

AGENDA

Administer oath of office to newly elected Council members – Honorable Cynthia Arvant, 46th District Court.

Roll Call/Call to order

Pledge of Allegiance

Election of President and President Pro-Tem

Amendments to Agenda/Approve Agenda

Community Announcements

Public Comments on items not on the published agenda

Consent Agenda

1. Review and consider approval of [minutes](#) of a regular Council meeting held November 1, 2016.
2. Review and file [bills](#) recapped as of Monday, November 14, 2016.

Business Agenda

1. Presentation and review and file of June 30, 2016 [Audit](#) by Plante and Moran.
2. Review and consider site plan for new pole [lighting](#) in parking lot at Beverly Hills Club (BHC) 31555 Southfield Road.
3. Public hearing to receive comments on Program Year 2017 Community Development Block Grant application.
4. Review and consider approval of Program Year 2017 Community Development Block Grant [application](#).
5. Recognition of Robert Borgon for his service to the Village.

Public comments

Manager's [report](#)

Council comments

The Village of Beverly Hills will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audiotapes of printed materials being considered at the meeting, to individuals with disabilities attending the meeting upon three working days notice to the Village.

Individuals with disabilities requiring auxiliary aids or services should contact the Village by writing or calling Ellen Marshall, 18500 W. Thirteen Mile, Beverly Hills, MI 48025 (248) 646-6404.

Present: President Mooney; President Pro-Tem Peddie; Members: Abboud, Delaney, Mueller, and Oen

Absent: Borgon

Also Present: Manager, Wilson
Assistant Manager/Clerk, Marshall
Village Attorney, Ryan
Public Safety Director, Torongeau

Council President Mooney called the regular Council meeting to order at 7:30 p.m. in the Southfield Township municipal building at 18550 W. Thirteen Mile Road.

AMENDMENTS TO AGENDA/APPROVE AGENDA

Motion by Oen, second by Delaney, to approve the agenda.

Motion passed.

COMMUNITY ANNOUNCEMENTS

None.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Mark Melendy, Kinross, shared that his son, Kurt Melendy, worked on the park staff for two summers and was honored to have been part of the staff. He thanked President Mooney for being a friend to the park and its staff.

Thomas Aylward, Amherst, stated that he would like to see changes made to the fence ordinance. Mooney reassured him that this is an issue the Council is aware of and in November the Council will look to set their agenda for the year and plan to give the fence ordinance consideration.

CONSENT AGENDA

Motion by Oen, second by Peddie, to approve the consent agenda as published.

1. Review and consider approval of minutes of a regular Council meeting held October 18, 2016.
2. Review and file bills recapped as of Monday, October 31, 2016.

Motion passed.

BUSINESS AGENDA

REVIEW AND CONSIDER LIABILITY AND PROPERTY INSURANCE RENEWAL

Wilson explained the terms of this policy are the same as the current policy: A self-insured retention of \$75,000 for liability and, for vehicle and physical damage a self-insured retention of \$15,000 per vehicle and \$30,000 per occurrence. The liability limit is \$10,000,000 with various other limits listed in the policy. There is new coverage related to data breach and privacy liability that is detailed in the policy. There is a stop loss policy that would limit all liability in any Village fiscal year to \$150,000. The cost for retaining this stop-loss policy is \$4,312. The stop-loss policy is detailed in the policy. The total cost for the liability policy for one year is \$123,183. The carrier, Michigan Municipal Risk Management Authority (MMRMA), is also

requesting a contribution to the loss retention fund of \$40,000 upon renewal. The total premium and retention fund contribution is \$163,183.

Upon renewal, the Village will be eligible for a disbursement through MMRMA. The disbursement for this year is \$69,179. Last year the disbursement funds were placed into the retention account. The retention fund balance as of June 30, 2016 was \$162,852, with \$58,766 set aside as reserves. Allocation of the recommended \$40,000 to the retention fund will leave this fund in a solid position. Administration recommends that the Village retain the disbursement amount to use for other Village costs.

Motion by Oen, second by Delaney, be it resolved that the Council for the Village of Beverly Hills approves the renewal of the liability insurance with the Michigan Municipal Risk Management Authority, further that Administration is directed to take all steps necessary for this renewal. Funds for this appropriation have been budgeted in the FY 2016-17 budget in the following funds: 101-248-910.00; 205-345-910.00; 205-345-910.00; 592-540-910.00.

Roll Call Vote:
Motion passed (6-0)

REVIEW AND CONSIDER CHANGE ORDER #4 FOR THE VILLAGE HALL RENOVATION

Wilson explained change order #4 for additional work done on the Village Hall covered addition drywall work in the Village manager's office, a one-way window for the copy room, powder coating of the front counter sliding shade, additional drywall work in the hallway around the vault, replacement of shelving in storage rooms, and new window sills with accompanying drywall repair to facilitate the new window installation.

Motion by Abboud, second by Oen, be it resolved that the Council for the Village of Beverly Hills approves Change Order #4 for the Village Hall renovation totaling \$21,424.70.

Roll Call Vote:
Motion passed (6-0)

REVIEW AND CONSIDER REVISED ARCHITECTURAL FEES FOR THE VILLAGE HALL RENOVATION FROM PARTNERS IN ARCHITECTURE

Oen explained the Village Council selected Partners in Architecture, PLC (PIA) to design and bid the Village Hall renovation project. PIA was chosen after a Request for Proposals and interview process with multiple firms. Based upon the RFP drafted by the Village, PIA submitted a proposed fee based upon a project cost of \$200,000. Early in the planning process it was apparent that the scope of work desired by the Village would be more than the original number of \$200,000. The bid that was accepted by the Village Council for construction was \$605,900. In the interim, the Village has approved change orders, most notably for new windows and modifications to the HVAC system that have further increased the cost. Along with the increased construction costs, the costs for design and contract administration have also increased for PIA. PIA has been working with the Village on a revised proposal for their services. Their original proposal based upon a project price of just over \$200,000 was for \$21,600, or roughly 10.8% of the project cost. PIA has agreed to lower their percentage to 7.5% of the final project cost. To

date, the Village has only paid Partners in Architecture \$6,366 for the work done to compile the bids.

Motion by Oen, second by Abboud, be it resolved that the Council for the Village of Beverly Hills agrees to pay Partners in Architecture, PLC the revised fee percentage of 7.5% for their services in the Village Hall renovation.

Roll Call Vote:
Motion passed (6-0)

REVIEW AND CONSIDER PROPOSAL FROM GIBBS PLANNING GROUP, INC. FOR SOUTHFIELD CORRIDOR MARKETING PLAN

Peddie explained that Village Council previously reviewed and considered a proposal from Gibbs Planning Group for a marketing plan for the Southfield Rd. Corridor Overlay District. A subcommittee of Council met with Gibbs and members of the Planning Commission to discuss the process and goals of the project. Gibbs revised the proposal based on those discussions. The Planning Commission reviewed the revised proposal at their regular meeting on October 26, 2016 and recommended approval of it to the Village Council.

The Scope of Services includes:

Task One: Development Analysis Coordination (Hourly)

Task Two: Code Peer Review (\$2,500)

Task Three: Concept Plan Update (\$8,000)

Task Four: Public Relations (Hourly)

Proposed Fees: Principal: \$250/hr. Associate: \$100/hr. Clerical \$50/hr.

Abboud shared that at a recent SEMCOG meeting he learned of a community that is working to brand themselves which makes it easier to market themselves. He supports moving forward with the Gibbs plan.

Motion by Peddie, second by Oen, be it resolved that the Council for the Village of Beverly Hills authorizes the Village Manager to enter into a contract with Gibbs Planning Group as presented to the Council.

Roll Call Vote:
Motion passed (5-1)

RESOLUTION RECOGNIZING OAKLAND COUNTY SCIENCE OLYMPIAD AS A NONPROFIT ORGANIZATION OPERATING IN BEVERLY HILLS FOR THE PURPOSE OF OBTAINING A CHARITABLE GAMING LICENSE

Mueller explained that the Oakland County Science Olympiad is a non-profit 501(c)(3) organization incorporated in the Village of Beverly Hills. They are seeking a gaming license from the State of Michigan to hold an event at Detroit Country Day Middle School and Upper School campus on March 4, 2017. A letter of request and proof of their tax-exempt status was submitted to Administration.

Motion by Abboud, second by Oen, be it resolved that the Council for the Village of Beverly Hills recognizes the Oakland County Science Olympiad of Beverly Hills, County of Oakland, as a nonprofit organization operating in the community for the purpose of obtaining charitable gaming licenses

Roll Call Vote:
Motion passed (6-0)

REVIEW AND CONSIDER RECOMMENDATION FROM THE PARKS & RECREATION BOARD TO ALLOCATE \$5,000 FOR BALL DIAMOND GROOMING AND MAINTENANCE

Motion by Mueller, second by Oen, to postpone this discussion to the December 6, 2016 Council meeting.

Motion carried.

REVIEW AND CONSIDER PURCHASING TWO PATROL VEHICLES FOR THE DEPARTMENT OF PUBLIC SAFETY

Delaney explained the public safety department is requesting to replace two of the patrol Tahoe's with new 2017 Special Service Tahoe's from Berger Chevrolet in Grand Rapids, MI, which has the State of Michigan and Oakland County cooperative purchase bids awarded to them. The cost of each vehicle is \$35,982.00, which includes delivery. Cinergy Wireless, who has completed the outfitting of all other vehicles, will complete the job reusing as much equipment as possible. The new Tahoe's will replace Vehicle 150 and 141.

Motion by Delaney, second by Oen, be it resolved that the Council for the Village of Beverly Hills approves the purchase of two new Tahoe's, secured under the state bidding program, total not exceeding \$94,828. Funds are available in Capital Vehicle Purchases 205-900-979.00 and Radio Maintenance Fund 205-346-852-00.

Roll Call Vote:
Motion passed (6-0)

PUBLIC COMMENTS

None.

MANAGER'S REPORT

Wilson reported Village Staff has moved into the renovated portion of Village Hall. They completed the move and set up in one day and are now functional in the new space. The move in and arrangement of all the files and fixtures continues. New furniture and chairs are scheduled to be delivered the week of November 8, 2016. The entire project is still on schedule for completion on December 15, 2016. Demolition work on phase two has begun. The Council Chamber, conference room and women's restroom facility have been demolished. Rehabilitation and construction in these two areas will be proceeding in the next few weeks. The men's restroom has been completed and is serving as the sole restroom facility for the building.

The auditors will be at the November 15, 2016 meeting for presentation of the Village's FY 2015-16 Audit. Village Offices will be closed on Friday, November 11, 2016 in observance of Veterans Day.

