease in net pension liability	<u>197,181</u>	
		<u>833,196</u>
Change in net position of governmental activities		<u><u>\$ 1,334,801</u></u>

**CITY OF PLEASANT RIDGE
PROPRIETARY FUND
STATEMENT OF NET POSITION
JUNE 30, 2020**

	Business-type Activities Water and Sewer
ASSETS	
Current assets	
Cash and investments	\$ 482,099
Accounts receivable	338,360
Prepaid expenses	20,772
Total current assets	<u>841,231</u>
Noncurrent assets	
Investments	698,104
Capital assets being depreciated, net	1,614,125
Total noncurrent assets	<u>2,312,229</u>
TOTAL ASSETS	<u>3,153,460</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	3,599
Deferred outflows of resources related to OPEB	638
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,237</u>
LIABILITIES	
Current liabilities	
Accounts payable	84,320
Other accrued liabilities	5,337
Accrued interest payable	2,439
Current portion of long-term debt	99,269
Total current liabilities	<u>191,365</u>
Noncurrent liabilities	
Net other post-employment benefits liability	26,980
Noncurrent portion of long-term debt	302,888
Net pension liability	36,337
Total noncurrent liabilities	<u>366,205</u>
TOTAL LIABILITIES	<u>557,570</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	1,380
Deferred inflows of resources related to OPEB	10,149
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,529</u>
NET POSITION	
Net investment in capital assets	1,211,968
Unrestricted	1,376,630
TOTAL NET POSITION	<u>\$ 2,588,598</u>

See notes to financial statements.

**CITY OF PLEASANT RIDGE
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED JUNE 30, 2020**

	Business-type Activities
	<u>Water and Sewer</u>
OPERATING REVENUES	
Charges for services	\$ 1,379,010
Penalties and fines	<u>14,586</u>
TOTAL OPERATING REVENUES	<u>1,393,596</u>
OPERATING EXPENSES	
Salaries, wages, and fringe benefits	38,808
Contractual services	117,246
Water purchases	189,483
Sewage treatment	549,136
Administrative charges	31,222
Operating supplies	4,350
Other	23,028
Depreciation	<u>144,463</u>
TOTAL OPERATING EXPENSES	<u>1,097,736</u>
OPERATING INCOME	<u>295,860</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	16,280
Interest expense and fees	<u>(11,511)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>4,769</u>
CHANGE IN NET POSITION	300,629
Net position, beginning of year	<u>2,287,969</u>
Net position, end of year	<u><u>\$ 2,588,598</u></u>

See notes to financial statements.

**CITY OF PLEASANT RIDGE
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020**

	Business-type Activities <u>Water and Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 1,346,212
Cash paid to suppliers	(975,364)
Cash paid to employees	<u>(68,075)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>302,773</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital asset acquisitions	(42,100)
Payments on borrowing	(97,055)
Interest and fees paid	<u>(12,095)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(151,250)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>16,280</u>
NET INCREASE IN CASH AND INVESTMENTS	167,803
Cash and investments, beginning of year	<u>1,012,400</u>
Cash and investments, end of year	<u><u>\$ 1,180,203</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 295,860
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	144,463
(Increase) decrease in:	
Accounts receivable	(47,384)
Prepaid expenses	(19,669)
Deferred outflows of resources	1,940
(Decrease) in:	
Accounts payable	(41,230)
Net other post-employment benefits liability	(2,734)
Net pension liability	(13,478)
Other accrued liabilities	(4,663)
Deferred inflows of resources	<u>(10,332)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 302,773</u></u>

See notes to financial statements.

**CITY OF PLEASANT RIDGE
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2020**

	Pension and Other Employee Benefit Trust Fund	Custodial Fund
	Retiree Health Insurance Plan Trust	Tax Collections
ASSETS		
Cash and investments	\$ 30,418	\$ -
LIABILITIES	-	-
NET POSITION		
Restricted for other post-employment benefits (health insurance)	<u>\$ 30,418</u>	<u>\$ -</u>

See notes to financial statements.

**CITY OF PLEASANT RIDGE
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2020**

	Pension and Other Employee Benefit Trust Fund <u>Retiree Health Insurance Plan Trust</u>	Custodial Fund <u>Tax Collections</u>
ADDITIONS		
Contributions		
Employer	\$ 122,285	\$ -
Investment earnings	591	-
Property tax collections for other governmental units	<u>-</u>	<u>4,196,783</u>
TOTAL ADDITIONS	122,876	4,196,783
DEDUCTIONS		
Administrative expenses	52	-
Benefit payments	115,288	
Property tax distributions to other governmental units	<u>-</u>	<u>4,196,783</u>
TOTAL DEDUCTIONS	<u>115,340</u>	<u>4,196,783</u>
NET INCREASE IN FIDUCIARY NET POSITION	7,536	-
Net position, beginning of year	<u>22,882</u>	<u>-</u>
Net position, end of year	<u><u>\$ 30,418</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Pleasant Ridge (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 City Commissioners, including the Mayor, who are elected at-large every two years for overlapping four 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.

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 (primary government) and its component units. 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 contain all the funds controlled by the City Commission.

Discretely Presented Component Unit

This 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 or incomplete.

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.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Component Unit

The Retiree Health Insurance Plan Trust Fund was established to account for the assets set aside to fund the City of Pleasant Ridge Retiree Health Insurance Plan. The primary purpose of the Trust is to provide the necessary funding for the retiree health insurance premiums provided to eligible City employees during retirement. The Trust was established through MERS Retiree Health Funding Vehicle, with the City Commission serving as the trustees. The assets of the Trust are for the exclusive benefit of the participants and their beneficiaries, and the assets shall not be diverted to any other purpose prior to the satisfaction of all liabilities. The assets are protected from any of the City's creditors. The City Commission has the ability to exercise responsibility, specifically in the area of designation of management.

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 or more participants that maintain joint control, financial interest, and financial responsibility.

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 12 municipalities in Oakland County, including the City of Pleasant Ridge. The City appoints one 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, 2020, the City of Pleasant Ridge expended \$215,257 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, 2019, are available at SOCRRA's administrative offices. As of June 30, 2019, SOCRRA had net position of \$4,082,001.

Southeastern Oakland County Water Authority - The City is a member of the Southeastern Oakland County Water Authority (SOCWA), which is a joint venture among 12 municipalities in Oakland County, including the City of Pleasant Ridge. The City appoints one 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, 2020, the City of Pleasant Ridge expended \$189,483 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, 2019, are available at SOCWA's administrative offices. As of June 30, 2019, SOCWA had net position of \$20,886,788.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. All non-fiduciary activities of the primary government are included (i.e. fiduciary fund activities are not included in the government-wide financial statements). 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.

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, proprietary funds, and fiduciary funds, even though the later are excluded from the government-wide financial statements. 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.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

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.

The City also reports the Retiree Health Insurance Plan Trust (pension and other employee benefit trust fund) and the Tax Collections Fund (custodial fund) as fiduciary funds.

Measurement Focus

The government-wide, proprietary, and fiduciary 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.

Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both “measurable” and “available to finance expenditures of the current period”). The length of time used for “available” for purposes of revenue recognition in the governmental fund financial statements is 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 and fiduciary 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.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

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.

Budgets and Budgetary Accounting

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

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

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash 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.

Investments include mutual funds, equity securities, and participation in a governmental investment pool. Investments are recorded at fair value. Restricted investments in the governmental activities related to bond proceeds which have not yet been spent.

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 6 of 1855 PA 105, MCL 21.146.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two 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.

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.

Receivables

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

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Unearned Revenue

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

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, 2020, were vested and the total due to them, along with related payroll taxes, is recorded entirely in the government-wide financial statements.

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.

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

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Accrued Interest Payable

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

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 then.

The City reports deferred outflows of resources and deferred inflows of resources related to the net pension liability and net OPEB 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.

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.

CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Tax (continued)

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, community promotion, infrastructure improvements, library services, pool operations, and pool debt. For the year ended June 30, 2020, the City levied 12.8260 mills per \$1,000 of taxable valuation for general governmental services, 1.5306 mills for refuse services, 0.3111 mills for community promotion, 2.6804 mills for infrastructure improvements, 0.3617 mills for library services, 1.1364 mills for pool operations, 0.6769 mills for park improvements, 1.1900 mills for pool debt, and 0.7000 mills for police pension stabilization. The total taxable value for the 2019 levy for property within the City was \$160,211,270.

Net Pension Liability

The net pension liability is deemed to be a noncurrent liability and is recognized in the government-wide and proprietary fund financial statements.

Net OPEB Liability

The net OPEB liability is deemed to be a noncurrent liability and is recognized in the government-wide and proprietary fund financial statements.

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.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - DESCRIPTION OF CITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification Policies and Procedures

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

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

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

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.

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 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2020, the City had deposits and investments subject to the following risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2020, \$968,877 of the City's bank balance of \$1,468,877 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$1,416,665. The financial statements report \$1,060 of imprest cash on hand.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The City will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities authorized by the Commission and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the City will do business in accordance with Commission approved policy.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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.

The City's investments in Oakland County Government Investment Pool and MERS total market portfolio are reported at their individual Net Asset Values. The weighted average maturity for the underlying investments held by each portfolio is not calculated or provided.

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). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. The City's investments as of June 30, 2020, were not subject to rating.

Concentration of Credit Risk

The City will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the City's investment in a single issuer, by limiting investments to the types of securities listed in the "Authorized Investments" section; pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with the "Authorized Institutions" section; and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Foreign Currency Risk

The City is not authorized to invest in investments which have this type of risk.

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.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements (continued)

As of June 30, 2020, the carrying amounts and fair values for each investment type are as follows:

Investment Type	Fair Value	Fair Value Measurement		
		Level 1	Level 2	Level 3
Mutual Funds	\$ 989,901	\$ 989,901	\$ -	\$ -
Equity Securities	1,412,107	1,412,107	-	-
	<u>\$ 2,402,008</u>	<u>\$ 2,402,008</u>	<u>\$ -</u>	<u>\$ -</u>

Investments in Entities that Calculate Net Asset Value per Share

The City holds shares or interests in MERS and Oakland County Government 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. MERS invests assets in a manner which will seek the highest investment return consistent with the preservation of principal and meet the daily liquidity needs of participants.

At the year ended June 30, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
PRIMARY GOVERNMENT				
Oakland County Government Investment Pool	\$ 3,238,596	\$ -	No restrictions	None
FIDUCIARY FUNDS				
MERS total market portfolio	<u>30,418</u>	<u>-</u>	No restrictions	None
	<u>\$ 3,269,014</u>	<u>\$ -</u>		

The cash and cash equivalents and investments referred to above have been reported in the cash and investments captions on the basic financial statements, based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2020:

	Primary Government	Component Unit	Fiduciary Funds	Reporting Entity
Cash and investments	<u>\$ 6,859,740</u>	<u>\$ 198,589</u>	<u>\$ 30,418</u>	<u>\$ 7,088,747</u>

CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - 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.

<u>Funds Transferred In</u>	<u>Funds Transferred Out</u>	<u>Amount</u>
Capital Projects Fund (nonmajor)	General Fund	\$ 60,000
Capital Projects Fund (nonmajor)	I-696 Segregated Capital Asset Fund	100,000
Local Street Fund (nonmajor)	Major Street Fund (nonmajor)	45,000

Transfers made to nonmajor governmental funds from the General Fund were related to capital improvements and pool operations. Transfers made to the nonmajor governmental funds from other nonmajor governmental funds were related to infrastructure and other capital improvements.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

Primary Government

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,746,700	\$ -	\$ -	\$ 1,746,700
Capital assets being depreciated				
Land improvements	2,093,138	185,103	-	2,278,241
Buildings and improvements	4,482,228	251,900	-	4,734,128
Vehicles	245,073	40,320	-	285,393
Equipment	642,574	101,368	(67,957)	675,985
Software	19,430	-	-	19,430
Infrastructure - streets and alleys	10,847,171	601,460	-	11,448,631
Subtotal	18,329,614	1,180,151	(67,957)	19,441,808
Less accumulated depreciation for				
Land improvements	(1,048,240)	(122,085)	-	(1,170,325)
Buildings and improvements	(2,079,659)	(168,644)	-	(2,248,303)
Vehicles	(171,098)	(32,386)	-	(203,484)
Equipment	(413,218)	(32,218)	20,387	(425,049)
Software	(19,430)	-	-	(19,430)
Infrastructure - streets and alleys	(5,761,572)	(491,997)	-	(6,253,569)
Subtotal	(9,493,217)	(847,330)	20,387	(10,320,160)
Net capital assets being depreciated	8,836,397	332,821	(47,570)	9,121,648
Capital assets, net	<u>\$ 10,583,097</u>	<u>\$ 332,821</u>	<u>\$ (47,570)</u>	<u>\$ 10,868,348</u>

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS (continued)

Primary Government (continued)

Depreciation expense was charged to the following governmental activities:

General government	\$ 30,721
Public safety	36,224
Public works	570,817
Recreation and culture	<u>209,568</u>
	<u><u>\$ 847,330</u></u>

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type activities				
Capital assets being depreciated				
Water and sewer transmission and distribution system	\$ 3,681,732	\$ 42,100	\$ -	\$ 3,723,832
Water meters	168,343	-	-	168,343
Vehicles and miscellaneous equipment	<u>56,910</u>	<u>-</u>	<u>-</u>	<u>56,910</u>
Subtotal	3,906,985	42,100	-	3,949,085
Less accumulated depreciation for				
Water and sewer transmission and distribution system	(2,014,837)	(125,718)	-	(2,140,555)
Water meters	(142,935)	(12,704)	-	(155,639)
Vehicles and miscellaneous equipment	<u>(32,725)</u>	<u>(6,041)</u>	<u>-</u>	<u>(38,766)</u>
Subtotal	<u>(2,190,497)</u>	<u>(144,463)</u>	<u>-</u>	<u>(2,334,960)</u>
Capital assets, net	<u><u>\$ 1,716,488</u></u>	<u><u>\$ (102,363)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,614,125</u></u>

Component Unit

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Downtown Development Authority (DDA)				
Capital assets not being depreciated				
Land	<u>\$ 72,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,500</u>
Capital assets being depreciated				
Land improvements	158,371	56,100	-	214,471
Less accumulated depreciation for				
Land improvements	<u>(62,940)</u>	<u>(10,949)</u>	<u>-</u>	<u>(73,889)</u>
Net capital assets being depreciated	<u>95,431</u>	<u>45,151</u>	<u>-</u>	<u>140,582</u>
Capital assets, net	<u><u>\$ 167,931</u></u>	<u><u>\$ 45,151</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 213,082</u></u>

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM DEBT

The City issues general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government.

The following is a summary of changes in long-term debt (including current portion) of the City for the year ended June 30, 2020.

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Amounts Due Within One Year
Primary Government					
Governmental activities					
Direct borrowings and direct placements					
Installment Loan Agreement	\$ 8,941	\$ -	\$ (8,941)	\$ -	\$ -
Other debt					
General Obligation Bonds	4,300,000	-	(280,000)	4,020,000	285,000
Unamortized bond premium	133,763	-	(9,554)	124,209	9,554
Other long-term obligations					
Compensated Absences	118,786	99,365	(97,653)	120,498	75,311
	4,561,490	99,365	(396,148)	4,264,707	369,865
Business-type activities					
Direct borrowings and direct placements					
Water and Sewer System					
George W. Kuhn Drain Bonds	499,212	-	(97,055)	402,157	99,269
	<u>\$ 5,060,702</u>	<u>\$ 99,365</u>	<u>\$ (493,203)</u>	<u>\$ 4,666,864</u>	<u>\$ 469,134</u>

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

Primary Government

General Obligation Bonds

\$2,550,000 2003 General Obligation Unlimited Tax Bonds dated June 1, 2003, due in annual installments ranging from \$125,000 to \$200,000 through April 1, 2028, with interest ranging from 4.250 to 4.375% payable semiannually. \$ 1,325,000

\$3,000,000 2017 Limited Tax General Obligation Bonds dated May 2, 2017, due in annual installments ranging from \$155,000 to \$260,000 through October 1, 2032, with interest of 3.000%, payable semiannually. 2,695,000

\$ 4,020,000

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM DEBT (continued)

Primary Government (continued)

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.

\$ 402,157

Other Long-Term Obligations

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 \$120,498 at June 30, 2020.

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	
	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2021	\$ 285,000	\$ 135,349	\$ 99,269	\$ 9,754
2022	320,000	125,087	101,377	7,362
2023	325,000	113,537	82,316	4,911
2024	335,000	101,762	83,522	2,911
2025	365,000	89,762	8,185	879
2026-2030	1,640,000	246,197	27,488	1,697
2031-2033	750,000	34,350	-	-
	<u>\$ 4,020,000</u>	<u>\$ 846,044</u>	<u>\$ 402,157</u>	<u>\$ 27,514</u>

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - 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-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.

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.

Retirement benefits for employees are calculated as 1.70, 2.25, or 2.50% 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% multiplier and a maximum of 80% of final average compensation for the 2.25 and 2.50% multipliers. Normal retirement age is 60. Reduced early retirement is available at age 55 with 15 years of service or at age 50 with 25 years of service, depending on division. Unreduced early retirement is available at age 50 or 55 with 15 or 25 years of service, depending on division. 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, 2019, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	7
Active employees	<u>10</u>
	<u><u>35</u></u>

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

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 1.04 to 4.26% based on annual payroll for open divisions. For the year ended June 30, 2020, the active employee contribution rate was 2.50% of annual pay for the police division and 3.00% of annual pay for the non-union employees hired after July 1, 2011.

Net Pension Liability

The net pension liability reported at June 30, 2020 was determined using a measure of the total pension liability and the pension net position as of December 31, 2019. The December 31, 2019 total pension liability was determined by an actuarial valuation performed as of that date.

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Changes in Net Pension Liability	(a)	(b)	(a)-(b)
Balances at December 31, 2018	\$ 6,193,091	\$ 3,047,162	\$ 3,145,929
Changes for the Year			
Service cost	67,264	-	67,264
Interest on total pension liability	481,608	-	481,608
Difference between expected and actual experience	(222,908)	-	(222,908)
Changes in assumptions	213,162	-	213,162
Employer contributions	-	334,687	(334,687)
Employee contributions	-	11,300	(11,300)
Net investment income	-	410,872	(410,872)
Benefit payments, including employee refunds	(413,234)	(413,234)	-
Administrative expense	-	(7,074)	7,074
Net changes	125,892	336,551	(210,659)
Balances at December 31, 2019	\$ 6,318,983	\$ 3,383,713	\$ 2,935,270

CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

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

For the year ended June 30, 2020, the employer recognized pension expense of \$346,488. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 111,454
Differences in assumptions	106,581	-
Net difference between projected and actual earnings on pension plan investments	10,327	-
Contributions subsequent to the measurement date*	181,954	-
Total	<u>\$ 298,862</u>	<u>\$ 111,454</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, 2021.

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

Year Ending June 30,	Pension Expense
2021	\$ (13,557)
2022	10,093
2023	42,932
2024	(34,014)

Actuarial Assumptions

The total pension liability in the December 31, 2019 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary increases: 3.00% 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: 7.60%, net of investment expenses, including inflation.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Assumptions (continued)

The mortality table used to project the mortality experience of non-disabled plan members is a 50% Male - 50% Female blend of the following tables: 1. the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105%, 2. the RP-2014 Employee Mortality Tables, and 3. the RP-2014 Juvenile Mortality Tables. The mortality table used to project the mortality experience of disabled plan members is a 50% Male - 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the most recent actuarial experience study covering the period from January 1, 2014 through December 31, 2018.

Changes in Assumptions

The actuarial assumptions were changed during the year as follows:

Reduction in discount rate from 8.00% to 7.60%.

Reduction in the investment rate of return assumption from 7.75% to 7.60%.

Reduction in the rate of wage inflation from 3.75% to 3.00%.

The five-year experience study was updated to 2014-2018 from 2009-2013.

Discount Rate

The discount rate used to measure the total pension liability is 7.60%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers.

Projected Cash Flows

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	60.00%	6.15%
Global Fixed Income	20.00%	1.26%
Private Investments	20.00%	6.56%

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - DEFINED BENEFIT PENSION PLAN (continued)

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 7.60%, as well as what the City's net pension liability would be using a discount rate that is 1% lower (6.60%) or 1% higher (8.60%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net pension liability	<u>\$ 3,629,892</u>	<u>\$ 2,935,270</u>	<u>\$ 2,350,181</u>

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The City of Pleasant Ridge Other Post-Employment Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the City of Pleasant Ridge using MERS' retiree health funding vehicle (RHFV). The Plan provides certain retiree medical benefits as other post-employment benefits (OPEB) to all applicable employees, in accordance with union agreements and/or personnel policies. Benefit provisions are established and amended by the City Commission. The plan does not issue a separate stand-alone financial statement.

Benefits Provided

Union employees hired before July 1, 2017 and non-union employees hired before January 1, 2011, and their surviving spouses, are eligible for continuation of certain medical, prescription drug, dental, and vision coverage upon reaching the earlier of age 60 with 8 years of service or age 50 with 25 years of service. The City covers the cost of coverage for these benefits less the balance of premiums required to be contributed by retirees in accordance with Plan provisions.

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). Administrative costs of the plan are paid for by the City.

Summary of Plan Participants

At the June 30, 2019 valuation date, the following employees were being covered by the benefit terms.

Inactive employees or beneficiaries receiving benefits	11
Active employees	<u>3</u>
	<u>14</u>

Contributions

For the year ended June 30, 2020, the City contributed \$6,997 in addition to its portion of premium payments.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Net OPEB Liability

The net OPEB liability of the City was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 roll-forward valuation was determined using the following assumptions applied to all periods included in the measurement.

Discount rate	6.40%
Long-term rate of return	7.35%
Inflation rate	2.50%
Healthcare cost trend rate(s)	Medical - 8.00% graded down 0.50% per year for 7 years; 4.50% in all years post 2027; 4.00% per year for Dental and 3.00% per year for Vision
AA 20-year municipal bond rate	2.66%

Mortality rates were based on regulations as set forth by the IRS for 2017, based on RPH-2018 Tables with scale MP-2018.

The assumptions used in the June 30, 2020 valuation were determined by the City's management as of June 30, 2020.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	60.00%	5.25%
Global fixed income	20.00%	1.25%
Private investments	20.00%	6.56%

Changes in Assumptions

The actuarial assumptions were changed during the year as follows:

- Reduction in the discount rate from 6.80% to 6.40%.
- Reduction in the long-term rate of return from 7.75% to 7.35%.
- Reduction in the inflation rate from 3.75% to 2.50%.
- Reduction in the AA 20-year municipal bond rate from 2.79% to 2.66%.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.40%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll. Based on those assumptions, the retirement plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the total OPEB liability.

Change in Net OPEB Liability

The change in the net OPEB liability for the year ended June 30, 2020, is as follows:

Calculating the Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2019	\$ 1,828,552	\$ 22,882	\$ 1,805,670
Changes for the year			
Service cost	7,809	-	7,809
Interest	121,017	-	121,017
Experience losses	(205,623)	-	(205,623)
Change in actuarial assumptions	75,547	-	75,547
Contributions - employer	-	122,285	(122,285)
Net investment income	-	591	(591)
Benefit payments	(115,288)	(115,288)	-
Administrative expense	-	(52)	52
Net changes	(116,538)	7,536	(124,074)
Balances at June 30, 2020	\$ 1,712,014	\$ 30,418	\$ 1,681,596

CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - OTHER POST-EMPLOYMENT BENEFITS (continued)

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (5.40%) or 1% higher (7.40%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 1,898,069</u>	<u>\$ 1,681,596</u>	<u>\$ 1,502,775</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trends rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	<u>\$ 1,482,203</u>	<u>\$ 1,681,596</u>	<u>\$ 1,924,718</u>

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$(721,134). At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 556,959
Changes of assumptions	37,773	80,030
Net investment earnings (gains)/losses	<u>1,626</u>	<u>-</u>
	<u>\$ 39,399</u>	<u>\$ 636,989</u>

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

<u>Year Ending June 30,</u>	<u>OPEB Expense</u>
2021	\$ (598,782)
2022	436
2023	466
2024	290

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - 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, 2020:

REVENUES	
Licenses and permits	
Electrical permits	\$ 7,745
Building permits	86,588
Plumbing/heating permits	18,020
Landlord licenses	840
Registration fees	2,625
Administrative fee	8,775
	<hr/>
TOTAL REVENUES	124,593
	<hr/>
EXPENDITURES	
Salaries and wages	93,301
Other	36,809
	<hr/>
TOTAL EXPENDITURES	130,110
	<hr/>
EXCESS OF REVENUES (UNDER) EXPENDITURES	(5,517)
PRIOR CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	
	<hr/> (22,382)
CUMULATIVE EXCESS OF REVENUES (UNDER) EXPENDITURES	
	<hr/> <hr/> \$ (27,899)

NOTE 9 - 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 \$75,000 for Sewage System Overflows (per occurrence) and a \$1,000 deductible per occurrence of property and crime coverage. State pool members' limits of coverage (per occurrence) are \$15,000,000 for liability and approximately \$5,300,000 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 in any of the past three fiscal years.

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 in any of the past three fiscal years.

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 10 - 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. The principal can be spent upon a vote of at least four (4) of the five (5) city commissioners. 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.

NOTE 11 - 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, 2020:

PRIMARY GOVERNMENT	
Governmental activities	
Restricted for streets	\$ 213,880
Restricted for infrastructure improvements	715,968
Restricted for other purposes	
Solid waste	37,001
Public safety	1,559
Library	10,908
Recreation	45,588
	<hr/>
	95,056
	<hr/>
	<u>\$ 1,024,904</u>

**CITY OF PLEASANT RIDGE
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities for all state and local governments, focusing on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries for whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The City has one fund that meets the criteria (current tax collection custodial). Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

NOTE 13 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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 2021-2022 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangement*. The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The City is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

NOTE 14 - UNCERTAINTIES

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of many businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the City expects this matter to potentially negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PLEASANT RIDGE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS)
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 2,248,477	\$ 2,272,963	\$ 2,268,316	\$ (4,647)
Licenses and permits	72,280	99,680	114,770	15,090
Intergovernmental	275,150	310,365	308,942	(1,423)
Charges for services	213,671	219,616	219,124	(492)
Fines and forfeits	70,000	81,015	81,991	976
Interest and rents	10,500	32,700	31,985	(715)
Other	99,200	104,110	115,673	11,563
TOTAL REVENUES	2,989,278	3,120,449	3,140,801	20,352
EXPENDITURES				
Current				
General government				
Commission	22,550	27,550	24,601	2,949
Manager	185,388	189,788	179,032	10,756
Treasurer	115,819	117,919	115,605	2,314
Clerk	108,600	113,400	113,876	(476)
Assessor	22,155	22,155	22,530	(375)
Elections	9,010	14,960	15,144	(184)
General government	157,100	157,100	117,728	39,372
Attorney services	38,000	38,000	18,563	19,437
Information technology	74,000	74,000	73,122	878
Cable television	5,110	5,110	2,675	2,435
Total general government	737,732	759,982	682,876	77,106
Public safety				
Police department	1,157,371	1,165,571	1,123,144	42,427
Fire services	256,581	277,981	256,581	21,400
Building department	69,818	69,818	67,619	2,199
Total public safety	1,483,770	1,513,370	1,447,344	66,026
Public works				
Public works services	235,675	240,475	273,689	(33,214)
Street lighting	36,500	40,500	43,884	(3,384)
Total public works	272,175	280,975	317,573	(36,598)

**CITY OF PLEASANT RIDGE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BUDGETARY BASIS) (continued)
YEAR ENDED JUNE 30, 2020**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
EXPENDITURES (continued)				
Current (continued)				
Recreation and culture				
Parks and recreation department	<u>\$ 402,174</u>	<u>\$ 411,024</u>	<u>\$ 375,382</u>	<u>\$ 35,642</u>
Other				
Retirement benefits	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,900,851</u>	<u>2,970,351</u>	<u>2,828,175</u>	<u>142,176</u>
EXCESS OF REVENUES OVER EXPENDITURES	88,427	150,098	312,626	162,528
OTHER FINANCING (USES)				
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Net change in fund balance (Budgetary basis)	<u>\$ 28,427</u>	<u>\$ 90,098</u>	252,626	<u>\$ 162,528</u>
Budgetary perspective difference			<u>7,021</u>	
Net change in fund balance (GAAP basis)			<u>\$ 259,647</u>	

CITY OF PLEASANT RIDGE
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 12/31 OF EACH FISCAL YEAR)

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 67,264	\$ 63,336	\$ 64,548	\$ 75,507	\$ 71,305	\$ 67,290
Interest	481,608	469,388	461,959	455,540	433,753	422,582
Difference between expected and actual experience	(222,908)	30,352	(33,559)	(75,651)	40,456	-
Changes of assumptions	213,162	-	-	-	248,716	-
Benefit payments, including employee refunds	(413,234)	(411,327)	(387,647)	(351,726)	(367,542)	(345,474)
Other	-	(2)	-	-	(4)	(2)
Net change in total pension liability	125,892	151,747	105,301	103,670	426,684	144,396
Total Pension Liability, beginning	6,193,091	6,041,344	5,936,043	5,832,373	5,405,689	5,261,293
Total Pension Liability, ending	<u>\$ 6,318,983</u>	<u>\$ 6,193,091</u>	<u>\$ 6,041,344</u>	<u>\$ 5,936,043</u>	<u>\$ 5,832,373</u>	<u>\$ 5,405,689</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 334,687	\$ 280,238	\$ 290,004	\$ 244,324	\$ 211,243	\$ 200,664
Contributions - employee	11,300	10,786	11,713	11,785	10,639	10,149
Net investment income (loss)	410,872	(125,829)	393,028	312,825	(42,958)	183,562
Benefit payments, including employee refunds	(413,234)	(411,327)	(387,647)	(351,726)	(367,542)	(345,474)
Administrative expenses	(7,074)	(6,303)	(6,224)	(6,175)	(6,399)	(6,715)
Net change in plan fiduciary net position	336,551	(252,435)	300,874	211,033	(195,017)	42,186
Plan Fiduciary Net Position, beginning	3,047,162	3,299,597	2,998,723	2,787,690	2,982,707	2,940,521
Plan Fiduciary Net Position, ending	<u>\$ 3,383,713</u>	<u>\$ 3,047,162</u>	<u>\$ 3,299,597</u>	<u>\$ 2,998,723</u>	<u>\$ 2,787,690</u>	<u>\$ 2,982,707</u>
City's Net Pension Liability	<u>\$ 2,935,270</u>	<u>\$ 3,145,929</u>	<u>\$ 2,741,747</u>	<u>\$ 2,937,320</u>	<u>\$ 3,044,683</u>	<u>\$ 2,422,982</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	54%	49%	55%	51%	48%	55%
Covered Payroll	\$ 651,713	\$ 632,814	\$ 528,668	\$ 618,585	\$ 568,862	\$ 550,037
City's Net Pension Liability as a percentage of Covered Payroll	450%	497%	519%	475%	535%	441%

**CITY OF PLEASANT RIDGE
SCHEDULE OF PENSION CONTRIBUTIONS
LAST SIX FISCAL YEARS (ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 EACH FISCAL YEAR)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial determined contributions	\$ 364,278	\$ 303,820	\$ 287,985	\$ 255,997	\$ 242,271	\$ 189,972
Contributions in relation to the actuarially determined contribution	<u>364,278</u>	<u>303,820</u>	<u>287,985</u>	<u>255,997</u>	<u>242,271</u>	<u>196,956</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,984)</u>
Covered Payroll	\$ 651,671	\$ 636,667	\$ 583,206	\$ 625,950	\$ 854,741	\$ 821,298
Contributions as a percentage of covered payroll	56%	48%	49%	41%	28%	24%

CITY OF PLEASANT RIDGE
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS
LAST THREE MEASUREMENT DATES (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 7,809	\$ 34,150	\$ 34,998
Interest	121,017	192,083	210,015
Difference between expected and actual experience	(205,623)	(1,362,444)	(352,622)
Change of assumptions	75,547	(240,088)	(394,964)
Benefit payments	<u>(115,288)</u>	<u>(143,529)</u>	<u>(151,237)</u>
Net change in total OPEB liability	(116,538)	(1,519,828)	(653,810)
Total OPEB Liability, beginning	<u>1,828,552</u>	<u>3,348,380</u>	<u>4,002,190</u>
Total OPEB Liability, ending	<u><u>\$ 1,712,014</u></u>	<u><u>\$ 1,828,552</u></u>	<u><u>\$ 3,348,380</u></u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 122,285	\$ 148,529	\$ 156,237
Net investment income	591	636	1,218
Benefit payments	(115,288)	(143,529)	(151,237)
Administrative expense	<u>(52)</u>	<u>(46)</u>	<u>(39)</u>
Net change in plan fiduciary net position	7,536	5,590	6,179
Plan Fiduciary Net Position, beginning	<u>22,882</u>	<u>17,292</u>	<u>11,113</u>
Plan Fiduciary Net Position, ending	<u><u>\$ 30,418</u></u>	<u><u>\$ 22,882</u></u>	<u><u>\$ 17,292</u></u>
City's net OPEB liability	<u><u>\$ 1,681,596</u></u>	<u><u>\$ 1,805,670</u></u>	<u><u>\$ 3,331,088</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.78%	1.25%	0.52%
Covered employee payroll	221,909	214,120	N/A
City's net OPEB liability as a percentage of covered employee payroll	757.8%	843.3%	N/A

CITY OF PLEASANT RIDGE
SCHEDULE OF OPEB CONTRIBUTIONS
LAST THREE FISCAL YEARS (ULTIMATELY TEN YEARS WILL BE DISPLAYED)
(AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined employer contribution	\$ 149,919	\$ 249,765	\$ 241,246
Employer contribution	<u>122,285</u>	<u>148,529</u>	<u>156,237</u>
Contribution deficiency (excess)	<u>\$ 27,634</u>	<u>\$ 101,236</u>	<u>\$ 85,009</u>
Covered employee payroll	\$ 221,909	\$ 214,120	N/A
Contribution as a percentage of covered employee payroll	55.1%	69.4%	N/A

CITY OF PLEASANT RIDGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - 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, 2020, the City incurred expenditures in the General Fund and one Special Revenue Fund in excess of the amounts appropriated as follows:

	<u>Amounts Appropriated</u>	<u>Amounts Expended</u>	<u>Variance</u>
General Fund			
Current			
General government			
Clerk	\$ 113,400	\$ 113,876	\$ 476
Assessor	22,155	22,530	375
Elections	14,960	15,144	184
Public works			
Public works services	240,475	273,689	33,214
Street lighting	40,500	43,884	3,384
Drug Forfeiture Fund	-	3	3

NOTE 2 - 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 budgetary perspective difference shown on the Budgetary Comparison Schedule (Non-GAAP Basis) reconciles the change in fund balance to the GAAP-basis basic financial statements and the details related to these amounts are as follows:

Net change in General Fund Balance (budgetary basis)	\$ 252,626
Net change in fund balance related to Historical Fund	
Revenue related to additional sales, interest, and other	13,171
Expenditures related to administration and capital outlay	<u>(6,150)</u>
Net change in General Fund Fund Balance (GAAP basis)	<u><u>\$ 259,647</u></u>

CITY OF PLEASANT RIDGE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 3 - EMPLOYEE RETIREMENT PLAN

Changes of benefit terms: There were no changes of benefit terms for the plan year 2019.

Changes in assumptions: Reduction in discount rate from 8.00% to 7.60%.
Reduction in the investment rate of return assumption from 7.75% to 7.60%.
Reduction in the rate of wage inflation from 3.75% to 3.00%.
The five-year experience study was updated to 2014-2018 from 2009-2013.

NOTE 4 - OTHER POST-EMPLOYMENT BENEFITS PLAN

Changes of benefit terms: There were no changes of benefit terms during plan year 2020.

Changes in assumptions: Reduction in the discount rate from 6.80% to 6.40%.
Reduction in the long-term rate of return from 7.75% to 7.35%.
Reduction in the inflation rate from 3.75% to 2.50%.
Reduction in the AA 20-year municipal bond rate from 2.79% to 2.66%.

OTHER SUPPLEMENTARY INFORMATION

**CITY OF PLEASANT RIDGE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	Special			
	Major Streets	Local Streets	Solid Waste	Pool/Fitness Facility (Operating)
ASSETS				
Cash and cash equivalents	\$ 101,438	\$ 93,011	\$ 17,452	\$ 72,168
Accounts receivable	-	-	35,610	-
Due from other governmental units	26,287	8,959	-	-
Prepays	-	420	375	-
TOTAL ASSETS	\$ 127,725	\$ 102,390	\$ 53,437	\$ 72,168
LIABILITIES				
Accounts payable	\$ 8,504	\$ 7,731	\$ 16,185	\$ 26,580
Accrued wages	-	-	251	-
TOTAL LIABILITIES	8,504	7,731	16,436	26,580
FUND BALANCES				
Nonspendable				
Prepays	-	420	375	-
Restricted				
Solid waste	-	-	36,626	-
Streets and highways	119,221	94,239	-	-
Public safety	-	-	-	-
Library	-	-	-	-
Recreation	-	-	-	45,588
Debt service	-	-	-	-
Committed				
Infrastructure improvements	-	-	-	-
TOTAL FUND BALANCES	119,221	94,659	37,001	45,588
TOTAL LIABILITIES AND FUND BALANCES	\$ 127,725	\$ 102,390	\$ 53,437	\$ 72,168

Revenue		Capital Projects	Debt Service	
Drug Forfeiture	Library	Capital Projects	Pool/Fitness Center Debt Service	Total
\$ 1,559	\$ 10,908	\$ 222,378	\$ 17,274	\$ 536,188
-	-	-	-	35,610
-	-	-	-	35,246
-	-	-	-	795
<u>\$ 1,559</u>	<u>\$ 10,908</u>	<u>\$ 222,378</u>	<u>\$ 17,274</u>	<u>\$ 607,839</u>
\$ -	\$ -	\$ 3,388	\$ -	\$ 62,388
-	-	-	-	251
-	-	3,388	-	62,639
-	-	-	-	795
-	-	-	-	36,626
-	-	-	-	213,460
1,559	-	-	-	1,559
-	10,908	-	-	10,908
-	-	-	-	45,588
-	-	-	17,274	17,274
-	-	218,990	-	218,990
<u>1,559</u>	<u>10,908</u>	<u>218,990</u>	<u>17,274</u>	<u>545,200</u>
<u>\$ 1,559</u>	<u>\$ 10,908</u>	<u>\$ 222,378</u>	<u>\$ 17,274</u>	<u>\$ 607,839</u>

**CITY OF PLEASANT RIDGE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020**

	Special			Pool/Fitness Facility (Operating)
	Major Streets	Local Streets	Solid Waste	
REVENUES				
Taxes	\$ -	\$ -	\$ 239,246	\$ 177,628
Intergovernmental	189,043	73,359	1,903	1,413
Charges for services	-	-	158,230	9,690
Interest and rents	172	211	232	157
Other	-	-	-	660
TOTAL REVENUES	189,215	73,570	399,611	189,548
EXPENDITURES				
Current				
Public safety	-	-	-	-
Public works	68,267	80,744	400,421	-
Recreation and culture	-	-	-	112,030
Capital outlay	69,782	47,775	-	25,695
Debt service	-	-	-	9,692
TOTAL EXPENDITURES	138,049	128,519	400,421	147,417
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	51,166	(54,949)	(810)	42,131
OTHER FINANCING SOURCES (USES)				
Transfers in	-	45,000	-	-
Transfers out	(45,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(45,000)	45,000	-	-
NET CHANGE IN FUND BALANCES	6,166	(9,949)	(810)	42,131
Fund balances, beginning of year	113,055	104,608	37,811	3,457
Fund balances, end of year	\$ 119,221	\$ 94,659	\$ 37,001	\$ 45,588

Revenue		Capital Projects	Debt Service	Total
Drug Forfeiture	Library	Capital Projects	Pool/Fitness Center Debt Service	
\$ -	\$ 56,532	\$ -	\$ 190,384	\$ 663,790
-	450	-	1,687	267,855
-	-	-	-	167,920
4	76	2,531	-	3,383
-	-	35,000	-	35,660
4	57,058	37,531	192,071	1,138,608
3	-	-	-	3
-	-	279	-	549,711
-	56,726	-	-	168,756
-	-	260,194	-	403,446
-	-	-	188,213	197,905
3	56,726	260,473	188,213	1,319,821
1	332	(222,942)	3,858	(181,213)
-	-	160,000	-	205,000
-	-	-	-	(45,000)
-	-	160,000	-	160,000
1	332	(62,942)	3,858	(21,213)
1,558	10,576	281,932	13,416	566,413
\$ 1,559	\$ 10,908	\$ 218,990	\$ 17,274	\$ 545,200

**CITY OF PLEASANT RIDGE
COMPONENT UNIT FUND
BALANCE SHEET - DOWNTOWN DEVELOPMENT AUTHORITY (DDA)
JUNE 30, 2020**

ASSETS	
Cash and investments	<u><u>\$ 198,589</u></u>
LIABILITIES	
Accounts payable	<u>\$ 10,223</u>
FUND BALANCE	
Unassigned	<u>188,366</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 198,589</u></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, 2020**

Total fund balance - governmental fund \$ 188,366

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	\$ 286,971	
Accumulated depreciation	<u>(73,889)</u>	
Capital assets, net		<u>213,082</u>
Net position of governmental activities		<u><u>\$ 401,448</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, 2020**

REVENUES	
Taxes	\$ 93,876
Intergovernmental	3,514
Interest	463
Other	<u>5,000</u>
TOTAL REVENUES	<u>102,853</u>
EXPENDITURES	
Current	
Community and economic development	<u>56,779</u>
EXCECSS OF REVENUES OVER EXPENDITURES	46,074
Fund balance, beginning of year	<u>142,292</u>
Fund balance, end of year	<u><u>\$ 188,366</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, 2020**

Net change in fund balance - governmental fund \$ 46,074

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

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

Capital outlay	\$	56,100	
Depreciation expense		<u>(10,949)</u>	
Excess of capital outlay over depreciation expense			<u>45,151</u>
Change in net position of governmental activities			<u><u>\$ 91,225</u></u>

City of Pleasant Ridge

AUDIT PRESENTATION FOR THE YEAR ENDED JUNE 30, 2020

Independent Auditor's Report

PAGES 1-2

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; 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.

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, 2020, 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.

Government-wide Financial Statements

PAGES 9 AND 10

Statement of Net Position



**“Snapshot” as of June 30, 2020 of
the City’s assets, DOOR, liabilities,
DIOR, and net position**



**Current Ratio = Current
Assets/Current Liabilities**

Governmental activities = 9.0
Business-type activities = 8.0



**Unrestricted Net
Position/Expenses**

Governmental activities = negative
Business-type activities = 124%

Statement of Activities

- ▶ Reads left-to-right, then top-to-bottom; starts with expenses
 - ▶ The total net position for governmental activities increased by \$1,334,801 for the year ended June 30, 2020
 - ▶ The total net position for business-type activities increased by \$300,629 for the year ended June 30, 2020

Governmental Fund Financial Statements

PAGES 11 AND 13

Balance Sheet

“Snapshot” as of June 30,
2020 of the City’s
governmental funds
assets, liabilities, and
fund balances

General Fund total fund
balance of \$1,247,121

Five possible
classifications of fund
balance (nonspendable,
restricted, committed,
assigned, and
unassigned)

Assigned + Unassigned =
“Unrestricted”

Unrestricted Fund
Balance/(Expenditures +
Other Financing Uses)

$\$1,176,122 / (\$2,834,325 + \$60,000)$
= 41%

Statement of Revenues, Expenditures, and Changes in Fund Balances

General Fund

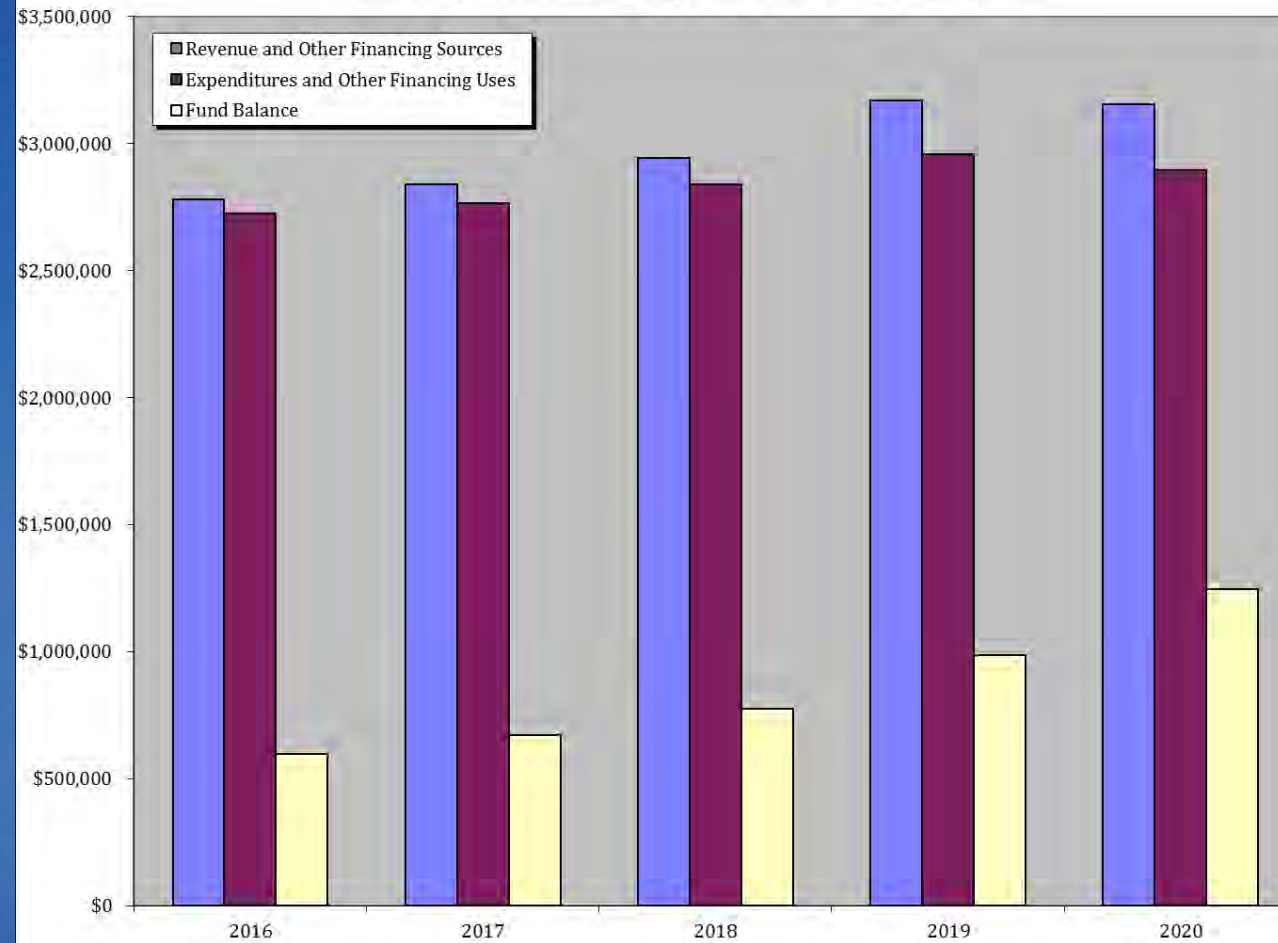
Total Revenues = \$3,153,972

Expenditures = \$2,834,325

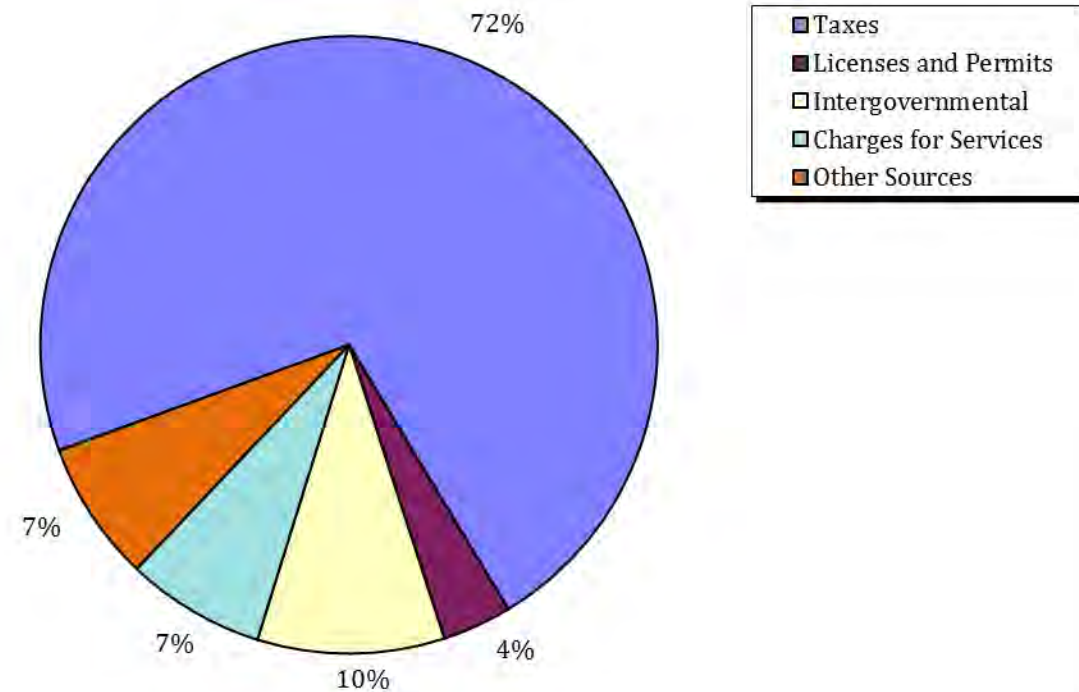
Other Financing Uses = \$(60,000)

Net Change in Fund Balance = \$259,647

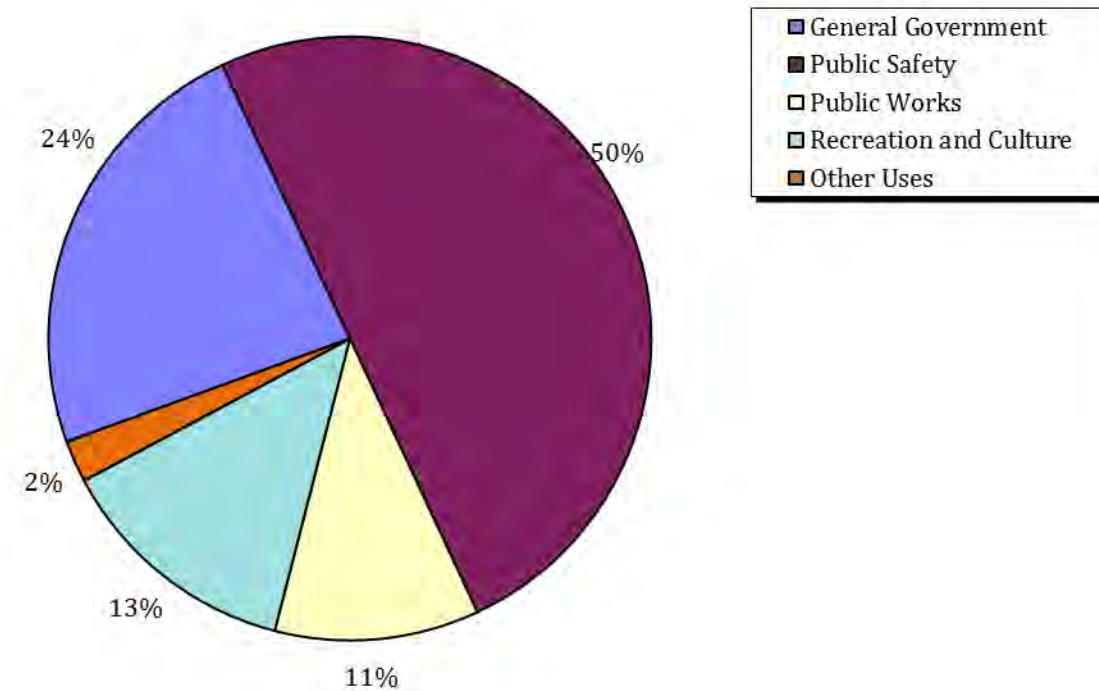
**City of Pleasant Ridge
General Fund Revenues, Expenditures, and Fund Balance**



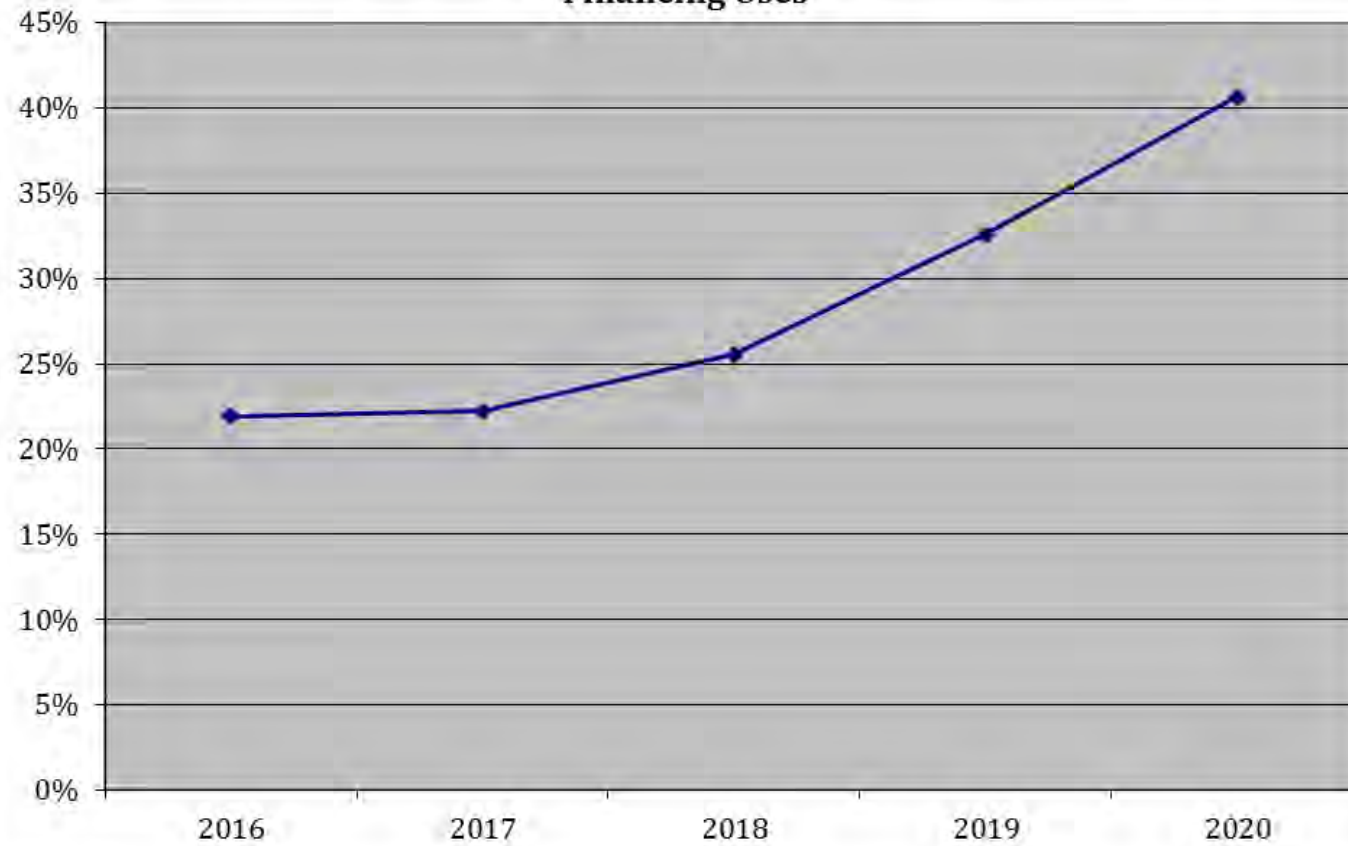
**City of Pleasant Ridge
General Fund Revenues
2020**



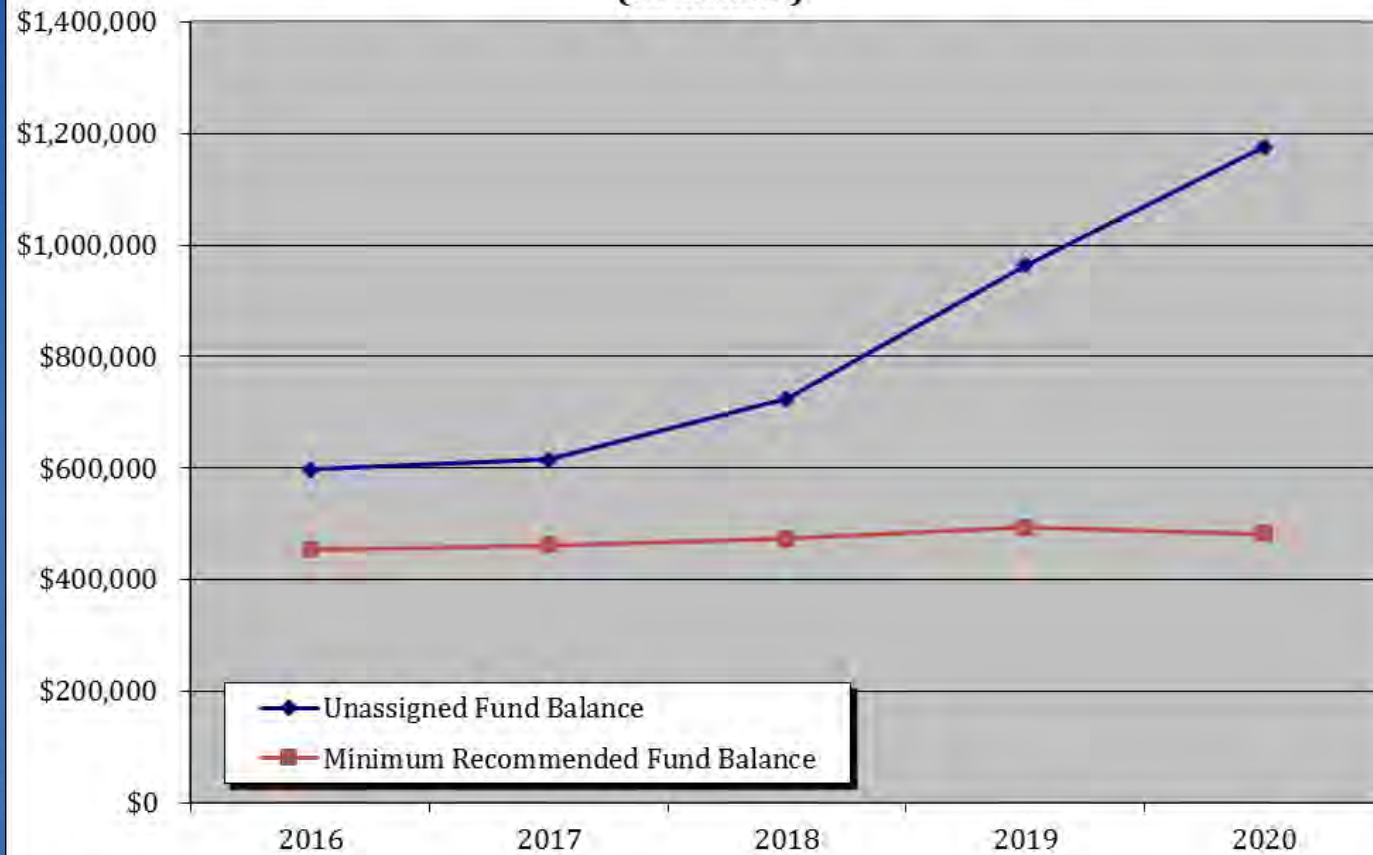
**City of Pleasant Ridge
General Fund Expenditures and Other Financing Uses
2020**



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



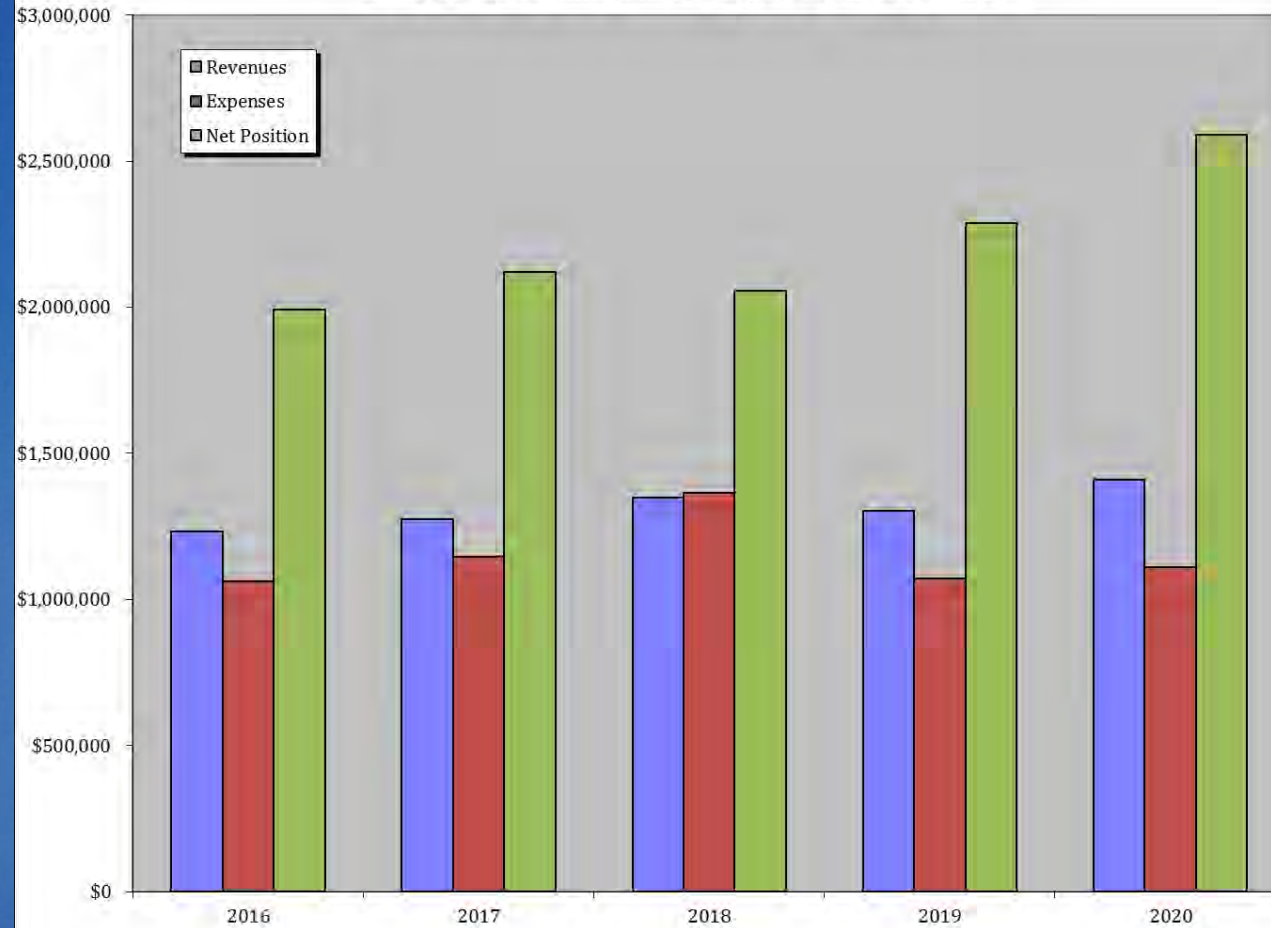
City of Pleasant Ridge
Unassigned Fund Balance vs. Minimum Recommended Fund Balance
(In Dollars)



Proprietary Funds Financial Statements

PAGES 15-17

City of Pleasant Ridge
Water and Sewer Fund Revenues, Expenses, and Net Position



Statement of Net Position

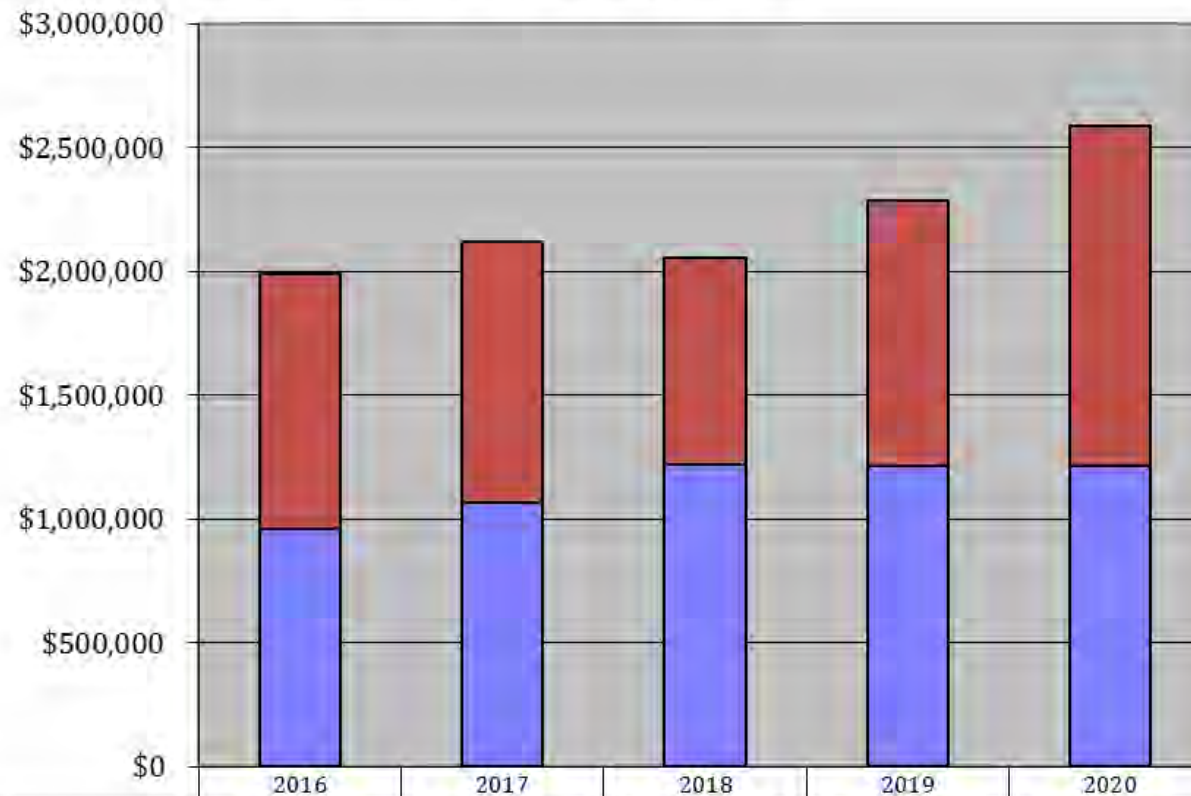
“Snapshot” as of June 30,
2020 of the City’s
proprietary assets, DOOR,
liabilities, DIOR, and net
position

Water and Sewer Fund
Unrestricted Net Position
\$1,376,630

Unrestricted Net
Position/
(Operating Expenses less
Depreciation)

$$\frac{\$1,376,630}{(\$1,097,736 - \$144,463)} = 144\%$$

City of Pleasant Ridge Water and Sewer Fund Net Position



	2016	2017	2018	2019	2020
■ Unrestricted	\$1,029,247	\$1,054,415	\$837,724	\$1,070,693	\$1,376,630
■ Net Investment in Capital Assets	\$962,699	\$1,065,536	\$1,217,467	\$1,217,276	\$1,211,968

**City of Pleasant Ridge
Water & Sewer Fund Unrestricted Net Position
as a Percentage of Operating Expenses (less Depreciation)**



Statement of Net Position

Recommended Minimum Unrestricted Net Position

Operating Expenses
less Depreciation

$\$953,273 \times 3/12$

Next Year's Principal &
Interest

$\$99,269 + \$9,754$


Capital Outlay
(10% of historical
cost)

$\$394,909$

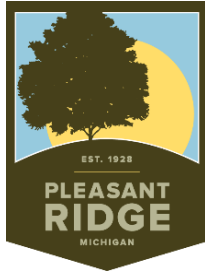
$\$238,318 +$
 $\$109,023 +$
 $\$394,909 =$
 $\$742,250$



Questions?



Thank You for the Opportunity to
Provide Services for the
City of Pleasant Ridge!



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

**Regular City Commission Meeting
November 10, 2020**

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

Present: Mayor Metzger, Commissioners Budnik, Perry, Scott, Wahl,
Also Present: City Manager Breuckman, City Attorney Need, City Clerk Allison
Absent: None

Recognition of the passing of former City Attorney Donald H. Gillis
20-3484

Motion by Commissioner Scott second by Commissioner Wahl, to receive and enter the correspondence related to the recognition of Donald Gillis into the record and acknowledge Mr. Gillis' contributions to the City of Pleasant Ridge via the passage of the memorial resolution as stated.

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

Public Discussion

Jaimie Powell Horowitz, 45th District Court Judge elect, thanked the Mayor and Commission for their consideration and spoke about her recent win at the November election. She is excited to begin her new term.

Mary Sarsfield, regarding a traffic stop with one of the Pleasant Ridge Officers on October 31st. She had some concerns which she had previously addressed with the City Commission and the Chief of Police. Was concerned because the officer who stopped their car was not wearing a mask. She indicated the Chief explained that the officer stated the mask interferes with his ability to communicate, which is allowable for public safety officers. She was still concerned and felt hat the officer could have worn the mask. Sergeant Ried indicated there is a policy for officers to wear masks when entering homes during calls, however, officers are exempted under the governor's order from wearing masks on traffic stops. Sergeant Ried suggested she contact him or the Chief at the department personally to discuss further.

Governmental Reports

Sergeant Robert Ried, Pleasant Ridge Police Department, reminded residents to lock their homes and car doors. There has been one break in on Oxford and he believes the suspect has been identified.

Chief Jack Pesha, Ferndale Fire Department, indicated COVID cases are rising in Michigan, and discussed the use of masks and social distancing. There have been a few COVID cases in the Ferndale City Hall. Daylight Savings time change is a good time to check your smoke detectors. The fire department has some smoke detectors that residents can request via the fire marshal. Make sure fireplaces and ovens are cleaned and free of debris before use. Leaf burning not allowed within the City by ordinance. Cars should not be parked on leaves that have been placed in the street for collection. Discussed his upcoming retirement from Ferndale on November 13, 2020. A small gathering is scheduled for November 12th outdoors.

Commissioner Scott gave an update from the Historical Commission. September 11, 2021 is the tentative date for the Home and Garden Tour. Centennial home recipients have been notified and may purchase their tile at City Hall. Upcoming openings for the Commission.

Commissioner Perry gave an update from the Planning Commission/DDA. There was a meeting to discuss an upcoming ordinance amendment regarding signs. Manager Breckman indicated the public hearing regarding the proposed ordinance will be held Monday, December 14th at 7pm.

Commissioner Budnik gave an update from the Ferndale Public School Board. The board will meet next week.

Commissioner Wahl gave an update from the Recreation Commission. She detailed upcoming events related to the Recreation Department.

Consent Agenda

20-3485

Motion by Commissioner Scott second by Commissioner Perry, to approve the consent agenda as presented.

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

Open Meeting Act Policy

20-3486

Motion by Commissioner Perry second by Commissioner Wahl, that the City Commission declare a local state of emergency and adopt the proposed Open Meetings Act policy regarding the rules and procedures for remote meetings to be held while the local state of emergency is in effect.

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

City Manager's Report

Gainsboro Park pavilion project will begin soon. Fall leaf collection has begun. Signs will be posted before the last collection date. The leaf collection will not be extended past the current schedule.

Other Business

Allison gave update on the November 3rd General election results. Thanked the election inspectors and staff for the assistance during the election. Metzger commented on the voter rolls and the data provided. Donation will be made to FernCare based on the City's overall voter turnout. Metzger announced Coats for the Cold program boxes have been delivered and will be collected at the end of November.

With no further business or discussion, Mayor Metzger adjourned the meeting at 8:38pm.