COUNCIL COMMENTS

Mueller thanked Wilson for facilitating the crosswalk repair at Groves. The trees have been planted in the parking lot of the Park and are doing well. Two new Park Rules sign were installed.

Abboud reported that Beverly Hills Club is renovating their building face and parking lot lights. He attended a SEMCOG general meeting. The topic was Marketing Successful Communities; the difference between branding and marketing and feels that branding the Village should be part of the marketing plan. He thanked Clerk Marshall for coordination of the installation of the Park Rules signs, they were donated in honor of Harold A. Knoblock. He expressed his endorsement of Judge Cynthia Arvant.

Delaney thanked Borgon for his service to the Village Council. He endorsed Judge Cynthia Arvant.

Oen expressed his support for Judge Arvant. He attended Boy Scout Luke Mercer's project installation of the newly constructed bridge in Beverly Park. He attended the Halloween Hoot and it was a great success. He expressed condolences on the passing of Eric White, co-owner of Grapevine Market.

Mooney has been honored to serve with this Council, and is proud of the great progress that has been made in making the Village of Beverly Hills a wonderful place to live. He expressed thanks to all who worked hard to make the Halloween Hoot a success. He shared his support for Judge Cynthia Arvant in the upcoming election.

Motion by Oen, second by Mueller, to adjourn the meeting at 8:42 pm.

Motion passed.

John Mooney
Council President

Ellen Marshall
Village Clerk

Elizabeth Lyons
Recording Secretary

THESE MINUTES ARE NOT OFFICIAL. THEY HAVE NOT BEEN APPROVED BY THE VILLAGE COUNCIL.

TO THE PRESIDENT & MEMBERS OF THE VILLAGE COUNCIL. THE FOLLOWING IS A LIST OF
EXPENDITURES FOR APPROVAL. ACCOUNTS PAYABLE RUN FROM 10/31/16 THROUGH 11/14/16.

ACCOUNT TOTALS:

101	GENERAL FUND	\$83,512.32
202	MAJOR ROAD FUND	\$8,237.68
203	LOCAL STREET FUND	\$15,125.62
205	PUBLIC SAFETY DEPARTMENT FUND	\$38,091.18
401	CAPITAL PROJECTS FUND	\$2,160.00
592	WATER/SEWER OPERATION FUND	\$252,973.48
701	TRUST & AGENCY FUND	\$7,496.54
	TOTAL	<u>\$407,596.82</u>
	MANUAL CHECKS	\$3,851.90
	ACCOUNTS PAYABLE	<u>\$407,596.82</u>
	GRAND TOTAL	<u>\$411,448.72</u>

Check Date	Bank	Check	Vendor	Vendor Name	Amount
Bank COM COMERICA					
11/14/2016	COM	75548	51160	ALLIANCE MOBILE HEALTH	270.00
11/14/2016	COM	75549	01100	APOLLO FIRE EQUIPMENT	530.29
11/14/2016	COM	75550	53284	APPLIED IMAGING	132.07
11/14/2016	COM	75551	51802	ARROW OFFICE SUPPLY CO.	1,330.46
11/14/2016	COM	75552	51409	BEVERLY HILLS ACE	171.22
11/14/2016	COM	75553	59310	BLUE STAR, INC.	1,250.00
11/14/2016	COM	75554	53417	BLUELINE IRRIGATION	125.00
11/14/2016	COM	75555	50822	BS&A SOFTWARE	5,830.00
11/14/2016	COM	75556	58959	CADILLAC ASPHALT, LLC	357.65
11/14/2016	COM	75557	59123	CLASSIC BUSINESS SYSTEMS, INC	175.00
11/14/2016	COM	75558	51439	COMCAST	82.90
11/14/2016	COM	75559	04500	COMEAU EQUIPMENT CO INC.	23,899.20
11/14/2016	COM	75560	58648	CTS-COMPANIES	219.50
11/14/2016	COM	75561	50097	CYNERGY PRODUCTS	795.60
11/14/2016	COM	75562	51385	DTE ENERGY	4,984.21
11/14/2016	COM	75563	31830	ENTERPRISE COMPUTER	2,358.00
11/14/2016	COM	75564	59024	ERIN WILKS	149.04
11/14/2016	COM	75565	59318	FACILITY MAINTENANCE & CONSTRUCTION	1,250.00
11/14/2016	COM	75566	51568	FOUNDATION SYSTEMS OF MICHIGAN	700.00
11/14/2016	COM	75567	58795	G&M ENTERPRISES, LTD.	375.00
11/14/2016	COM	75568	51440	GIBBS PLANNING GROUP	1,500.00
11/14/2016	COM	75569	58950	HYDROCORP	275.00
11/14/2016	COM	75570	59316	IAFCI INTERNATIONAL OFFICE	70.00
11/14/2016	COM	75571	39070	J.H. HART URBAN FORESTRY	738.40
11/14/2016	COM	75572	31003	KEARN'S BROTHERS INC.	200.00
11/14/2016	COM	75573	59315	KRUGER BUILDERS	100.00
11/14/2016	COM	75574	59311	LAKE POINTE CONSTRUCTION	200.00
11/14/2016	COM	75575	49968	LEE DAVIS	94.04
11/14/2016	COM	75576	51792	LEXISNEXIS RISK SOLUTIONS	38.50
11/14/2016	COM	75577	49491	MAINS LANDSCAPE SUPPLY	125.94
11/14/2016	COM	75578	52030	MICHIGAN GRAPHICS & AWARDS	93.00
11/14/2016	COM	75579	11800	MICHIGAN MUNICIPAL LEAGUE	362.50
11/14/2016	COM	75580	59317	MICHIGAN POLICE EQUIPMENT	17,529.00
11/14/2016	COM	75581	59194	MIKE THE MOVER	2,160.00
11/14/2016	COM	75582	59112	NEXT	252.00
11/14/2016	COM	75583	51799	NYE UNIFORM EAST	3,082.45
11/14/2016	COM	75584	51799	NYE UNIFORM EAST	5.00
11/14/2016	COM	75585	51540	O'REILLY AUTO PARTS	106.23
11/14/2016	COM	75586	51751	O.C.W.R.C.	29,827.33
11/14/2016	COM	75587	13300	OAKLAND COMMUNITY COLLEGE	450.00
11/14/2016	COM	75588	50605	OAKLAND COUNTY	23,702.33
11/14/2016	COM	75589	51039	OAKLAND COUNTY	135,904.32
11/14/2016	COM	75590	59085	OBSERVER & ECCENTRIC	148.42
11/14/2016	COM	75591	58920	OWEN TREE SERVICE	1,148.00
11/14/2016	COM	75592	30035	PLANTE & MORAN, PLLC	16,390.00
11/14/2016	COM	75593	59122	RAPID RESPONSE	99.99
11/14/2016	COM	75594	49784	ROMA CEMENT	3,600.00
11/14/2016	COM	75595	59314	ROOFING DEPOT, LLC	200.00
11/14/2016	COM	75596	16500	S.O.C.R.R.A.	31,086.00
11/14/2016	COM	75597	16600	S.O.C.W.A.	49,104.37
11/14/2016	COM	75598	59282	SAFEBUILT INC.	18,444.80
11/14/2016	COM	75599	51356	SOUTHFIELD MUFFLER & BRAKE	974.38
11/14/2016	COM	75600	49839	STATE OF MICHIGAN	7,496.54
11/14/2016	COM	75601	59313	STATE OF MICHIGAN	5,594.20
11/14/2016	COM	75602	17700	SUNSET MAINTENANCE SERVICE	1,282.86
11/14/2016	COM	75603	50898	TARGET SPORTS	68.96
11/14/2016	COM	75604	18000	TERMINIX	48.00
11/14/2016	COM	75605	31202	THE HOME DEPOT	347.58
11/14/2016	COM	75606	52092	THE UPS STORE	10.12
11/14/2016	COM	75607	31043	THOMAS J RYAN PC.	8,000.00
11/14/2016	COM	75608	59312	TRISH OEN	110.47
11/14/2016	COM	75609	50767	VERIZON WIRELESS	409.63
11/14/2016	COM	75610	53572	WOW! BUSINESS	1,186.78
11/14/2016	COM	75611	50250	XO COMMUNICATIONS SERVICES	44.54

COM TOTALS:

Total of 64 Checks:	407,596.82
Less 0 Void Checks:	0.00
Total of 64 Disbursements:	407,596.82

11/09/2016 02:03 PM
User: EWREN
DB: Beverly Hills

CHECK REGISTER FOR VILLAGE OF BEVERLY HILLS
CHECK DATE FROM 11/01/2016 - 11/14/2016

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Check Date	Bank	Check	Vendor	Vendor Name	Amount
Bank COM COMERICA					
11/01/2016	COM	75546	38145	SOUTHFIELD POSTAL SERVICE	457.90
11/03/2016	COM	75547	31830	ENTERPRISE COMPUTER	3,394.00
COM TOTALS:					
Total of 2 Checks:					3,851.90
Less 0 Void Checks:					0.00
Total of 2 Disbursements:					3,851.90

October 25, 2016

To the Village Council
Village of Beverly Hills, Michigan

We have audited the financial statements of Village of Beverly Hills (the "Village") as of and for the year ended June 30, 2016 and have issued our report thereon dated October 25, 2016. Professional standards require that we provide you with the following information related to our audit which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Other Recommendations and Related Information

Section III - Legislative and Informational Items

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the Village Council of Village of Beverly Hills.

Section II presents recommendations related to internal control, procedures, and other matters noted during our current year audit. These comments are offered in the interest of helping the Village in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational or administrative efficiency and effectiveness.

Section III contains updated legislative and informational items that we believe will be of interest to you.

We would like to take this opportunity to thank the Village's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the Village Council, and management of Village and is not intended to be and should not be used by anyone other than these specified parties.

To the Village Council
Village of Beverly Hills, Michigan

October 25, 2016

We welcome any questions you may have regarding the following communications and we would be willing to discuss any of these or other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in cursive script, appearing to read "Martin J. Olejnik".

Martin J. Olejnik

A handwritten signature in cursive script, appearing to read "Rumzei A. Abdallah".

Rumzei A. Abdallah

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Village. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated May 17, 2016.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by The Village are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016.

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements include the recorded net pension liability and related expenses, the liability and expense associated with other postemployment benefits (OPEB), and the estimated unbilled water and sewer charges in the Water and Sewer Fund.

Section I - Required Communications with Those Charged with Governance (Continued)

Management's estimates of the long-term cost of pensions, retiree healthcare benefits, and OPEB benefits is based on an actuarial valuations, historical data, and other information. Management's estimate of the unbilled water and sewer charges is based on historical billings. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements 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.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We did not detect any misstatements as a result of audit procedures which have not been corrected.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Village, and business plans and strategies that may affect the risks of material misstatement with management each year prior to our retention as the Village's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

Management Representations

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

Section I - Required Communications with Those Charged with Governance (Continued)

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 Village’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 Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the Village’s financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated.