Mayor Kurt Metzger

Amy M. Allison, City Clerk

November 2020

ACCOUNTS PAYABLE

PAYROLL LIABILITIES	\$	7,248.18
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ACCOUNTS PAYABLE	\$	535,588.35
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TAX LIABILITIES	\$	197,449.46
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TOTAL	\$	542,836.53
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PAYROLL

November 4, 2020	\$	34,628.29
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November 18, 2020	\$	36,723.67
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TOTAL	\$	71,351.96
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CHECK REGISTER FOR CITY OF PLEASANT RIDGE
PAYROLL LIABILITIES
November 2020

PG 1

Check Date	Check	Vendor Name	Description	Amount
11/4/2020	6410500158	FOPLC	UNION DUES	\$ 141.00
11/4/2020	6410500159	ALERUS FINANCIAL	RETIREMENT CONTRIBUTIONS	\$ 32.09
11/4/2020	6410500160	ICMA - VANTAGEPOINT	RETIREMENT CONTRIBUTIONS	\$ 80.00
11/4/2020	6410500161	ALERUS FINANCIAL	HCSP CONTRIBUTIONS	\$ 478.14
11/4/2020	6410500162	ALERUS FINANCIAL	RETIREMENT CONTRIBUTIONS	\$ 1,301.19
11/4/2020	6410500163	ALERUS FINANCIAL	RETIREMENT CONTRIBUTIONS	\$ 1,678.20
11/18/2020	6410500170	ALERUS FINANCIAL	RETIREMENT CONTRIBUTIONS	\$ 32.09
11/18/2020	6410500171	ALERUS FINANCIAL	HCSP CONTRIBUTIONS	\$ 503.80
11/18/2020	6410500172	ICMA - VANTAGEPOINT	RETIREMENT CONTRIBUTIONS	\$ 80.00
11/18/2020	6410500173	ALERUS FINANCIAL	RETIREMENT CONTRIBUTIONS	\$ 1,365.60
11/18/2020	6410500174	ALERUS FINANCIAL	RETIREMENT CONTRIBUTIONS	\$ 1,556.07
TOTAL PAYROLL LIABILITIES				<u>\$ 7,248.18</u>

CHECK REGISTER FOR CITY OF PLEASANT RIDGE
TAX LIABILITIES
November 2020

PG 2

Check Date	Check	Vendor Name	Description	Amount
11/11/2020	2773	CITY OF PLEASANT RIDGE-DDA	2020 TAX COLLECTIONS	\$ 895.42
11/11/2020	2774	CITY OF PLEASANT RIDGE-GENERAL	2020 TAX COLLECTIONS	\$ 175.60
11/11/2020	2775	CITY OF PLEASANT RIDGE-TAXES	2020 TAX COLLECTIONS	\$ 60,935.49
11/11/2020	2776	FERNDALE SCHOOL DISTRICT	2020 TAX COLLECTIONS	\$ 27,288.89
11/11/2020	2777	OAKLAND COUNTY TREASURER	2020 TAX COLLECTIONS	\$ 41,178.18
11/11/2020	2778	RAJAN TELANG	2020 SUMMER TAX OVERPAYMENT	\$ 1,506.10
11/24/2020	2779	VOID CHECK	MISPRINTED CHECK	\$ -
11/24/2020	2780	VOID CHECK	MISPRINTED CHECK	\$ -
11/24/2020	2781	VOID CHECK	MISPRINTED CHECK	\$ -
11/24/2020	2782	VOID CHECK	MISPRINTED CHECK	\$ -
11/24/2020	2783	VOID CHECK	MISPRINTED CHECK	\$ -
11/24/2020	2784	VOID CHECK	MISPRINTED CHECK	\$ -
11/24/2020	2785	CITY OF PLEASANT RIDGE-DDA	2020 TAX COLLECTIONS	\$ 2,434.78
11/24/2020	2786	CITY OF PLEASANT RIDGE-GENERAL	2020 TAX COLLECTIONS	\$ 218.53
11/24/2020	2787	CITY OF PLEASANT RIDGE-TAXES	2020 TAX COLLECTIONS	\$ 28,285.90
11/24/2020	2788	FERNDALE SCHOOL DISTRICT	2020 TAX COLLECTIONS	\$ 14,810.40
11/24/2020	2789	OAKLAND COUNTY TREASURER	2020 TAX COLLECTIONS	\$ 19,720.17
TOTAL TAX LIABILITIES				<u>\$ 197,449.46</u>

CHECK REGISTER FOR CITY OF PLEASANT RIDGE
ACCOUNTS PAYABLE
November 2020

PG 3

Check Date	Check	Vendor Name	Description	Amount
11/10/2020	24179	21ST CENTURY MEDIA-MICHIGAN	PRINTING SERVICES LEGAL NOTICES	\$ 2,376.57
11/10/2020	24180	ACCUSHRED, LLC	SHREDDING SERVICES	\$ 55.00
11/10/2020	24181	ADKISON, NEED & ALLEN P.L.L.C.	ATTORNEY SERVICES	\$ 1,860.25
11/10/2020	24182	AMY ALLISON	ELECTION SUPPLY REIMBURSEMENT	\$ 86.54
11/10/2020	24183	BADGER METER, INC.	WATER METER PURCHASES	\$ 9,316.35
11/10/2020	24184	BELL EQUIPMENT COMPANY	STREETSWEEPER REPAIRS	\$ 4,254.26
11/10/2020	24185	CHELSEA PARKER	RECREATION PROGRAM REFUND	\$ 60.00
11/10/2020	24186	CITY OF FERNDALE	INSPECTION SERVICES	\$ 2,250.00
11/10/2020	24187	CITY OF ROYAL OAK	DPW SERVICES	\$ 5,507.74
11/10/2020	24188	DAVEY TREE EXPERT COMPANY	TREE MAINTENANCE SERVICES	\$ 7,520.00
11/10/2020	24189	DETROIT EDISON COMPANY	STREETLIGHTING EXPENSES	\$ 3,883.48
11/10/2020	24190	DETROIT SALT COMPANY LLC	BULK ROADSALT PURCHASES	\$ 9,177.36
11/10/2020	24191	EUGENE LUMBERG	PROSECUTION SERVICES	\$ 405.00
11/10/2020	24192	GREAT AMERICA FINANCIAL SRV	TELEPHONE LEASE SERVICES	\$ 433.00
11/10/2020	24193	HYDROCORP	CROSS CONNECTION INSPECTION PROGRAM	\$ 125.00
11/10/2020	24194	MURRAY BUILD CONSTRUCTION	DPW BUILDING MAINTENANCE	\$ 1,100.00
11/10/2020	24195	O'REILLY AUTO PARTS	VEHICLE MAINTENANCE SUPPLIES	\$ 17.98
11/10/2020	24196	OAKLAND COUNTY TREASURER	SEWERAGE TREATMENT - OCT 2020	\$ 50,476.26
11/10/2020	24197	OAKLAND COUNTY TREASURER	CLEMIS QUARTERLY MEMBERSHIP	\$ 2,370.25
11/10/2020	24198	PEAK SOFTWARE SYSTEMS, INC	SOFTWARE MAINTENANCE	\$ 4,605.00
11/10/2020	24199	PLANTE & MORAN PLLC	ACCOUNTING SERVICES	\$ 5,757.00
11/10/2020	24200	SCHIEER'S ACE HARDWARE	DPW MAINTENANCE SUPPLIES	\$ 148.59
11/10/2020	24201	SOCRRA	REFUSE COLLECTION AGREEMENT	\$ 9,713.00
11/10/2020	24202	SOCWA	WATER PURCHASES-OCT 2020	\$ 14,092.60
11/10/2020	24203	STATE OF MICHIGAN	COMMUNITY POOL ANNUAL LICENSE 2021	\$ 70.00
11/10/2020	24204	TOSHIBA FINANCIAL SERVICES	COPIER LEASE AGREEMENT	\$ 925.98
11/10/2020	24205	UNIFIRST CORPORATION	MAT RENTAL AND JANITORIAL SUPPLIES	\$ 134.50
11/10/2020	24206	WEX BANK	FUEL PURCHASES	\$ 2,059.65
11/24/2020	24207	AMY ALLISON	MILEAGE REIMBURSEMENT	\$ 265.29
11/24/2020	24208	AMY MILLER	RECREATION PROGRAM REFUND	\$ 20.00
11/24/2020	24209	ANDERSON, ECKSTEIN & WESTRICK	ENGINEERING SERVICES	\$ 72,699.35
11/24/2020	24210	BADGER METER, INC.	WATER METER PURCHASES AND SUPPORT	\$ 189,236.88
11/24/2020	24211	BELL EQUIPMENT COMPANY	STREET SWEEPER MAINTENANCE AND REPAIRS	\$ 75.34
11/24/2020	24212	BEST CHOICE HOME SERVICES	BALANCE FOR HOLIDAY LIGHTING IN PARKS	\$ 1,225.00
11/24/2020	24213	BLUE CROSS BLUE SHIELD OF MICHIGAN	HEALTHCARE BENEFITS	\$ 3,682.18
11/24/2020	24214	CATHERINE RUSSELL	RECREATION PROGRAM REFUND	\$ 10.00
11/24/2020	24215	CHRISTINA RADER	RECREATION PROGRAM REFUND	\$ 10.00
11/24/2020	24216	CITY OF FERNDALE	FIRE SERVICES AGREEMENT	\$ 21,381.72
11/24/2020	24217	CITY OF FERNDALE	DISPATCH SERVICES AGREEMENT	\$ 3,250.00
11/24/2020	24218	COMMUNITY MEDIA NETWORK	MEETING RECORDING AND BROADCASTS	\$ 500.00
11/24/2020	24219	ELECTION SOURCE	ELECTION EQUIPMENT TESTING	\$ 475.00
11/24/2020	24220	G2 CONSULTING GROUP	CONCRETE PAVEMENT REPAIR PROGRAM	\$ 2,210.00
11/24/2020	24221	GREAT LAKES WATER AUTHORITY	IWC CHARGES-OCTOBER 2020	\$ 260.26
11/24/2020	24222	HUNT SIGN COMPANY, LTD	STREETSIGN SUPPLIES	\$ 402.00
11/24/2020	24223	ICMA RETIREMENT CORPORATION	QUARTERLY PLAN FEES	\$ 250.00
11/24/2020	24224	JESSICA PARUCH	RECREATION PROGRAM REFUND	\$ 10.00
11/24/2020	24225	LEGAL SHIELD	PREPAID LEGAL SERVICES	\$ 25.90
11/24/2020	24226	MANER COSTERISAN	AUDIT SERVICES	\$ 6,750.00
11/24/2020	24227	MICHIGAN STATE POLICE	EQUIPMENT SUPPLIES	\$ 120.00
11/24/2020	24228	OAKLAND COUNTY ANIMAL CONTROL	DOG LICENSE SALES EXPENSE	\$ 82.75
11/24/2020	24229	OPTUM BANK	Q-4 HSA CONTRIBUTIONS	\$ 362.50
11/24/2020	24230	SNR ENTERTAINMENT	RECREATION PROGRAM PERFORMER	\$ 225.00
11/24/2020	24231	SOCRRA	REFUSE COLLECTION AGREEMENT	\$ 8,784.76
11/24/2020	24232	STATE OF MICHIGAN	COMM PUBLIC WATER SUPPLY ANNUAL FEE	\$ 1,300.05
11/24/2020	24233	UNIFIRST CORPORATION	MAT RENTAL AND JANITORIAL SUPPLIES	\$ 181.20
11/24/2020	24234	UNUM LIFE INSURANCE COMPANY	LIFE INSURANCE BENEFITS	\$ 500.89

Total Accounts Payable

\$ 453,077.43

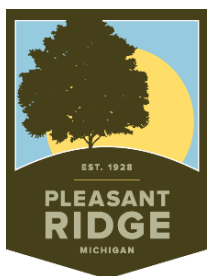
CHECK REGISTER FOR CITY OF PLEASANT RIDGE
ELECTRONIC PAYMENTS
November 2020

PG 5

Check Date	Check	Vendor Name	Description	Amount
11/09/2020	2280	MUNICIPAL EMP.RETIREMENT SYST.	RETIREMENT CONTRIBUTIONS	34,767.42
11/17/2020	2278	BLUE CROSS BLUE SHIELD OF MICHIGAN	HEALTHCARE BENEFITS	13,185.65
11/18/2020	2279	MUNICIPAL EMP.RETIREMENT SYST.	RETIREMENT CONTRIBUTIONS	34,557.85

Total Electronic Payments

\$ 82,510.92



City of Pleasant Ridge

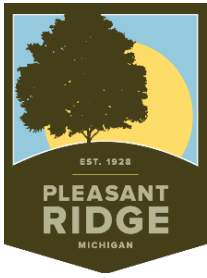
Amy M. Allison, City Clerk

From: Amy M. Allison, City Clerk
To: Mayor and City Commission
Date: December 8, 2020
Re: 2021 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 as updated 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 2021 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, Public Act 390 of 1994, which amended Section 7u of Act No. 206 of the Public Acts of 1893, as amended by Act No. 313 of the Public Acts of 1993, being sections 211.7u of the Michigan Compiled Laws, requires that the governing body of the local assessing unit determine and make available to the public the policy and guidelines used by the Board of Review in granting reductions in property assessments due to limited income and assets, referred to as “Poverty Exemptions.”

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.

In order to be eligible for poverty exemption in the City of Pleasant Ridge, a person shall satisfy all requirements of Section 8(u) of the General Property Tax Act.

1. Be an owner of and occupy as a principal residence the property for which an exemption is requested. The term “principal residence” is defined in Section 7(d) of the General Property Tax Act.
2. File a claim with the Board of Review on a form provided by the local municipal office.
3. Submit the most recent year’s copies of the following income documentation:
 - a. Federal & State of Michigan Income Tax Returns.
 - b. Either Senior Citizens Homestead Property Tax Form MI-1040CR-1 or a General Homestead Property Tax Claim MI-1040CR-4.
 - c. Statement of Benefits from Social Security Administration and/or the Michigan Social Services as to monies paid to applicants(s) during the previous year along with Form 4988– Poverty Exemption Affidavit.
4. Produce a valid driver’s license or other form of identification.
5. Produce a deed, land contract, or other evidence of ownership of the property for which the exemption is requested.

BE IT FURTHER RESOLVED that the applicant’s total household income cannot exceed the most current Federal Poverty Guidelines set forth by the U.S. Department of Health and Human Services as established by the State Tax Commission-to be updated annually in accordance with federal poverty income standards.

BE IT FURTHER RESOLVED that a poverty exemption shall not be granted to any applicant whose assets exceed \$5,000 for the taxpayer individually and \$50,000 for the entire household.

An applicant’s homestead and principal vehicle shall be excluded from consideration as an asset. All other property, including from all other persons residing in the household, shall be included as an asset. Property shall include, but is not limited to: cash, savings, stocks, mutual funds, insurance commodities, coin

collections, art, motor vehicles, recreation vehicles, etc.

BE IT FURTHER RESOLVED that in reviewing the application and all supporting documentation, 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. The board will consider income, assets, potential earning capacity, medical conditions, and any other unique circumstances of the applicant. The Board may deviate from the established policy and guidelines only if they determine that there are “substantial and compelling reasons” for deviation. Said reasons must be stated in writing and provided to the applicant.

BE IT FURTHER RESOLVED that meeting the income level guidelines does not guarantee 100% exemption, at their discretion, the Board may approve full or partial exemption if deemed appropriate. Those applicants granted partial exemptions will be required to pay a property tax equal to 3.5% (three and one-half percent) of their annual gross income plus the amount of the anticipated Michigan Income Tax household property tax credit.

BE IT FURTHER RESOLVED that a poverty exemption shall not be granted to any applicant who owns real property, whether singly or jointly, regardless of location, other than his or her homestead.

BE IT FURTHER RESOLVED that to conform with the provisions of P.A. 390 of 1994, this resolution is hereby given immediate effect and will stay in effect for subsequent years until amended or voided.

Adopted: Yeas:
 Nays:
 Absent:

IN WITNESS WHEREOF, I, Amy M. Allison, 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 8, 2020.

Amy M. Allison, City Clerk



City of Pleasant Ridge

James Breuckman, City Manager

From: James Breuckman, City Manager
 To: Mayor and City Commission
 Date: December 8, 2020
 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:

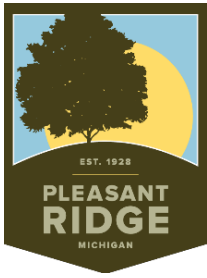
- The Bill allows public employers to use an 80/20 cost share arrangement and limits the employer contribution to no more than 80% of the total plan cost.
- The Bill limits the amount a public employer can pay for the annual cost or illustrative rate of benefits to an amount equal to \$7,043.89 for individuals, \$14,730.96 for individual and spouse coverage and \$19,210.66 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, 2021, 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 2021. As you may recall, the City adopted a resolution to opt-out of this provision in years prior.

The City currently requires a 10% employee contribution for health care. 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

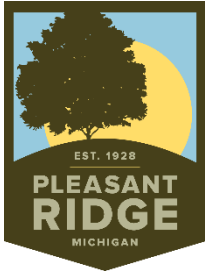
- WHEREAS,** On September 27, 2011, the Publicly Funded Health Insurance Contribution Act, Act No. 152 of the Public Acts of Michigan of 2011 ("Act 152"), became effective on the State of Michigan; and
- WHEREAS,** Act 152 establishes standards and process with respect to medical benefit plans offered 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. Allison, 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 8, 2020.

Amy M. Allison
City Clerk



City of Pleasant Ridge

James Breuckman, City Manager

From: Jim Breuckman, City Manager
To: City Commission
Date: December 3, 2020
Re: Great Lakes Water Authority Industrial Pretreatment Program Resolution

Overview

Attached is a resolution adding language to GLWA's IPP rules regarding PFAS compounds.

Background

GLWA is requesting that we pass the attached resolution. It is necessary for all GLWA communities to pass the resolution before the rules take effect. The IPP rules impact nonresidential customers to ensure that industrial waste materials do not pollute water bodies and groundwater. The new PFAS rules have been mandated by the state, so GLWA is required to implement these measures.

Requested Action

City Commission consideration of the attached resolution.

**RESOLUTION OF THE CITY OF PLEASANT RIDGE
TO CONCUR IN THE RULES AND REGULATIONS CONCERNING
INDUSTRIAL PRETREATMENT PROGRAM AS ADOPTED
BY THE GREAT LAKES WATER AUTHORITY**

WHEREAS, the Great Lakes Water Authority ("GLWA") is a Michigan municipal authority and public body corporate organized and existing pursuant to the provisions of Michigan Public Act No.233 of 1955, as amended, MCL 124.281, *et seq.* ("Act 233"), for the purpose of establishing a regional sewage disposal system to operate, control, and improve the sewage disposal system leased from the City of Detroit; and

WHEREAS, pursuant to Act 233, the City of Pleasant Ridge is a constituent municipality of the GLWA; and

WHEREAS, as authorized by Act 233, GLWA and the constituent municipalities are required by state and federal law to adopt binding rules and regulations (Exhibit A, attached hereto and incorporated herein by reference) as part of an Industrial Pretreatment Program (IPP) in order to comply with all applicable state and federal laws, including, without limitation, the requirements of the Federal Water Pollution Control Act, 33 USC Section 1251, *et. seq.*, the General Pretreatment Regulations for Existing and New Sources of Pollution, 40 CFR 403, and the National Categorical Pretreatment Standards contained in 40 CFR Sections 405-471; and

WHEREAS, these rules and regulations were adopted by GLWA as a uniform code to: (1) regulate wastes and wastewaters discharged into the collection system for all participating municipalities; (2) prevent the introduction of pollutants into the wastewater systems which will interfere with the operation of the system, contaminate the resulting sludge, or pose a hazard to the health, safety or welfare of the people, the communities or to employees of GLWA; (3) prevent the introduction of pollutants into the wastewater system which will pass inadequately treated through the system and into the receiving waters, the atmosphere, and the environment, or will otherwise be incompatible with the system; (4) provide for the recovery of costs from users of the wastewater collection system sufficient to administer regulatory activities and meet the costs of operation, maintenance, improvement and replacement of the system; and

WHEREAS, after a 45-day public comment period and public hearing, the Board of the GLWA approved the IPP Rules on November 13, 2019.

NOW THEREFORE BE IT RESOLVED that the Pleasant Ridge City Commission, in compliance with Act 233 and state and federal law, hereby concur in the IPP rules and regulations attached hereto as Exhibit A; including any subsequent amendments thereto, which amendments, if any, shall not require the approval of this governing body; and

BE IT FURTHER RESOLVED that the adoption and approval of the rules and regulations contained in Exhibit A shall be contractually binding on the parties, and no governing body of Pleasant Ridge shall be authorized or empowered to rescind or change the approval granted in this resolution without 180 days prior written notice to the GLWA.

ON MOTION OF _____ SUPPORTED BY _____ the foregoing Resolution was adopted by the following vote:

ROLL CALL: ABSENT _____ AYE _____ NAY _____

GLWA's Industrial Pretreatment Program (IPP) Updated Rules

Steve Kuplicki & Lavonda Jackson, GLWA



Content to be Covered Today

1

What is the Industrial Pretreatment Program?

2

What has changed and why?

3

What do members need to do?

GLWA's Industrial Pretreatment Program



Regulatory control program mandated under NPDES permit



Regulates nonresidential users



The regulatory requirements vary based on what is being discharged

GLWA's Industrial Pretreatment Program

Pretreatment

Hauled Waste

Surcharge (i.e. High Strength)

Special Discharge and General
Discharge Permits

PCB/Mercury Minimization



PFOS/PFOA Minimization

New IPP Rules



GLWA maintains a set of rules by which it implements and enforces the IPP

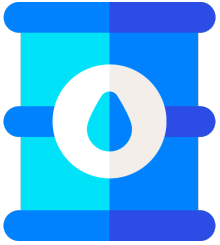


November 13, 2019, GLWA Board of Directors passed resolution to add language to the rules regarding regulation of PFAS



Rules—with the added language—available at www.glwater.org/iwc

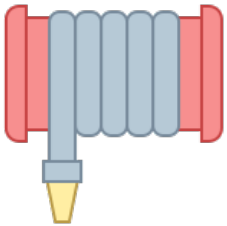
New IPP Rules: PFAS/PFOA



General users



Centralized (Industrial) Waste Treaters



Those using firefighting foam

What Members Need to Do

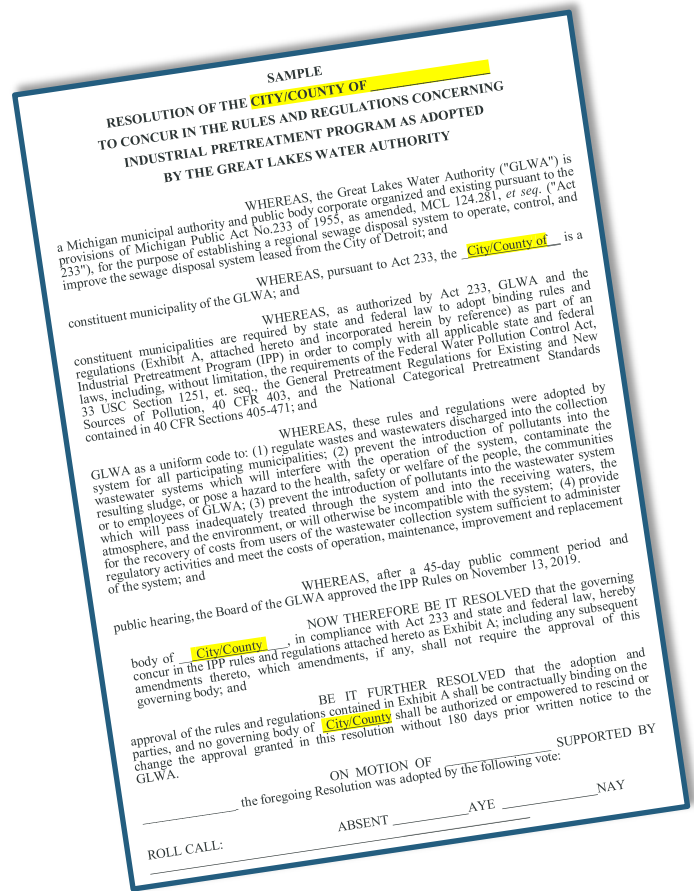
Pass a resolution adopting the full, updated set of rules



Complete by September 1, 2020

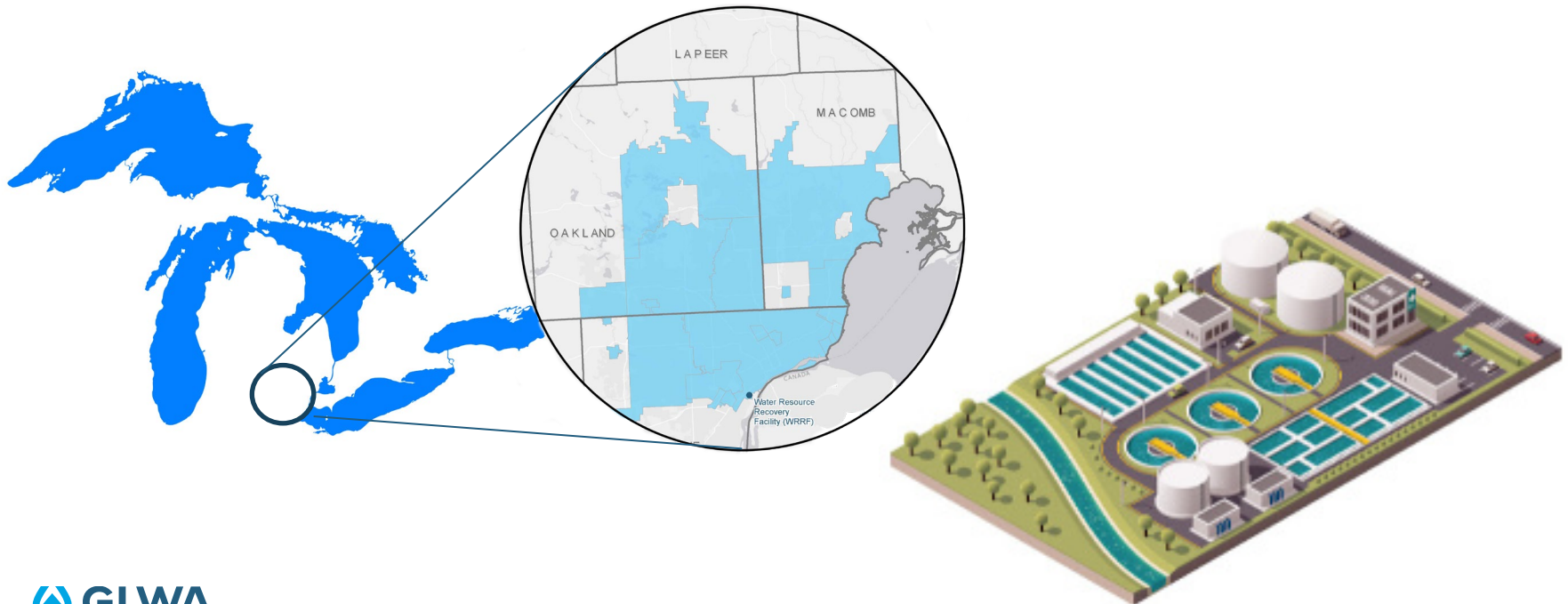


Email a copy of the adopted resolution to iwc@glwater.org



Which Members?

The governing body of every municipality whose wastewater flow goes to the Water Resource Recovery Facility (WRRF) must pass a resolution adopting the full, updated set of rules



Resources:

- 1 <http://glwater.org/iwc>
- 2 One-page IPP rules update overview



New IWC Website

Information & Details on:

- Draft Community Resolution
- GLWA IWC Program
- Contact Information
- Copy of IPP Rules
- Permit Information

QUICK LINKS

[Member Partner Resources](#)[Board Documents](#)[Capital Improvement Plan](#)[WRAP Assistance Program](#)[Industrial Waste Control](#)[Careers](#)[Solicitations](#)[A-Z Directory](#)[Careers](#) [Financials](#) [Contact](#) [Login](#) [ABOUT](#) [OUR SYSTEM](#) [MEMBERS](#) [VENDORS](#) [INVESTOR RELATIONS](#)

Industrial Waste Control

The Great Lakes Water Authority's Industrial Waste Control group implements and enforces an Industrial Pretreatment Program (IPP) to regulate the discharge of commercial and industrial waste and wastewater. The IPP includes the following elements:



GLWA

Great Lakes Water Authority

What is the Industrial Pretreatment Program?

The Great Lakes Water Authority (GLWA) implements and enforces an Industrial Pretreatment Program (IPP) to regulate the discharge of commercial and industrial waste and wastewater.

The IPP includes the following elements:

- **Pretreatment Program** – regulates the discharge of toxic pollutants to the sewer collection system and performs inspection, monitoring, enforcement control and administration of industrial and commercial wastewater discharges. All Users must comply with general requirements and Significant Industrial Users must comply with permit-based requirements.
- **Surcharge (High Strength) Program** – is a cost recovery program for commercial and industrial waste discharging conventional pollutants above Domestic Levels and payment of additional treatment costs (\$/lb) associated with these Users.
- **Special Discharge and General Permit Program** – authorizes the discharge of special wastes and wastewaters including groundwater, construction water, spent products, and other short-term projects through a permit program.
- **Hauled in Waste Program** – authorizes the discharge from waste haulers of septic tank and septage, and other domestic wastewater through a permit and ticket/token payment program.

What are the new IPP rules, and why were they changed?

GLWA maintains a set of rules by which it implements and enforces the IPP. On November 13, 2019 the GLWA Board of Directors passed a resolution to add language to the rules regarding regulation of PFAS compounds. The full set of rules—with the added language—can be found online at www.glwater.org/iwc.

What do I need to do?

The governing body of every municipality whose wastewater flow goes to the WRRF must pass a resolution adopting the full, updated set of rules (see page 2 for a sample resolution). Please email a copy of the adopted resolution to Stephen Kuplicki, PE, JD – GLWA Manager-Operations, Industrial Waste Control at Stephen.Kuplicki@glwater.org by September 1, 2020.

Who do I contact with questions?

Please contact Mr. Kuplicki, at Stephen.Kuplicki@glwater.org or (313) 297-5804 with any questions or concerns.

**SAMPLE
RESOLUTION OF THE CITY/COUNTY OF _____
TO CONCUR IN THE RULES AND REGULATIONS CONCERNING
INDUSTRIAL PRETREATMENT PROGRAM AS ADOPTED
BY THE GREAT LAKES WATER AUTHORITY**

WHEREAS, the Great Lakes Water Authority ("GLWA") is a Michigan municipal authority and public body corporate organized and existing pursuant to the provisions of Michigan Public Act No.233 of 1955, as amended, MCL 124.281, *et seq.* ("Act 233"), for the purpose of establishing a regional sewage disposal system to operate, control, and improve the sewage disposal system leased from the City of Detroit; and

WHEREAS, pursuant to Act 233, the _____ City/County of is a constituent municipality of the GLWA; and

WHEREAS, as authorized by Act 233, GLWA and the constituent municipalities are required by state and federal law to adopt binding rules and regulations (Exhibit A, attached hereto and incorporated herein by reference) as part of an Industrial Pretreatment Program (IPP) in order to comply with all applicable state and federal laws, including, without limitation, the requirements of the Federal Water Pollution Control Act, 33 USC Section 1251, *et. seq.*, the General Pretreatment Regulations for Existing and New Sources of Pollution, 40 CFR 403, and the National Categorical Pretreatment Standards contained in 40 CFR Sections 405-471; and

WHEREAS, these rules and regulations were adopted by GLWA as a uniform code to: (1) regulate wastes and wastewaters discharged into the collection system for all participating municipalities; (2) prevent the introduction of pollutants into the wastewater systems which will interfere with the operation of the system, contaminate the resulting sludge, or pose a hazard to the health, safety or welfare of the people, the communities or to employees of GLWA; (3) prevent the introduction of pollutants into the wastewater system which will pass inadequately treated through the system and into the receiving waters, the atmosphere, and the environment, or will otherwise be incompatible with the system; (4) provide for the recovery of costs from users of the wastewater collection system sufficient to administer regulatory activities and meet the costs of operation, maintenance, improvement and replacement of the system; and

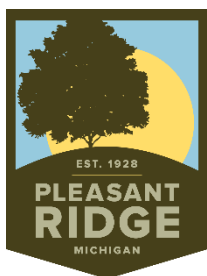
WHEREAS, after a 45-day public comment period and public hearing, the Board of the GLWA approved the IPP Rules on November 13, 2019.

NOW THEREFORE BE IT RESOLVED that the governing body of _____ City/County, in compliance with Act 233 and state and federal law, hereby concur in the IPP rules and regulations attached hereto as Exhibit A; including any subsequent amendments thereto, which amendments, if any, shall not require the approval of this governing body; and

BE IT FURTHER RESOLVED that the adoption and approval of the rules and regulations contained in Exhibit A shall be contractually binding on the parties, and no governing body of _____ City/County shall be authorized or empowered to rescind or change the approval granted in this resolution without 180 days prior written notice to the GLWA.

ON MOTION OF _____ SUPPORTED BY _____ the foregoing Resolution was adopted by the following vote:

ROLL CALL: ABSENT _____ AYE _____ NAY _____



City of Pleasant Ridge

Amy M. Allison, City Clerk

From: Amy M. Allison, City Clerk
To: Mayor and City Commission
Date: December 1, 2020
Re: Designated Assessor Interlocal Agreement with Oakland County Equalization

Overview

The City of Pleasant Ridge contracts Property Assessing Services with Oakland County Equalization. At this time, Oakland County must comply with provisions of PA 660 of 2018. The Act requires all Michigan Counties name a Designated Assessor for each respective County. The main purpose of the Act and the Designated Assessor is to ensure all cities and townships are in substantial compliance with the General Property Tax Act. On November 19, 2020, Oakland County named David Hieber, in his capacity as the Equalization Officer for Oakland County, as the Designated Assessor for Oakland County. In order to be compliant with Public Act 660, an Interlocal Agreement is to be executed by the majority of the cities and townships within the county, the County Board of Commissioners, and the Designated Assessor.

Requested Action

The Interlocal Agreement with Oakland County to name David Hieber, Oakland County Equalization, as the designated assessor for Oakland County, as the City's contracted assessor and that Amy Allison, City Clerk/Deputy City Treasurer be authorized to sign the agreement.

**INTERLOCAL AGREEMENT FOR OAKLAND COUNTY TO APPROVE
THE DESIGNATED ASSESSOR FOR THE PERIOD JANUARY 1, 2021
THROUGH DECEMBER 31, 2025**

Public Act 660 of 2018 requires a county to have a Designated Assessor on file with the State Tax Commission as of December 31, 2020. Accordingly, the following interlocal agreement (hereinafter "Agreement") has been executed by the Board of Commissioners for Oakland County, a majority of the Assessing Districts in Oakland County, and the individual put forth as the proposed Designated Assessor. Oakland County and the Assessing Districts are collectively referred to throughout this Agreement as the "Parties."

RECITALS

WHEREAS, The Assessing Districts are Municipal Corporations (cities and townships) located within the County of Oakland, in the State of Michigan;

WHEREAS, The Michigan Constitution of 1963, Article 7, Section 28 permits a political subdivision to exercise jointly with any other political subdivision any power, privilege or authority which such political subdivisions share in common with each other and which each might exercise separately;

WHEREAS, The Urban Cooperation Act of 1967, being MCL 124.505 *et seq*, and the Intergovernmental Transfer of Functions and Responsibilities Act, give effect to the Constitutional provision by providing that public agencies may enter into interlocal agreements to carry out their respective functions, powers and authority;

WHEREAS, P.A. 660 of 2018 requires each County to enter into an Agreement that designates the individual who will serve as the County's Designated Assessor. That interlocal agreement must be approved by the County Board of Commissioners and a majority of the Assessing Districts in the County.

WHEREAS, P.A. 660 of 2018 mandates that the Designated Assessor shall be an advanced assessing officer or a master assessing officer.

NOW, THEREFORE, based on the foregoing Recitals, and in consideration of the terms of this Agreement, the Parties agree as follows:

BACKGROUND INFORMATION

Oakland County names **DAVID HIEBER** (R-5676), in his official capacity as the Equalization Officer for Oakland County, as the Designated Assessor for all of the Assessing Districts within Oakland County¹. Included as an addendum to this Agreement are the Oakland County SEV totals by class, including special act values, those properties deemed unique or complex by a local Assessing District, and a listing of the total number of parcels, by classification, including special act rolls, within each Assessing District.

If the State Tax Commission (STC) invokes the Designated Assessor process for any Assessing District in Oakland County, the Parties agree that the Designated Assessor will perform the duties associated with being the Assessor of Record for an Assessing District at the Oakland County Equalization Division offices in the City of Pontiac, County of Oakland, State of Michigan, unless the duties of the Designated Assessor require on-site visits to the Assessing District's location.

QUALIFICATIONS OF DESIGNATED ASSESSOR

David Hieber has been certified as a Michigan Master Assessing Officer since 1998. In his capacity as the Oakland County Equalization Officer, he is responsible for managing the Oakland County Equalization Division. Along with its statutory duties, the Equalization Division currently acts as the contracted Assessor of Record for thirty of the fifty-two Assessing Districts in Oakland County.

David Hieber has disclosed any conflicts of interest involving the proposed Designated Assessor, the County, or any Assessing District, if applicable: **[NONE]**.

It is understood that David Hieber will, during the length of this agreement, maintain his assessor certification in good standing with the State Tax Commission and if required to serve as the Designated Assessor for an Assessing District in Oakland County shall act as the Assessor of Record for that Assessing District. When acting as the Assessor of Record for an Assessing District, the Designated Assessor shall meet all the requirements as set forth by the State Tax Commission's *Supervising Preparation of the Assessment Roll* approved by the State Tax Commission August 21, 2018.

Any additional requirements that are agreed to by the Designated Assessor, the County and the Assessing Districts may not conflict with the State Tax Commission's *Supervising Preparation of the Rolls*.

¹ Oakland County contains 52 Assessing Districts (cities and townships), two of which (City of Fenton and City of Northville) are not considered to be "in" Oakland County for purposes of MCL 211.10g as the largest share of their state equalized value is located in another county.

A list of the remaining 50 Assessing Districts can be found here:

<https://www.oakgov.com/mgtbud/equal/Pages/assessing-offices.aspx>

1.0 DUTIES AND RESPONSIBILITIES OF DESIGNATED ASSESSOR

- 1.1 The Designated Assessor, while serving as the Assessor of Record for an Assessing District within Oakland County, shall satisfy all requirements contained State Tax Commission's *Supervising Preparation of the Assessment Roll* approved by the State Tax Commission August 21, 2018.
- 1.2 Within 30 (thirty) days of being appointed as the Assessor of Record for the Assessing District by the STC, the Designated Assessor shall prepare and transmit to the Assessing District's supervisor, manager, or chief executive a detailed proposal, including a schedule for delivery of documents, to correct deficiencies identified by the STC's audit.
- 1.3 The Parties agree that the Designated Assessor, while serving as the Assessor of Record for an Assessing District, shall do the following things, as applicable to bring the Assessing District into compliance with the Audit of Minimum Assessing Requirements:
 - 1.3.1 Make assessments of real and personal property within the Assessing District;
 - 1.3.2 Appraise all property, process all real and personal property description changes, and prepare the assessment roll for real and personal property in the Assessing District;
 - 1.3.3 Attend all March, July, and December Board of Review meetings;
 - 1.3.4 Be available for consultation on all Michigan Tax Tribunal real and personal property and special assessment appeals, and assist the Assessing District in the preparation of both the oral and written defense of appeals;
 - 1.3.5 Prepare all necessary reports for review by the supervisor, manager, chief executive, board, or council of the Assessing District, as applicable;
 - 1.3.6 Performs any other duties required under PA 600 of 2018.
- 1.4 For an Assessing District employing assessing staff other than the Assessor of Record, assessing staff will conduct their duties as under the direction and supervision of the Designated Assessor, subject to any limitations as may be agreed by the applicable Assessing District and the Designated Assessor. However, no members of said assessing staff will become employees or independent contractors of Oakland County.
- 1.5 While not acting in the capacity as the Designated Assessor for an Assessing District, the Designated Assessor will have the following duties and responsibilities for Oakland County and the Assessing Districts within Oakland County: Equalization Officer.
- 1.6 The parties understand and agree that the duties outlined in this Agreement only apply if and when the Designated Assessor is required to take over the assessing duties for an Assessing District pursuant to the terms of PA 600 of 2018. This Agreement will have no effect on any pre-existing agreements that the parties may have, under which Oakland County performs contracted assessing services for the Assessing District.

2.0 DUTIES AND RESPONSIBILITIES OF ASSESSING DISTRICTS

- 2.1 Any Assessing District in Oakland County that is required to utilize the services of the Designated Assessor will, during and throughout the term of this Agreement, do the following:
 - 2.1.1 Provide the Designated Assessor with reasonable access to records, documents, databases and information in order to allow the Designated Assessor to serve as the Assessor of Record for the Assessing District and satisfy all requirements *Supervising Preparation of the Assessment Roll* approved by the State Tax Commission August 21, 2018.
 - 2.1.2 Furnish the Designated Assessor with any applicable policies and procedures that the Designated Assessor may be subject to during the period of time the Designated Assessor serves as the Assessing District's Assessor of Record.
 - 2.1.3 Provide any technology, equipment, and workspace necessary for the Designated Assessor to carry out their requirements under this Agreement.
- 2.2 The Assessing District shall, at all times and under all circumstances, remain solely liable for any and all costs, legal obligations, and/or civil liabilities associated with or in any way related to any Assessing District tax appraisal or assessment functions or any other Assessing District legal obligation under any applicable State Property Tax Laws. The Assessing District shall employ and retain its own legal representation, as necessary, to defend any such claim or challenge before the State Tax Tribunal or any other court or review body.
- 2.3 Except for those express statutory and/or regulatory obligations incumbent only upon licensed Equalization Division Personnel (i.e., State Licensed and Certified Real and/or Personal Property Tax Assessors) to defend property tax appraisals and assessments that they either performed, or were otherwise performed under their supervision, before the Michigan Tax Tribunal, the Parties agree that no other County employees, including any County attorneys shall be authorized, required and/or otherwise obligated under this Agreement or pursuant to any other agreement between the Parties to provide any legal representation to or for the Assessing District and/or otherwise defend, challenge, contest, appeal, or argue on behalf of the Assessing District before the Michigan Tax Tribunal or any other review body or court.
- 2.4 The Assessing District shall, at all times and under all circumstances, remain solely liable for any and all costs, legal obligations, and/or civil liabilities associated with or in any way related to any tax appraisal or assessment functions or any other legal obligation. The Assessing District agrees that under no circumstances shall the County or the Designated Assessor be responsible for any costs, obligations, and/or civil liabilities or any responsibility under any State Property Tax Law.

3.0 DESIGNATED ASSESSOR COMPENSATION

- 3.1 The Designated Assessor may charge an Assessing District that is required to contract with the Designated Assessor and that Assessing District shall pay for the reasonable costs incurred by the Designated Assessor in serving as the Assessing District's Assessor of Record, including, but not limited to, the costs of overseeing and administering the annual assessment, preparing and defending the assessment roll, and operating the assessing office.
- 3.2 If the Designated Assessor is required to serve as the Assessor of Record for an Assessing District within Oakland County, the parties understand and agree that he will be serving in his official capacity as the Oakland County Equalization Officer. Therefore, an Assessing District will not make any direct payments to the Designated Assessor. Instead, the Assessing District will be responsible for paying a fee to Oakland County which fee is intended to compensate Oakland County for the reasonable costs incurred by the Designated Assessor and his staff. Oakland County will charge the Assessing District a fee equal to the average rate per parcel that it charges those districts for whom it already performs contracted assessing services, as of the date the Designated Assessor is required to serve as the Assessor of Record. The parties understand that it may be necessary to modify this standard fee depending on the complexity of the work to be performed by the Designated Assessor and the number of staff needed to assist in completing the work. The Assessing District is not required to pay a retainer fee. In the event that the Designated Assessor is acting on behalf of an Assessing District for which Oakland County Equalization Department is currently contracted with to provide assessing services, the Designated Assessor will provide its Designated Assessor services at no additional cost to said Assessing District.
- 3.3 If the Assessing District fails, for any reason, to pay the County any monies when and as due under this Contract, the Assessing District agrees that unless expressly prohibited by law, the County or the County Treasurer, at their sole option, shall be entitled to a setoff from any other Assessing District funds that are in the County's possession for any reason. Funds include but are not limited to the Delinquent Tax Revolving Fund ("DTRF"). Any setoff or retention of funds by the County shall be deemed a voluntary assignment of the amount by the Assessing District to the County. The Assessing District waives any claims against the County or its Officials for any acts related specifically to the County's offsetting or retaining such amounts. This paragraph shall not limit the Assessing District's legal right to dispute whether the underlying amount retained by the County was actually due and owing under this Agreement.
- 3.4 If the County chooses not to exercise its right to setoff or if any setoff is insufficient to fully pay the County any amounts due and owing the County under this Contract, the County shall have the right to charge up to the then-maximum legal interest on any unpaid amount. Interest charges shall be in addition to any other amounts due to the County under this Agreement. Interest charges shall be calculated using the daily unpaid balance method and accumulate until all outstanding amounts and accumulated interest are fully paid.

- 3.5 Nothing in this Section shall operate to limit the County's right to pursue or exercise any other legal rights or remedies under this Contract against the Assessing District to secure reimbursement of amounts due the County under this Agreement. The remedies in this Section shall be available to the County on an ongoing and successive basis if Assessing District at any time becomes delinquent in its payment. Notwithstanding any other term and condition in this Contract, if the County pursues any legal action in any court to secure its payment under this Contract, the Assessing District agrees to pay all costs and expenses, including attorney's fees and court costs, incurred by the County in the collection of any amount owed by the Assessing District.

4.0 EFFECTIVE DATE AND TERM OF AGREEMENT

This Agreement shall become effective when it is executed by the Oakland County Board of Commissioners, David Hieber, and the governing bodies of a majority of the Assessing Districts within Oakland County, and shall expire on December 31, 2025. The terms and conditions in Section 3.0 (Compensation) shall survive and continue in full force beyond the termination of this Agreement if the Assessing District owes money to the County under this Agreement.

5.0 DESIGNATED ASSESSOR EMPLOYMENT STATUS

It is understood by the parties that David Hieber is appointed as the Designated Assessor based on his employment status as Oakland County Equalization Officer and that if his employment status materially changes, the parties will request that the State Tax Commission designate and approve an interim Designated Assessor until the parties are able to amend this Agreement.

6.0 ENTIRE AGREEMENT

This Agreement sets forth all covenants, promises, agreements, conditions and understandings between the parties and there are no covenants, promises, agreements, conditions, or understandings, either oral or written, between the Parties other than are set forth in this Agreement.

7.0 AMENDMENTS

This Agreement cannot be modified unless reduced to writing and signed by both Parties.

8.0 SEVERABILITY

If a court of competent jurisdiction finds a term or condition of this Agreement to be illegal or invalid, then the term or condition shall be deemed severed from this Agreement. All other terms or conditions shall remain in full force and effect.

9.0 GOVERNING LAW

This Agreement shall be governed, interpreted, and enforced by the laws of the State of Michigan.

10.0 COUNTERPARTS

This Agreement may be executed in one or more counterparts, including facsimile copies, each of which shall be deemed an original, but all of which shall together constitute one instrument.

IN WITNESS WHEREOF, Amy M Allison hereby acknowledges that he/she has been authorized by a resolution of Pleasant Ridge City Commission, a certified copy of which is attached, to execute this Agreement on behalf of Public Body and hereby accepts and binds Public Body to the terms and conditions of this Agreement.

EXECUTED: _____ DATE: _____
Amy M. Allison
City Clerk/Dep City Treasurer

WITNESSED: _____ DATE: _____
James Breuckman
City Manager

IN WITNESS WHEREOF, David Woodward, Chairperson, Oakland County Board of Commissioners, hereby acknowledges that he has been authorized by a resolution of the Oakland County Board of Commissioners to execute this Agreement on behalf of Oakland County, and hereby accepts and binds Oakland County to the terms and conditions of this Agreement.

EXECUTED: _____ DATE: _____
David Woodward, Chairperson
Oakland County Board of Commissioners

WITNESSED: _____ DATE: _____
Name and Title:

DAVID HIEBER, in his official capacity as Equalization Officer for Oakland County, hereby accepts the role of Designated Assessor as outlined in this Agreement.

EXECUTED: _____ DATE: _____
David Hieber
Oakland County Equalization Officer

ADDENDUM – SEV TOTALS

OAKLAND COUNTY SEV TOTALS BY CLASS

class	parcel counts	State Equalized values
Agricultural	414	83,078,430
Commercial	21,730	13,049,878,820
Industrial	4,576	2,458,558,940
Residential	457,609	62,000,752,770
Personal Property	52,485	3,603,125,954
Special Acts	384	479,224,100
	537,198	81,674,619,014

MISCELLANEOUS RESOLUTION #20XXX

November 19, 2020

BY: Commissioner Helaine Zack, Chairperson, Finance and Infrastructure Committee

IN RE: MANAGEMENT AND BUDGET/EQUALIZATION DIVISION – DESIGNATED ASSESSOR INTERLOCAL AGREEMENT

To the Oakland County Board of Commissioners

Chairperson, Ladies and Gentlemen:

WHEREAS pursuant to Public Act 660 of 2018, each county is required to notify the State Tax Commission, no later than December 31, 2020, of the individual that will serve as the county's Designated Assessor; and WHEREAS the Designated Assessor is part of a process to ensure that local units of government are in compliance with statutory provisions of the Audit of Minimum Assessing Requirements; and

WHEREAS the Designated Assessor is the individual designated by an Interlocal Agreement executed between the County Board of Commissioners and a majority of the assessing districts (cities and townships) within the county, subject to final approval of the State Tax Commission; and

WHEREAS the Designated Assessor serves as the assessor of record and assumes all duties and responsibilities as the assessor of record for an assessing district that is determined to be non-compliant with an audit; and

WHEREAS each county must also provide the State Tax Commission with the interlocal agreement executed by the County Board of Commissioners, a majority of the assessing districts within the county, and the proposed Designated Assessor for the county; and

WHEREAS the interlocal agreement must provide enough detail regarding the assessment responsibilities for the Designated Assessor including, but not limited to, the following:

1. Information related to the scope of services being provided by the Designated Assessor, including preparation of assessment rolls, timeline for delivery of documents and execution of forms, attendance at Boards of Review meetings, duties and responsibilities related to property tax appeals, both Small Claims and Entire Tribunal, filed with the Michigan Tax Tribunal, responsibility to meet with local unit officials, and obligations of local unit assessing staff members,
2. Duties and responsibilities for each local unit within the county, including providing the Designated Assessor with reasonable access to records, documents and information, and
3. Details relating to cost and compensation for overseeing and administering the annual assessment and operating the assessing office, including payment terms and cost reimbursement; and

WHEREAS Oakland County Corporation Counsel is developing the Designated Assessor Interlocal Agreement to be entered into with any and all Assessing Districts within the County that approve the Agreement.

NOW THEREFORE BE IT RESOLVED that the Oakland County Board of Commissioners approves designating Oakland County Equalization Director David Hieber, who is an individual qualified and certified by the State Tax Commission as a Michigan Master Assessing Officer, to be the Designated Assessor for Oakland County.

BE IT FURTHER RESOLVED that the Oakland County Board of Commissioners approves and authorizes the Chairperson of Board to execute the required Interlocal Agreement on behalf of Oakland County upon final review and approval by Corporation Counsel.

Chairperson, on behalf of the Finance and Infrastructure Committee, I move the adoption of the foregoing resolution.

Commissioner Helaine Zack, District #18
Chairperson, Finance and Infrastructure
Committee

FINANCE AND INFRASTRUCTURE COMMITTEE VOTE:

Motion carried unanimously on a roll call vote.



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

Bulletin 8 of 2020
June 9, 2020
Audit Process and Designated Assessor

TO: Assessors and Equalization Directors

FROM: State Tax Commission

SUBJECT: Overview of Audit Process and Designated Assessor under Public Act 660 of 2018

Public Act 660 of 2018 was approved by Governor Snyder on December 28, 2018 and amended the General Property Tax Act to provide a statutory framework to ensure proper assessing in order to guarantee the highest quality assessments for taxpayers as well as local units. The Act defines the requirements for substantial compliance with the General Property Tax Act, provides timelines for audits and follow-up audits, and details a process for bringing a local unit into compliance if they remain non-compliant after a follow-up review. The Designated Assessor is an integral part of that process.

Audit Process Overview

The Commission will conduct an audit of assessment practices according to a published schedule. If the assessing district (City, Township or Joint Assessing Authority) is determined to be in substantial compliance, the audit process for that five-year cycle is complete and the assessing district is not required to take any additional action.

If the State Tax Commission determines that an assessing district is not in substantial compliance with the General Property Tax Act, the Commission will provide the assessing district with a notice of noncompliance, including the reasons the assessing district is not in substantial compliance.

The assessing district must either appeal the audit determination by filing a written petition to be developed by the State Tax Commission or they must submit a corrective action plan to be approved by the State Tax Commission. "Corrective action plan" is defined in P.A. 660 of 2018 as "a plan developed by an assessing district that specifically indicates *how* the assessing district will achieve substantial compliance . . . and *when* substantial compliance will be achieved." (Emphasis added). Additional information related to the corrective action plan and petition to challenge the audit results will be provided by the State Tax Commission in separate guidance.

In the event the Commission conducts a follow-up review and the assessing district is not in substantial compliance after the follow-up review, the assessing district has three options:

1. The assessing district may hire a new Michigan Advanced Assessing Officer (MAAO) or Michigan Master Assessor Officer (MMAO),

2. The State Tax Commission assumes jurisdiction over the assessment roll in order to bring the roll into substantial compliance, or,
3. The local unit may move directly to the designated assessor.

Regardless of which option is selected, the Commission will conduct a second follow-up review to determine if the assessment roll is in substantial compliance. If, after the second follow-up review the assessing district continues to be in noncompliance, the local unit will move directly to the Designated Assessor process.

As defined in statute **substantial compliance** “means that any identified deficiencies do not pose a significant risk that the assessing district is unable to perform the assessment function in conformity with the state constitution and state statute.”

As defined in statute **noncompliance** “means that the identified deficiencies, taken together, pose a significant risk that the assessing district is unable to perform the assessing function in conformity with the state constitution and state statute.”

At the December 17, 2019 State Tax Commission meeting, the Commission determined “substantial compliance” to mean that the local unit 1) has properly calculated and appropriately documented Economic Condition Factors; 2) has properly calculated and appropriately documented land value determinations; and 3) less than 1% of the record cards are on override and less than 1% of the record cards reflect flat land values. If any of the requirements associated with those items are not met, the local unit will be considered noncompliant and the notice of noncompliance will be issued.

Once the audit is complete, if an assessing district is notified that it has fallen out of substantial compliance prior to the next audit, the State Tax Commission may require the assessing district to contract with the Designated Assessor to serve as their assessor of record. If the assessing district is notified that it has fallen out of substantial compliance more than four years after the initial finding of substantial compliance, then the regular audit process will be followed.

What is the Designated Assessor?

The Designated Assessor is part of a process to ensure that local units are in compliance with the statutory provisions of the General Property Tax Act, meaning that local units are meeting minimum assessing requirements.

The Designated Assessor is the individual selected and agreed to by the County Board of Commissioners and a majority of the assessing districts within that county, subject to final approval of the State Tax Commission.

The Designated Assessor serves as the assessor of record and assumes all duties and responsibilities as the assessor of record for an assessing district that is determined to be non-compliant with an audit.

The Designated Assessor is not an automatic requirement for Countywide assessing or for the County Equalization Director to take over as the assessor for local units. While the County can be named the Designated Assessor, it is not an automatic designation as the Designated Assessor as this is determined by the approved interlocal agreement.

Who may be the Designated Assessor?

Each Assessing District within each County is required to have an assessor of record with a certification level that meets the valuation requirements set forth by the State Tax Commission. Township and City certification levels are adjusted annually and approved by the STC. The individual who will serve as the county's Designated Assessor must be in good standing and be certified, at least, at the highest level required within the County. If the County contains an Assessing District that requires a Michigan Master Assessing Officer (MMAO), the Designated Assessor must then also be certified at the MMAO level. If the County only contains Assessing Districts that require a Michigan Advanced Assessing Officer (MAAO) certification, or a lower certification, the Designated Assessor may be certified at the level of MAAO. A Michigan Certified Assessing Officer (MCAO) may not serve as the Designated Assessor. As part of the annual certification level process, the Commission will review all MAAO Designated Assessors to ensure compliance with certification level requirements. Additionally, the STC will examine and determine a specific process, on a case by case basis, any specific instance of a MAAO that has been assigned multiple units that may place them beyond the certification requirements of a MAAO.

Notification of Selected Designated Assessor

P.A. 660 of 2018 requires that each county notify the State Tax Commission, no later than December 31, 2020, of the individual that will serve as the county's Designated Assessor. In addition, the county must provide the State Tax Commission with the interlocal agreement executed by the County Board of Commissioners, a majority of the assessing districts within that county, and the proposed Designated Assessor for the county. The interlocal agreement must provide enough detail regarding the assessment responsibilities for the designated assessor. The Commission expects the interlocal agreement will include, but not be limited to, the following:

- Information related to the scope of services being provided by the Designated Assessor, including preparation of assessment rolls, timeline for delivery of documents and execution of forms, attendance at Boards of Review meetings, duties and responsibilities related to property tax appeals, both Small Claims and Entire Tribunal, filed with the Michigan Tax Tribunal, responsibility to meet with local unit officials, and obligations of local unit assessing staff members.
- Duties and responsibilities for each local unit within the County, including providing the Designated Assessor with reasonable access to records, documents and information.
- Details relating to cost and compensation for overseeing and administering the annual assessment and operating the assessing office, including payment terms and cost reimbursement.

Failure to timely notify the State Tax Commission of the county's Designated Assessor will result in the State Tax Commission selecting a Designated Assessor for the county.

If the State Tax Commission determines that an individual named as the Designated Assessor is capable of ensuring that the assessing districts within the county will achieve and maintain substantial

compliance, the Commission shall approve that individual as the County's Designated Assessor. Once approved, the designation will not be revoked for at least five years from the approval date.

If the State Tax Commission is unable to approve the individual identified as the county's Designated Assessor because the Commission determines that the proposed Designated Assessor is not capable of ensuring that the assessing districts will achieve and maintain substantial compliance, the county must submit a new Designated Assessor candidate and accompanying interlocal agreement within sixty days of the Commission's determination. The county will be required to repeat the process until a satisfactory Designated Assessor can be approved. The State Tax Commission will appoint an individual to serve as the county's temporary Designated Assessor during this period.

The State Tax Commission will develop a form to be utilized by the County Equalization Departments to notify the Commission of the proposed Designated Assessor. The Designated Assessor form will be available by August 18, 2020. The form must be submitted to the Commission no later than December 31, 2020.

Designated Assessor Term

Once an assessing district is under contract with a Designated Assessor, the Designated Assessor will remain in place for a minimum of five years. Statute does provide for a local unit to petition the Commission to end the contract after the Designated Assessor has been in place for 3 years.

The Commission shall approve termination of a contract if it is determined that the assessing district can *achieve and maintain* substantial compliance with the General Property Tax Act using a different assessor of record other than the Designated Assessor.

The State Tax Commission may revoke the Designated Assessor and provide for an interim designated assessor if:

1. The Designated Assessor dies or becomes incapacitated
2. The Designated Assessor's employment status materially changes or
3. The Designated Assessor is not capable of ensuring that the assessing district is able to achieve and maintain substantial compliance with MCL 211.10g.

The interim Designated Assessor will remain in place until a new Designated Assessor can be selected following the interlocal agreement process.

If the Designated Assessor is serving as an assessor of record for an assessing district that is found to be in noncompliance, the State Tax Commission will appoint an individual to serve as the county's temporary Designated Assessor. The county will utilize the normal process to select and notify the Commission of the new Designated Assessor.

Designated Assessor Costs

The Designated Assessor is permitted to charge an assessing district for the reasonable costs incurred in serving as the assessing district's assessor of record, including, but not limited to, the costs of overseeing and administering the annual assessment, preparing and defending the assessment roll, and operating the assessing office. The assessing district is required to pay these costs in accordance with

the interlocal agreement. The costs and fees agreed to by the county, assessing districts and the Designated Assessor is a local issue and will vary statewide.

The Commission will develop guidelines as required by statute for any local unit to protest charges by the Designated Assessor.

Audit Preparation

While the audit process outlined in P.A. 660 of 2018 will not commence until 2022, assessing districts can prepare for these audits by meeting the requirements of the current Audit of Minimum Assessing Requirements (AMAR) and the “Supervising Preparation of the Assessment Roll”, as those requirements existed on October 1, 2018. Additionally, assessing districts should employ an assessor certified by the State Tax Commission at the proper certification level based on the valuation requirements, adjusted annually, set forth by the State Tax Commission. Additional information about the AMAR, including the AMAR Review Sheet, and certification levels, are available on the State Tax Commission website (www.michigan.gov/statetaxcommission).



City of Pleasant Ridge

Amy M. Allison, City Clerk

From: Amy M. Allison, City Clerk
 To: Jim Breuckman, City Manager
 Date: December 8, 2020
 Re: Retirement Account Administration Services - MERS

Overview

Currently, the City offers several retirement options and a healthcare savings account to certain employees through the Municipal Employees Retirement Systems (MERS). Effective January 1, 2021, MERS is implementing several modifications to the way in which defined benefit, defined contribution and hybrid plans are administered. It is important to note, these modifications will have no impact to the City for current or future benefits or the City's OPEB liability. At this time, Alerus Financial as representative of the MERS plans is requesting the City confirm benefit levels in each of the above groups.

Background

The City offers two retirement plans and a healthcare savings plan. The areas of the plan which need to be confirmed are as follows:

Plan Eligibility

Plan Eligibility defines which employee classifications are covered by the retirement plan. If any employee meets service credit qualification (or, day of work definition) for three months or more in a calendar year, they are considered eligible for membership in MERS and receive service credit. Currently the plan is offered to full time employees covered under the Police Officers Union Agreement or individual employment agreements.

Day of Work Definition

Currently, "Day of Work" defines how an eligible employee earns service credit in a calendar month. An example of Day of Work is to require full-time employees to work a minimum of (10), eight-hour days in order to earn a month of service.

Leave of Absence Definition

The Leave of Absence provision defines whether or not an employee earns service credit during a leave of absence (i.e. disability, workers' compensation, FMLA). Currently employees receive service credit while on these types of leave.

Requested Action

City Commission authorization that the City Manager and City Clerk confirm the City's current retirement provisions in the MERS plan, administered by Alerus Financial.



City of Pleasant Ridge

Amy M. Allison, City Clerk

From: Amy M. Allison, City Clerk
 To: Mayor and City Commission
 Date: December 3, 2020
 Re: Annual Meeting Schedule

Each year, the meeting schedules for the City Commission, Historical Commission, Planning Commission/Downtown Development Authority and Recreation Commission are placed on the City Commission Agenda for approval. The following list is the proposed schedules for 2021:

City Commission

The Regular Meetings of the City Commission are held the second Tuesday of the month. The meetings are held at 7:30 p.m., in the City Commission Chambers or while under the state of emergency related to the COVID-19 pandemic, via teleconference. The meetings are proposed for the following dates:

January 12, 2021
 February 9, 2021
 March 9, 2021
 April 13, 2021
 May 11, 2021
 June 8, 2021
 July 13, 2021
 August 10, 2021
 September 14, 2021
 October 12, 2021
 November 9, 2021
 December 14, 2021

Also, for ease of scheduling, the fourth Tuesday of every month be set aside for Zoning Board of Appeals Meeting, Coffee with Commissioners or Work/Study sessions for the City Commission.

Historical Commission

The Regular Meetings of the Historical Commission are held the first Wednesday of specific months. The meetings are held at 7:00 p.m., at Pleasant Ridge City Hall or while under the state of emergency related to the COVID-19 pandemic, via teleconference. The meetings are proposed for the following dates:

January 6, 2021
 March 3, 2021
 April 7, 2021
 May 5, 2021
 June 2, 2021
 September 1, 2021

October 6, 2021
November 3, 2021
January 8, 2022

Planning Commission/Downtown Development Authority

The Regular Meetings of the Planning Commission/DDA are held the fourth Monday of specific months. The meetings are held at 7:00 p.m., in the City Commission Chambers or while under the state of emergency related to the COVID-19 pandemic, via teleconference. The meetings are proposed for the following dates:

January 25, 2021
April 26, 2021
July 26, 2021
October 25, 2021

The fourth Monday of the non-meeting months will be set aside in case the Planning Commission/DDA has business which needs to be addressed prior to the regularly scheduled meeting.

Recreation Commission

The Regular Meetings of the Recreation Commission are held the last Wednesday of specific months. The meetings are held at 7:00 p.m., at the Pleasant Ridge Community Center or while under the state of emergency related to the COVID-19 pandemic, via teleconference. The meetings are proposed for the following dates:

January 27, 2021
April 28, 2021
July 28, 2021
October 27, 2021

The last Wednesday of the non-meeting months will be set aside in case Recreation Commission has business which needs to be addressed prior to the regularly scheduled meeting.

Of course, special meetings and workshops are called when needed. Please feel free to contact me should you require any additional information.



City of Pleasant Ridge

Amy M. Allison, City Clerk/Asst. City Manager

From: Amy M. Allison, City Clerk/Assistant City Manager
To: Jim Breuckman, City Manager
Date: December 8, 2020
Re: Agreement for Berkley to Provide Dispatch Services

Overview

Attached is a proposed contract with the City of Berkley for dispatch services for police, fire, and EMS service calls, range use, clerical support, animal control services, and to provide prisoner lockup.

Background

Our contract for dispatch services is currently with the City of Ferndale. After consultation with our police, we are proposing to shift our dispatch services to the City of Berkley starting no later than July 1, 2021. The reasons for proposing this switch include:

1. **Level of Service.** Over the past three years, the level of service the City has received from Ferndale as not met our expectations. The link between the officer in the patrol vehicle and assistance, if needed, is the dispatcher. We have run into issues with calls not being promptly assigned to the PR officer, including a 911 call for service by a PR resident that was answered by Ferndale dispatch, but not sent to the PR officer on duty.
2. **Organizational Culture.** There have also been some cultural issues, with PR police being accustomed to dispatch handling things such as dispatch contacting a taxi service for a stranded individual. Ferndale dispatch told our officer that “we don’t do that.” While that may be acceptable within Ferndale, it is not the level of service that we expect from our dispatch. Berkley will also aid during prisoner booking and lockup, which is currently not provided by Ferndale.
3. **Backup and Support.** Our police officers have been working more closely with Berkley police over the past year. While Ferndale police have provided backup and support for our officers when needed, many times a Berkley or Huntington Woods officer has backed up a Pleasant Ridge officer on a stop when that officer has requested another vehicle.
4. **Cost.** The cost of the contract will be unchanged based on the switch. Berkley is offering additional services for the same cost, such as use of their indoor range, an animal control officer who can respond to animal complaints and coordinate with Oakland County, if necessary, and additional clerical services not offered in the Ferndale agreement.

After discussions with the Chief and the members of our department, the preference is to move to Berkley for dispatch services. The Berkley agreement offers more services for the same rate. Berkley has agreed to allow for flexibility in the tentative start date of the agreement, pending further negotiations with Ferndale on a termination date. Berkley will have this item on its December 21st agenda for adoption.

Requested Action

City Commission consideration of the agreement for the City of Berkley to provide dispatch services for Pleasant Ridge.

**INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES BETWEEN
THE CITY OF PLEASANT RIDGE AND THE CITY OF BERKLEY**

The City of Pleasant Ridge, Michigan (“Pleasant Ridge”), a Michigan Municipal Corporation with offices at 23925 Woodward, Pleasant Ridge, Michigan 48069, and the City of Berkley, Michigan, (“Berkley”), a Michigan Municipal Corporation with offices at 3338 Coolidge Highway, Berkley, Michigan 48072, hereby enter into the following agreement:

RECITALS:

A. Pleasant Ridge has concluded that it would be beneficial to contract for certain law enforcement services with Berkley.

B. Berkley agrees to provide such law enforcement services under the terms and conditions of this Agreement.

C. This Agreement is consistent with the charters of Berkley and Pleasant Ridge, and is authorized under the Urban Cooperation Act of 1967, MCL 124.501 *et seq.*, and MCL 124.531 *et seq.*

IT IS THEREFORE AGREED:

1. **Definitions.** For the purposes of this Agreement, the terms listed below shall be defined as follows:

a. “Berkley,” “Berkley City Council,” and “Berkley City Manager” shall mean the City of Berkley, its City Council, and its City Manager, respectively.

b. “Pleasant Ridge,” “Pleasant Ridge City Commission,” and “Pleasant Ridge City Manager” shall mean Pleasant Ridge, its Commission, and its City Manager, respectively.

c. “Lockup Services” shall mean the detention of persons awaiting processing, booking, court appearances, or transportation to a jail, for a period not to exceed seventy-two (72) hours in accordance with MCL 791.262(1)(e) and such other services as described in paragraph 2.a.

d. “Municipality” shall mean either the City of Berkley or the City of Pleasant Ridge, and when plural it shall mean both Berkley and Pleasant Ridge.

2. **Lockup Services.** The Municipalities agree that Berkley shall provide Lockup Services to Pleasant Ridge as follows:

a. Lockup Services shall include, but not be limited to:

(i) Detention of persons awaiting processing, booking, court appearances, or transportation to a jail, for a period not to exceed seventy-two (72) hours;

(ii) Providing meals to detainees in the lockup in accordance with Berkley Department of Public Safety Rules and Regulations;

(iii) Providing conditions of detention in accordance with Berkley Department of Public Safety Rules and Regulations;

(iv) Testifying in Court, at depositions, or any required administrative hearing;

(v) Upon request, the provision of equipment and personnel necessary for video arraignment; and

(vi) Providing other Lockup Services as agreed to by the Municipalities.

b. Acceptance and Searches of Detainees. In order for a subject arrested by Pleasant Ridge to be admitted to Berkley lockup, he or she first must be accepted by Berkley. When Pleasant Ridge desires to have a subject detained at Berkley's lockup, Pleasant Ridge officer(s) shall turn over to Berkley officer-in-charge (or his/her designee) all booking intake forms and other information as requested by Berkley officer-in-charge (or his/her designee). Berkley officer-in-charge (or his/her designee) shall base his/her decision to accept or reject the subject on the same criteria as any other Berkley arrest and in accordance with Berkley Department of Public Safety Rules and Regulations. Pleasant Ridge police officer(s) transporting the subject shall conduct a thorough search of the subject in accordance with Berkley Department of Public Safety Rules and Regulations prior to turning the subject over to Berkley. Berkley may conduct its own search of the subject prior to accepting the subject for lockup. If not refused, the subject is accepted. No personal property of the subject, except clothing the subject is wearing and his/her prescription medication(s), if any, shall be left in the custody of Berkley for any reason.

c. Processing of Detainees. Pleasant Ridge officer(s) transporting a subject to Berkley for lockup shall process the subject consistent with Berkley Department of Public Safety Rules and Regulations. When available, Berkley personnel may provide assistance with prisoner processing.

(i) When a Pleasant Ridge prisoner is to be released (i.e. turned over to another agency, transported to county jail, or taken to another facility, etc.), a Pleasant Ridge officer shall respond and take responsibility for all prisoner property not transferred with the prisoner.

(ii) Berkley agrees that should an emergency arise in Pleasant Ridge during prisoner processing, Berkley will take reasonable steps to provide personnel to assist Pleasant Ridge officer(s) with the processing of its detainee(s) so that Pleasant Ridge officer(s) may respond to the Pleasant Ridge emergency.

d. Refusal of Subjects. Berkley reserves the right to refuse admittance to its lockup of any prisoner who is deemed unacceptable for housing in Berkley lockup for any reason in the opinion of the Berkley officer-in-charge (or his/her designee), including but

not limited to refusal of admittance to any subject suffering from mental illness or from a medical condition that threatens the security or the efficient operation of Berkley's lockup.

e. Medical Services. Pleasant Ridge agrees to pay for all costs and fees associated with the provision of medical care, transportation and treatment by Berkley emergency services personnel, any ambulance service, or any medical personnel or entity, to any detainee accepted by Berkley for Lockup Services under this Agreement for the full duration of detention. If, after acceptance of a subject for lockup in Berkley, the detainee requires medical care and/or treatment, Pleasant Ridge shall provide officers to guard the prisoner during the course of the detainee's medical care. To the fullest extent permitted by law, and to the extent of the cost of medical care provided to a detainee, Pleasant Ridge hereby agrees to indemnify and hold harmless Berkley for any and all claims, demands, lawsuits, or causes of action brought by any person, corporation, or government unit against Berkley, its agents, elected or appointed officials, and employees arising from or in connection with the medical care and treatment of detainees housed in Berkley's lockup pursuant to this Agreement.

f. Transportation. Pleasant Ridge shall be responsible for transporting its detainees both to and from Berkley's lockup to court, county jail, or other agencies or facilities as required.

g. Blood Draws for OWI Arrests. Pleasant Ridge prisoners arrested for OWI or similar charges, and requiring a blood draw, shall be subject to Berkley Department of Public Safety Rules and Regulations for this process. Pleasant Ridge agrees to pay for all services related to blood draws for detainees housed in Berkley lockup under this Agreement.

h. Bond. Pleasant Ridge agrees to process bond for all Pleasant Ridge detainees housed in Berkley lockup under this Agreement. Persons wishing to post bond for Pleasant Ridge prisoners shall be directed to contact Pleasant Ridge and make arrangements for Pleasant Ridge officers to process the bond. Proof of bond shall be presented prior to the release of a Pleasant Ridge prisoner.

i. Use of Technology. When practical, and so as not to interfere with the security or the efficient operation of Berkley's lockup, Pleasant Ridge shall be allowed to utilize available technology located at Berkley lockup for video arraignments or other court appearances of its detainees under this Agreement.

j. Administrative Responsibility. Berkley's provision of Lockup Services to Pleasant Ridge shall be administered by Berkley as follows:

(i) Control of Lockup Services. The Lockup Services performed by Berkley shall be under the exclusive jurisdiction and control of Berkley's Director of Public Safety. All Pleasant Ridge personnel transporting subjects for lockup in Berkley shall adhere to Berkley's Department of Public Safety Rules and Regulations concerning lockup.

(ii) Pleasant Ridge Input. If the Pleasant Ridge Police Chief objects to a Rule or Regulation utilized in the provision of Lockup Services to Berkley, the Pleasant Ridge Police Chief or his/her designee shall submit Pleasant Ridge's objection in writing to the Berkley Director of Public Safety. The Berkley Director of Public Safety or his/her designee shall respond to same in writing within 72 hours, providing such facts and opinions which support his/her determination of the issue. In the event that the matter is not resolved to Pleasant Ridge's satisfaction, the Berkley City Manager and the Pleasant Ridge City Manager shall meet to review the matter.

Pleasant Ridge is not responsible for the customs, policies, or practices of Berkley as related to the operation of the jail facility or the provision of Lockup Services. Pleasant Ridge is not responsible for the hiring, supervision, or training of jail personnel. Pleasant Ridge is not responsible for the jail building, its operation, or its design.

(iii) Personnel. The Municipalities agree that no personnel are required to be transferred from Pleasant Ridge to Berkley to provide the Lockup Services called for in this Agreement.

(iv) Lockup Documents. The Municipalities shall exchange copies of all reports, correspondences, and other documents which each community produces regarding the lockup facility as requested. The recipient of these documents shall treat them in the same manner the provider treats them. Documents which are confidential shall be marked as such and shall be treated in accordance with the provider's instructions.

k. Equity and Assets. All equity in assets and equipment of Berkley's lockup facility shall remain the property of Berkley. Payment for services provided pursuant to this Agreement shall not entitle Pleasant Ridge to any interest of any kind in such assets or equipment; provided, however, that any assets or equipment purchased by Pleasant Ridge shall be returned to Pleasant Ridge in the event of termination of this Agreement.

3. Animal Control Services. The Municipalities agree that Berkley shall provide Animal Control Services to Pleasant Ridge as follows:

a. Berkley will provide an Animal Control Officer within the corporate limits of Pleasant Ridge to provide the following services. During times when the Animal Control Officer is not on duty, Pleasant Ridge will be responsible for handling these services.

(i) Enforcement of state laws and local ordinances, where applicable, regarding animals within the corporate limits of Pleasant Ridge, including but not limited to, leash regulations, dogs at large, and licensing laws.

(ii) Issuance of violation tickets where appropriate and appearance in Court when required to prosecute said violations. The Animal Control Officer may follow up with chronic violators if deemed necessary.