Section II - Other Recommendations and Related Information

During our audit, we noted areas where we believe there are opportunities for the Village to further strengthen internal control or to increase operating efficiencies. Our observations on those areas are presented for your consideration below:

Negative Cash Balances and Interfund Borrowings

At year end the Village had negative cash balances in various funds as a result of various interfund balances present as of June 30, 2016. We recommend that the Village make necessary journal entries in order to “clean up” these balances at each year end.

Actuarially Calculated Data

During the year it was noted that the data submitted to the actuary in order to calculate the pension liability calculation incorrectly included overtime wages. We encourage the Village to review the agreements in order to include only the data that impacts the future liability analysis.

Information Technology General Controls

During our review of the Village’s information technology general controls, we noted key controls over general ledger access that were not in place. Although the Village does have mitigating controls in place for the items noted, we recommend the Village implement these controls as a best practice measure. The controls include the following:

- Individuals with full administrative access to the general ledger system should not have access to post transactions.
- Individuals with the ability to authorize journal entries should not have the ability to post journal entries.
- There should be an independent review of journal entries by a party other than the authorizing person.

Physical Security and Prevention of Data Loss

During the physical walk through of the IT environment (server/computer room), it was noted that there are no water sensors or detectors, fire suppression devices, or temperature monitors in the room. As not all equipment is housed in protective casing and/or raised off the floor, there is nothing to alert the Village to the presence of water, rising temperatures, or fire suppression. We recommend the Village install water sensors, temperature monitoring devices, fire suppression devices, and use shelving or server stacks in a manner that would keep the equipment off the floor in order to better protect data from physical damage.

Section II - Other Recommendations and Related Information (Continued)

Water and Sewer Fund

The fund is currently operating at a loss, and as a result, the fund balance/net position has decreased over the last few years. We recommend that the Village continue to evaluate the projected costs and revenue to determine if rate adjustments are necessary. A study should be done to evaluate the fund for a minimum of a five-year period to determine if the rates are appropriate. Additionally, the Village may want to consider debt financing for infrastructure improvements.

Allocation of Administrative Fees

During the audit, we noted that it has been some time since the Village performed an analysis of the allocation of costs between departments (for example, the administrative costs charged to other funds by the General Fund). Additionally, during the current year, there was no administrative charge to the Water and Sewer Fund. We encourage the Village to update the analysis of the amounts charged and that they be re-evaluated regularly (at least every two to three years).

Trust and Agency Fund

The Village presently maintains various accounts pertaining to collection of money from third parties which are later utilized to pay costs on behalf of those parties (for example, the Reserve for Tremont Lane, Reserve for Westwood Land Co., etc.). We recommend that the Village consider the creation of a trust and agency fund in order to assist in maintaining the accounts (instead of in the General Fund).

Online Banking Internal Controls

During our review of online banking internal controls, we noted a few best-practice features that may be available to the Village through financial institutions that we encourage the Village to take advantage of. These controls include: positive pay for all transactions (not just those related to online banking/ACH), and the use of activity logging reports.

Section III - Legislative and Informational Items

Financial Outlook

It has been a few years now since the 2008-2012 economic downturn that was experienced by the Village as well as many other Michigan communities. A review of your major revenue sources shows that:

- In many cases, property tax values are starting to inch up. Looking forward, we expect taxable values to continue to experience small or moderate increases. In monitoring this revenue source, we need to keep in mind that the future taxable value increases will be limited to the lesser of 5 percent or inflation; so even if home sales do increase at a faster rate, the property tax revenue will be held to this lower amount.
- State-shared revenue was starting to show some modest increases, but then sales tax revenue for the State's fiscal year ending September 30, 2016 is coming in lower than expected which will impact the constitutional revenue sharing.

During the economic downturn, the Village resized its operations to fit the new lower revenue structure. The revenue improvements brought the Village into a structurally balanced budget; however, the long-term fiscal sustainability will be dependent on the ability to hold cost increases (driven significantly by the cost of pension, retiree health care and current employee health care) within the limits of expected revenue increases, which are predicted to be at or below the rate of inflation.

Legacy Costs

Legacy costs and the challenge of funding them continues to be a topic of discussion. GASB pronouncements of late have placed even more focus on the net long-term liability arising from these benefit promises. The pension system is nearly 80 percent funded as of June 30, 2016. Please note however, changes to assumptions may result in the funding level decreasing which may result in higher contributions going forward. For example, many plans recently updated their mortality tables that now show that people are living longer. Additionally plans have decreased the expected rate of return in light of market conditions.

New Other Postemployment Benefits Standards (Retiree Healthcare Obligations)

In June 2015, the GASB issued new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB, which refers to retiree healthcare). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees.

Section III - Legislative and Informational Items (Continued)

Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the Village will, after adoption of GASB 75, recognize on the face of the financial statements its net OPEB liability. The Village is currently evaluating the impact this standard will have on the financial statements when adopted. GASB 75 is effective for fiscal years beginning after June 15, 2017 (the Village's year end of June 30, 2018).

Legacy cost impact - Pro-forma

A pro-forma of how the reporting of the OPEB liability is expected to impact the Village's net position is shown below:

	As Currently Reported	With Unfunded Health Care
Net position:		
Net investment in capital assets	\$ 28,666,938	\$ 28,666,938
Restricted	2,234,750	2,234,750
Unrestricted	(1,015,968)	(12,458,649)
Total net position	\$ 29,885,720	\$ 18,443,039

This pro-forma indicates that Village will likely still have a positive total net position but a significant negative unrestricted net position. This generally means that the Village has successfully funded the total cost of government services provided to date. The fact that the unrestricted portion is negative indicates that legacy costs earned to date have not been funded; but this is offset by the capital assets that have been funded in advance of their use. When viewed from a combined perspective, the residents have paid the cost of services received in total.

Section III - Legislative and Informational Items (Continued)

Revenue Sharing

The FY 2017 governor’s budget recommendation includes \$1.3 billion for revenue sharing broken down as follows:

Description	Fiscal Year 2016 Budget	Fiscal Year 2016 Forecasted Actual	Governor’s 2017 Recommended Budget
Constitutionally required payments	\$783.8 M	\$752.1 M	\$781.5 M
CVTRS	243.0 M	243.0 M	243.0 M
CVTRS - One-time payments	5.8 M	5.8 M	0 M
County revenue sharing	171.8 M	171.8 M	172.2 M
County incentive program	42.9 M	42.9 M	43.0 M
Fiscally Distressed Community Grants	5.0 M	5.0 M	5.0 M
Competitive grants			11.0 M
Total	\$1,252.3 M	\$1,220.6 M	\$1,255.7

It should be noted that the governor’s budget notes a 3.9 percent increase in constitutional revenue sharing, but as you can see above, the 2016 budget included \$783.8 million which never materialized and was adjusted downward as sales tax revenue failed to come in as projected. As a result, the 3.9 percent increase is comparing the lower estimate of \$752.1 million to the 2017 budget of \$781.5 million. If you compared the 2017 budget to the 2016 budget, there is actually a decrease in this line item. The fiscal year 2017 budget also includes the “City, Village, and Township Revenue Sharing” (CVTRS) which was established in fiscal year 2015; that number remains flat at \$243 million. Each community’s overall increase will vary as each has a different mix of constitutional and CVTRS.

In order to receive the CVTRS payments in FY 17, qualified local units will once again need to comply with the same best practices as they did last year:

- A citizen’s guide to local finances with disclosure of unfunded liabilities
- Performance dashboard
- Debt service report
- Two-year budget projection

Section III - Legislative and Informational Items (Continued)

Personal Property Tax

In August 2014, Michigan voters put the last piece of personal property tax reform in place. As a result, personal property taxes will be reduced in two respects:

1. **Small Taxpayer Exemption Loss (STEL)** - Small taxpayers with total personal property within a taxing unit valued at less than \$80,000 are able to sign an affidavit exempting this personal property from taxation. This exemption began with the 2014 tax billings.
2. Beginning with 2016 tax filings, an affidavit can be filed to exempt eligible property used in a manufacturing process that is purchased either prior to 2006 or after December 31, 2012.

For 2014 and 2015, all communities were qualified to be reimbursed for losses related to debt millages and lost TIF capture arising from the STEL. Only cities were reimbursed for the balance of the Small Taxpayer Exemption Loss. However, for 2016, the legislation is generally intended to fully reimburse all local units of government for revenue losses that result from all exempt personal property.

The changes include creation of a new Local Community Stabilization Authority (LCSA) that will receive money from two sources:

- **Use Tax:** The legislation includes specific amounts of the use tax that will be diverted from the State's General Fund to the new LCSA
- **Essential Services Assessment:** Manufacturers will pay a "local community essential services assessment" to the LCSA based on the value of their exempt manufacturing property. The rate is set at 2.4 mills for a property's first five years, then 1.25 mills for the next five, then 0.9 mills thereafter.

Please keep in mind that if these two sources do not generate sufficient revenue for 100 percent of the losses, there could be a potential for something less than full reimbursement.

Local Community Stabilization Authority Revenue - As noted above, eligible communities began receiving reimbursements for certain lost personal property taxes. The state agency making those reimbursements is the Local Community Stabilization Authority (LCSA). These reimbursements should NOT be reported on the financial statements with property taxes; instead, they should be included with other intergovernmental revenue from the State (state-shared revenue, grants, and other). The State has created a new account number for the revenue, 573, and titled it "Local Community Stabilization Share Appropriation." As always, communities should follow the State's guidance related to the Uniform Chart of Accounts.

The State Department of Treasury will compute the reimbursements and are scheduled to make the payments by October 20 of each year. The State will compare the total current year Taxable Value of Commercial and Industrial Personal Property to the value as of 2013 (the year before PPT reform).

Section III - Legislative and Informational Items (Continued)

New Rules Governing Management of Federal Programs

The Office of Management and Budget (OMB) has issued significant reforms to the compliance requirements that must be followed by nonfederal entities receiving federal funding. All entities receiving federal dollars will need to understand the changes made as a result of these reforms and may be required to make changes to internal procedures, processes, and controls.

These reforms impact three key areas of federal grants management:

1. **Audit Requirements** - For fiscal years beginning on or after January 1, 2015, the threshold for obtaining a federal awards audit will increase from the current threshold of \$500,000 of annual federal spending to \$750,000. There will also be significant changes to the criteria for qualifying as a low-risk auditee and a reduction in the number of major programs required to be tested for some clients.

The Village has historically been below the threshold. However, from time to time, depending upon the level of federal spending, the Village may still be subject to an audit requirement even at the new higher \$750,000 threshold.