- (iii) Impoundment of stray, vicious, or dangerous animals.
- (iv) Retention of impounded animals in accordance with minimum time requirements set forth by state law.
- (v) Providing that impounded animals that are not placed or returned to their owners shall humanely be disposed of in accordance with applicable laws consistent with this Agreement.
- (vi) Providing for the transfer of injured animals to veterinary care when appropriate. When immediate disposal of injured animals is determined to be necessary by the Animal Control Officer, Pleasant Ridge will be responsible for humane disposal of the animals. Pleasant Ridge will also be responsible for the cost of emergency veterinary care of injured animals within its corporate limits.
- (vii) Conducting animal bite investigations of persons bitten by animals within the corporate limits of Pleasant Ridge, including but not limited to:
 - (A) Preparation of a standard Incident Report documenting the reported details of the bite incident;
 - (B) Investigation of the circumstances of the bite incident;
 - (C) Investigation and/or verification of appropriate vaccinations received by the animal prior to the bite incident;
 - (D) Impoundment or quarantine, as appropriate, of the involved animal for such period of time as required by state law;
 - (E) Enforcement of state laws or local ordinances, as may be appropriate, regarding the bite incident; and
 - (F) Humane destruction of the offending animal, as appropriate, in accordance with respective state laws, city ordinances, and/or court orders.
- (viii) Providing for the drop-off of stray animals at the appropriate Animal Shelter, when picked up by Pleasant Ridge officers during hours when the Animal Control Officer is not on duty.
- (ix) Responding and handling wildlife calls when a human is bitten or injured by the animal.
- (x) Providing for a system to ensure that impounded animals released to Pleasant Ridge residents have appropriate vaccinations when required by law and have valid Pleasant Ridge licenses when required by Pleasant Ridge ordinance,

either prior to release from impoundment or within a reasonable period of time thereafter.

(xi) Providing for removal of dead non-domestic animals from primary roads within the corporate limits of Pleasant Ridge having posted speed limits of 30 mph or greater.

(xii) Providing for removal of dead domestic animals, such as dogs and cats, from primary roads and residential streets within the corporate limits of Pleasant Ridge.

b. In connection with the Animal Control Services, Berkley shall have responsibility for the following:

(i) Determination of the number of said employee(s) providing the services.

(ii) Selection and hiring of said employee(s).

(iii) Payment of wages and other compensation to said employee(s).

(iv) Direct managerial supervision of said employee(s).

(v) Determination of the work hours of said employee(s), with the understanding that it is the intent of this Agreement that services are to be provided Monday through Friday during normal business hours to be specifically determined by Berkley, with provisions for after-hour call-ins for emergency purposes.

c. Berkley shall provide and manage an appropriate holding facility for impounded animals.

d. Berkley shall provide an appropriate animal control vehicle to be operated by the said Animal Control Officer(s), and will be responsible for gasoline, maintenance, and insurance of the vehicle.

e. In connection with the providing of Animal Control Services by Berkley, Pleasant Ridge understands and agrees to the following:

(i) The Animal Control Officer(s) will not be assigned exclusively to Pleasant Ridge, but will carry out duties in Pleasant Ridge as necessary to comply with this Agreement.

(ii) Pleasant Ridge shall authorize and empower the Berkley Animal Control Officer(s) to enforce animal regulations within the corporate limits of Pleasant Ridge.

(iii) Pleasant Ridge shall provide police assistance to the Animal Control Officer(s), if requested, when an Animal Control Officer is performing services within the corporate limits of Pleasant Ridge.

(iv) When animals require transfer to the Oakland County Animal Control facility, Pleasant Ridge shall reimburse Berkley for drop-off fees incurred.

f. In connection with the providing of Animal Control Services by Berkley, it is agreed that any revenue shall be distributed as follows:

(i) Revenue generated from the sale of City of Pleasant Ridge dog licenses shall accrue to Pleasant Ridge.

(ii) Revenue generated from the sale of City of Berkley dog licenses shall accrue to Berkley.

(iii) Revenue generated from District Court fines resulting from the enforcement of animal regulations within the corporate limits of Pleasant Ridge shall accrue to Pleasant Ridge.

(iv) Revenue generated from District Court fines resulting from the enforcement of animal regulations within the corporate limits of Berkley shall accrue to Berkley.

4. **Use of Berkley Department of Public Safety Firearms Range.** Berkley agrees to allow Pleasant Ridge Police Department personnel to utilize the firearms range located in the Berkley Department of Public Safety building while this agreement is in effect under the following terms:

a. A qualified Pleasant Ridge firearms instructor/range officer will be present at all times Pleasant Ridge personnel use the range.

b. Pleasant Ridge personnel will provide their own ammunition and targets.

c. At its own expense, Pleasant Ridge will repair any damage caused by Pleasant Ridge personnel while using the range.

5. **Police Dispatch Services.** The Municipalities agree that Berkley shall provide Police Dispatch Services as follows:

a. Police Dispatch Services will include any emergency or non-emergency communications of any kind received by the Berkley Department of Public Safety which requests, requires, or in the sole judgment of the Berkley Public Safety Department, appears to request or require the presence, attention or services of Pleasant Ridge Police Department personnel to address, respond, or attend to any issue, event, or circumstance involving public health or safety, an accident, an injury, the protection of property, or any emergency (including but not limited to medical, fire and/or health).

b. In connection with Berkley's provision of Police Dispatch Services to Pleasant Ridge, the parties agree to the following procedures:

(i) Berkley Department of Public Safety will receive all 911 calls and provide 24-hour a day radio communications, in accordance with Federal Communications Commission (FCC) procedures and requirements, for the City of Pleasant Ridge.

(ii) Berkley Department of Public Safety will transfer all calls received that require a fire/medical response in Pleasant Ridge to the Ferndale Fire Department for their response.

(iii) Berkley Department of Public Safety will comply with all applicable communications standards relating to the Pleasant Ridge Police Department radio and dispatch communications policy.

(iv) Berkley Department of Public Safety shall not incur any costs related to the implementation of the standards set forth in the Pleasant Ridge General Order.

c. Pleasant Ridge acknowledges and agrees that except for the Police dispatch services contracted for herein and the other services set forth in this Agreement, neither the City of Berkley nor the Berkley Department of Public Safety shall be obligated in any other way to provide or assist the City of Pleasant Ridge or Pleasant Ridge Police Department personnel with any other direct or indirect backup or supplemental support or police, fire or emergency-related services or protection of any kind or nature, nor will there be any obligation to send Berkley Department of Public Safety personnel to respond, in any way, to any call for police, fire or emergency services. In all circumstances, Pleasant Ridge shall remain solely and exclusively responsible for all costs and liabilities associated with providing available Pleasant Ridge Police Department personnel to receive and respond to Police dispatch service in a timely and professional manner.

d. Pleasant Ridge acknowledges there may be circumstances when, despite reasonable Berkley Department of Public Safety efforts, the Berkley Public Safety Department's attempt to communicate or provide Police dispatch services for and to Pleasant Ridge Police Department personnel may be unsuccessful. This Agreement does not, and is not intended to, include any warranty, promise, or guarantee of any kind concerning the provision of Police dispatch services by the Berkley Department of Public Safety to Pleasant Ridge Police Department personnel, except that the Berkley Department of Public Safety will make a reasonable effort to provide such Police dispatch services and will do so consistent with existing and future Berkley Department of Public Safety communication and dispatch policies, procedures, orders, and standards, and applicable federal and state requirements.

e. This Agreement does not, nor is it intended to, obligate or require the Berkley Department of Public Safety to change, alter, modify, or develop any different dispatch related procedures, policies, or standards, or to purchase or use any special or

additional equipment, or to prohibit the Berkley Department of Public Safety from implementing any future communication-related changes the Berkley Public Safety Department, in its sole judgment and discretion, believes to be in its best interest.

f. Pleasant Ridge shall be solely and exclusively responsible during the term of this Agreement for (i) providing its personnel with radios and communication equipment that will be properly set, adjusted, and maintained to receive any Police dispatch service from the Berkley Department of Public Safety; (ii) complying with all current and future Berkley Department of Public Safety dispatching procedures, policies, standards, technical specifications, and applicable federal and state communication requirements; (iii) adequately training Pleasant Ridge Police Department personnel; and (iv) promptly and properly notifying the Berkley Department of Public Safety of any on-duty or off-duty status and availability or unavailability of Pleasant Ridge Police Department personnel to receive Police dispatch services.

g. Pleasant Ridge shall be solely and exclusively responsible for all costs, expenses, and liabilities associated with the acquisition, purchase, lease, operation, use, and maintenance of any Pleasant Ridge Police Department radio or other communication equipment. The Berkley Department of Public Safety shall not be obligated to provide Pleasant Ridge Police Department with any radio or communication equipment of any kind.

h. The Berkley Department of Public Safety may, at its sole discretion and expense, inspect any Pleasant Ridge Police Department radio or other communication equipment to ensure that it conforms to Berkley Department of Public Safety dispatching procedures, policies, standards, technical specifications, and federal and state requirements. If the inspection reveals nonconformance, the Berkley Department of Public Safety shall notify Pleasant Ridge Police Department in writing about the specific nonconformities. Pleasant Ridge Police Department shall promptly address and correct the nonconformities at its own expense. If Pleasant Ridge Police Department fails to do so, the Berkley Department of Public Safety may terminate or cancel the Police Dispatch Services set forth in this Agreement.

i. Warrant Entry/Cancellation Services – Pleasant Ridge Officers will be responsible for retrieval of warrant documents from courts and deliver documents to Berkley Public Safety for entry. Warrants will be timestamped upon arrival at Berkley Public Safety. Warrants shall be entered within forty-eight (48) hours of receipt. LEIN entry confirmation shall be attached to the warrant and maintained in the “warrant drawer” for Pleasant Ridge located at the Berkley Public Safety Department. Berkley personnel shall notify Pleasant Ridge personnel of any warrant confirmations. Upon warrant cancellation, the original warrant and all LEIN work shall be placed in the Pleasant Ridge Police designated file or mailbox. Pleasant Ridge personnel shall retrieve documents in the file/mailbox on a weekly basis. The LEIN audit shall be the responsibility of the Pleasant Ridge Police LEIN TAC. The Pleasant Ridge LEIN TAC shall be responsible for retrieval of any documents necessary to perform the Pleasant Ridge LEIN audit. Warrant entries shall be processed in conformance with the Berkley Public Safety warrant entry procedures/policies.

6. **Insurance Coverage.** Pleasant Ridge shall obtain and maintain in force during the term of this Agreement insurance coverage for general liability with limits of liability not less than \$5,000,000 combined single limit for personal injury and property damage for claims arising out of the subject matter of this Agreement. Pleasant Ridge shall also obtain and maintain motor vehicle liability and worker's compensation in amounts it determines to be appropriate, with Berkley being named as an additional insured on all liability policies and entitled to copies of Certificates of Insurance confirming the required insurance during the entire term of this Agreement. Pleasant Ridge shall add Berkley as an additional insured for these liabilities. Berkley shall add Pleasant Ridge as an additional insured under its policy for the services provided under this Agreement.

7. **Liability and Indemnification.** To the fullest extent permitted by law, Pleasant Ridge agrees to hold Berkley harmless from any and all claims, suits, demands, judgments, or causes of action made against Berkley, its elected or appointed officials, employees, agents, or volunteers for the actions of Pleasant Ridge's elected or appointed officials, employees, agents, or volunteers arising from or in connection with the performance of this Agreement. To the fullest extent permitted by law, Berkley agrees to hold Pleasant Ridge harmless from any and all claims, suits, demands, judgments, or causes of action made against Berkley, its elected or appointed officials, employees, agents, or volunteers, for the actions of Berkley's elected or appointed officials, employees, agents, or volunteers arising from or in connection with performance of this Agreement. Except as provided herein, neither Municipality shall have any right under any legal principle to be indemnified by the other Municipality or any of its employees or agents in connection with any claim.

In executing this Agreement, Berkley does not assume liability or responsibility for, or in any way release, Pleasant Ridge from any liability or responsibility to the extent that it arises from the existence or effect of Pleasant Ridge's City Charter, ordinances, policies, rules or regulations. To the extent that any cause, claim, suit, action, or administrative proceeding is commenced in which the enforceability and/or validity of any such Charter provision, ordinance, policy, rule, or regulation is at issue, Pleasant Ridge shall defend the same at its sole expense and, if judgment is entered or damages are awarded against Pleasant Ridge, Pleasant Ridge shall fully satisfy the same including all chargeable costs and reasonable attorney fees. In the event of a claim, loss or liability based upon the alleged concurrent or joint negligence or tortious wrongdoing of the parties, the parties shall bear their respective liability, including costs, in accordance with the laws of the State of Michigan.

8. **Governmental Immunity and Authority Unaffected.** Nothing in this Agreement is intended, nor shall it operate to diminish, delegate, divest, impair, or contravene any constitutional, statutory, and/or other legal right, privilege, power, obligation, duty, capacity, immunity or character of office including, but not limited to, governmental immunity on behalf of either Municipality or any of its agents.

9. **Term of Agreement.** This Agreement shall be effective for a term commencing on the date of execution of this Agreement by the parties and continuing until June 30, 2023.

a. This Agreement may be terminated at any time for any reason, and with or without cause, by the written agreement of Berkley and Pleasant Ridge, approved by the

concurrent resolutions of Berkley City Council and Pleasant Ridge City Commission. Said agreement shall provide a period of at least 90 days before the termination becomes effective and the services set forth in this Agreement are discontinued.

b. This Agreement may be terminated by Berkley if Pleasant Ridge fails to pay any amount owing under this Agreement, including applicable late charges and interest, within 60 days of when the payment was due. Such termination by Berkley shall be by written notice to Pleasant Ridge that contains a clearly stated effective date of the termination that is at least 30 days after the date of the notice. If all amounts owing, including past due installments, late charges, interest, and any new installments coming due during that time are not paid, the termination shall be effective, relieving Berkley from any obligation to provide any further services under this Agreement. Before Berkley gives notice of termination under this provision, it shall first notify Pleasant Ridge of its failure to timely pay the amount owed and allow a reasonable opportunity for Pleasant Ridge to pay such amount.

c. In addition to a termination under subsections (a) and (b), either Municipality may terminate this Agreement for any reason, and with or without cause, by written notice to the other Municipality. During the Initial Term, one (1) year written notice shall be required before termination. During any subsequent term, six (6) months' written notice shall be required before termination.

10. **No Third Party Beneficiaries.** The sole and exclusive purpose of this Agreement is to set forth the terms by which Berkley will provide certain law enforcement services for Pleasant Ridge. This Agreement is not intended to, and does not create any special or other duty, obligation, promise, benefit or right to services not herein described in favor or for the benefit of any person, entity, or organization that is not a party to this Agreement.

11. **Compensation.** In consideration for the services provided by Berkley under this Agreement, Pleasant Ridge will pay Berkley an annual amount equal to \$6,500 for each full-time equivalent (FTE) reflected in the Michigan Commission on Law Enforcement Standards (MCOLES) Fall Semi-Annual Law Enforcement Distribution Report for Pleasant Ridge Department of Police Department. As of the date of this Agreement, the most recent MCOLES Report allocated six (6) FTEs to the Pleasant Ridge Department of Police Department. Pleasant Ridge will be billed on a quarterly basis, in equal installments. Payment is due within thirty (30) days after invoicing by Berkley.

12. **Independent Contractor.** Berkley shall provide the services set forth in this Agreement to Pleasant Ridge as an independent contractor, with Berkley being responsible for all workers' compensation and other insurance, income tax, social security, and other withholding, and all other compensation or benefits for Berkley employees involved in providing the services. At no time shall any Berkley employee involved in providing services be considered or claimed be to an employee or agent of Pleasant Ridge, and Pleasant Ridge shall not be deemed or allowed to control, supervise, or direct Berkley employees involved in providing the services.

13. **Assignments.** Berkley's obligations under this Agreement may not be assigned except with the approval of Pleasant Ridge.

14. **Notices.** Any notices provided under this Agreement shall be in writing to the Berkley City Manager and Pleasant Ridge City Manager at the addresses listed on Page 1.

15. **Amendments.** Amendments to this Agreement shall be in writing, approved by concurrent resolutions of Berkley City Council and Pleasant Ridge City Commission, and be signed by authorized representatives of the Municipalities.

16. **Severability.** If a court of competent jurisdiction finds a term, or condition, of this Agreement to be illegal or invalid, then the term, or condition, shall be deemed severed from this Agreement. All other terms, conditions, and provisions of this Agreement shall remain in full force and effect.

17. **Applicable Law.** This Agreement is made and entered into in the State of Michigan and shall in all respects be interpreted, enforced and governed under the laws of the State of Michigan. The language of all parts of this Agreement is intended to and, in all cases, shall be construed as a whole, according to its fair meaning, and not construed strictly for or against any Municipality. As used in this Agreement, the singular or plural number, possessive or non-possessive, shall be deemed to include the other whenever the context so suggests or requires.

18. **No Waiver.** Absent an express written waiver, the failure of a Municipality to pursue any right granted under this Agreement shall not be deemed a waiver of that right regarding any existing or subsequent breach or default under this Agreement. No failure or delay on the part of a Municipality in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall a single or partial exercise of any right, power or privilege preclude any other or further exercise of any other right, power or privilege.

19. **Compliance with Laws.** Each Municipality shall comply with all federal, state, and local statutes, ordinances, regulations, administrative rules, and requirements applicable to its activities performed under this Agreement.

20. **Entire Agreement.** This Agreement contains the entire Agreement of the Municipalities with respect to the subject matter of this Agreement, and supersedes all prior negotiations, agreements and understandings with respect to the subject matter of this Agreement.

21. **Filing.** As provided in MCL 124.510, this Agreement and any amendments of it shall be filed with the Oakland County Clerk and Michigan Secretary of State before taking effect.

[SIGNATURES CONTAINED ON FOLLOWING PAGE]

IN WITNESS WHEREOF, and pursuant to the concurrent resolutions adopted by City of Berkley City Council and City of Pleasant Ridge City Commission, approving and authorizing the signing of this Agreement, the undersigned officials have signed this Agreement on the dates indicated next to their signatures.

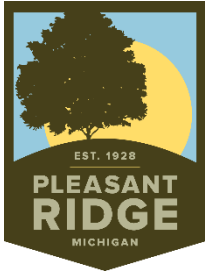
Dated this ____ day of _____, 2020

CITY OF BERKLEY

By: _____
Name: _____
Title: _____

CITY OF PLEASANT RIDGE

By: _____
Name: _____
Title: _____



City of Pleasant Ridge

James Breuckman, City Manager

From: Jim Breuckman, City Manager
To: City Commission
Date: December 3, 2020
Re: SCAF-PSRF Investment Allocation Change

Overview

The Investment Committee has approved a change from a 60/40 portfolio to a 70/30 portfolio.

Background

The Segregated Capital Asset Fund – Parks Special Revenue Fund (SCAF-PSRF) functions as an endowment fund for the City, with its revenues and uses being restricted to recreation activities. The City has an Investment Committee which consists of the City Manager, Assistant City Manager, Commissioner Scott, and former Mayor Castelli. The Investment Committee has been reviewing the fund's investment allocation with our Vanguard account manager and has determined that shifting from a portfolio with 60%/40% equities to fixed-income securities ratio to a 70%/30% allocation would be in the City's best interest.

The investment committee set's the City's investment allocation per the Investment Policy approved when the SCAF-PSRF was created in 2015. The purpose of this update is to make the City Commission and residents aware of the status of the SCAF-PSRF.

Commissioner Scott, as the Commission's representative on the investment committee, will provide an update on the decision to shift the investment allocation. Also, please find the analysis document prepared by our Vanguard advisor that supports the investment allocation change.

Requested Action

No action requested.

As of: 10/19/2020

Vanguard Portfolio Construction Solutions™

Prepared for City of Pleasant Ridge

Prepared by Charles Reinhardt, Senior Investment Consultant

The funds compared may have different objectives and risk factors. Though one fund may have the potential for greater returns, it may also subject an investor to a greater amount of risk, including loss of principal. The funds you chose may fall into different investing categories. Comparing funds from different categories may not provide complete or accurate results.



For institutional use only. Not for distribution to retail investors.

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Analysis assumptions

Initial investment for analysis: **\$2,600,000**

CURRENT 60/40 portfolio

Ticker	Name	Earliest returns available	Allocation
VTSEX	Vanguard Total Stock Mkt Idx Adm	12/31/2000	36.00%
VTIAX	Vanguard Total Intl Stock Index Admiral	12/31/2010	24.00%
VBTLX	Vanguard Total Bond Market Index Adm	12/31/2001	14.00%
VFSUX	Vanguard Short-Term Investment-Grade Adm	03/31/2001	6.30%
VFIDX	Vanguard Inter-Term Investment-Grde Adm	03/31/2001	4.20%
VWETX	Vanguard Long-Term Investment-Grade Adm	03/31/2001	3.50%
VTABX	Vanguard Total Intl Bd Idx Admiral™	06/30/2013	12.00%

Analysis assumptions

Initial investment for analysis: **\$2,600,000**

70/30 portfolio

Ticker	Name	Earliest returns available	Allocation
VTSEX	Vanguard Total Stock Mkt Idx Adm	12/31/2000	42.00%
VTIAX	Vanguard Total Intl Stock Index Admiral	12/31/2010	28.00%
VBTLX	Vanguard Total Bond Market Index Adm	12/31/2001	10.50%
VFSUX	Vanguard Short-Term Investment-Grade Adm	03/31/2001	4.75%
VFIDX	Vanguard Interm-Term Investment-Grde Adm	03/31/2001	3.25%
VWETX	Vanguard Long-Term Investment-Grade Adm	03/31/2001	2.50%
VTABX	Vanguard Total Intl Bd Idx Admiral™	06/30/2013	9.00%

All investing is subject to risk, including the possible loss of the money you invest. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. There may be other material differences between products that must be considered prior to investing. Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Forward-looking analysis

Forward-looking analysis assumptions

Forecast: **June 2020**

	CURRENT 60/40 portfolio		70/30 portfolio						
	Active	Passive	Active	Passive					
U.S. Equity		36.56%		42.62%					
Non-U.S. Equity		23.51%		27.37%					
Non-U.S. Aggregate Bonds		12.24%		9.18%					
U.S. High-Yield Bonds		0.11%		0.08%					
U.S. Short-Term Credit		8.43%		6.37%					
U.S. Intermediate-Term Credit		3.26%		2.50%					
U.S. Long-Term Credit		4.72%		3.43%					
U.S. Short-Term Treasury		2.91%		2.19%					
U.S. Intermediate-Term Treasury		4.25%		3.21%					
U.S. Long-Term Treasury		1.23%		0.91%					
U.S. REITs		0.05%		0.04%					
U.S. Intermediate-Term TIPS		0.19%		0.17%					
U.S. Cash		2.47%		1.85%					
Commodities		0.08%		0.09%					

Style weights are determined by using returns-based style analysis (RBSA) of the individual investments and aggregated at the portfolio/benchmark level considering the allocation of each investment.

Forward-looking analysis assumptions

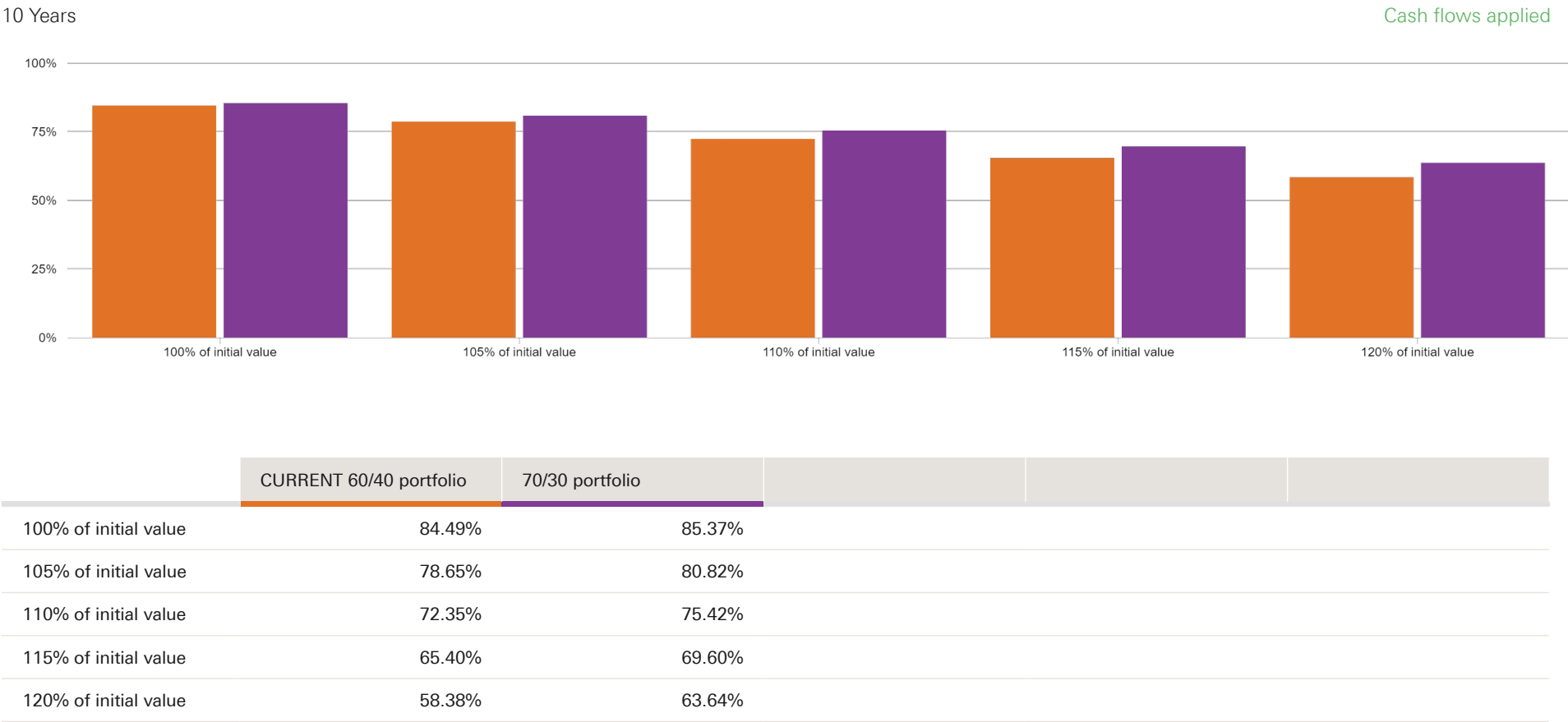
Initial investment for analysis: **\$2,600,000**

	CURRENT 60/40 portfolio		70/30 portfolio				
	Withdrawals	Contributions	Withdrawals	Contributions			
Cash flow type	Smoothed	None	Smoothed	None			
Cash flow frequency	Annually	—	Annually	—			
Annual amount	1.50%	—	1.50%	—			
Start value	—	—	—	—			
Annual growth rate	—	—	—	—			
Smoothing period	3 years	—	3 years	—			
Rebalance frequency	Annually		Annually				
Rebalance band	—		—				

All forward-looking analysis assumes an annual rebalance policy.

FORWARD-LOOKING ANALYSIS

Probability of maintaining real investment value



IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 2020. Results from the model may vary with each use and over time. For more information, please see the Important Information in the appendix.

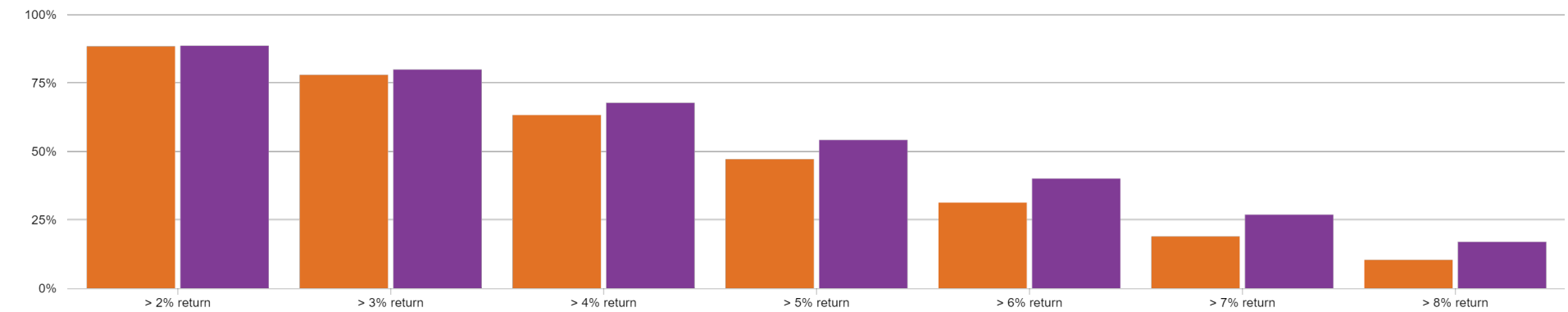
The performance displayed is gross of any advisory fees that would be assessed if portfolios are managed by Vanguard Institutional Advisory services. Advisory fees are calculated and assessed as set forth in VIAS' advisory brochure and in Part II of Form ADV, and are based on each client's assets. Accordingly, the performance of the portfolios included are not intended to be reflective of the potential performance of a VIAS-managed portfolio as the assessment of the advisory fee would reduce the performance of the portfolios displayed. For example, a 0.5% advisory fee applied annually over a period of 10 years would reduce a gross 6% annualized return to a net 5.47% annualized return.

FORWARD-LOOKING ANALYSIS

Probability of meeting annualized return objectives

Nominal | 10 Years

No cash flows applied



	CURRENT 60/40 portfolio	70/30 portfolio			
> 2% return	88.36%	88.58%			
> 3% return	77.93%	79.88%			
> 4% return	63.26%	67.71%			
> 5% return	47.13%	54.14%			
> 6% return	31.27%	40.05%			
> 7% return	18.91%	26.86%			
> 8% return	10.33%	16.91%			

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FORWARD-LOOKING ANALYSIS

Probability of meeting annualized return objectives

Real | 10 Years

No cash flows applied



	CURRENT 60/40 portfolio	70/30 portfolio			
> 2% return	78.32%	80.32%			
> 3% return	63.38%	67.93%			
> 4% return	46.48%	53.21%			
> 5% return	30.80%	39.10%			
> 6% return	17.65%	26.03%			
> 7% return	9.21%	15.48%			
> 8% return	4.25%	8.80%			

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FORWARD-LOOKING ANALYSIS

Distribution of annualized returns

Nominal | 10 Years

No cash flows applied



	CURRENT 60/40 portfolio	70/30 portfolio			
95th	9.00%	10.09%			
75th	6.47%	7.17%			
50th	4.83%	5.29%			
25th	3.22%	3.43%			
5th	1.02%	0.87%			

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FORWARD-LOOKING ANALYSIS

Distribution of annualized returns

Real | 10 Years

No cash flows applied



	CURRENT 60/40 portfolio	70/30 portfolio			
95th	7.85%	8.87%			
75th	5.42%	6.09%			
50th	3.78%	4.24%			
25th	2.25%	2.48%			
5th	0.01%	-0.08%			

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FORWARD-LOOKING ANALYSIS

Distribution of ending investment values

Nominal | 10 Years

Cash flows applied



	CURRENT 60/40 portfolio	70/30 portfolio			
95th	\$5.30M (2.04x)	\$5.90M (2.27x)			
75th	\$4.20M (1.62x)	\$4.50M (1.73x)			
50th	\$3.60M (1.38x)	\$3.70M (1.42x)			
25th	\$3.00M (1.15x)	\$3.10M (1.19x)			
5th	\$2.40M (0.92x)	\$2.40M (0.92x)			

IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 2020. Results from the model may vary with each use and over time. For more information, please see the Important Information in the appendix.

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FORWARD-LOOKING ANALYSIS

Distribution of ending investment values

Real | 10 Years

Cash flows applied



	CURRENT 60/40 portfolio	70/30 portfolio			
95th	\$4.80M (1.85x)	\$5.30M (2.04x)			
75th	\$3.80M (1.46x)	\$4.00M (1.54x)			
50th	\$3.20M (1.23x)	\$3.40M (1.31x)			
25th	\$2.80M (1.08x)	\$2.80M (1.08x)			
5th	\$2.20M (0.85x)	\$2.20M (0.85x)			

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FORWARD-LOOKING ANALYSIS

Distribution of annualized standard deviations



	CURRENT 60/40 portfolio	70/30 portfolio			
95th	15.51%	18.03%			
75th	12.18%	14.15%			
50th	10.22%	11.85%			
25th	8.48%	9.84%			
5th	6.21%	7.24%			

IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 2020. Results from the model may vary with each use and over time. For more information, please see the Important Information in the appendix.

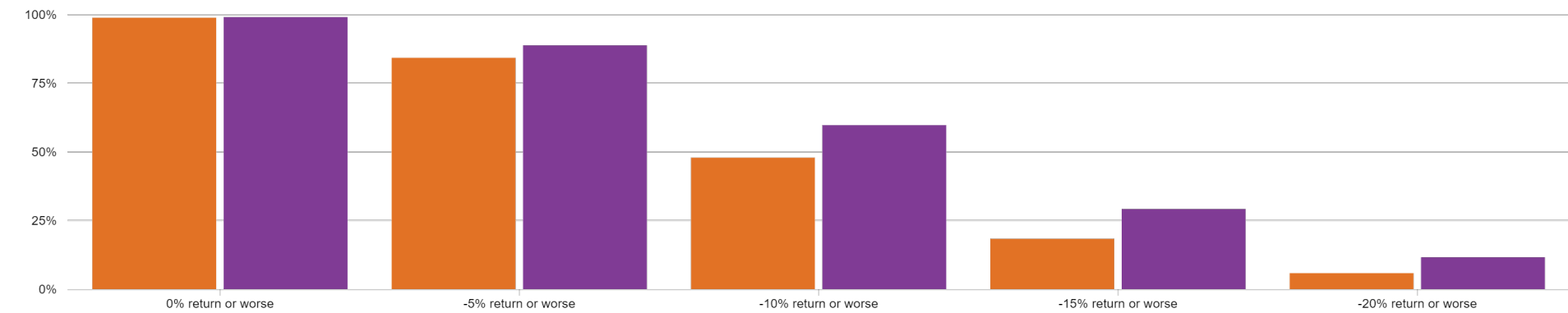
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FORWARD-LOOKING ANALYSIS

Probability of a negative return in any given year

Nominal | 10 Years

No cash flows applied



	CURRENT 60/40 portfolio	70/30 portfolio			
0% return or worse	98.85%	99.08%			
-5% return or worse	84.25%	88.79%			
-10% return or worse	47.88%	59.72%			
-15% return or worse	18.34%	29.18%			
-20% return or worse	5.82%	11.60%			

IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 2020. Results from the model may vary with each use and over time. For more information, please see the Important Information in the appendix.

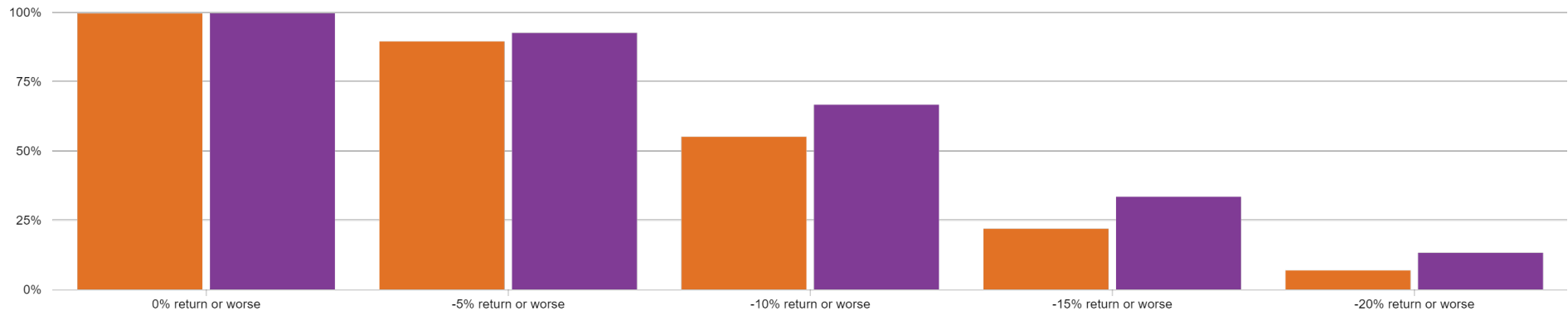
The performance displayed is gross of any advisory fees that would be assessed if portfolios are managed by Vanguard Institutional Advisory services. Advisory fees are calculated and assessed as set forth in VIAS' advisory brochure and in Part II of Form ADV, and are based on each client's assets. Accordingly, the performance of the portfolios included are not intended to be reflective of the potential performance of a VIAS-managed portfolio as the assessment of the advisory fee would reduce the performance of the portfolios displayed. For example, a 0.5% advisory fee applied annually over a period of 10 years would reduce a gross 6% annualized return to a net 5.47% annualized return.

FORWARD-LOOKING ANALYSIS

Probability of a negative return in any given year

Real | 10 Years

No cash flows applied



	CURRENT 60/40 portfolio	70/30 portfolio			
0% return or worse	99.55%	99.59%			
-5% return or worse	89.45%	92.51%			
-10% return or worse	55.05%	66.63%			
-15% return or worse	21.87%	33.42%			
-20% return or worse	6.84%	13.19%			

IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 2020. Results from the model may vary with each use and over time. For more information, please see the Important Information in the appendix.

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FORWARD-LOOKING ANALYSIS

Distribution of max drawdowns

10 Years

No cash flows applied



	CURRENT 60/40 portfolio	70/30 portfolio			
95th	-2.45%	-3.14%			
75th	-7.36%	-8.84%			
50th	-11.52%	-13.70%			
25th	-16.68%	-19.70%			
5th	-26.14%	-30.58%			

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FORWARD-LOOKING ANALYSIS

Distribution of annualized Sharpe ratios



	CURRENT 60/40 portfolio	70/30 portfolio			
95th	0.86	0.85			
75th	0.56	0.56			
50th	0.39	0.39			
25th	0.24	0.24			
5th	0.04	0.04			

IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 2020. Results from the model may vary with each use and over time. For more information, please see the Important Information in the appendix.

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Appendix

Important information

For more information about any funds, visit institutional.vanguard.com or call 800-523-1036 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF® Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

Collective trusts and separately managed accounts (SMAs) are not mutual funds. These investments are available only to tax-qualified plans and their eligible participants. Investment objectives, risks, charges, expenses, and other important information should be considered carefully before investing.

Vanguard Prime Money Market Fund: The Fund is only available to retail investors (natural persons). You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Vanguard Federal and Treasury Money Market Funds: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

All investing is subject to risk, including the possible loss of the money you invest. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/ regional risk and currency risk. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. It is possible that tax-managed funds will not meet their objective of being tax-efficient. Because company stock funds concentrate on a single stock they are considered riskier than diversified stock funds.

Investments in bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax. Diversification does not ensure a profit or protect against a loss.

Investments in a target date fund are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a target date fund is not guaranteed at any time, including on or after the target date.

Advice services offered through Vanguard Institutional Advisory Services are provided by Vanguard Advisers, Inc., a registered investment advisor.

A stable value investment is neither insured nor guaranteed by the U.S. government. There is no assurance that the investment will be able to maintain a stable net asset value, and it is possible to lose money in such an investment.

Factor funds are subject to investment style risk, which is the chance that returns from the types of stocks in which the fund invests will trail returns from U.S. stock markets. Factor funds are subject to manager risk, which is the chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model® regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. VCMM results will vary with each use and over time.

The VCMM projections are based on a statistical analysis of historical data. Future returns may behave differently from the historical patterns captured in the VCMM. More important, the VCMM may be underestimating extreme negative scenarios unobserved in the historical period on which the model estimation is based.

The Vanguard Capital Markets Model® is a proprietary financial simulation tool developed and maintained by Vanguard's primary investment research and advice teams. The model forecasts distributions of future returns for a wide array of broad asset classes. Those asset classes include U.S. and international equity markets, several maturities of the U.S. Treasury and corporate fixed income markets, international fixed income markets, U.S. money markets, commodities, and certain alternative investment strategies. The theoretical and empirical foundation for the Vanguard Capital Markets Model is that the returns of various asset classes reflect the compensation investors require for bearing different types of systematic risk (beta). At the core of the model are estimates of the dynamic statistical relationship between risk factors and asset returns, obtained from statistical analysis based on available monthly financial and economic data from as early as 1960. Using a system of estimated equations, the model then applies a Monte Carlo simulation method to project the estimated interrelationships among risk factors and asset classes as well as uncertainty and randomness over time. The model generates a large set of simulated outcomes for each asset class over several time horizons. Forecasts are obtained by computing measures of central tendency in these simulations. Results produced by the tool will vary with each use and over time.

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Marketing Corporation, Distributor of the Vanguard Funds.

U.S. Patent Nos. 6,879,964; 7,337,138; 7,720,749; 7,925,573; 8,090,646; and 8,417,623, 8,180,695, 8,185,464, and 8,571,963.

Prepared for

City of Pleasant Ridge

October 19, 2020



Agenda

- I. Market and portfolio performance
- II. Forward looking asset allocation study
- III. Fee analysis

Presented by:

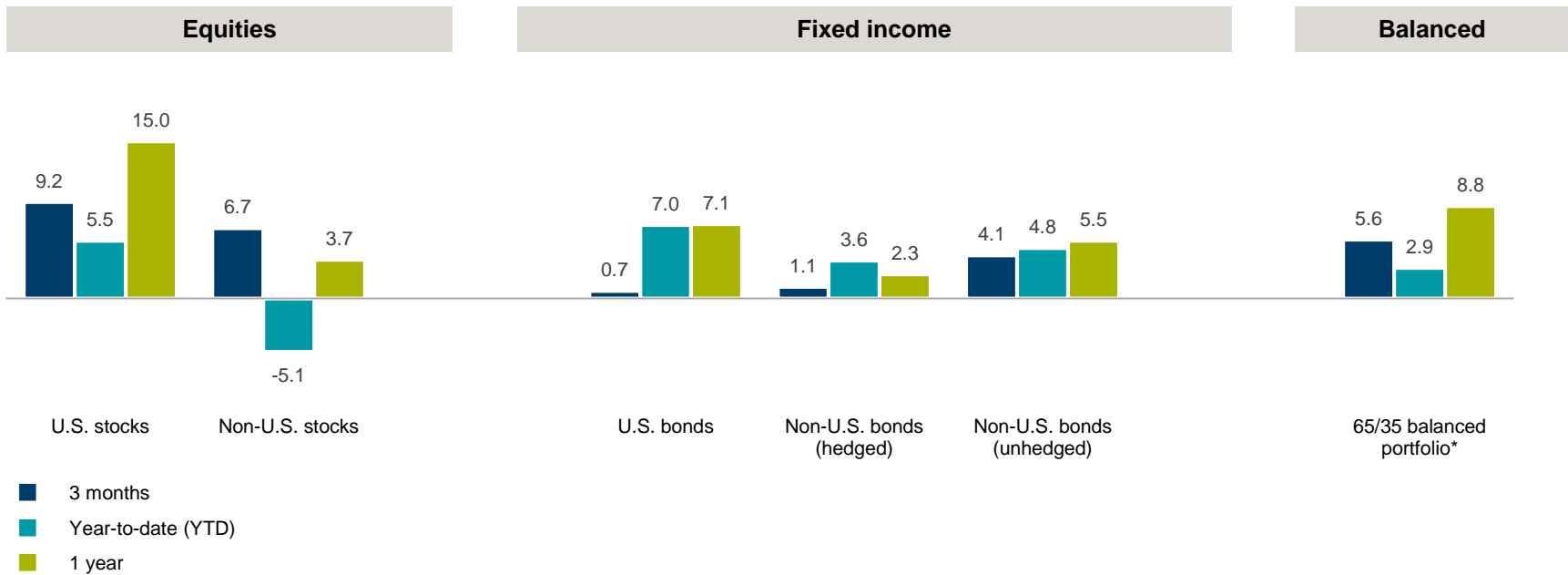
Charles Reinhardt
Senior Investment Consultant
Vanguard Institutional Advisory Services®

Market and portfolio performance

Global markets stabilize amid continued pandemic uncertainty

- As the coronavirus pandemic continues to impact global economies, markets are assessing length and shape of recovery in progress
- Global equities sold off sharply during the first quarter, driving markets briefly into bear market territory, yet have recovered significantly over the last several months
- Fixed income delivered positive returns as Treasury yields reached record lows and credit bonds weathered the impact of the uncertainty

Global market returns as of September 30, 2020 (%)



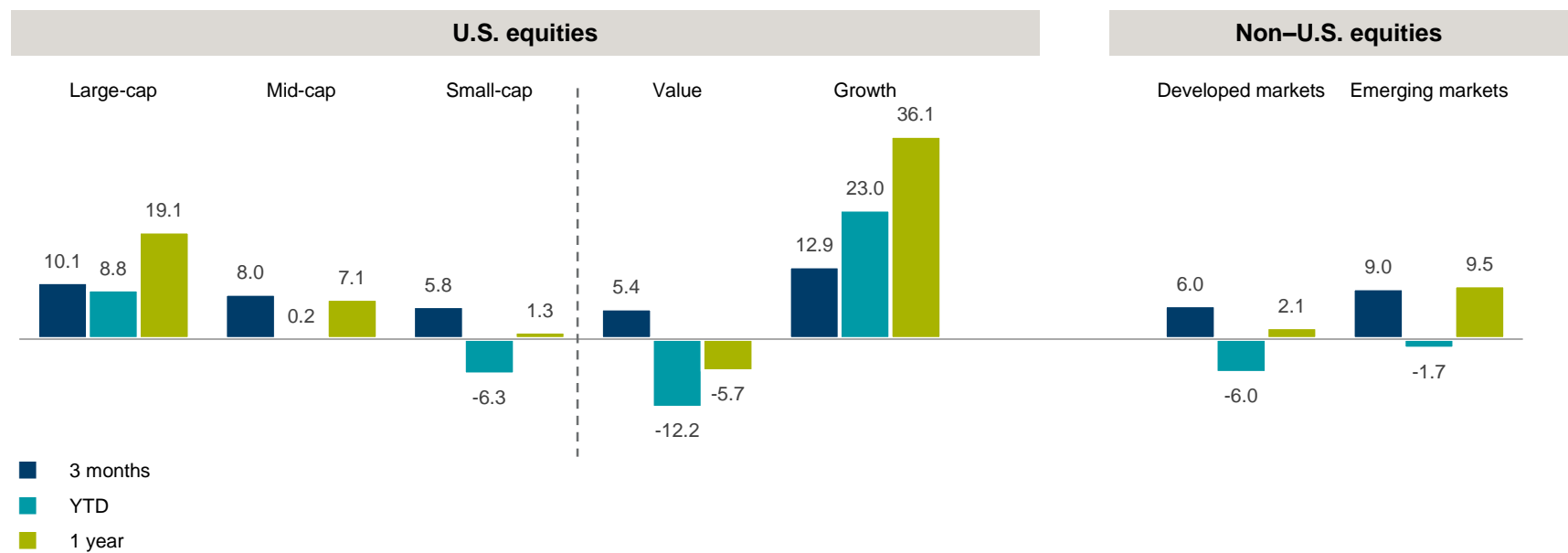
Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Sources: Bloomberg Barclays, CRSP, and FTSE.
U.S. stocks (CRSP U.S. Total Market Index), non-U.S. stocks (FTSE Global All-Cap ex-US Index), U.S. bonds (Bloomberg Barclays U.S. Aggregate Float Adjusted Index), non-U.S. bonds hedged (Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index hedged), non-U.S. bonds unhedged (Bloomberg Barclays Global Aggregate Index ex USD).
* 65/35 balanced portfolio Static Composite (39% U.S. stocks, 26% international stocks, and 24.5% investment-grade U.S. bonds, 10.5% investment-grade international bonds).

Stocks across market cap and style see significant divergence

- Large-cap stocks have led returns by market cap year-to-date (YTD) and during the trailing 12 months
- Growth stocks, led by a select group of mega-cap companies, have significantly outperformed value stocks, extending their recent performance advantage of the last couple years
- In non-U.S. equity markets, emerging markets have outperformed developed markets recently, yet both have fallen short of U.S. market returns

Global equity market returns as of September 30, 2020 (%)



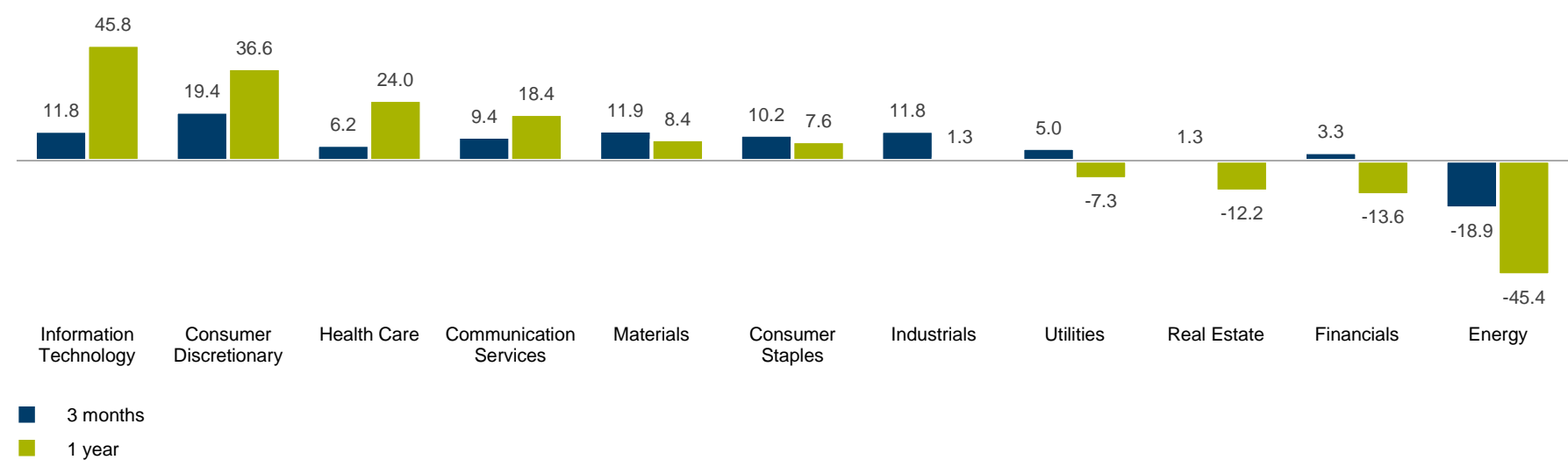
Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Sources: CRSP, FTSE, and Russell.
Large-cap (CRSP U.S. Mega Cap Index), mid-cap (CRSP U.S. Mid Cap Index), small-cap (CRSP U.S. Small Cap Index); value (Russell 3000 Value Index), growth (Russell 3000 Growth Index); developed markets (FTSE Developed All Cap ex-U.S. Index), emerging markets (FTSE Emerging Markets All Cap China A Inclusion Index).

U.S. sector performance—Recovery present in many industries

- No sector escaped the sell-off in the first quarter as steep losses were booked across industries, yet growth-oriented companies have led the recovery over the past several months
- Wide divergence in 12-month returns between the top and bottom sectors illustrates the benefit of diversification
- Energy has posted the deepest loss over the trailing 12 months, impacted by a severe demand shock from the COVID-19 pandemic

U.S. equity sector returns as of September 30, 2020 (%)



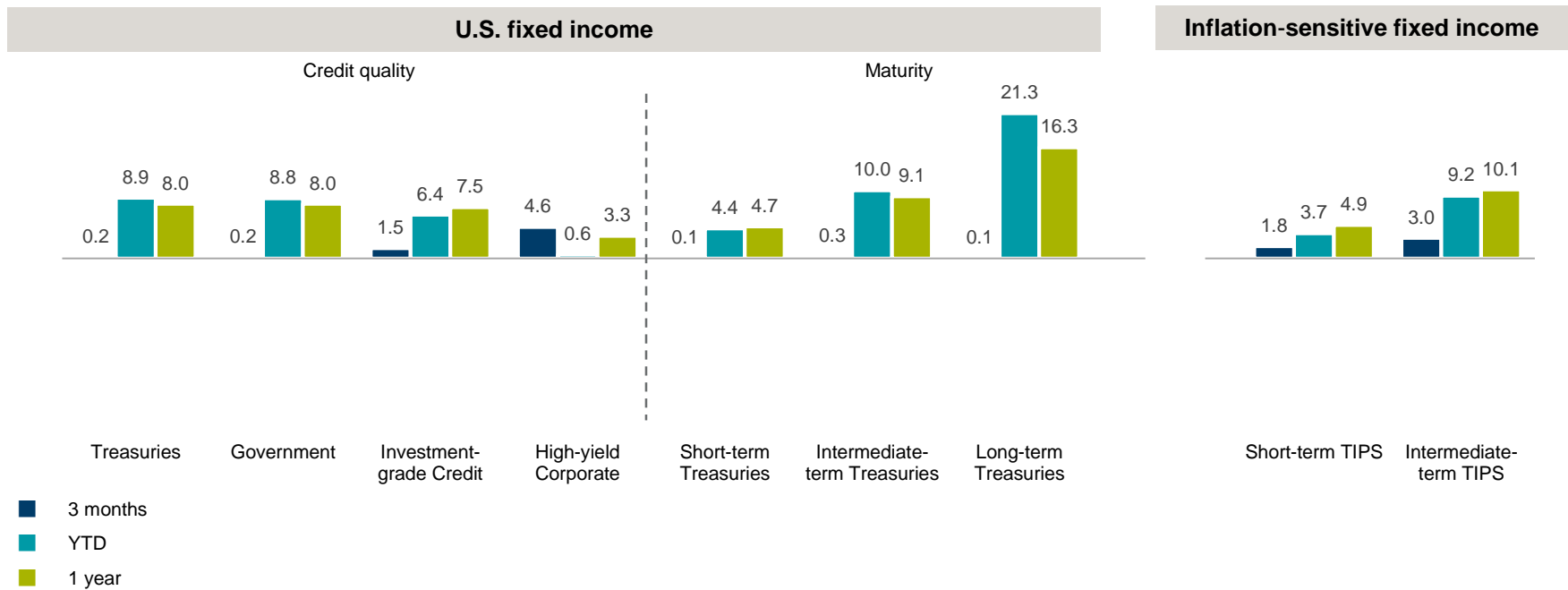
Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Source: FactSet.
U.S. markets measured by CRSP U.S. Total Market Index.

Bonds post positive returns during crisis

- Treasury yields hit record lows across the curve as investors fled risky assets and the Federal Reserve cut short-term rates to near zero
- Credit spreads widened sharply during the initial outbreak and market reaction, yet both investment-grade and high-yield bonds have recovered during the past several months
- Treasuries have had exceptionally strong performance as economic activity and expectations have fallen dramatically

Domestic fixed income market returns as of September 30, 2020 (%)

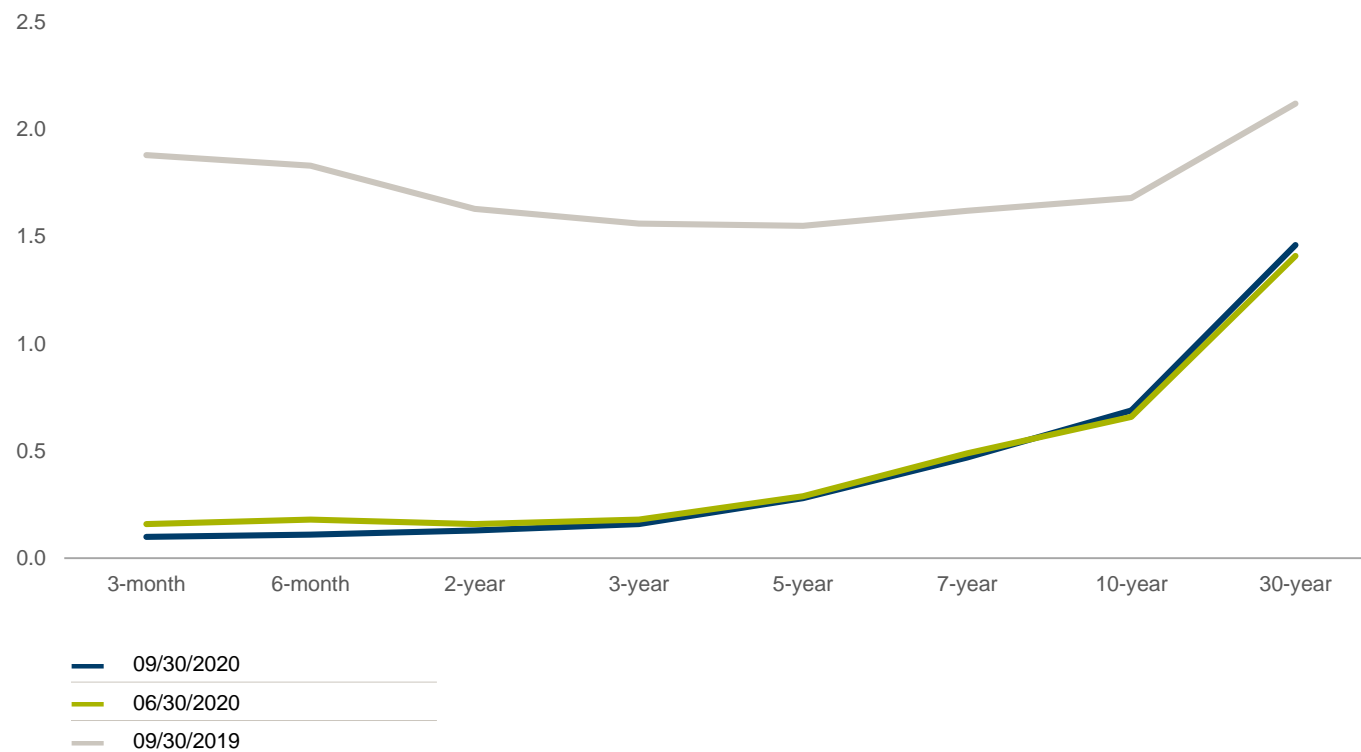


Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Source: Bloomberg Barclays.
Treasuries, government, investment-grade credit; high-yield (Bloomberg Barclays U.S. Treasury/Government/Credit/Corporate High-Yield Indices); short-inter-long-term Treasuries (Bloomberg Barclays U.S. 1-5/5-10/Long Treasury Indices); short-term TIPS (Bloomberg Barclays U.S. Treasury 0-5 Year Inflation-Protected Index); intermediate-term TIPS (Bloomberg Barclays U.S. Treasury Inflation-Protected Index).

U.S. Treasury yield curve—Rates remain at or near historic lows

Yield (%) and change (bps)	3-month	6-month	2-year	3-year	5-year	7-year	10-year	30-year
Current yield (%)	0.10	0.11	0.13	0.16	0.28	0.47	0.69	1.46
3 mo. Δ	-6	-7	-3	-2	-1	-2	3	5
12 mo. Δ	-178	-172	-150	-140	-127	-115	-99	-66



Appendix

Notes on asset-return distributions

The asset-return distributions shown here represent Vanguard's view on the potential range of risk premiums that may occur over the next ten years; such long-term projections are not intended to be extrapolated into a short-term view. These potential outcomes for long-term investment returns are generated by the Vanguard Capital Markets Model® (VCMM) and reflect the collective perspective of our Investment Strategy Group. The expected risk premiums—and the uncertainty surrounding those expectations—are among a number of qualitative and quantitative inputs used in Vanguard's investment methodology and portfolio construction process.

Notes on risk

All investing is subject to risk, including the possible loss of the money you invest. Past performance is no guarantee of future returns. Investments in bond funds are subject to interest rate, credit, and inflation risk. Foreign investing involves additional risks, including currency fluctuations and political uncertainty. Diversification does not ensure a profit or protect against a loss in a declining market. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Stocks of companies in emerging markets are generally more risky than stocks of companies in developed countries. U.S. government backing of Treasury or agency securities applies only to the underlying securities and does not prevent price fluctuations. Investments that concentrate on a relatively narrow market sector face the risk of higher price volatility. Investments in stocks issued by non-U.S. companies are subject to risks including country/regional risk and currency risk.

Bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit-quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit-quality ratings. Although the income from U.S. Treasury obligations held in the fund is subject to federal income tax, some or all of that income may be exempt from state and local taxes.

The primary value of the VCMM is in its application to analyzing potential client portfolios. VCMM asset-class forecasts—comprising distributions of expected returns, volatilities, and correlations—are key to the evaluation of potential downside risks, various risk–return trade-offs, and the diversification benefits of various asset classes. Although central tendencies are generated in any return distribution, Vanguard stresses that focusing on the full range of potential outcomes for the assets considered, such as the data presented in this paper, is the most effective way to use VCMM output. We encourage readers interested in more details of the VCMM to read Vanguard's white paper (Davis et al., 2014).

The VCMM seeks to represent the uncertainty in the forecast by generating a wide range of potential outcomes. It is important to recognize that the VCMM does not impose “normality” on the return distributions, but rather is influenced by the so-called fat tails and skewness in the empirical distribution of modeled asset-class returns. Within the range of outcomes, individual experiences can be quite different, underscoring the varied nature of potential future paths. Indeed, this is a key reason why we approach asset-return outlooks in a distributional framework.

Index simulations

The long-term returns of our hypothetical portfolios are based on data for the appropriate market indexes through June 2020. We chose these benchmarks to provide the most complete history possible, and we apportioned the global allocations to align with Vanguard's guidance in constructing diversified portfolios. Asset classes and their representative forecast indexes are as follows:

- **U.S. equities:** MSCI US Broad Market Index.
- **Global ex-U.S. equities:** MSCI All Country World ex USA Index.
- **U.S. REITs:** FTSE/NAREIT US Real Estate Index.
- **U.S. cash:** U.S. 3-Month Treasury—constant maturity.
- **U.S. Treasury bonds:** Bloomberg Barclays U.S. Treasury Index.
- **U.S. short-term Treasury bonds:** Bloomberg Barclays U.S. 1–5 Year Treasury Bond Index.
- **U.S. long-term Treasury bonds:** Bloomberg Barclays U.S. Long Treasury Bond Index.
- **U.S. credit bonds:** Bloomberg Barclays U.S. Credit Bond Index.
- **U.S. short-term credit bonds:** Bloomberg Barclays U.S. 1–3 Year Credit Bond Index.
- **U.S. high-yield corporate bonds:** Bloomberg Barclays U.S. High Yield Corporate Bond Index.
- **U.S. bonds:** Bloomberg Barclays U.S. Aggregate Bond Index.
- **Global ex-U.S. bonds:** Bloomberg Barclays Global Aggregate ex-USD Index.
- **U.S. TIPS:** Bloomberg Barclays U.S. Treasury Inflation Protected Securities Index.
- **U.S. short-term TIPS:** Bloomberg Barclays U.S. 1–5 Year Treasury Inflation Protected Securities Index.

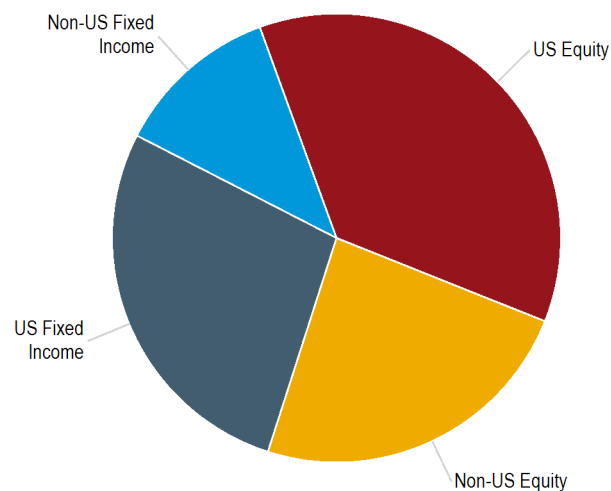
Total Portfolio Performance & Asset Allocation

Performance Summary ending September 30, 2020

	Market Value (\$)	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
CITY OF PLEASANT RIDGE	2,523,124	-1.69	5.16	3.69	9.13	6.89	8.36	--	6.51	Mar-15
CITY OF PLEASANT RIDGE (Net)		-1.69	5.05	3.34	8.64	6.39	7.84	--	6.01	
Composite Benchmark		-1.74	5.26	3.67	9.16	7.00	8.46	--	6.56	Mar-15

- Composite Benchmark = 12% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged / 28% Spliced Bloomberg Barclays US Aggregate Float Adjusted Index / 24% Spliced Total International Stock Index / 36% Spliced Total Stock Market Index

Current Allocation as of September 30, 2020



	Current \$	Current %	Policy	Difference*
US Equity	\$922,308	36.6%	36.0%	0.6%
Non-US Equity	\$604,278	23.9%	24.0%	-0.1%
US Fixed Income	\$696,954	27.6%	28.0%	-0.4%
Non-US Fixed Income	\$299,585	11.9%	12.0%	-0.1%
Total	\$2,523,124	100.0%	100.0%	

*Difference between Policy and Current Allocation

Gross of Advisory Fee returns reflect the deduction of fund expense ratios and any other security-level expenses.

Net of Fee returns reflect the deduction of fund expense ratios, any purchase or redemption fees, and VIAS advisory fee applied to the client portfolio.

Returns greater than one year represent annualized returns. Returns less than one year represent cumulative returns.

Performance Summary (Gross of Advisory Fees) ending September 30, 2020

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
CITY OF PLEASANT RIDGE	2,523,124	100.00	-1.69	5.16	3.69	9.13	6.89	8.36	--	6.51	Mar-15
CITY OF PLEASANT RIDGE (Net)			-1.69	5.05	3.34	8.64	6.39	7.84	--	6.01	
Composite Benchmark			-1.74	5.26	3.67	9.16	7.00	8.46	--	6.56	Mar-15
Total Equity	1,526,586	60.50	-2.92	8.11	1.30	10.40	7.47	10.74	--	7.96	Mar-15
Equity Domestic	922,308	36.55	-3.56	9.20	5.49	14.99	11.64	13.68	--	10.85	Mar-15
Spliced Total Stock Market Index			-3.56	9.20	5.49	14.99	11.65	13.69	13.50	10.86	Mar-15
Equity International	604,278	23.95	-1.93	6.48	-4.80	3.77	1.25	6.31	--	3.61	Mar-15
Spliced Total International Stock Index			-2.28	6.70	-5.09	3.69	1.31	6.41	4.23	3.62	Mar-15
Total Fixed Income	996,539	39.50	0.25	0.95	6.08	5.85	5.20	4.28	--	3.75	Mar-15
Fixed Income Domestic	696,954	27.62	0.01	0.89	7.20	7.46	5.22	4.24	--	3.79	Mar-15
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			-0.05	0.65	6.99	7.14	5.33	4.26	3.67	3.75	Mar-15
Fixed Income International	299,585	11.87	0.81	1.10	3.47	2.15	5.11	4.34	--	3.64	Mar-15
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			0.84	1.07	3.63	2.33	5.33	4.57	--	3.87	Mar-15

Gross of Advisory Fee returns reflect the deduction of fund expense ratios and any other security-level expenses.

Net of Fee returns reflect the deduction of fund expense ratios, any purchase or redemption fees, and VIAS advisory fee applied to the client portfolio.

Returns greater than one year represent annualized returns. Returns less than one year represent cumulative returns.

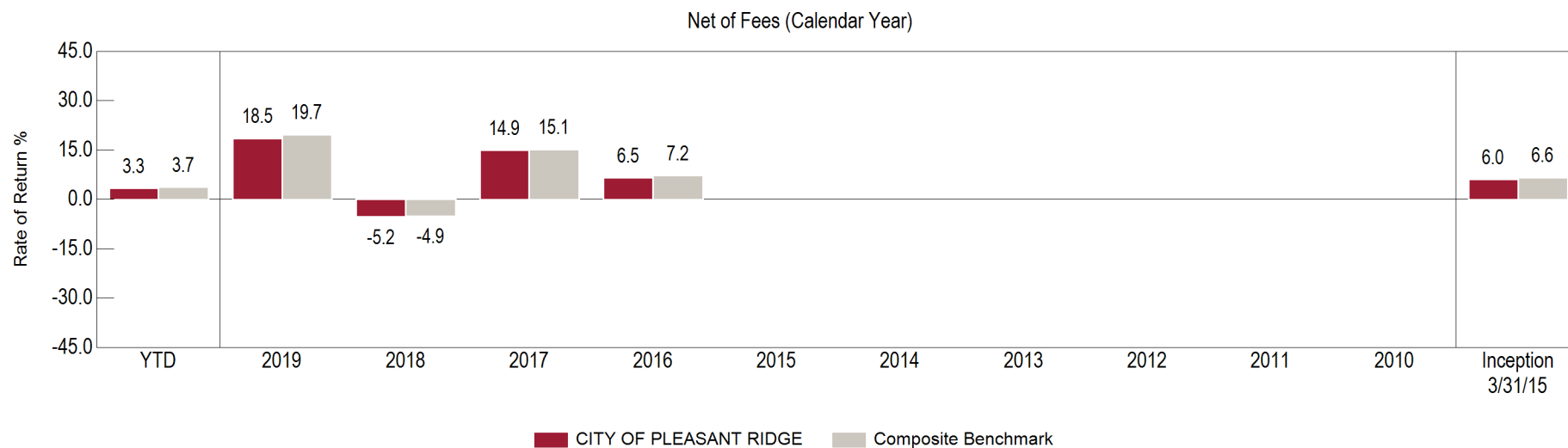
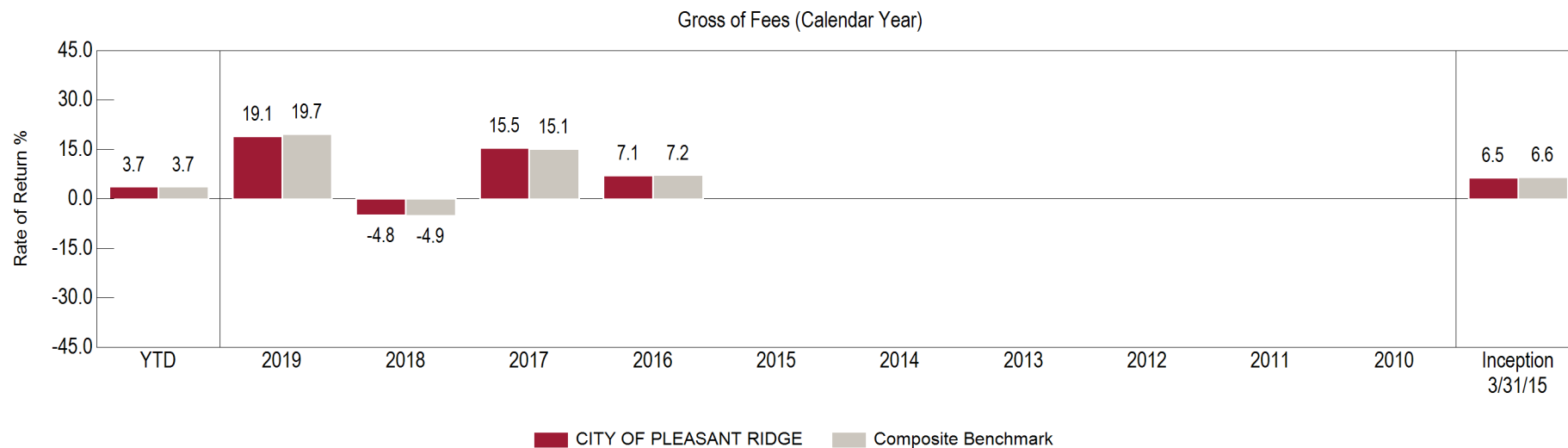
Performance Summary (Gross of Advisory Fees) ending September 30, 2020

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
CITY OF PLEASANT RIDGE	2,523,124	100.00	-1.69	5.16	3.69	9.13	6.89	8.36	--	6.51	Mar-15
Composite Benchmark			-1.74	5.26	3.67	9.16	7.00	8.46	--	6.56	Mar-15
Total Equity	1,526,586	60.50	-2.92	8.11	1.30	10.40	7.47	10.74	--	7.96	Mar-15
Equity Domestic	922,308	36.55	-3.56	9.20	5.49	14.99	11.64	13.68	--	10.85	Mar-15
Spliced Total Stock Market Index			-3.56	9.20	5.49	14.99	11.65	13.69	13.50	10.86	Mar-15
Vanguard® Total Stock Market Indx Fund Admiral™ Shares	922,308	36.55	-3.56	9.20	5.49	14.99	11.64	13.68	13.48	10.84	Mar-15
Spliced Total Stock Market Index			-3.56	9.20	5.49	14.99	11.65	13.69	13.50	10.86	Mar-15
Multi-Cap Core Funds Average			-3.00	8.18	1.90	10.05	8.23	10.44	10.69	7.74	Mar-15
Equity International	604,278	23.95	-1.93	6.48	-4.80	3.77	1.25	6.31	--	3.61	Mar-15
Spliced Total International Stock Index			-2.28	6.70	-5.09	3.69	1.31	6.41	4.23	3.62	Mar-15
Vanguard® Total International Stock Index Fund Adm™ Shares	604,278	23.95	-1.93	6.48	-4.80	3.77	1.25	6.31	4.20	3.61	Mar-15
Spliced Total International Stock Index			-2.28	6.70	-5.09	3.69	1.31	6.41	4.23	3.62	Mar-15
International Funds Average			-1.85	6.82	-3.21	5.52	1.51	5.82	4.59	3.52	Mar-15
Total Fixed Income	996,539	39.50	0.25	0.95	6.08	5.85	5.20	4.28	--	3.75	Mar-15
Fixed Income Domestic	696,954	27.62	0.01	0.89	7.20	7.46	5.22	4.24	--	3.79	Mar-15
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			-0.05	0.65	6.99	7.14	5.33	4.26	3.67	3.75	Mar-15
Vanguard® Total Bond Market Index Fund Admiral™ Shares	348,635	13.82	0.08	0.61	7.00	7.03	5.30	4.20	3.59	3.69	Mar-15
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			-0.05	0.65	6.99	7.14	5.33	4.26	3.67	3.75	Mar-15
Spliced Intermediate-Term Investment-Grade Debt Funds Average			-0.06	1.25	6.67	6.90	4.93	4.08	3.60	3.49	Mar-15
Vanguard® Short-Term Investment-Grade Fund Adm™ Shares	153,843	6.10	-0.01	0.93	4.23	4.89	3.64	3.13	2.65	2.91	Mar-15
BBgBarc US Credit 1-5 Yr TR			-0.09	0.82	4.20	5.07	3.89	3.26	2.88	3.02	Mar-15
1-5 Year Investment-Grade Debt Funds Average			0.01	1.03	2.98	3.57	2.82	2.39	1.96	2.15	Mar-15
Vanguard® Inter-Term Investment-Grade Fund Adm™ Shares	105,541	4.18	-0.08	1.48	8.37	9.07	6.09	5.21	4.73	4.64	Mar-15
BBgBarc US Credit 5-10 Yr TR			-0.20	1.76	7.05	8.31	6.43	5.82	5.24	5.00	Mar-15

Performance Summary (Gross of Advisory Fees) ending September 30, 2020

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Spliced Core Bond Funds Average			-0.06	1.25	6.67	6.90	4.93	4.08	3.60	3.49	Mar-15
Vanguard® Long-Term Investment-Grade Admiral Shares	88,935	3.52	-0.16	1.23	11.93	11.60	9.49	8.98	7.75	11.60	Sep-19
BBgBarc US Credit Long A+ TR			-0.35	1.46	10.60	10.72	8.94	8.53	7.36	10.72	Sep-19
Corporate A-Rated Debt Funds Average			-0.04	1.52	7.42	7.51	5.87	5.13	4.35	7.51	Sep-19
Fixed Income International	299,585	11.87	0.81	1.10	3.47	2.15	5.11	4.34	--	3.64	Mar-15
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			0.84	1.07	3.63	2.33	5.33	4.57	--	3.87	Mar-15
Vanguard® Total International Bond Index Fund Adm™ Shares	299,585	11.87	0.81	1.10	3.47	2.15	5.11	4.34	--	3.64	Mar-15
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			0.84	1.07	3.63	2.33	5.33	4.57	--	3.87	Mar-15
International Income Funds Average			-0.35	2.73	1.60	2.62	2.23	3.36	1.76	2.38	Mar-15

Total Portfolio Performance



Gross of Advisory Fee returns reflect the deduction of fund expense ratios and any other security-level expenses.