2. **Cost Principles** - Effective for all federal awards received on or after December 26, 2014, the grant reforms related to cost principles go into effect. Not only were certain changes made to allowable costs under this new guidance, but there were significant changes in the area of time and effort reporting and indirect costs.
3. **Administrative Requirements** - Also effective for all federal awards received on or after December 26, 2014, nonfederal entities receiving federal funding must adhere to new rules related to administering federal awards. Most notably, these requirements may impact the Village's procurement systems, including maintaining written conflict of interest policies and disclosures.

These revisions are clearly the most significant change to occur to federal grants management in recent history. Entities receiving federal funding will need to carefully digest these changes. Plante & Moran, PLLC has been on the cutting edge of these reforms, offering our clients free webinars, implementation checklists, and other tools to aid in implementation. The implementation date has passed and the Village will need to ensure that the implementation of the new regulations has occurred and if not, they need to work quickly to put the new requirements into practice. Plante & Moran, PLLC has many experts in this area and welcome any questions or needs you may have in this area.

PA 298 of 2012 - Act 51 Performance Audits

Public Act 298 of 2012 allows the Michigan Department of Transportation (MDOT) to conduct performance audits and make investigations of the disposition of all Act 51 state funds received by county road commissions, cities, and villages. The act states that these audits will be conducted by either an independent CPA or an employee of MDOT; however, recent communications sent to all cities, villages, and road commissions from MDOT indicate that you will need to have your CPA conduct the performance audit.

Section III - Legislative and Informational Items (Continued)

Based on this communication, the Village will need a performance audit for its fiscal year ended June 30, 2017 (the year that begins after October 1, 2015). These procedures will be focused on evaluating the procedures the Village puts in place to ensure it complies with the requirements of Public Act 51, and we will issue a separate report for this engagement. We are currently in the process of writing programs to address the key compliance areas. It is not clear to us whether this will be an annual requirement, but we will keep you apprised as additional information is provided by the State.

A key aspect of the compliance testing will focus on support for allocated costs. Recent communication from MDOT stated that MDOT auditors have determined that because time cards support, as a fundamental accounting record, the amounts billed for labor, equipment, and materials that cost allocations plans are not acceptable and therefore labor costs must be based on actual time, which can be verified by signed and approved time cards. Given the October 1, 2105 commencement of the audit time period, we encourage you to review your documentation methods to ensure compliance with this critical aspect.

Administrative Charges

The services provided by employees that are traditionally charged to the General Fund (Treasury, Finance, HR, etc.) oftentimes significantly benefit other funds. As a result, it is a fairly common practice to charge administrative fees to the other funds. Administrative fees can take many forms such as interfund allocations, chargebacks, payment In lieu of taxes to other funds, etc. While the practice of charging for administrative services provided to water and sewer funds, streets (see item above), TIF districts, and such may certainly be justified, there seems to be a heightened focus lately on the methodology and amount of charges. Given the fact that many cost allocation methodologies were implemented many years ago, it would be prudent to revisit your current methodology and the related inputs to ensure that any administrative charges are fully substantiated.

Proposed Legislation

House Bill 4213 of 2015 - This bill would change the calculation of taxable value to eliminate inflation adjustments in years in which state equalized value does not increase by at least inflation. Currently, the taxable value of a specific parcel can increase each year by the lesser of inflation or 5 percent. Under this bill, the state equalized value would have to increase by inflation as well, otherwise the parcel value stays at the prior year taxable value.

House Bill 4201 of 2015 - This one sentence bill would establish a requirement that at least 75 percent of the proceeds of a county millage shall be expended with the city, village, or township where it was collected.

**Village of Beverly Hills, Michigan
Oakland County, Michigan**

**Financial Report
with Supplemental Information
June 30, 2016**

Village of Beverly Hills, Michigan

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Village of Beverly Hills, Michigan

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Independent Auditor's Report

To the Village Council
Village of Beverly Hills, Michigan

Report on the Financial Statements

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

To the Village Council
Village of Beverly Hills, Michigan

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension system schedules of contributions and the changes in the Village net pension liability and related ratios, other postemployment benefits schedule of funding progress, and the budgetary comparison 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Beverly Hills, Michigan's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates 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 other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

October 25, 2016

Village of Beverly Hills, Michigan

Management's Discussion and Analysis

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

Financial Highlights

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

- **General Fund - Fund Balance** - The fund balance of the General Fund, excluding the Sick Pay Severance and Vacation Reserve Funds, at June 30, 2016 was approximately \$1.3m., or about 58 percent of the current 2015-2016 actual General Fund expenditures (excluding transfers). This number is above the Village Council recommendation of a minimum of a 20 percent fund balance. This percentage change is significantly due to the recent millage which separated the General Fund, Public Safety, and the Library into three funds.
- **State-shared Revenue** - The Village's state shared revenue remained relatively flat from a year ago (\$805,848 during 2015-2016 and \$812,394 during 2014-2015). Only minor fluctuations are anticipated in the next fiscal year at this time. State-shared revenue is divided between two sources. The most significant component is generally referred to as "constitutional" revenue sharing. This is revenue generated through sales tax receipts throughout the state of Michigan and reapportioned to local units of government based upon a formula contained within the Michigan constitution. Increases or decreases in these revenue sources are almost wholly dependent upon increases or decreases in economic activity in the state in a given year. As the economy has suffered in recent years, these revenue sources have generally been declining or stagnant. The trend is that little to no growth in this form of state revenue sharing will likely continue.
- **Retiree Health Care** – Administrative employees hired before July 1, 2006 are eligible for retiree health care funded by the Village. They contribute 2% of their salary to fund the retiree healthcare program. Administrative employees hired after July 1, 2006 contribute 3% of their salary to a Health Savings Account which is matched by the Village. Upon termination of service, they are 100% vested in the Health Savings Account.

Public safety employees hired before September 1, 2013 are eligible for retiree health care funded by the Village. They are currently required to contribute 2% of their salary to fund the retiree healthcare program. Most of the investments are held by MERS as of June 30, 2016. Public Safety employees hired after September 1, 2013 contribute 3% of their salary to a Health Savings Account which is matched by the Village. Upon termination of service, they are 100% vested in the Health Savings Account.

- **2016 Investment Report** - The Village's investment income in the fiscal year was once again lower in the current year. Interest rates have continued to decrease to historic lows of approximately .25 percent due to the Federal Reserve changes. Increases in interest rates are not anticipated in the foreseeable future.

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

- **Union Contracts** - All three union contracts are ratified. The public safety officers' contract was approved and expires on June 30, 2017. The command officers' contract was also approved and expires on December 31, 2017. The AFSCME contract expired on December 14, 2014 and was not renewed. The Village currently has no employees represented by AFSCME.

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 Village as a whole and present a longer-term view of the Village'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 Village's operations in more detail than the government-wide financial statements by providing information about the Village's most significant funds. The fiduciary fund statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

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 two years (note that 2014 excludes the impact of the implementation of GASB Statement No. 68):

	Governmental Activities				Percent Change
	2014	2015	2016	Change	
Assets					
Other assets	\$ 4,807,069	\$ 4,673,099	\$ 4,836,312	\$ 163,213	3%
Capital assets	<u>10,568,708</u>	<u>11,225,634</u>	<u>10,646,408</u>	<u>(579,226)</u>	-5%
Total assets	15,375,777	15,898,733	15,482,720	(416,013)	-3%
Deferred Outflows of Resource	-	422,803	3,079,708	2,656,905	628%
Liabilities					
Current liabilities	1,042,406	1,348,797	1,122,574	(226,223)	-17%
Long-term liabilities	<u>1,095,145</u>	<u>2,708,517</u>	<u>6,423,011</u>	<u>3,714,494</u>	137%
Total liabilities	<u>2,137,551</u>	<u>4,057,314</u>	<u>7,545,585</u>	<u>3,488,271</u>	86%
Net Position					
Net investment in capital assets	10,065,217	10,801,802	10,303,891	(497,911)	-5%
Restricted	1,660,467	1,310,663	2,234,750	924,087	71%
Unrestricted	<u>1,512,542</u>	<u>151,757</u>	<u>(1,521,798)</u>	<u>(1,673,555)</u>	-1103%
Total net position	<u>\$ 13,238,226</u>	<u>\$ 12,264,222</u>	<u>\$ 11,016,843</u>	<u>\$ (1,247,379)</u>	-10%

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

	Governmental Activities				Percent Change
	2014	2015	2016	Change	
Revenue					
Program revenue:					
Charges for services	\$ 957,375	\$ 923,498	\$ 869,174	\$ (54,324)	-6%
Operating grants	691,672	716,322	824,001	107,679	15%
Capital grants	440	9,000	15,984	6,984	78%
General revenue:					
Property taxes	6,052,159	6,307,165	6,435,150	127,985	2%
State-shared revenue	845,341	818,705	794,462	(24,243)	-3%
Investment earnings	7,634	8,097	12,450	4,353	54%
Other revenue	<u>193,092</u>	<u>171,995</u>	<u>315,134</u>	<u>143,139</u>	83%
Total revenue	8,747,713	8,954,782	9,266,355	311,573	3%
Program Expenses					
General government	696,580	637,589	1,645,096	1,007,507	158%
Public safety	4,763,206	4,990,756	6,197,668	1,206,912	24%
Public works	2,074,491	2,104,501	2,088,053	(16,448)	-1%
Community and economic development	66,695	91,805	98,490	6,685	7%
Recreation and cultural	447,041	474,747	476,673	1,926	0%
Interest on long-term debt	<u>-</u>	<u>15,971</u>	<u>7,754</u>	<u>(8,217)</u>	-51%
Total expenses	8,048,013	8,315,369	10,513,734	2,198,365	26%
Transfers	<u>(240,572)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Change in Net Position	<u>\$ 459,128</u>	<u>\$ 639,413</u>	<u>\$ (1,247,379)</u>	<u>\$ (1,886,792)</u>	-295%

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - decreased by approximately \$1,674,000 for the governmental activities. The current level of unrestricted net position for our governmental activities stands at a deficit of \$1,521,798. This is a significant decrease in the unrestricted net position from previous years. This decrease is due to changes in reporting standards during 2015 and 2016 (with the unfunded pension liability being reported for the first time during those years, and the overall obligation as of June 30, 2016 totaling \$5,094,905).

The Village's total governmental revenue increased by approximately \$312,000. The increase was primarily due to operating grants, increased property values (resulting in slightly higher property taxes), and other miscellaneous revenue.

Expenses increased during the year primarily relating to increased pension and postemployment benefits.

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

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

	Business-Type Activities				
	2014	2015	2016	Change	Percent Change
Assets					
Other assets	\$ 1,682,796	\$ 1,156,887	\$ 791,691	\$ (365,196)	-32%
Capital assets	<u>21,963,478</u>	<u>21,420,784</u>	<u>20,872,757</u>	<u>(548,027)</u>	-3%
Total assets	23,646,274	22,577,671	21,664,448	(913,223)	-4%
Deferred Outflows of Resource	12,212	-	-	-	0%
Liabilities					
Current liabilities	1,382,795	1,072,960	566,935	(506,025)	-47%
Long-term liabilities	<u>2,783,228</u>	<u>2,509,710</u>	<u>2,228,636</u>	<u>(281,074)</u>	-11%
Total liabilities	<u>4,166,023</u>	<u>3,582,670</u>	<u>2,795,571</u>	<u>(787,099)</u>	-22%
Net Position					
Net investment in capital assets	18,554,549	18,637,559	18,363,047	(274,512)	-1%
Unrestricted	<u>937,914</u>	<u>357,442</u>	<u>505,830</u>	<u>148,388</u>	42%
Total net position	<u>\$ 19,492,463</u>	<u>\$ 18,995,001</u>	<u>\$ 18,868,877</u>	<u>\$ (126,124)</u>	-1%

	Business-type Activities				
	2014	2015	2016	Change	Percent Change
Operating Revenue	\$ 3,225,847	\$ 3,148,341	\$ 4,224,333	\$ 1,075,992	34%
Operating expenses, other than depreciation	3,572,197	3,835,026	4,155,939	320,913	8%
Depreciation and amortization	<u>552,173</u>	<u>548,539</u>	<u>548,027</u>	<u>(512)</u>	0%
Operating Loss	(898,523)	(1,235,224)	(479,633)	755,591	-61%
Property tax revenue	426,235	325,585	-	(325,585)	-100%
Interest expense	107,137	88,425	64,700	(23,725)	-27%
Other	<u>42</u>	<u>5</u>	<u>29</u>	<u>24</u>	480%
Loss - Before contributions and transfers	(579,383)	(998,059)	(544,304)	453,755	-45%
Transfers, Capital Grants, and Charges	<u>240,572</u>	<u>500,597</u>	<u>418,180</u>	<u>(82,417)</u>	-16%
Change in Net Position	<u>\$ (338,811)</u>	<u>\$ (497,462)</u>	<u>\$ (126,124)</u>	<u>\$ 371,338</u>	-75%

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

Water units purchased by the Village from the Southeastern Oakland County Water Authority, as well as units billed to customers, increased from the previous fiscal year. Although the Water and Sewer Fund incurred an operating loss during the year, the change in net position for the fund, which includes capital infrastructure charges, was an improvement of approximately \$371,000 over last year.

The Village's Funds

Our analysis of the Village's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. The Village Council 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 Village's major funds for 2016 include the General Fund, Major Streets Fund, Local Streets Fund, and the Public Safety Fund.

The General Fund pays for the Village's governmental services including all administrative departments (excluding public safety) and rubbish collection and disposal services. The Public Safety Fund covers all public safety department costs. This represents the largest cost group, which incurred expenses of approximately \$5.2 million in fiscal year 2015-2016.

General Fund Budgetary Highlights

Over the course of the year, the Village amended the budget to take into account events during the year. Village departments overall were slightly under budget, resulting in total expenditures of \$76,082 under the amended budget in the General Fund.

Capital Asset and Debt Administration

At June 30, 2016, the Village had more than \$31 million invested in a broad range of capital assets, including buildings, furniture, equipment, roads and bridges, and water and sewer mains (see Note 5 for detail). During the current year, the Village added nearly \$200,000 of additional capital assets (net of disposals). The most significant additions related to improvements being made to the Village Hall.

Economic Factors and Next Year's Budgets and Rates

The Village's budget for next year will be similar to the current fiscal year. The General Fund covers the Village Council, Village manager, finance department, building and planning department, and the public services department.

The Village experienced an increase of taxable value from last year. The Village's taxable value increased from \$501,133,320 in the 2014-2015 fiscal year to \$519,161,240 in the 2015-2016 fiscal year. This trend is likely to continue for several years due to the turn-around in Michigan's economy.

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

Water and sewer rates for fiscal year 2015-2016 were significantly altered. The Village implemented a fixed rate for infrastructure of \$65 per bill and debt service of \$20 per bill to ensure that revenue will be sufficient to cover debt service payments and necessary maintenance and capital repair costs.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Village's finances and to show the Village'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.

Village of Beverly Hills, Michigan

Statement of Net Position June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 3)	\$ 3,568,810	\$ 21,448	\$ 3,590,258
Receivables - Net (Note 4)	535,520	1,231,279	1,766,799
Internal balances (Note 6)	493,470	(493,470)	-
Inventory	-	32,434	32,434
Prepaid expenses and other assets	238,512	-	238,512
Capital assets:			
Assets not subject to depreciation (Note 5)	340,652	-	340,652
Assets subject to depreciation (Note 5)	10,305,756	20,872,757	31,178,513
Total assets	15,482,720	21,664,448	37,147,168
Deferred Outflows of Resources (Note 9)	3,079,708	-	3,079,708
Liabilities			
Accounts payable	260,013	259,311	519,324
Due to other governmental units	384,723	-	384,723
Accrued liabilities and other	203,238	26,550	229,788
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 7)	191,595	-	191,595
Current portion of long-term debt (Note 7)	83,005	281,074	364,079
Due in more than one year:			
Compensated absences (Note 7)	127,730	-	127,730
Net retiree healthcare obligation (Note 10)	940,864	-	940,864
Net pension obligation (Note 9)	5,094,905	-	5,094,905
Long-term debt (Note 7)	259,512	2,228,636	2,488,148
Total liabilities	7,545,585	2,795,571	10,341,156
Net Position			
Net investment in capital assets	10,303,891	18,363,047	28,666,938
Restricted for:			
Streets and highways	1,055,205	-	1,055,205
Capital projects - Public safety	231,218	-	231,218
Capital projects	277,792	-	277,792
Drug law enforcement	49,784	-	49,784
Library	22	-	22
Public safety	620,729	-	620,729
Unrestricted	(1,521,798)	505,830	(1,015,968)
Total net position	<u>\$ 11,016,843</u>	<u>\$ 18,868,877</u>	<u>\$ 29,885,720</u>

Village of Beverly Hills, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,645,096	\$ 104,886	\$ -	\$ -
Public safety	6,197,668	215,175	7,261	11,660
Public works	2,088,053	549,113	816,740	4,324
Community and economic development	98,490	-	-	-
Recreation and culture	476,673	-	-	-
Interest on long-term debt	7,754	-	-	-
Total governmental activities	10,513,734	869,174	824,001	15,984
Business-type activities - Water and sewer	4,768,666	4,224,333	-	418,180
Total primary government	\$ 15,282,400	\$ 5,093,507	\$ 824,001	\$ 434,164
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

**Statement of Activities
Year Ended June 30, 2016**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,540,210)	\$ -	\$ (1,540,210)
(5,963,572)	-	(5,963,572)
(717,876)	-	(717,876)
(98,490)	-	(98,490)
(476,673)	-	(476,673)
(7,754)	-	(7,754)
(8,804,575)	-	(8,804,575)
-	(126,153)	(126,153)
(8,804,575)	(126,153)	(8,930,728)
6,435,150	-	6,435,150
794,462	-	794,462
12,450	29	12,479
315,134	-	315,134
7,557,196	29	7,557,225
(1,247,379)	(126,124)	(1,373,503)
12,264,222	18,995,001	31,259,223
<u>\$ 11,016,843</u>	<u>\$ 18,868,877</u>	<u>\$ 29,885,720</u>

Village of Beverly Hills, Michigan

	General Fund	Major Streets Fund	Local Streets Fund	Public Safety Fund
Assets				
Cash and cash equivalents (Note 3)	\$ 1,098,955	\$ 478,502	\$ 402,327	\$ 744,003
Receivables - Net (Note 4)	342,158	77,438	107,288	8,636
Due from other funds (Note 6)	938,097	-	-	-
Prepaid expenses and other assets	14,984	-	-	54,676
Total assets	\$ 2,394,194	\$ 555,940	\$ 509,615	\$ 807,315
Liabilities				
Accounts payable	\$ 189,020	\$ 3,442	\$ 6,908	\$ 58,403
Due to other governmental units	384,723	-	-	-
Due to other funds (Note 6)	-	-	-	40,000
Accrued and other liabilities	51,839	-	-	88,183
Total liabilities	625,582	3,442	6,908	186,586
Deferred Inflows of Resources				
(Note 1)	135,892	-	69,945	-
Fund Balances				
Nonspendable	14,984	-	-	54,676
Restricted:				
Roads	-	552,498	432,762	-
Public safety	-	-	-	566,053
Capital projects - Public safety	-	-	-	-
Capital projects	-	-	-	-
Drug law enforcement	-	-	-	-
Library	-	-	-	-
Assigned:				
Capital projects	-	-	-	-
Sick pay severance	192,777	-	-	-
Vacation reserve	126,548	-	-	-
Unassigned	1,298,411	-	-	-
Total fund balances	1,632,720	552,498	432,762	620,729
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,394,194	\$ 555,940	\$ 509,615	\$ 807,315

**Governmental Funds
Balance Sheet
June 30, 2016**

Nonmajor Governmental Funds	Total
\$ 845,023	\$ 3,568,810
-	535,520
-	938,097
-	69,660
\$ 845,023	\$ 5,112,087
\$ 2,240	\$ 260,013
-	384,723
404,627	444,627
-	140,022
406,867	1,229,385
-	205,837
-	69,660
-	985,260
-	566,053
231,218	231,218
277,792	277,792
49,784	49,784
22	22
53,533	53,533
-	192,777
-	126,548
(174,193)	1,124,218
438,156	3,676,865
\$ 845,023	\$ 5,112,087

Village of Beverly Hills, Michigan

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2016

Fund Balance Reported in Governmental Funds	\$ 3,676,865
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	10,646,408
Accrued interest is not due and payable in the current period and is not reported in the funds	(4,450)
Net pension liability is not due and payable in the current period and is not reported in the funds	(5,094,905)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	3,079,708
The funds defer recognition of revenue of any amounts not collected within 60 days of the end of the year	205,837
Installment purchase agreements are not due and payable in the current period and are not reported in the funds	(342,517)
Amounts on deposit with the insurance authority (MMRMA) are not reported as fund assets	168,852
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(319,325)
Net retiree healthcare obligations are not due and payable in the current period and are not reported in the funds	(940,864)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(58,766)</u>
Net Position of Governmental Activities	<u>\$ 11,016,843</u>