Net of Fee returns reflect the deduction of fund expense ratios, any purchase or redemption fees, and VIAS advisory fee applied to the client portfolio.

Returns greater than one year represent annualized returns. Returns less than one year represent cumulative returns.

Cash Flow Summary

	Last Month	Last Three Months	Year-To-Date	One Year
Beginning Market Value	\$2,566,529	\$2,402,008	\$2,526,391	\$2,403,083
Net Cash Flow	\$0	-\$2,826	-\$108,391	-\$111,218
Capital Appreciation	-\$52,400	\$111,703	\$71,697	\$173,852
Income	\$8,995	\$12,239	\$33,428	\$57,408
Ending Market Value	\$2,523,124	\$2,523,124	\$2,523,124	\$2,523,124

Month Ending September 30, 2020

	Beginning Market Value	Net Cash Flow	Capital Appreciation	Income	Ending Market Value
Vanguard® Inter-Term Investment-Grade Fund Adm™ Shares	\$105,630	\$0	-\$298	\$209	\$105,541
Vanguard® Long-Term Investment-Grade Admiral Shares	\$89,074	\$0	-\$373	\$234	\$88,935
Vanguard® Short-Term Investment-Grade Fund Adm™ Shares	\$153,851	\$0	-\$280	\$272	\$153,843
Vanguard® Total Bond Market Index Fund Admiral™ Shares	\$348,339	\$0	-\$300	\$595	\$348,635
Vanguard® Total International Bond Index Fund Adm™ Shares	\$297,166	\$0	\$2,190	\$229	\$299,585
Vanguard® Total International Stock Index Fund Adm™ Shares	\$616,139	\$0	-\$15,708	\$3,846	\$604,278
Vanguard® Total Stock Market Indx Fund Admiral™ Shares	\$956,330	\$0	-\$37,631	\$3,609	\$922,308
Total	\$2,566,529	\$0	-\$52,400	\$8,995	\$2,523,124

Investment Expense Analysis as of September 30, 2020

Name	Market Value	% of Portfolio	Expense Ratio
Total Equity	\$1,526,586	60.5%	
Equity Domestic	\$922,308	36.6%	
Vanguard® Total Stock Market Indx Fund Admiral™ Shares	\$922,308	36.6%	0.040%
Equity International	\$604,278	23.9%	
Vanguard® Total International Stock Index Fund Adm™ Shares	\$604,278	23.9%	0.110%
Total Fixed Income	\$996,539	39.5%	
Fixed Income Domestic	\$696,954	27.6%	
Vanguard® Short-Term Investment-Grade Fund Adm™ Shares	\$153,843	6.1%	0.100%
Vanguard® Total Bond Market Index Fund Admiral™ Shares	\$348,635	13.8%	0.050%
Vanguard® Inter-Term Investment-Grade Fund Adm™ Shares	\$105,541	4.2%	0.100%
Vanguard® Long-Term Investment-Grade Admiral Shares	\$88,935	3.5%	0.120%
Fixed Income International	\$299,585	11.9%	
Vanguard® Total International Bond Index Fund Adm™ Shares	\$299,585	11.9%	0.110%
Total	\$2,523,124	100.0%	0.075%

Market Performance as of September 30, 2020

Name	Sep-20	Last 3 Months	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
US Equity							
CRSP US Total Market TR USD	-3.6	9.2	5.5	15.0	11.7	13.7	13.4
S&P 500	-3.8	8.9	5.6	15.1	12.3	14.1	13.7
S&P 400 MidCap	-3.2	4.8	-8.6	-2.2	2.9	8.1	10.5
S&P 600 SmallCap	-4.7	3.2	-15.2	-8.3	-0.3	7.2	10.6
International Equity							
MSCI Emerging Markets	-1.6	9.6	-1.2	10.5	2.4	9.0	2.5
MSCI Emerging Markets NR LCL	-1.6	8.6	2.7	12.5	4.8	9.6	5.6
MSCI EAFE	-2.6	4.8	-7.1	0.5	0.6	5.3	4.6
MSCI EAFE NR LCL	-1.0	1.2	-9.4	-4.7	0.6	4.8	6.3
MSCI ACWI ex USA	-2.5	6.3	-5.4	3.0	1.2	6.2	4.0
Fixed Income Domestic							
BBgBarc US Aggregate TR	-0.1	0.6	6.8	7.0	5.2	4.2	3.6
BBgBarc US Corporate 1-5 Years TR	-0.1	0.9	4.2	5.2	4.0	3.4	3.1
BBgBarc US Credit/Corp 5-10 Yr TR	-0.2	1.8	7.2	8.5	6.5	6.0	5.4
BBgBarc US Corporate Long TR	-0.5	1.9	8.4	9.8	8.8	8.9	7.4
BBgBarc US Govt/Credit Long TR	-0.1	1.2	14.2	12.9	10.2	8.8	7.4
BBgBarc US Treasury Strips 20-30 Yr Equal Parity TR	0.5	0.4	28.8	21.2	15.7	10.9	10.1
BBgBarc US High Yield TR	-1.0	4.6	0.6	3.3	4.2	6.8	6.5
BBgBarc US Govt TR	0.1	0.2	8.8	8.0	5.5	3.7	3.1
BBgBarc US Credit TR	-0.3	1.5	6.4	7.5	6.2	5.7	4.9
BBgBarc US Treasury 1-5 Yr TR	0.0	0.1	4.4	4.7	3.2	2.2	1.7
BBgBarc US Treasury 5-10 Yr TR	0.2	0.3	10.0	9.1	6.0	4.1	3.7
BBgBarc US Treasury Long TR	0.4	0.1	21.3	16.3	11.9	8.2	7.2
BBgBarc US Treasury TIPS 0-5 Yr TR	-0.2	1.8	3.7	4.9	3.1	2.5	1.8
BBgBarc US TIPS TR	-0.4	3.0	9.2	10.1	5.8	4.6	3.6
Fixed Income International							
BBgBarc Global Aggregate ex US Tres Hedged TR	0.7	0.7	3.0	1.8	4.9	4.3	4.1
BBgBarc Emerging Markets TR	-1.3	2.4	1.9	4.1	4.2	6.2	5.4
REIT							
MSCI US REIT Gross	-3.2	1.6	-17.1	-17.8	0.3	4.0	7.9

Benchmark History as of September 30, 2020

CITY OF PLEASANT RIDGE		
4/1/2015	Present	12% Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged / 28% Spliced Bloomberg Barclays US Aggregate Float Adjusted Index / 24% Spliced Total International Stock Index / 36% Spliced Total Stock Market Index
Total Equity		
N/A		
Equity Domestic		
3/31/2015	Present	100% CRSP US Total Market TR USD
Vanguard® Total Stock Market Indx Fund Admiral™ Shares		
3/31/2015	Present	100% CRSP US Total Market TR USD
Equity International		
3/31/2015	Present	100% FTSE Global All-Cap ex-US Index
Vanguard® Total International Stock Index Fund Adm™ Shares		
3/31/2015	Present	100% FTSE Global All-Cap ex-US Index
Total Fixed Income		
N/A		
Fixed Income Domestic		
3/31/2015	Present	100% BBgBarc US Aggregate Float Adjusted TR
Vanguard® Short-Term Investment-Grade Fund Adm™ Shares		
3/31/2015	Present	BBgBarc US Credit 1-5 Yr TR
Vanguard® Total Bond Market Index Fund Admiral™ Shares		
3/31/2015	Present	100% BBgBarc US Aggregate Float Adjusted TR
Vanguard® Inter-Term Investment-Grade Fund Adm™ Shares		
3/31/2015	Present	BBgBarc US Credit 5-10 Yr TR
Vanguard® Long-Term Investment-Grade Admiral Shares		
9/30/2019	Present	BBgBarc US Credit Long A+ TR
Fixed Income International		

Benchmark History as of September 30, 2020

3/31/2015	Present	Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged
Vanguard® Total International Bond Index Fund Adm™ Shares		
3/31/2015	Present	Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged

Legal

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Total Portfolio returns represent client-specific time-weighted returns (TWR) are presented gross of any applicable service fees with the exception of mutual fund expense ratios and other security-level expenses.

Internal rates of return (IRR) are net of any applicable service fees, include account-specific cash flows, and are not directly comparable to a benchmark, since benchmarks do not include cash flows.

Client performance inception date is generally the first month-end after initial funding. Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Diversification does not ensure a profit or protect against a loss.

Performance figures assume the reinvestment of dividends and capital gains distributions. The fund performance percentages are based on fund total return data, adjusted for expenses, obtained from Lipper, a Thomson Reuters Company. The total return data was not adjusted for fees and loads.

Benchmark comparative indexes represent unmanaged or average returns on various financial assets, which can be compared with funds' total returns for the purpose of measuring relative performance.

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Forward looking asset allocation study

Analysis assumptions

Initial investment for analysis: **\$2,600,000**

50/50 portfolio

Ticker	Name	Earliest returns available	Allocation
VTSEX	Vanguard Total Stock Mkt Idx Adm	12/31/2000	30.00%
VTIAX	Vanguard Total Intl Stock Index Admiral	12/31/2010	20.00%
VBTLX	Vanguard Total Bond Market Index Adm	12/31/2001	17.50%
VFSUX	Vanguard Short-Term Investment-Grade Adm	03/31/2001	7.75%
VFIDX	Vanguard Inter-Term Investment-Grde Adm	03/31/2001	5.25%
VWETX	Vanguard Long-Term Investment-Grade Adm	03/31/2001	4.50%
VTABX	Vanguard Total Intl Bd Idx Admiral™	06/30/2013	15.00%

Analysis assumptions

Initial investment for analysis: **\$2,600,000**

CURRENT 60/40 portfolio

Ticker	Name	Earliest returns available	Allocation
VTSEX	Vanguard Total Stock Mkt Idx Adm	12/31/2000	36.00%
VTIAX	Vanguard Total Intl Stock Index Admiral	12/31/2010	24.00%
VBTLX	Vanguard Total Bond Market Index Adm	12/31/2001	14.00%
VFSUX	Vanguard Short-Term Investment-Grade Adm	03/31/2001	6.30%
VFIDX	Vanguard Inter-Term Investment-Grde Adm	03/31/2001	4.20%
VWETX	Vanguard Long-Term Investment-Grade Adm	03/31/2001	3.50%
VTABX	Vanguard Total Intl Bd Idx Admiral™	06/30/2013	12.00%

Analysis assumptions

Initial investment for analysis: **\$2,600,000**

70/30 portfolio

Ticker	Name	Earliest returns available	Allocation
VTSEX	Vanguard Total Stock Mkt Idx Adm	12/31/2000	42.00%
VTIAX	Vanguard Total Intl Stock Index Admiral	12/31/2010	28.00%
VBTLX	Vanguard Total Bond Market Index Adm	12/31/2001	10.50%
VFSUX	Vanguard Short-Term Investment-Grade Adm	03/31/2001	4.75%
VFIDX	Vanguard Inter-Term Investment-Grde Adm	03/31/2001	3.25%
VWETX	Vanguard Long-Term Investment-Grade Adm	03/31/2001	2.50%
VTABX	Vanguard Total Intl Bd Idx Admiral™	06/30/2013	9.00%

All investing is subject to risk, including the possible loss of the money you invest. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. There may be other material differences between products that must be considered prior to investing. Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Forward-looking analysis assumptions

Forecast: **June 2020**

	50/50 portfolio		CURRENT 60/40 portfolio		70/30 portfolio					
	Active	Passive	Active	Passive	Active	Passive				
U.S. Equity		30.49%		36.56%		42.62%				
Non-U.S. Equity		19.66%		23.51%		27.37%				
Non-U.S. Aggregate Bonds		15.30%		12.24%		9.18%				
U.S. High-Yield Bonds		0.13%		0.11%		0.08%				
U.S. Short-Term Credit		10.42%		8.43%		6.37%				
U.S. Intermediate-Term Credit		4.08%		3.26%		2.50%				
U.S. Long-Term Credit		6.02%		4.72%		3.43%				
U.S. Short-Term Treasury		3.63%		2.91%		2.19%				
U.S. Intermediate-Term Treasury		5.31%		4.25%		3.21%				
U.S. Long-Term Treasury		1.55%		1.23%		0.91%				
U.S. REITs		0.06%		0.05%		0.04%				
U.S. Intermediate-Term TIPS		0.22%		0.19%		0.17%				
U.S. Cash		3.08%		2.47%		1.85%				
Commodities		0.06%		0.08%		0.09%				

Style weights are determined by using returns-based style analysis (RBSA) of the individual investments and aggregated at the portfolio/benchmark level considering the allocation of each investment.

Forward-looking analysis assumptions

Initial investment for analysis: **\$2,600,000**

	50/50 portfolio		CURRENT 60/40 portfolio		70/30 portfolio			
	Withdrawals	Contributions	Withdrawals	Contributions	Withdrawals	Contributions		
Cash flow type	Fixed	None	Fixed	None	Fixed	None		
Cash flow frequency	Annually	—	Annually	—	Annually	—		
Annual amount	\$40,000	—	\$40,000	—	\$40,000	—		
Start value	—	—	—	—	—	—		
Annual growth rate	—	—	—	—	—	—		
Smoothing period	—	—	—	—	—	—		
Rebalance frequency	Annually		Annually		Annually			
Rebalance band	—		—		—			

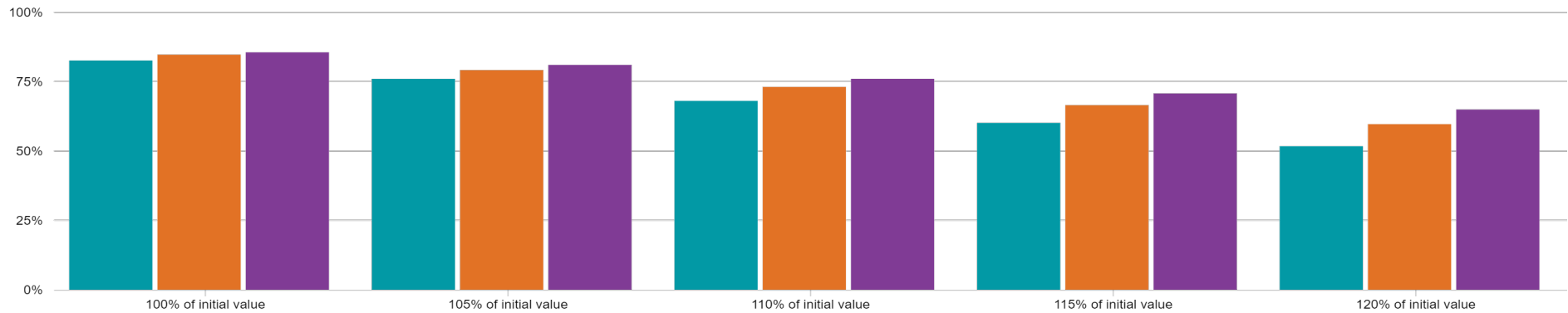
All forward-looking analysis assumes an annual rebalance policy.

FORWARD-LOOKING ANALYSIS

Probability of maintaining real investment value

10 Years

Cash flows applied



	50/50 portfolio	CURRENT 60/40 portfolio	70/30 portfolio		
100% of initial value	82.61%	84.72%	85.54%		
105% of initial value	75.99%	79.14%	81.02%		
110% of initial value	68.05%	73.08%	76.00%		
115% of initial value	60.13%	66.51%	70.73%		
120% of initial value	51.71%	59.66%	64.94%		

IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 2020. Results from the model may vary with each use and over time. For more information, please see the Important Information in the appendix.

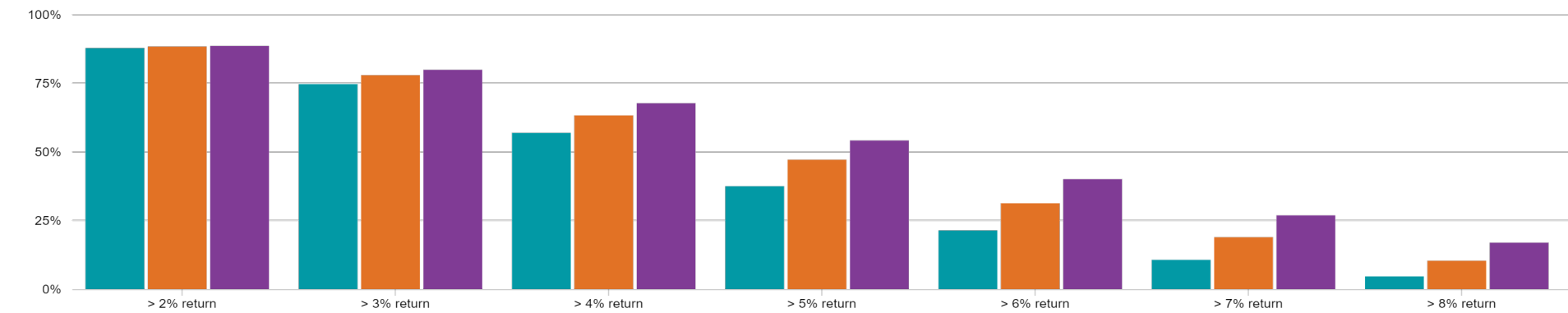
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FORWARD-LOOKING ANALYSIS

Probability of meeting annualized return objectives

Nominal | 10 Years

No cash flows applied



	50/50 portfolio	CURRENT 60/40 portfolio	70/30 portfolio		
> 2% return	87.80%	88.36%	88.58%		
> 3% return	74.67%	77.93%	79.88%		
> 4% return	56.91%	63.26%	67.71%		
> 5% return	37.48%	47.13%	54.14%		
> 6% return	21.38%	31.27%	40.05%		
> 7% return	10.66%	18.91%	26.86%		
> 8% return	4.63%	10.33%	16.91%		

IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 2020. Results from the model may vary with each use and over time. For more information, please see the Important Information in the appendix.

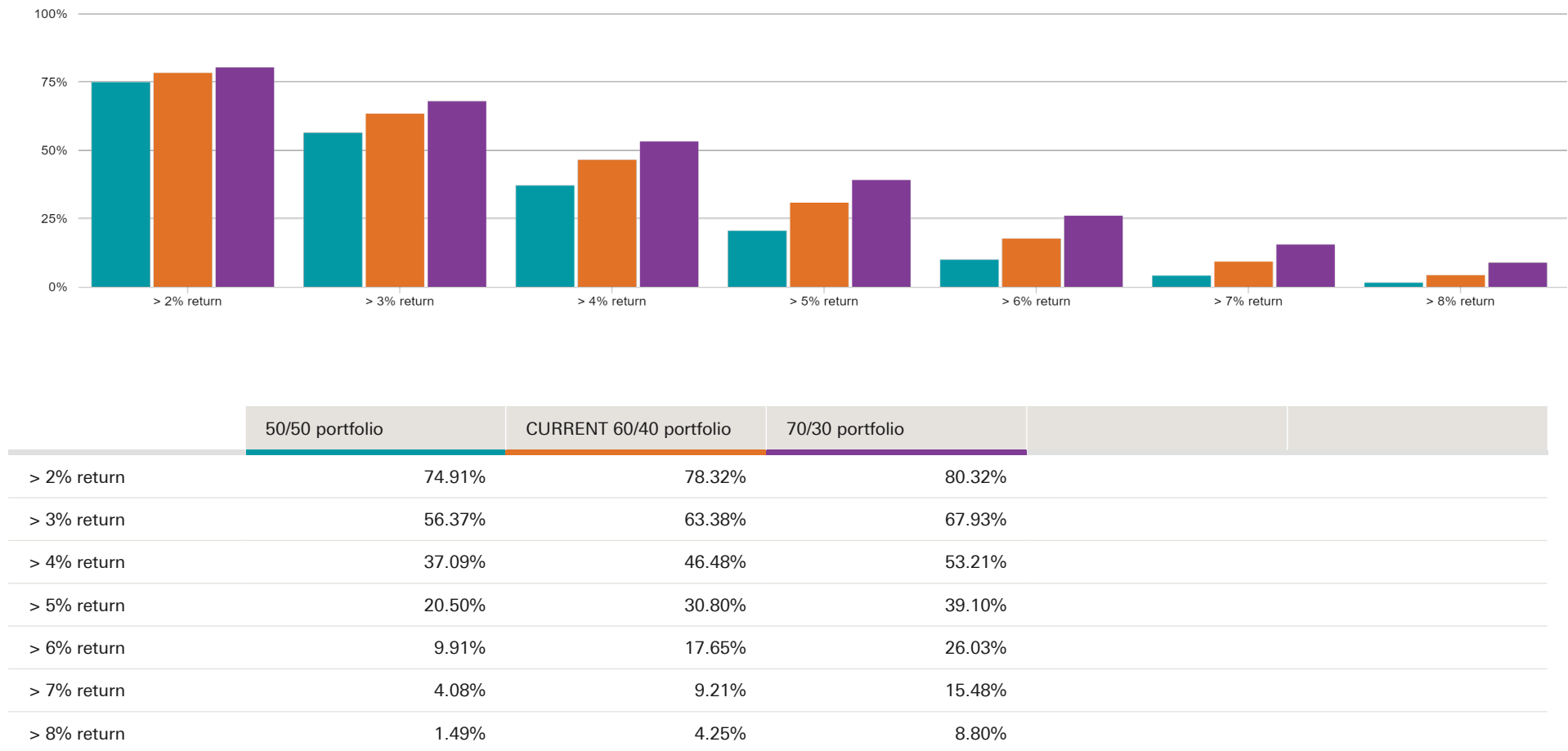
The performance displayed is gross of any advisory fees that would be assessed if portfolios are managed by Vanguard Institutional Advisory services. Advisory fees are calculated and assessed as set forth in VIAS' advisory brochure and in Part II of Form ADV, and are based on each client's assets. Accordingly, the performance of the portfolios included are not intended to be reflective of the potential performance of a VIAS-managed portfolio as the assessment of the advisory fee would reduce the performance of the portfolios displayed. For example, a 0.5% advisory fee applied annually over a period of 10 years would reduce a gross 6% annualized return to a net 5.47% annualized return.

FORWARD-LOOKING ANALYSIS

Probability of meeting annualized return objectives

Real | 10 Years

No cash flows applied



IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 2020. Results from the model may vary with each use and over time. For more information, please see the Important Information in the appendix.

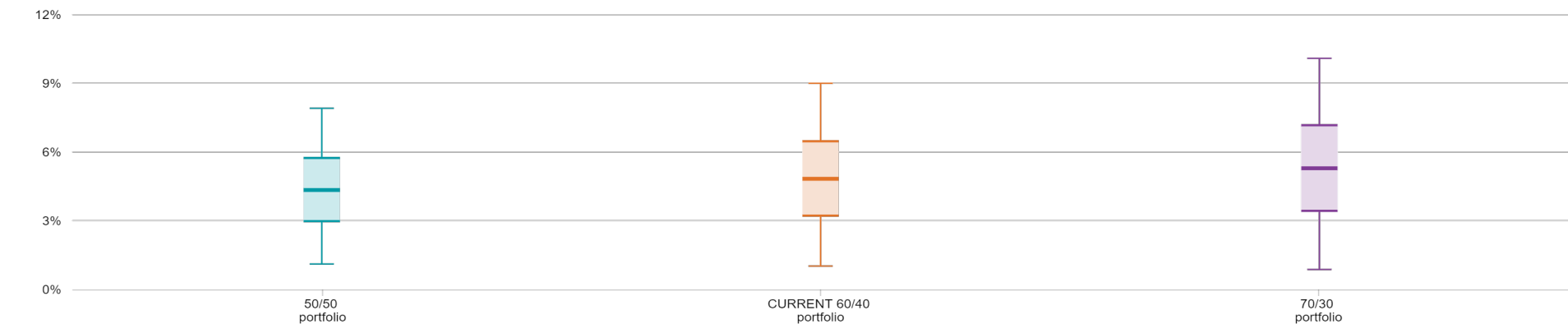
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FORWARD-LOOKING ANALYSIS

Distribution of annualized returns

Nominal | 10 Years

No cash flows applied



	50/50 portfolio	CURRENT 60/40 portfolio	70/30 portfolio		
95th	7.91%	9.00%	10.09%		
75th	5.74%	6.47%	7.17%		
50th	4.34%	4.83%	5.29%		
25th	2.98%	3.22%	3.43%		
5th	1.11%	1.02%	0.87%		

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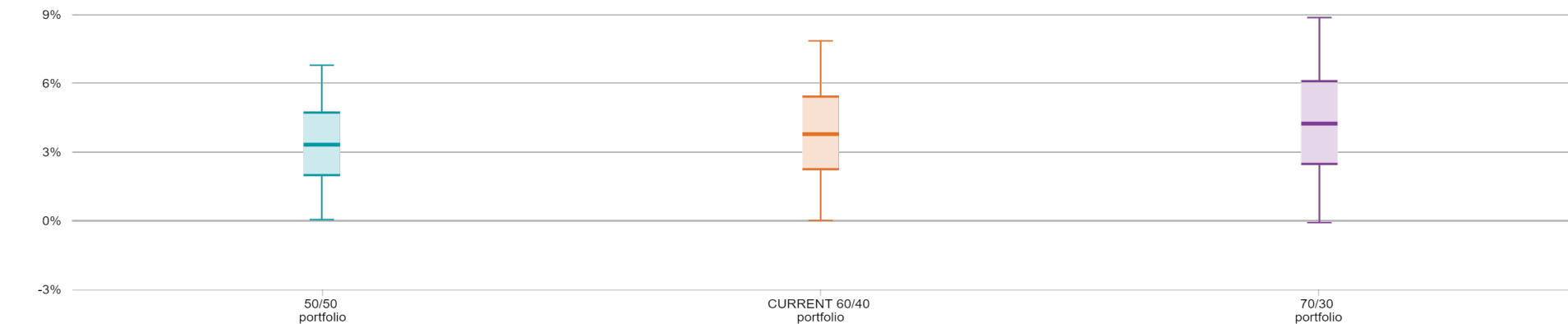
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FORWARD-LOOKING ANALYSIS

Distribution of annualized returns

Real | 10 Years

No cash flows applied



	50/50 portfolio	CURRENT 60/40 portfolio	70/30 portfolio		
95th	6.79%	7.85%	8.87%		
75th	4.72%	5.42%	6.09%		
50th	3.32%	3.78%	4.24%		
25th	1.99%	2.25%	2.48%		
5th	0.05%	0.01%	-0.08%		

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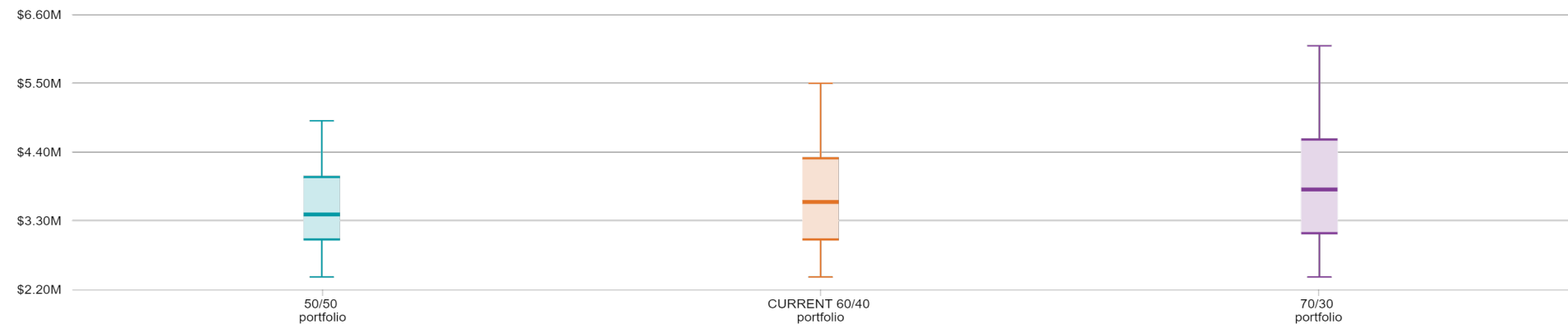
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FORWARD-LOOKING ANALYSIS

Distribution of ending investment values

Nominal | 10 Years

Cash flows applied



	50/50 portfolio	CURRENT 60/40 portfolio	70/30 portfolio		
95th	\$4.90M (1.88x)	\$5.50M (2.12x)	\$6.10M (2.35x)		
75th	\$4.00M (1.54x)	\$4.30M (1.65x)	\$4.59M (1.77x)		
50th	\$3.40M (1.31x)	\$3.60M (1.38x)	\$3.80M (1.46x)		
25th	\$3.00M (1.15x)	\$3.00M (1.15x)	\$3.10M (1.19x)		
5th	\$2.40M (0.92x)	\$2.40M (0.92x)	\$2.40M (0.92x)		

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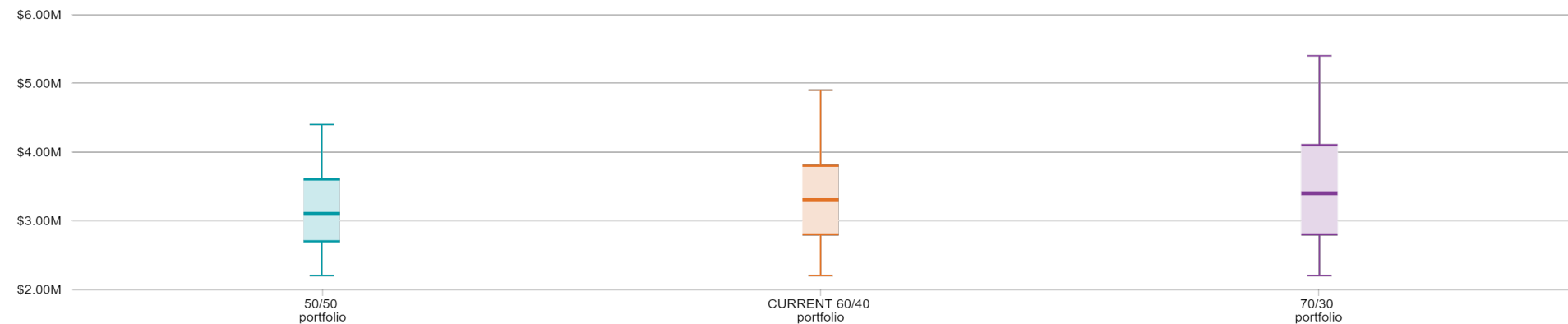
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FORWARD-LOOKING ANALYSIS

Distribution of ending investment values

Real | 10 Years

Cash flows applied



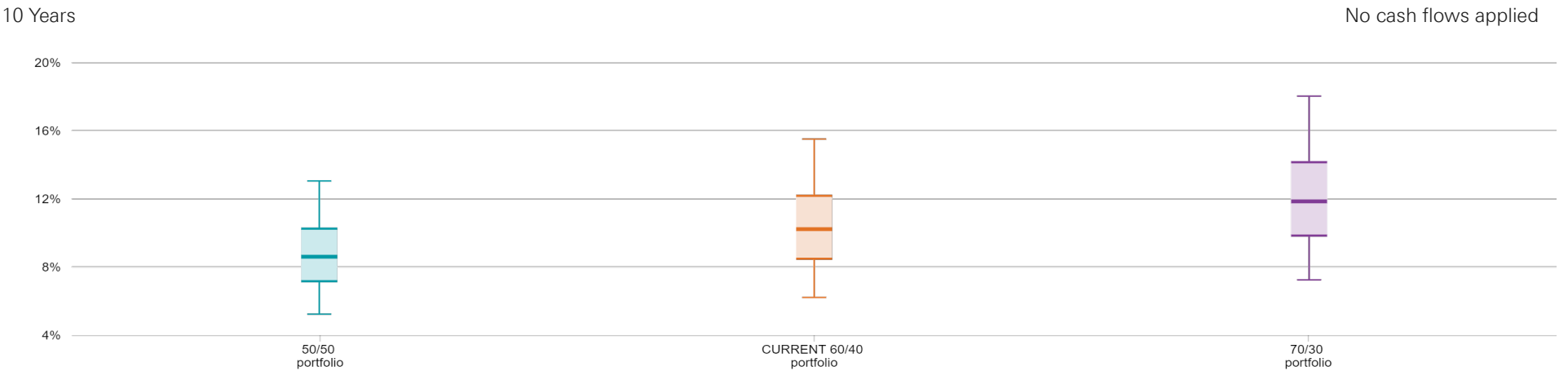
	50/50 portfolio	CURRENT 60/40 portfolio	70/30 portfolio		
95th	\$4.40M (1.69x)	\$4.90M (1.88x)	\$5.40M (2.08x)		
75th	\$3.60M (1.38x)	\$3.80M (1.46x)	\$4.09M (1.58x)		
50th	\$3.10M (1.19x)	\$3.30M (1.27x)	\$3.40M (1.31x)		
25th	\$2.70M (1.04x)	\$2.80M (1.08x)	\$2.80M (1.08x)		
5th	\$2.20M (0.85x)	\$2.20M (0.85x)	\$2.20M (0.85x)		

IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM are derived from 10,000 simulations for each modeled asset class. Simulations as of June 2020. Results from the model may vary with each use and over time. For more information, please see the Important Information in the appendix.