Village of Beverly Hills, Michigan

	General Fund	Major Streets Fund	Local Streets Fund	Public Safety Fund
Revenue				
Property taxes and related fees	\$ 953,500	\$ -	\$ -	\$ 5,016,312
Licenses and permits	10,317	-	-	-
State-shared revenue and grants	805,848	505,932	310,808	4,786
Charges for services	528,480	-	-	139,706
Fines and forfeitures	500	-	-	70,269
Interest and rentals	5,667	1,016	59	4,439
Other revenue	297,714	-	13,033	12,235
	<u>2,602,026</u>	<u>506,948</u>	<u>323,900</u>	<u>5,247,747</u>
Expenditures				
Current:				
General government	1,165,885	-	-	-
Public safety	-	-	-	5,124,841
Public works	893,153	215,910	428,490	-
Community and economic development	90,990	-	-	-
Library	-	-	-	-
Capital outlay	136,818	-	-	-
Debt service	-	-	-	90,125
	<u>2,286,846</u>	<u>215,910</u>	<u>428,490</u>	<u>5,214,966</u>
Excess of Revenue Over (Under) Expenditures	315,180	291,038	(104,590)	32,781
Other Financing Sources (Uses)				
Transfers in (Note 6)	-	-	712,000	-
Transfers out (Note 6)	(840,000)	(112,000)	-	(125,000)
	<u>(840,000)</u>	<u>(112,000)</u>	<u>712,000</u>	<u>(125,000)</u>
Net Change in Fund Balances	(524,820)	179,038	607,410	(92,219)
Fund Balances - Beginning of year	2,157,540	373,460	(174,648)	712,948
Fund Balances - End of year	<u>\$ 1,632,720</u>	<u>\$ 552,498</u>	<u>\$ 432,762</u>	<u>\$ 620,729</u>

**Governmental Funds
Statement of Revenue, Expenditures, and Changes in
Fund Balances
Year Ended June 30, 2016**

Nonmajor Governmental Funds	Total
\$ 465,338	\$ 6,435,150
-	10,317
-	1,627,374
-	668,186
2,475	73,244
1,269	12,450
5,440	328,422
474,522	9,155,143
-	1,165,885
2,232	5,127,073
203,977	1,741,530
-	90,990
465,957	465,957
45,976	182,794
-	90,125
718,142	8,864,354
(243,620)	290,789
365,000	1,077,000
-	(1,077,000)
365,000	-
121,380	290,789
316,776	3,386,076
\$ 438,156	\$ 3,676,865

Village of Beverly Hills, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 290,789
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	254,070
Depreciation expense	(821,044)
Loss on sale of fixed assets	(13,994)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	74,565
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	81,315
Increase in net retiree healthcare obligation reported in the statement of activities does not require the use of current resources and therefore is not reported in the fund statements until it comes due for payment	(188,614)
Pension-related expenses do not require the use of current resources, and therefore are not reported in the fund statements	(950,086)
Increase in amount on deposit with the insurance authority (MMRMA) is reported as an expenditure on the fund statements, but a reclassification of current to long-term asset at the government-wide level	63,501
Accrued interest on long-term debt is an expenditure in the statement of activities, but not in the governmental funds	1,056
Accrued insurance claims are not reported as a fund liability until the payment is due and payable	(34,202)
Increase in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources, and therefore are not reported in the fund statements until they come due for payment	(4,735)
Change in Net Position of Governmental Activities	<u>\$ (1,247,379)</u>

Village of Beverly Hills, Michigan

Enterprise Fund - Water and Sewer Statement of Net Position June 30, 2016

Assets

Current assets:

Cash and cash equivalents (Note 3)	\$ 21,448
Receivables - Net (Note 4)	1,231,279
Inventory	32,434

Total current assets 1,285,161

Capital assets - Assets subject to depreciation (Note 5) 20,872,757

Total assets 22,157,918

Liabilities

Current liabilities:

Accounts payable	259,311
Due to other funds (Note 6)	493,470
Accrued liabilities and other	26,550
Current portion of long-term debt (Note 7)	281,074

Total current liabilities 1,060,405

Noncurrent liabilities - Long-term debt (Note 7) 2,228,636

Total liabilities 3,289,041

Net Position

Net investment in capital assets	18,363,047
Unrestricted	505,830

Total net position \$ 18,868,877

Village of Beverly Hills, Michigan

Enterprise Fund - Water and Sewer Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2016

Operating Revenue	
Sale of water	\$ 995,031
Sewage disposal charges	2,106,533
Interest and penalty charges	74,750
Meter charge	10,589
Rental income and other	14,969
Infrastructure charge	1,022,461
Total operating revenue	4,224,333
Operating Expenses	
Cost of water	706,013
Cost of sewage treatment	1,871,122
Repairs and maintenance	1,538,436
Depreciation	548,027
Other expenses	40,368
Total operating expenses	4,703,966
Operating Loss	(479,633)
Nonoperating Revenue (Expenses)	
Investment income	29
Interest expenses	(64,700)
Total nonoperating expenses	(64,671)
Loss - Before contributions	(544,304)
Capital Contributions - Grants	418,180
Change in Net Position	(126,124)
Net Position - Beginning of year	18,995,001
Net Position - End of year	<u>\$ 18,868,877</u>

Village of Beverly Hills, Michigan

Enterprise Fund - Water and Sewer Statement of Cash Flows Year Ended June 30, 2016

Cash Flows from Operating Activities	
Receipts from customers	\$ 3,893,271
Payments to suppliers	(4,696,935)
Internal activity - Payments from other funds	541,192
Other payments	<u>(29,349)</u>
Net cash used in operating activities	(291,821)
Cash Flows from Capital and Related Financing Activities	
Receipt of capital grants	411,815
Principal and interest paid on capital debt	<u>(339,800)</u>
Net cash provided by capital and related financing activities	72,015
Cash Flows from Investing Activities - Interest income	<u>29</u>
Net Decrease in Cash and Cash Equivalents	(219,777)
Cash and Cash Equivalents - Beginning of year	<u>241,225</u>
Cash and Cash Equivalents - End of year	<u>\$ 21,448</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (479,633)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	548,027
Changes in assets and liabilities:	
Receivables	(331,062)
Prepaid and other assets	(10,624)
Accounts payable	(559,721)
Due to others	<u>541,192</u>
Net cash used in operating activities	<u>\$ (291,821)</u>

Village of Beverly Hills, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2016

	Pension and Other Employee Benefits - Retiree Healthcare	Agency Funds
Assets		
Cash and cash equivalents (Note 3)	\$ 658,034	\$ 20,899
Total assets	658,034	<u>\$ 20,899</u>
Liabilities - Accrued and other	-	<u>\$ 20,899</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 658,034</u>	

Village of Beverly Hills, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2016

	Pension and Other Employee Benefits - Retiree Healthcare
Additions	
Investment income - Interest and dividends	\$ 1,052
Contributions:	
Employer	1,140,973
Employee	29,469
Total contributions	<u>1,170,442</u>
Total additions	1,171,494
Deductions	
Benefit payments	685,837
Transfer to MERS (Note 11)	461,125
Net Increase in Net Position Held in Trust	<u>24,532</u>
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>633,502</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 658,034</u></u>

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Village of Beverly Hills, Michigan:

Reporting Entity

The Village of Beverly Hills, Michigan (the "Village") is governed by an elected seven-member council. There are no component units for which the Village is considered to be financially accountable.

Jointly governed organizations are discussed in Note 12.

Accounting and Reporting Principles

The Village follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported instead as general revenue.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's water and sewer function and various other functions of the Village. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting

The Village accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds. The Village reports the following funds as “major” governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The Major Streets Fund accounts for the resources of state gas and weight tax revenue that are restricted for use on major streets.
- The Local Streets Fund accounts for the resources of state gas and weight tax revenue that are restricted for use on local streets.
- The Public Safety Fund accounts for the resources of property tax revenue that are restricted for use on public safety.

Proprietary Funds - The Village reports one major proprietary fund. The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system. The fund is financed primarily by a user charge for the provided service.

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The Pension and Other Employee Benefits Trust Fund accounts for resources accumulated for pension benefit payments to qualified employees and for accumulated resources which have been set aside in a trust to fund postretirement healthcare costs.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

- The Agency Fund accounts for assets held by the Village in a trustee capacity, consisting primarily of tax withholdings. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Interfund activity: During the course of operations, the Village has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the government has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare-related costs, or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the Village considers amounts collected within two months of year end to be available for recognition. The following major revenue sources meet the availability criterion: property taxes and related fees, licenses and permits, federal grants, charges for services, fines and forfeitures, and interest associated with the current fiscal period. Conversely, special assessments and state-shared revenue will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Infrastructure, intangibles, buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Capital Asset Class	Lives
Building and improvements other than buildings	50 years
Furniture and equipment	5-10 years
Vehicles	5-20 years
Roads and bridges	10-50 years
Water mains and sewers	50-100 years
Meters	20 years

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund and Capital Projects Fund are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has one item that qualifies for reporting in this category, which is the deferred outflows of resources related to the defined benefit pension plan. The deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements. The deferred outflows of resources result from four transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the Village's fiscal year end, the difference between expected and actual experience, changes in assumptions, and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from two sources: state-shared revenue and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At year end, the Village reported deferred inflows of \$135,892 in the General Fund related to unavailable state-shared revenue, and deferred inflows of \$69,945 in the Local Streets Fund for unavailable special assessments revenue.

Net Position Flow Assumption

Sometimes the Village will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Village will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Village itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Village Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Village Council has by resolution authorized the finance director to assign fund balance. The Village Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Property Tax Revenue

Property taxes are levied and become a lien on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on September 14 of the following year, at which time penalties and interest are assessed. Taxes unpaid on February 28 of the following year are added to the county tax rolls.

The Village's 2015 tax is levied and collectible on July 1, 2015 and is recognized as revenue in the year ended June 30, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the Village totaled \$519.2 million, on which taxes levied consisted of 1.8100 mills for operating purposes, 0.8975 mills for the library, and 9.6746 mills for public safety. The ad valorem taxes levied raised approximately \$950,000 for operating, \$465,000 for the library, and \$5,016,000 for public safety. These amounts are recognized in the General, Library, and Public Safety Funds financial statements as taxes receivable or tax revenue, net of delinquent tax revenue and administrative fees. Personal property taxes that are still unpaid as of June 30, 2016 will be recognized as revenue in the future as they are collected.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit Costs - The Village offers a defined benefit pension plan to its employees. The Village records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose 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 pension plan, and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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.

The Village also offers retiree healthcare benefits to retirees. The Village receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements, the Village reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

Compensated Absences (Vacation and Sick Leave) - It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Village does not have a policy to pay any amounts when employees separate from service with the Village. All vacation pay is accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements; generally, the funds that report each employee's compensation (the General Fund and Public Safety Fund, primarily) are used to liquidate obligation.

Proprietary Fund Operating Classification - Proprietary fund distinguishes operating revenue and expenses from nonoperating items. Operating revenue 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 revenue of the Water and Sewer Fund is charges to customers for sales and services. The fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Village oversaw building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation, to ensure compliance with the building codes, through February of the current year. The Village charged fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since July 1, 2015 is as follows:

Shortfall at July 1, 2015		\$	(944,353)
Current year building permit revenue			31,527
Related expenses:			
Direct costs	\$	122,314	
Estimated indirect costs		8,530	130,844
Current year shortfall			<u>(99,317)</u>
Cumulative shortfall at June 30, 2016			<u>\$ (1,043,670)</u>

In 2014, the Village entered into a contract with the City of Royal Oak to have the City of Royal Oak oversee building construction in accordance with the State's Construction Code Act on behalf of the Village. The City of Royal Oak charged fees for these services beginning in March of 2014, and fees are not reported in the financial statements of the Village. Subsequent to year end, effective August 2016, oversight of these inspections, along with the charged fees for these services, has reverted back to the Village.

Fund Deficits - For the year ended June 30, 2016, the Capital Projects Infrastructure Fund has a deficit in unassigned fund balance of \$174,193, which is due primarily to the timing of capital projects near year end. Management believes that this deficit will be eliminated in the 2016-2017 fiscal year through transfers from other funds.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	Primary Government		Fiduciary Funds
	Governmental Activities	Business-type Activities	
Deposits with financial institutions	\$ 2,454,358	\$ 21,448	\$ 678,933
Investments - Short-term investments	1,114,452	-	-
Total	<u>\$ 3,568,810</u>	<u>\$ 21,448</u>	<u>\$ 678,933</u>

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. There are no limitations or restrictions on participant withdrawals for the short-term investment pools that are recorded at amortized cost.

The Pension Trust Fund and Retiree Healthcare Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Village has designated seven banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Village's deposits and investment policies are in accordance with statutory authority. The Village has not adopted an investment policy for the retiree healthcare funds.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

The Village's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Village's deposits may not be returned to it. The Village's investment policy restricts bank deposits to Michigan-based banks (in accordance with state law); there are no further restrictions on custodianship of bank deposits. At year end, the Village had \$1,356,105 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Village believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. The federal depository insurance coverage pertains to all the deposits of the Village.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Village's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. At year end, the Village does not have any investments subject to interest rate risk.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Village has no investment policy that would further limit its investment choices. As of year end, the credit quality of debt securities is as follows:

	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Primary Government			
Bank investment pool	\$ 649,276	Not rated	N/A
Comerica - J Fund	<u>1,407,847</u>	PI	Moody's
Total	<u>\$ 2,057,123</u>		

The Village 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.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 3 - Deposits and Investments (Continued)

In instances whereby 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 Village's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Village did not have any investments valued with Level 1, Level 2, or Level 3 inputs at June 30, 2016.

Note 4 - Receivables

Receivables as of year end for the Village's individual major funds, the nonmajor fund, and business-type activities, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Major Streets Fund	Local Streets Fund	Public Safety Fund	Nonmajor Funds	Total Governmental Funds	Business - type Activities
Receivables:							
Property taxes	\$ 597	\$ -	\$ -	\$ -	\$ -	\$ 597	\$ -
Special assessment	-	-	69,945	-	-	69,945	-
Customer billings	-	-	-	-	-	-	1,153,198
Other receivables	61,723	-	-	8,636	-	70,359	-
Intergovernmental	279,838	77,438	37,343	-	-	394,619	78,081
Net receivables	\$ 342,158	\$ 77,438	\$ 107,288	\$ 8,636	\$ -	\$ 535,520	\$ 1,231,279

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets

Capital asset activity of the Village's governmental and business-type activities was as follows:

	Balance July 1, 2015	Additions	Disposals and Adjustments	Balance June 30, 2016
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 209,936	\$ -	\$ -	\$ 209,936
Construction in progress	-	130,716	-	130,716
Subtotal	209,936	130,716	-	340,652
Capital assets being depreciated:				
Buildings and improvements	2,256,698	-	-	2,256,698
Roads and bridges	14,533,234	95,271	-	14,628,505
Equipment	3,024,918	18,888	(33,361)	3,010,445
Improvements other than buildings	1,513,619	9,195	(24,849)	1,497,965
Subtotal	21,328,469	123,354	(58,210)	21,393,613
Accumulated depreciation:				
Buildings and improvements	1,330,693	52,096	-	1,382,789
Infrastructure (excludes water mains and sewers)	6,105,886	482,505	(4,025)	6,584,366
Equipment	1,921,902	195,868	(41,933)	2,075,837
Improvements other than buildings	954,290	90,575	-	1,044,865
Subtotal	10,312,771	821,044	(45,958)	11,087,857
Net capital assets being depreciated	11,015,698	(697,690)	(12,252)	10,305,756
Net capital assets	\$ 11,225,634	\$ (566,974)	\$ (12,252)	\$ 10,646,408

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 5 - Capital Assets (Continued)

	Balance July 1, 2015	Additions	Disposals and Adjustments	Balance June 30, 2016
Business-type Activities				
Capital assets being depreciated:				
Water mains	\$ 7,046,210	\$ -	\$ -	\$ 7,046,210
Sanitary sewers and drains	22,216,848	-	-	22,216,848
Service buildings	42,163	-	-	42,163
Meters	823,041	-	-	823,041
Motor vehicles	83,552	-	-	83,552
Furniture and equipment	141,949	-	-	141,949
Subtotal	30,353,763	-	-	30,353,763
Accumulated depreciation:				
Water mains	1,211,989	70,283	-	1,282,272
Sanitary sewers and drains	7,157,494	438,596	-	7,596,090
Service buildings	42,163	-	-	42,163
Meters	298,104	38,582	-	336,686
Motor vehicles	83,552	-	-	83,552
Furniture and equipment	139,677	566	-	140,243
Subtotal	8,932,979	548,027	-	9,481,006
Net capital assets	\$ 21,420,784	\$ (548,027)	\$ -	\$ 20,872,757

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$ 156,104
Public safety	182,496
Public works	482,444

Total governmental activities \$ 821,044

Business-type activities - Water and sewer \$ 548,027

Construction Commitments - The Village has active construction projects at year end for the Village hall renovations. At year end, the Village's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Village hall renovations	\$ 130,716	\$ 499,546

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 493,470
	Public Safety Fund	40,000
	Capital Projects Infrastructure Fund (a nonmajor governmental fund)	174,193
	Library Fund (a nonmajor governmental fund)	230,434
	Total	<u>\$ 938,097</u>

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Transferred From	Fund Transferred To	Amount
General Fund	Local Streets Fund	\$ 600,000
	Capital Projects Fund (a nonmajor governmental fund)	240,000
	Total General Fund	840,000
Major Streets Fund	Local Streets Fund	112,000
Public Safety Fund	Capital Projects Fund (a nonmajor governmental fund)	125,000
	Total	<u>\$ 1,077,000</u>

The transfer from the General Fund to the Local Streets Fund was used for roads, infrastructure, and other capital improvements. The transfer from the Major Streets Fund to the Local Streets Fund was for repairs and maintenance of local roads. The transfer from the Public Safety Fund to the Capital Projects Infrastructure Fund was for capital purchases.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Debt

The Village issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Village. County contractual agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Village is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the Village) are received.

Long-term debt activity can be summarized as follows:

	Beginning Balance July 1, 2015	Additions	Reductions	Ending Balance June 30, 2016	Due Within One Year
Governmental Activities					
2013 Fire truck installment purchase agreement, maturing through November 2019 with interest rate of 2.06%	\$ 423,832	\$ -	\$ 81,315	\$ 342,517	\$ 83,005
Accumulated compensated absences	314,590	193,489	188,754	319,325	191,595
Total governmental activities	<u>\$ 738,422</u>	<u>\$ 193,489</u>	<u>\$ 270,069</u>	<u>\$ 661,842</u>	<u>\$ 274,600</u>

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Debt (Continued)

	Beginning Balance July 1, 2015	Additions	Reductions	Ending Balance June 30, 2016	Due Within One Year
Business-type Activities					
1997 John Garfield Drain Bonds, maturing through November 2017 with interest ranging from 3.87% to 4.97%	\$ 22,567	\$ -	\$ 7,085	\$ 15,482	\$ 7,610
1998 North Arm Relief Drain Contract with City of Royal Oak (to support the Village's portion of Royal Oak bonds), maturing through September 2020 with interest at 2.25%	125,861	-	19,842	106,019	20,372
2000 George W. Kuhn Drain Bond Series A, maturing through April 2022 with interest at 2.5%	59,170	-	7,838	51,332	8,041
2001 George W. Kuhn Drain Bond Series C, maturing through April 2024 with interest at 2.5%	341,372	-	34,316	307,056	35,169
2001 George W. Kuhn Drain Bond Series D, maturing through April 2024 with interest at 2.5%	9,037	-	934	8,103	934
2003 Rummel Relief Drainage District Drain Bonds - Series 2003, maturing through May 2023 with interest ranging from 2.6% to 4.7%	129,200	-	16,779	112,421	16,779
2003 Drinking Water Revolving Fund Loan, maturing through April 2025 with interest at 2.125%	1,962,055	-	175,000	1,787,055	180,000
2005 George W. Kuhn Drain Bond Series 2005, maturing through April 2026 with interest at 1.625%	7,295	-	619	6,676	619
2007 George W. Kuhn Drain Bond Series G, maturing through April 2028 with interest at 1.625%	9,983	-	701	9,282	701
2007 George W. Kuhn Drain Bond Series 2007, maturing through April 2024, refunding 2000B and 2001E (August 2007) with interest ranging from 4.25% to 4.375%	69,119	-	7,513	61,606	7,879
2008 George W. Kuhn Drain Bond Series 2008H, maturing through April 2029 with interest at 2.50%	47,566	-	2,888	44,678	2,970
Total bonds payable	\$ 2,783,225	\$ -	\$ 273,515	\$ 2,509,710	\$ 281,074

Annual debt service requirements to maturity for the above obligations (excluding employee benefits) are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 83,005	\$ 7,120	\$ 90,125	\$ 281,074	\$ 59,771	\$ 340,845
2018	84,730	5,395	90,125	289,831	52,831	342,662
2019	86,492	3,633	90,125	283,871	45,855	329,726
2020	88,290	1,835	90,125	290,944	39,015	329,959
2021	-	-	-	299,140	31,991	331,131
2022-2026	-	-	-	1,051,566	59,438	1,111,004
2026-2029	-	-	-	13,284	240	13,524
Total	\$ 342,517	\$ 17,983	\$ 360,500	\$ 2,509,710	\$ 289,141	\$ 2,798,851

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 7 - Long-term Debt (Continued)

County Contractual Obligations - The above contractual obligations to Oakland County are the result of the county's issuance of bonds on the Village's behalf. The Village has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations. Proceeds from the county bonds provided financing for the construction of the George W. Kuhn Drain. The remaining principal and interest to be paid on the bonds total \$479,972. During the current year, net expenses of the system, excluding depreciation, were \$349,658 compared to the annual debt requirements of \$68,394.