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FORWARD-LOOKING ANALYSIS

Distribution of annualized standard deviations



	50/50 portfolio	CURRENT 60/40 portfolio	70/30 portfolio		
95th	13.05%	15.51%	18.03%		
75th	10.25%	12.18%	14.15%		
50th	8.60%	10.22%	11.85%		
25th	7.16%	8.48%	9.84%		
5th	5.23%	6.21%	7.24%		

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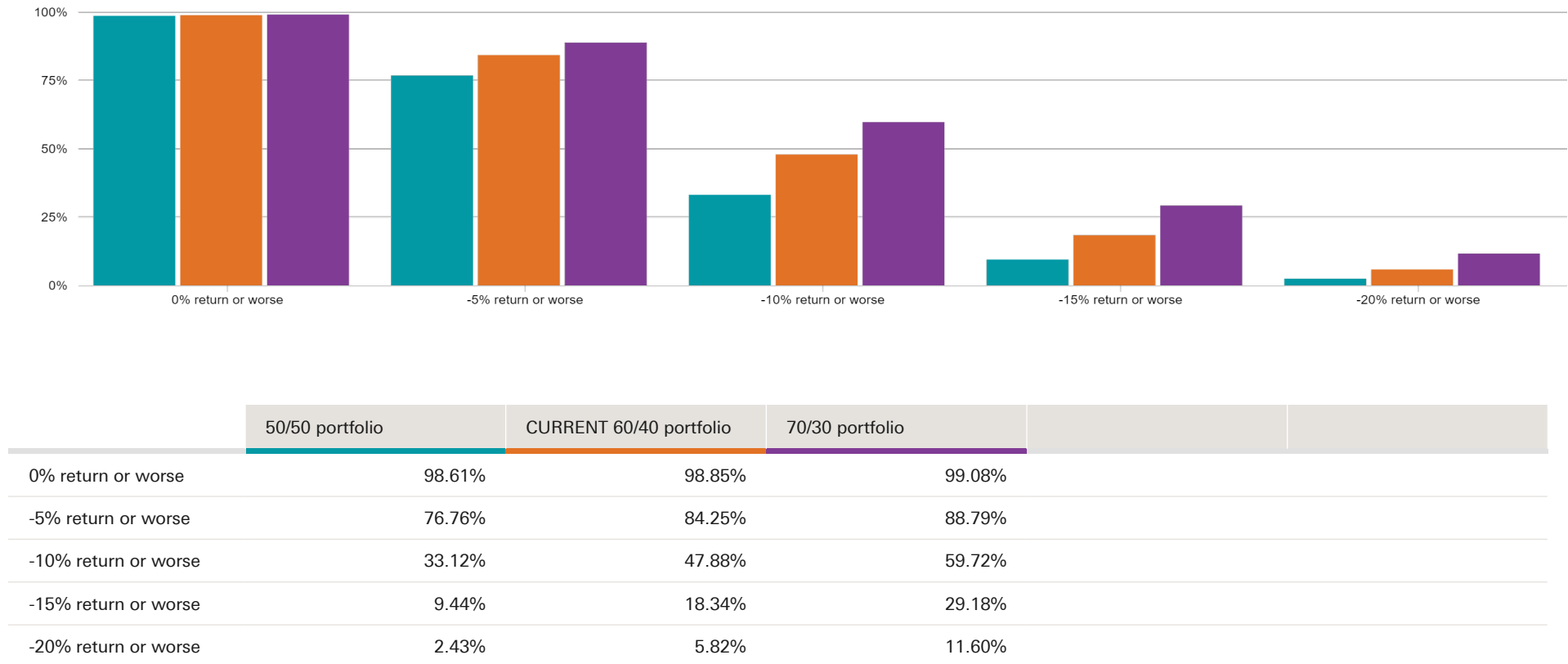
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FORWARD-LOOKING ANALYSIS

Probability of a negative return in any given year

Nominal | 10 Years

No cash flows applied



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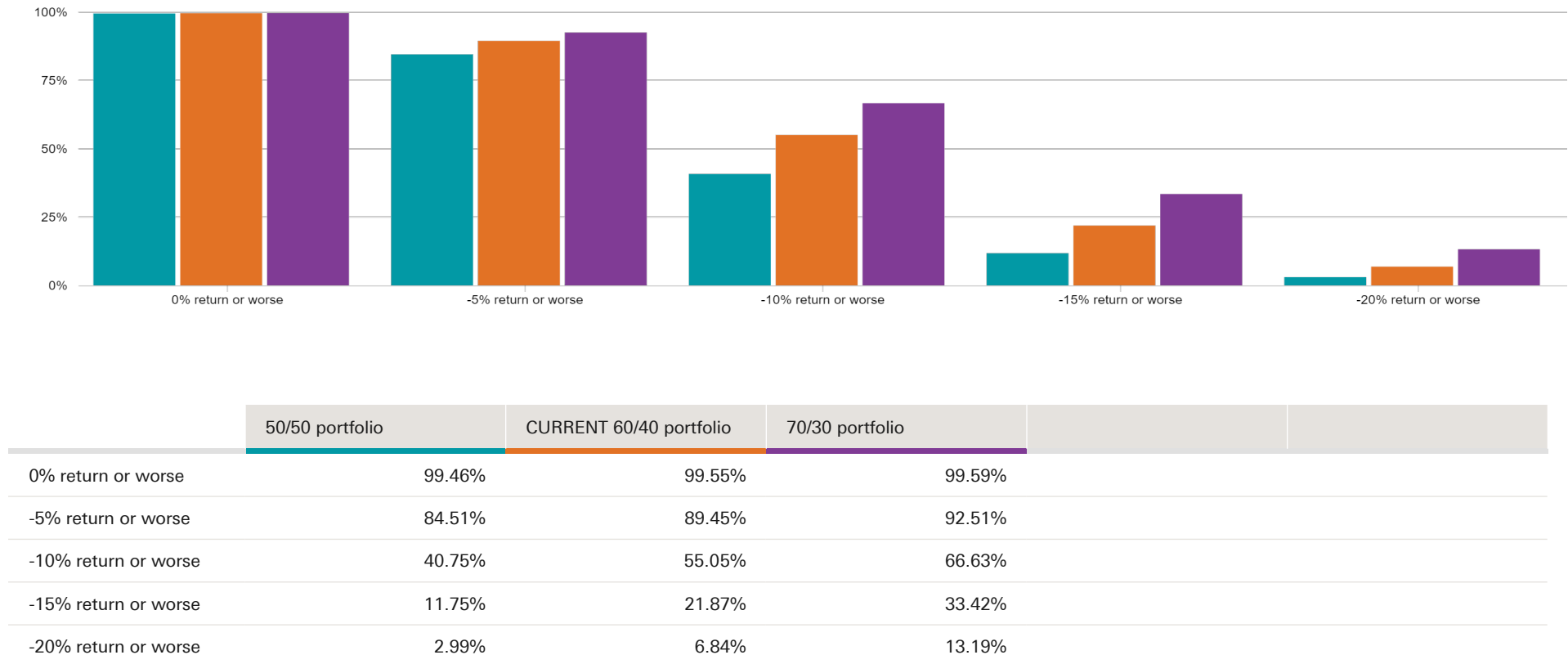
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FORWARD-LOOKING ANALYSIS

Probability of a negative return in any given year

Real | 10 Years

No cash flows applied

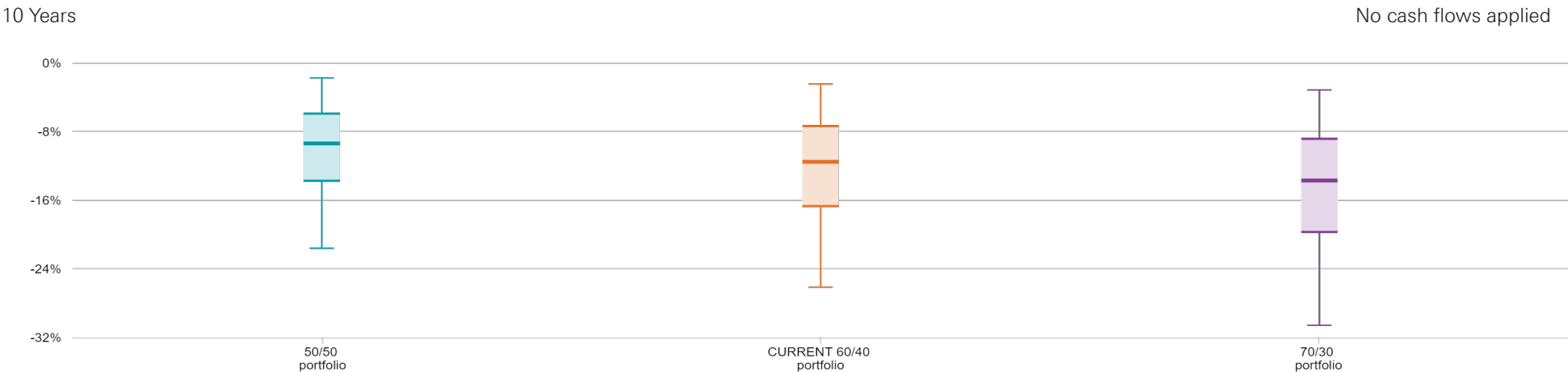


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FORWARD-LOOKING ANALYSIS

Distribution of max drawdowns



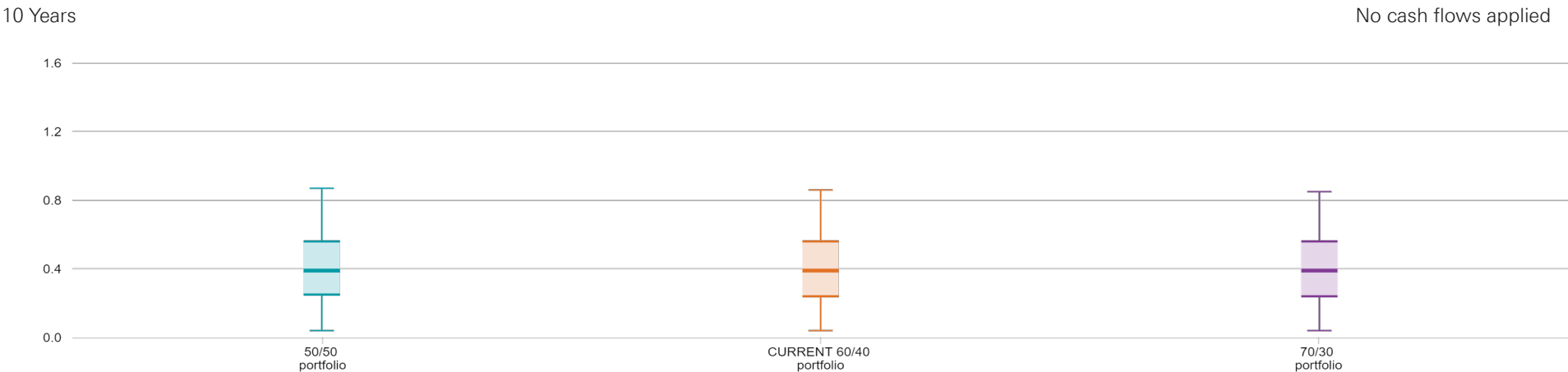
	50/50 portfolio	CURRENT 60/40 portfolio	70/30 portfolio		
95th	-1.74%	-2.45%	-3.14%		
75th	-5.90%	-7.36%	-8.84%		
50th	-9.38%	-11.52%	-13.70%		
25th	-13.73%	-16.68%	-19.70%		
5th	-21.60%	-26.14%	-30.58%		

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FORWARD-LOOKING ANALYSIS

Distribution of annualized Sharpe ratios



	50/50 portfolio	CURRENT 60/40 portfolio	70/30 portfolio		
95th	0.87	0.86	0.85		
75th	0.56	0.56	0.56		
50th	0.39	0.39	0.39		
25th	0.25	0.24	0.24		
5th	0.04	0.04	0.04		

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Important information

For more information about any funds, visit institutional.vanguard.com or call 800-523-1036 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF® Shares are not redeemable with the issuing Fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

Collective trusts and separately managed accounts (SMAs) are not mutual funds. These investments are available only to tax-qualified plans and their eligible participants. Investment objectives, risks, charges, expenses, and other important information should be considered carefully before investing.

Vanguard Prime Money Market Fund: The Fund is only available to retail investors (natural persons). You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The Fund may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the Fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

Vanguard Federal and Treasury Money Market Funds: You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.

All investing is subject to risk, including the possible loss of the money you invest. Prices of mid-and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/ regional risk and currency risk. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. It is possible that tax-managed funds will not meet their objective of being tax-efficient. Because company stock funds concentrate on a single stock they are considered riskier than diversified stock funds.

Investments in bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium-and lower range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax. Diversification does not ensure a profit or protect against a loss.

Investments in a target date fund are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a target date fund is not guaranteed at any time, including on or after the target date.

Advice services offered through Vanguard Institutional Advisory Services are provided by Vanguard Advisers, Inc., a registered investment advisor.

A stable value investment is neither insured nor guaranteed by the U.S. government. There is no assurance that the investment will be able to maintain a stable net asset value, and it is possible to lose money in such an investment.

Factor funds are subject to investment style risk, which is the chance that returns from the types of stocks in which the fund invests will trail returns from U.S. stock markets. Factor funds are subject to manager risk, which is the chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

IMPORTANT: The projections and other information generated by the Vanguard Capital Markets Model® regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. VCMM results will vary with each use and over time.

The VCMM projections are based on a statistical analysis of historical data. Future returns may behave differently from the historical patterns captured in the VCMM. More important, the VCMM may be underestimating extreme negative scenarios unobserved in the historical period on which the model estimation is based.

The Vanguard Capital Markets Model® is a proprietary financial simulation tool developed and maintained by Vanguard's primary investment research and advice teams. The model forecasts distributions of future returns for a wide array of broad asset classes. Those asset classes include U.S. and international equity markets, several maturities of the U.S. Treasury and corporate fixed income markets, international fixed income markets, U.S. money markets, commodities, and certain alternative investment strategies. The theoretical and empirical foundation for the Vanguard Capital Markets Model is that the returns of various asset classes reflect the compensation investors require for bearing different types of systematic risk (beta). At the core of the model are estimates of the dynamic statistical relationship between risk factors and asset returns, obtained from statistical analysis based on available monthly financial and economic data from as early as 1960. Using a system of estimated equations, the model then applies a Monte Carlo simulation method to project the estimated interrelationships among risk factors and asset classes as well as uncertainty and randomness over time. The model generates a large set of simulated outcomes for each asset class over several time horizons. Forecasts are obtained by computing measures of central tendency in these simulations. Results produced by the tool will vary with each use and over time.

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Marketing Corporation, Distributor of the Vanguard Funds.

U.S. Patent Nos. 6,879,964; 7,337,138; 7,720,749; 7,925,573; 8,090,646; and 8,417,623, 8,180,695, 8,185,464, and 8,571,963.

Fee analysis

City of Pleasant Ridge fee analysis as of September 30, 2020

Investment management fee	Assets in tier		Management fee (bp)	Management fee (\$)
First 1 Million	\$1,000,000		70	\$7,000
\$1 Million - \$2 Million	\$1,000,000		35	\$3,500
> \$2 Million	\$523,124		20	\$1,046
Total AUM	\$2,523,124		45.76	\$11,546

Fund expenses	Market value	% of portfolio	Fund expense (bp)	Fund expense (\$)
Equity				
Total Stock Market Index Fund Admiral™ Shares	\$922,308	36.55%	4.0	\$369
Total International Stock Index Fund Admiral™ Shares	\$604,278	23.95%	11.0	\$665
Fixed Income				
Total Bond Market Index Fund Admiral™ Shares	\$348,635	13.82%	5.0	\$174
Short-Term Investment-Grade Fund Admiral™ Shares	\$153,843	6.10%	10.0	\$154
Intermediate-Term Investment-Grade Fund Admiral™ Shares	\$105,541	4.18%	10.0	\$106
Long-Term Investment-Grade Fund Admiral™ Shares	\$88,935	3.52%	12.0	\$107
Total International Bond Index Fund Admiral™ Shares	\$299,585	11.87%	11.0	\$330
Total	\$2,523,124		7.54	\$1,904

Total fees and expenses	(bp)	(\$)
Investment management fee	45.76	\$11,546
Fund expenses	7.54	\$1,904
Estimated annual fees and expenses	53.31	\$13,450

Note: Fund expenses are netted from mutual fund performance daily. Investment management fees are paid for out of pocket and are invoiced or swept quarterly.

Important information

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The Vanguard Lifecycle Model (VLCM) is designed to identify the product design that represents the best investment solution for a theoretical, representative investor who uses the target-date funds to accumulate wealth for retirement. The VLCM generates an optimal custom glide path for a participant population by assessing the trade-offs between the expected (median) wealth accumulation and the uncertainty about that wealth outcome, for thousands of potential glide paths. The VLCM does this by combining two set of inputs: the asset class return projections from the VCMM and the average characteristics of the participant population. Along with the optimal custom glide path, the VLCM generates a wide range of portfolio metrics such as a distribution of potential wealth accumulation outcomes, risk and return distributions for the asset allocation, and probability of ruin, such as the odds of participants depleting their wealth by age 95.

The VLCM inherits the distributional forecasting framework of the VCMM and applies to it the calculation of wealth outcomes from any given portfolio.

The most impactful drivers of glide path changes within the VLCM tend to be risk aversion, the presence of a defined benefit plan, retirement age, savings rate and starting compensation. The VLCM chooses among glide paths by scoring them according to the utility function described and choosing the one with the highest score. The VLCM does not optimize the levels of spending and contribution rates. Rather, the VLCM optimizes the glide path for a given customizable level of spending, growth rate of contributions and other plan sponsor characteristics.

A full dynamic stochastic life-cycle model, including optimization of a savings strategy and dynamic spending in retirement is beyond the scope of this framework.

Important information

For more information about any fund, visit institutional.vanguard.com or call 866-499-8473 to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

Vanguard ETF® Shares are not redeemable with the issuing fund other than in very large aggregations worth millions of dollars. Instead, investors must buy or sell Vanguard ETF Shares in the secondary market and hold those shares in a brokerage account. In doing so, the investor may incur brokerage commissions and may pay more than net asset value when buying and receive less than net asset value when selling.

Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. These risks are especially high in emerging markets. Funds that concentrate on a relatively narrow sector face the risk of higher share-price volatility. It is possible that tax-managed funds will not meet their objective of being tax-efficient. Because company stock funds concentrate on a single stock, they are considered riskier than diversified stock funds.

Investments in bond funds are subject to the risk that an issuer will fail to make payments on time and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. High-yield bonds generally have medium- and lower-range credit quality ratings and are therefore subject to a higher level of credit risk than bonds with higher credit quality ratings. Although the income from a municipal bond fund is exempt from federal tax, you may owe taxes on any capital gains realized through the fund's trading or through your own redemption of shares. For some investors, a portion of the fund's income may be subject to state and local taxes, as well as to the federal Alternative Minimum Tax. Diversification does not ensure a profit or protect against a loss.

While U.S. Treasury or government agency securities provide substantial protection against credit risk, they do not protect investors against price changes due to changing interest rates. Unlike stocks and bonds, U.S. Treasury bills are guaranteed as to the timely payment of principal and interest.

Investments in Target Retirement Funds or Trusts are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund or trust would retire and leave the workforce. The fund or trust will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund or Trust is not guaranteed at any time, including on or after the target date.

Vanguard collective trusts are not mutual funds. They are collective trusts available only to tax-qualified plans and their eligible participants. Investment objectives, risks, charges, expenses, and other important information should be considered carefully before investing. The collective trust mandates are managed by Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc.

A stable value investment is neither insured nor guaranteed by the U.S. government. There is no assurance that the investment will be able to maintain a stable net asset value, and it is possible to lose money in such an investment.

Factor funds are subject to investment style risk, which is the chance that returns from the types of stocks in which the fund invests will trail returns from U.S. stock markets. Factor funds are subject to manager risk, which is the chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

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City of Pleasant Ridge

James Breuckman, City Manager

Administrative Policy #2015-01

Investment Policy

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I. Scope

This investment policy applies to all activities in regard to investing the financial assets of all funds (current and anticipated in the future) of the City of Pleasant Ridge. These funds are accounted for in the city's annual financial report and include:

- General Fund
- Act 51 Major & Local Street Funds
- Segregated Capital Assets Fund (SCAF), including the Parks Special Revenue Fund
- Water & Sewer Fund
- Trust & Agency Fund
- Any other funds created by the City, unless specifically exempted by the City Commission

II. Investment Objectives

The following investment objectives will be applied in the management of city funds.

- Funds of the City will be invested in accordance with Section 129.91 of the Michigan Compiled Laws, these policies and written administrative procedures.
- The primary objective of the City's investment activities is the preservation of capital and the protection of the investment principal.
- In investing public funds, the City will strive to maximize the return on the portfolio and to preserve the purchasing power but will avoid assuming unreasonable investment risk taking into account the cash flow characteristics of the portfolio.
- The investment portfolio of the City of Pleasant Ridge shall remain sufficiently liquid to enable the City to meet operating requirements such as payroll, accounts payable and debt service payments in a timely manner.
- The City will employ mechanisms to control risks and diversify its investments regarding specific security types or individual financial institutions.
- The investment portfolio shall be designed with the objective of regularly exceeding the average return of three month U.S. Treasury Bills to the extent possible. The investment program shall seek to augment return above this threshold as conditions warrant, consistent with risk limitations identified herein and prudent investment policies.
- Investments shall be made based on statutory constraints and subject to available designated staffing capabilities.
- Funds held for future capital projects (i.e. bond proceeds) shall be invested to produce enough income to offset increases in construction costs due to inflation subject to Federal Arbitrage regulations.
- Where possible, prepayment funds for long-term debt service shall be invested to ensure a rate of return at least equal to the interest being paid on the bonds.
- The objective of the SCAF Parks Special Revenue Fund shall be to support parks and recreation maintenance and operations using interest, dividends, and gains on the principal balance of the fund.

III. Prudence

In managing its investment portfolio, city officials shall avoid any transaction that might impair public confidence in the government of the City of Pleasant Ridge. Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the requisite safety of their capital as well as the probable income to be derived.

The above standard is established as the standard for professional responsibility and shall be applied in the context of managing the City's overall portfolio. Investment officers of the City of Pleasant Ridge acting in accordance with this Investment Policy and written procedures as may be established and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely fashion, and appropriate action is taken to control adverse developments.

IV. Ethics

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose in writing to financial institutions that conduct business with this jurisdiction, and they shall further disclose any large personal performance of this jurisdiction's portfolio. Employees and officers shall subordinate their personal investment transactions to those of this jurisdiction, particularly with regard to the timing of purchases and sales.

V. Responsibility for the Investment Program

Management responsibility for the Investment Program is hereby delegated to the Investment Committee which shall establish written procedures for the operation of the Investment Program consistent with the Policy. No person may engage in an investment transaction except as provided under the terms of this Policy and procedures established by the Investment Committee.

The Investment Committee shall consist of the City Manager, the City Clerk and such other persons designated by the City Commission as may be desired.

A record of the administrative policies, investment program, actual investments conforming to the Investment Policy and investment program structures, and minutes of Investment Committee meetings will be maintained by the City Manager or his/her designee.

VI. Cash Management

The City's Policy regarding cash management is based upon the realization that there is a time-value to money. Temporarily idle cash may be invested for a period of one day up to one year depending on when the money is needed. Accordingly, the City Manager or his/her designee shall cause to be prepared written cash management procedures which shall include, but not be limited to, the following:

- A. **Receipts.** All monies due to the City shall be collected as promptly as possible. Monies that are received in the Treasurer's office shall be deposited in approved financial institutions no later than the next business day after the receipt by the City. Amounts that remain uncollected after a reasonable length of time shall be subject to any available legal means of collection.

B. Disbursements.

1. Any disbursements to suppliers of goods or service or to employees for salaries and wages shall be contingent upon an available budget appropriation.
2. Disbursement shall be made subject to the following limitations:
 - a) payments from a petty cash fund may not exceed \$30 and must be authorized by a department director.
 - b) payments for goods and services not covered by a contract up to \$500 must be authorized by the City Manager and department director as needed.
 - c) payments for goods and services covered by a contract within a specific department shall be authorized by the City Manager or his/her designee and department director.
 - d) payments for goods and services covered by a contract which is not in a specific department and under \$5,000 or payroll shall be authorized by the City Manager or his/her designee pursuant to authority delegated by the City Manager.
 - e) payments for goods and services over \$5,000 must be authorized by the City Manager, and the department director.

- C. **Cash Forecast.** At least annually, a cash forecast shall be prepared using expected revenue sources and items of expenditure to project cash requirements over the fiscal year. The forecast shall be updated from time to time to identify the probable investable balances that will be available.

D. Pooling of Cash.

1. Except for cash in certain restricted and special accounts, the City may pool cash of various funds to maximize investment earnings.
2. Investment income shall be allocated to the various funds based upon their respective participation.

VII. Accounting

The City of Pleasant Ridge maintains its records on the basis of funds, each of which is considered a separate accounting entity. All investment transactions shall be recorded in the various funds of the City in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Boards (GASB). Accounting treatment will include:

- Investment will be recorded at market value.
- Premiums or discounts will be amortized over the life of the investment.
- Gain or losses of investments in all funds will be recognized at the time of disposition of the security.
- Investment income will be recognized when earned.

VIII. Delegation of Authority

The City Manager or his/her designee is designated as the investment officer of the City of Pleasant Ridge and is responsible for investment decisions made within his or her discretion in applying the procedures adopted by the Investment Committee, under the supervision of the City Manager and adhering to the guidelines established by this Investment Policy.

IX. Monitoring and Adjusting the Portfolio

The investment officer will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments and will adjust the portfolio accordingly.

X. Investment Performance and Reporting

The City Manager or his/her designee shall submit a quarterly investment report that provides the amount of the principal and the type of investment by fund, earnings for the current month, current quarter, and year to date, and a summary report of cash and investments maintained in each financial institution. The report shall provide such other data that may be needed to make an informed investment decision. The quarterly reports shall be submitted to the Investment Committee.

The Investment Committee shall submit an investment report to the City Commission on a quarterly basis. Material deviations from projected investment strategies shall be reported immediately to the Investment Committee. The format of all investment reports will be prescribed by the Investment Committee.

XI. Portfolio Definition

The portfolio shall be defined as all funds except the Segregated Capital Assets Fund. Exceptions in regards to maturity, liquidity and investment instrument selection will be noted in the respective sections of the policy.

XII. Investment Maturity and Liquidity

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the City will not directly invest the portfolio in securities maturing more than one (1) year from the date of purchase. No more than 50% of the City's total investment portfolio shall be placed in securities maturing in more than one (1) year.

The Segregated Capital Asset Fund may purchase investment funds for its portfolio securities maturing at a maximum time level of five (5) years. This is to allow this fund to be able to stagger investment maturities based upon the nature of this fund and to obtain higher returns when short term rates are less than favorable in light of the need of the City.

XIII. Diversification

The City Manager or his/her designee shall diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities to the extent possible. Diversification strategies shall be determined and revised periodically by the Investment Committee for all funds.

XIV. Criteria for Selection of Financial Intermediaries and Issuers

Certificates of Deposit shall be purchased only from financial institutions which qualify under Michigan law. Other securities shall be purchased only through financial institutions (which qualify as public depositories which provide the services of a securities dealer, or through the “primary government securities dealers” as designated by the Federal Reserve Bank. These institutions, dealers and issuers must meet capital adequacy guidelines as determined by their respective regulatory agencies and certify that no material adverse events have occurred since the issuance of their most recent financial statements. They must also agree to notify the City in the event of material adverse events affecting their capital adequacy.

XV. Third-Party Custodial Agreements

All securities purchased by the City under this section shall be properly designated as an asset of the City of Pleasant Ridge and held in safekeeping by a third party custodial bank or other third party custodial institution, chartered by the United States government or the State of Michigan, and no withdrawal of such securities, in whole or in part, shall be made from safekeeping except by the order of the City Manager or his/her designee.

XVI. Internal Controls

The Investment Committee shall establish a system of internal controls, documented in writing, which is designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and/or officers of the City. Required elements of the system of internal controls shall include 1) the timely reconciliation of all city bank accounts (i.e. monthly reconciliations within 30 days of the end of the monthly cycle) and 2) details of delivery vs payment procedures and trust receipt documentation. Internal controls will also encompass at a minimum these additional issues:

- Fidelity bonds for employees.
- Transfers of all funds.
- Custodial safekeeping
- Avoidance of delivery of bearer form or non-wireable securities to the City.
- Written internal confirmations of telephone transactions.
- Identification and minimization of the number of authorized investment officials.
- Documentation of decisions made at the committee level and transactions by investment officials.

XVII. State Authorized Investment Securities

The following is a list of authorized securities for investment by the Investment Committee pursuant to Public Act 239 of 1988, MCL Section 129.91, as amended:

- A. Bonds, securities, and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the government national mortgage association;

- B. Certificates of Deposit, saving accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings & loan or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended;
- C. In United States government of federal agency obligation repurchase agreements;
- D. In bankers acceptances of United States banks;
- E. No more than 50% of any one fund may be invested in commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standard rating service and which matures not more than 270 days after the date of purchase; and
- F. In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

XVIII. Investment Instrument Selection

The portfolio maturities and limits on security issues and issuers which are used to be absolute magnitude guidelines by the Investment Committee are detailed below:

- A. **Portfolio Maturity:** The average maturity of the portfolio may not exceed 180 days, except for the Segregated Capital Assets Fund which may have an average maturity of 1095 days.
- B. **Government Securities:**
 - 1. Portfolio Composition. No more than 10% of the portfolio may be in direct government securities or repurchase agreements involving guaranteed government securities.
 - 2. Maturity Limitations. The maximum length to maturity of any investment in government obligations is 1 years.
- C. **Non-negotiable Interest Bearing Time Certificate of Deposit.**
 - 1. Portfolio composition – a maximum of 50% of the total portfolio may be invested in non-negotiable CD's.
 - 2. Limits on Individual Issuers – all issuers must be eligible to be a depository of surplus funds pursuant to Section 5 or 6 of Act No. 105 of Public Acts of 1855, as amended.
 - 3. Maturity Limitations – no non-negotiable CD may have a maturity date longer than 365 days except for the investments by the Segregated Capital Assets Fund.
- D. **Commercial Paper.**
 - 1. Portfolio composition – a maximum of 25 % of the portfolio may be invested in “prime” commercial paper.

2. Individual Issuers- the issuer must be on a current list of approved issuers as developed and maintained by the Investment Committee.
 3. Maturity Limitations – the maximum length to maturity for an investment in Prime commercial paper is 270 days.
- E. **Money Market Mutual Funds:** A maximum of 100% of the portfolio may be invested in money market mutual funds which meet the state criteria in regards to fund composition.

XIX. Limitations on Investment Instrument Selection Absolutes Based Upon Underlying Objectives of Liquidity, Diversification, and Risk Factors

- Liquidity shall be assured through practices ensuring that the next disbursement date and payroll date are covered through marketable U.S. Treasury bills or money market funds.
- Default risk: Excluding the primary bank, no more than 40% of the overall portfolio may be invested in the individual securities of a single bank (i.e. CDs and pooled funds) or corporation (i.e. commercial paper).
- No more than 25% of the total portfolio may in commercial paper. The total portfolio herein being defined as all city funds investment monies that are available. Positions in individual securities having potential default risk (uncollateralized commercial paper) shall be limited to no more than 5% of the portfolio, so that in case of default, the portfolio's annual investment income would exceed a loss on a single issuer's securities.
- Diversification of credit risk normally will be accomplished through investments in money market funds.
- Risks of market price volatility shall be controlled through maturity diversification limitations set as investment program objectives by the Investment Committee.

XX. SCAF Parks Special Revenue Fund

The City of Pleasant Ridge SCAF Parks Special Revenue Fund (hereafter referred to as the "Fund") was created to provide perpetual financial support to The City of Pleasant Ridge (the "City.") The purpose of this Section XX is to establish specific guidelines for the Fund's investment portfolio (the "Portfolio") in the areas that most influence investment returns and risks. The statement also incorporates accountability standards that will be used for monitoring the progress of the Portfolio's investment program and for evaluating the contributions of the manager(s) hired on behalf of the Fund and its beneficiaries.

The following provisions apply to the SCAF Parks Special Revenue Fund. In case of any conflict between the terms of this section and any other section of this policy, this section shall prevail.

- A. **Statutory Authorization.** The SCAF Parks Special Revenue Fund may invest in securities identified in the public employee retirement system investment act, PA 314 of 1965, MCL 38.1132 to 38.1140m, pursuant to the authorization contained in Section 7a of the investment of surplus funds of political subdivisions act, PA 20 of 1943, MCL 129.97a, with the further limitations imposed by this Investment Policy and the City's Segregated Capital Assets Fund Ordinance, City Code Sections 2-131 through 2-139.

B. Role of the Investment Committee. The Investment Committee (“Committee”) is acting in a fiduciary capacity with respect to the Portfolio, and is accountable to the Pleasant Ridge City Commission for overseeing the investment of all assets owned by, or held in trust for, the Portfolio.

1. This Investment Policy sets forth the investment objectives, distribution policies, and investment guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated investment management responsibility for Portfolio assets.
2. The policies for the Fund contained herein have been formulated consistent with the City’s anticipated financial needs and in consideration of the City’s tolerance for assuming investment and financial risk, as reflected in the majority opinion of the Committee.
3. The policies contained in this statement are intended to provide boundaries, where necessary, for ensuring that the Portfolio’s investments are managed consistent with the short-term and long-term financial goals of the Fund. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the City.

C. Liquidity and Maturity. There is no limitation on investment maturity for the SCAF Parks Special Revenue Fund.

D. Use of Investment Returns. The City Commission, with the advice of the investment committee, shall determine annually what interest, dividends, and gains shall be retained in the fund and what should be used to support parks operations and maintenance, with the following stipulations:

1. The Fund is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the City.
2. The principal balance of the Fund shall not be diverted or spent except in accordance with the provisions established by City Code, and shall be added to over time at a rate that exceeds the annual rate of inflation to preserve the Special Revenue Fund’s value in perpetuity.
3. Should, due to market fluctuations which impact the value of the principal, the parks special revenue fund’s principal value fall below the amount established by the City Commission by resolution upon its initial funding plus any future additions to the fund by City Commission resolution, adjusted for inflation, only interest and dividends shall be removed from the parks special revenue fund until the market value of the fund’s principal recovers and is higher than the amount established by said resolution(s), adjusted for inflation.
4. Inflation shall be measured by the United States Bureau of Labor Statistics’ Consumer Price Index for All Urban Consumers (CPI-U).
5. For the purpose of making distributions, the Fund shall make use of a total return based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments.

6. The distribution of Fund assets will be permitted to the extent that such distributions do not exceed a level that would erode the Fund's real assets over time (in accordance with the specific requirement of item D.2, above).

The City will seek to reduce the variability of annual Fund distributions by factoring past spending and Portfolio asset values into its current spending decisions. The City will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the Fund's spending policy, its target asset allocation, or both.

7. Periodic cash flow, either into or out of the Portfolio, will be used to better align the investment portfolio to the target asset allocation outlined in the Asset Allocation Policy at Section XX.E.2 herein.

E. Portfolio Investment Policies.

1. Allowable Investment Instruments. The SCAF Parks Special Revenue Fund principal may be invested in stocks, exchange traded funds (ETFs), mutual funds, and obligations (i.e. bonds) as defined in MCL 38.1132d-e. The SCAF Parks Special Revenue Fund may only be invested in securities that are actively traded on a major United States stock index. The use of low-cost index fund(s) or ETF(s) is preferred.
2. Asset Allocation Policy.
 - a) The Committee recognizes that the strategic allocation of Portfolio assets across broadly-defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.
 - b) The Committee expects that actual returns and return volatility may vary widely from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to the Fund, to the assumptions underlying Fund spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.
 - c) Fund assets will be managed as a balanced portfolio comprised of two major components: an equity portion and a fixed income portion. The expected role of Fund equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of Portfolio equity investments.
 - d) Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, and will be used for Fund liquidity needs or to facilitate a planned program of dollar cost averaging into investments in either or both of the equity and fixed income asset classes.

- e) The long-term strategic asset allocation guidelines shall be determined by the investment committee to be the most appropriate, given the Fund's long-term objectives and short-term constraints. The initial allocation of funds shall be according to a roughly 60% equities to 40% fixed-income securities ratio. This allocation may be adjusted over time with the advice of the investment manager and the consent of the investment committee, as market conditions warrant.
3. Diversification Policy. Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:
- a) With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets.
 - b) With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total Portfolio assets.
 - c) With respect to fixed income investments, the minimum average credit quality of these investments shall be investment grade (Standard & Poor's BBB or Moody's Baa or higher).
4. Rebalancing Policies. It is expected that the Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Portfolio will be rebalanced to its target normal asset allocation under the following circumstances:
- a) Utilize incoming cash flow (contributions) or outgoing money movements (disbursements) of the portfolio to realign the current weightings closer to the target weightings for the portfolio.
 - b) The investment manager will review the Portfolio quarterly to determine the deviation from target weightings. During each quarterly review, the following parameters will be applied:
 - 1) If any asset class (equity or fixed income) within the portfolio is +/- 5 percentage points from its target weighting, the portfolio will be rebalanced.
 - 2) If any fund within the portfolio has increased or decreased by greater than 20% of its target weighting, the fund may be rebalanced.
 - c) The investment manager may provide a rebalancing recommendation at any time.

- d) The investment manager shall act within a reasonable period of time to evaluate deviation from these ranges.
- 5. Other Investment Policies. Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from:
 - a) Purchasing securities on margin, or executing short sales.
 - b) Pledging or hypothecating securities, except for loans of securities that are fully collateralized.
 - c) Purchasing or selling derivative securities for speculation or leverage.
 - d) Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives of their portfolios
- F. **Monitoring Portfolio Investments and Performance.** The Committee will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the Portfolio and the performance of its underlying investments as follows:
 - 1. The Portfolio's composite investment performance (net of fees) will be judged against the following standards:
 - a) The Portfolio's absolute long-term real return objective
 - b) A composite benchmark consisting of the following unmanaged market indices weighted according to the expected target asset allocations stipulated by the Portfolio's investment guidelines
 - 1) U.S. Equity: CRSP US Total Market Index or a similar broad domestic equity index
 - 2) Non-U.S. Equity: FTSE Global All Cap ex US Index or a similar broad international equity index
 - 3) Investment Grade Fixed Income: Barclays Capital US Aggregate Float Adjusted Index
 - 4) International Fixed Income: Barclays Capital Aggregate Float Adjusted Index
 - 5) Cash: Citigroup 3-Month T-Bill Index
 - 2. The performance of professional investment managers hired on behalf of the Portfolio will be judged against the following standards:
 - a) A market-based index appropriately selected or tailored to the manager's agreed-upon investment objective and the normal investment characteristics of the manager's portfolio.

- b) The performance of other investment managers having similar investment objectives.
3. In keeping with the Portfolio's overall long-term financial objective, the Committee will evaluate Portfolio and manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.
4. Investment reports shall be provided by the investment manager(s) on a quarterly basis or as more frequently requested by the Committee. Each investment manager is expected to be available to meet with the Investment Committee at least twice per year to review portfolio structure, strategy, and investment performance.

XXI. Investment Program

The exact guidelines for the current investment portfolio shall be established by the Investment Committee taking into account all absolutes contained in the Investment Policy of the City. The program shall be revised and updated on a periodic basis as needed.

Any investment manager representing, advising, or acting on behalf of the City shall sign an affirmation that they have read the policy, understand the policy, and assume responsibility for adhering to the investment policy in relation to the funds entrusted to them.

XXII. Policy Amendment

If any policy considerations are necessary to be changed under amendments to the state law or through deliberations of the Investment Committee, the Investment Committee shall recommend to the City Commission any changes necessary to the respective sections of this Policy for their consideration.

XXIII. Effective Date

The City Commission adopted this Investment Policy on March 10, 2015, effective immediately.

Adopted: March 10, 2015



March 10, 2015