Note 8 - Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Village has purchased commercial insurance for medical claims and participates in the Michigan Municipal League Workers' Compensation for claims relating to workers' compensation and the Michigan Municipal Risk Management Authority for general liability claims.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. Settled claims relating to commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Village. The Authority assists the Village in estimating claims for additional liabilities that may be paid beyond the balance sheet date. It is estimated that any such claims are insignificant for each of the last two years. Therefore, no liability has been recorded.

The Village is self-insured for a portion of its healthcare reimbursement for the drug program. All active employees and retirees are eligible. Active employees have a copay, and retirees either have a \$2, \$3, or \$10 copay depending on what tier the drug is found in. As of June 30, 2016, all related claims have been accrued.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 9 - Agent Defined Benefit Pension Plan

Plan Description - The Village participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS) that covers the administrative staff and public safety officers (see below) of the Village. MERS was established as a statewide public employee pension plan by the Michigan legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Prior to August, 2013, all full-time public safety employees of the Village were covered by the Village of Beverly Hills Public Safety Officers' Retirement System (the "single-employer plan"), a single-employer defined benefit pension plan that was administered by a board of trustees consisting of the Village president, a Village Council member, a citizen, and two public safety officers. During August 2013, the Village closed out the single-employer plan and transferred approximately \$15.7 million of assets to the Michigan Municipal Employees' Retirement System, with the exception of approximately \$427,000 that is held within the pension trust fund as of June 30, 2016.

Deferred Retirement Option Plan (DROP) - The Village has a closed DROP plan for command officers who meet regular retirement eligibility. The plan was closed to new members as of January 1, 2013. Once a member elects to enter the DROP, monthly additions of 100 percent of the regular retirement benefit are credited to the participant's ICMA DROP account. The participant's DROP account is maintained and managed by ICMA. The maximum period of participation in the DROP is five years. The DROP employees continue working at their current salary level, but for pension plan purposes, they stop accruing benefits. During fiscal year 2016, the Village made no contributions into DROP accounts of participants.

Benefits Provided - The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers general employees (closed to new hires), command and public safety officers (closed to new hires), general nonunion employees, and AFSCME employees.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 9 - Agent Defined Benefit Pension Plan (Continued)

Retirement benefits for employees are calculated as 2.50 percent of the employee's final two-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service (reduced benefits), or at 55 with 15 years of service (reduced benefits). Vesting period is 10 years. Employees are eligible for non-duty disability benefits after 10 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 without an actuarial reduction. Death benefits equal 80 percent times the employee's final full-year salary. An employees who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 3 percent, noncompounding.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the city council, generally after negotiations of these terms with the affected unions. Police and fire employees' benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms - At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	49
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	<u>26</u>
Total employees covered by MERS	<u><u>87</u></u>

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2016, the average active employee contribution rate was 3.6 percent of annual pay and the Village's average contribution rate was 17.5 of annual payroll.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 9 - Agent Defined Benefit Pension Plan (Continued)

Net Pension Liability

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

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2014	\$ 22,692,352	\$ 21,204,438	\$ 1,487,914
Service cost	395,718	-	395,718
Interest	1,821,548	-	1,821,548
Differences between expected and actual experience	527,126	-	527,126
Changes in assumptions	955,924	-	955,924
Contributions - Employer	-	378,302	(378,302)
Contributions - Employee	-	74,509	(74,509)
Net investment income	-	(313,772)	313,772
Benefit payments, including refunds	(1,621,661)	(1,621,661)	-
Administrative expenses	-	(45,714)	45,714
Net changes	<u>2,078,655</u>	<u>(1,528,336)</u>	<u>3,606,991</u>
Balance at December 31, 2015	<u>\$ 24,771,007</u>	<u>\$ 19,676,102</u>	<u>\$ 5,094,905</u>

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 9 - Agent Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2016, the Village recognized pension expense of \$1,459,970. At June 30, 2016, the Village reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 351,417
Changes in assumptions	637,283
Net difference between projected and actual earnings on pension plan investments	1,831,848
Employer contributions to the plan subsequent to the measurement date	<u>259,160</u>
Total	<u>\$ 3,079,708</u>

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

Years Ending June 30	Amount
2017	\$ 970,764
2018	970,764
2019	476,414
2020	402,606

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

Inflation	2.5 %
Salary increases	3.8 % In the long term
Investment rate of return	7.8 % Net of pension plan investment expense, including inflation

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 9 - Agent Defined Benefit Pension Plan (Continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make 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.

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make 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.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 9 - Agent Defined Benefit Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 as of December 31, 2015, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	58.0 %	4.9 %
Global fixed income	20.0 %	1.1 %
Real assets	13.0 %	1.0 %
Diversifying strategies	10.0 %	1.0 %

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Village, calculated using the discount rate of 8 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of the Village	\$ 7,753,589	\$ 5,094,905	\$ 2,853,317

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are report by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 10 - Other Postemployment Benefits

Plan Description - The Village provides retiree healthcare benefits to eligible employees and their spouses. Benefits are provided to public safety and general employees. Currently, the plan has 52 members, including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits.

During 2016, the Village transferred approximately \$461,000 of assets from the single-employer benefit plan administered by the Village to the Michigan Municipal Employees' Retirement System Retiree Health Funding Vehicle.

This is a single-employer defined benefit healthcare plan administered by the Village. The benefits are provided under collective bargaining agreements. The Village has set aside advanced funding of this obligation in the Municipal Employees' Retirement System (MERS) Retiree Health Funding Vehicle (RHFV) which is held in a separate reserve but invested on a pooled basis by MERS with other governmental units. The balance as of June 30, 2016 in this restricted plan is \$4,822,370. Administrative costs are paid by the Village. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The Village has required most full-time municipal employees to contribute 1.0 percent of their salary and public safety employees to contribute 2.0 percent of their salary to fund the retiree healthcare program. Retiree healthcare costs are recognized when paid by the Village on a "pay-as-you-go" basis. The Village has no obligation to make contributions in advance of when the insurance premiums are due for payment. However, as shown below, the Village made contributions of \$1,140,973 into the plan to advance-fund these benefits, as determined by the Village Council through annual budget resolutions.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 10 - Other Postemployment Benefits (Continued)

Funding Progress - The Village's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The Village has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligation:

Annual required contribution (recommended)	\$ 1,317,680
Interest on the prior year's net OPEB obligation	52,658
Less adjustment to the annual required contribution	<u>(40,751)</u>
Annual OPEB cost	1,329,587
Amounts contributed:	
Payments of current premiums	-
Advance funding	<u>(1,140,973)</u>
Increase in net OPEB obligation	188,614
OPEB obligation - Beginning of year	<u>752,250</u>
OPEB obligation - End of year	<u>\$ 940,864</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and preceding year were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/11	6/30/11	\$ 1,218,260	59.4 %	\$ 825,584
6/30/12	6/30/12	886,588	137.0	498,160
6/30/13	6/30/12	881,208	99.1	505,901
6/30/14	6/30/12	880,890	99.1	513,769
6/30/15	12/31/12	1,327,823	82.0	752,250
6/30/16	12/31/12	1,329,587	85.8	940,864

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 10 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Annual Covered Payroll (c)	Ratio of UAAL to Covered Payroll
12/31/07	\$ 1,477,211	\$ 15,970,399	\$ 14,493,188	9.2 %	\$ 2,466,105	587.7 %
6/30/11	2,037,029	14,639,936	12,602,907	13.9	2,476,185	509.0
6/30/12	2,700,830	13,340,700	10,639,870	20.2	2,296,226	463.4
12/31/12	2,882,497	15,266,042	12,383,545	18.9	2,154,252	574.8

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented above, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

The following simplifying assumptions were made:

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

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

Mortality - Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend for municipal employees, and the RP-2000 Combined Healthy Mortality Table for public safety employees.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 10 - Other Postemployment Benefits (Continued)

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

Healthcare Cost Trend Rate - For the expected rate of increase in healthcare insurance premiums, a rate of 9 percent initially in 2014 was used, grading to an ultimate rate of 4.5 percent in 2023.

Health Insurance Premiums - 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation Rate - Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to be 4.5 percent for municipal employees and 4.0 percent for public safety employees.

Investment Rate of Return - Based on the historical and expected returns of the Village's short-term investment portfolio, a discount rate of 7.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar method on a closed basis. The remaining amortization period at June 30, 2016 was 28 years.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 11 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment healthcare plans:

	Pension and Other Employee Benefits	Retiree Health Care	Total
Statement of Net Position - Cash and cash equivalents	<u>\$ 426,738</u>	<u>\$ 231,296</u>	<u>\$ 658,034</u>
Statement of Changes in Net Position			
Investment income	\$ 622	\$ 430	\$ 1,052
Contributions	-	1,170,442	1,170,442
Benefit payments	-	685,837	685,837
Transfer to MERS	-	461,125	461,125
Net change in net position	<u>\$ 622</u>	<u>\$ 23,910</u>	<u>\$ 24,532</u>

Note 12 - Joint Venture

Birmingham Area Cablecasting Board

The Village is a member of the Birmingham Area Cablecasting Board (BACB), which provides cable program-coordinating services to the residents of Birmingham, Bingham Farms, Beverly Hills, and Franklin Village. The Village has no explicit and measurable equity interest in the joint venture. The Village is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the BACB can be obtained from the administrative offices at P.O. Box 165, Birmingham, MI 48012.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 12 - Joint Venture (Continued)

Southeastern Oakland County Water Authority

The Village is a member of the Southeastern Oakland County Water Authority (the "Water Authority"), which provides a water supply system serving 11 member municipalities in Oakland County. The Village appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2016, the Village expensed \$695,500 of payments made to the Water Authority. The Village has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the Village. The Village is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

Southeastern Oakland County Resource Recovery Authority

The Village is a member of the Southeastern Oakland County Resource Recovery Authority (the "Authority"), which consists of 12 municipalities in Oakland County and provides refuse disposal services for the benefit of member municipalities. The Village appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2016, the Village expensed \$632,400 of payments to the Authority. The Village has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Resource Recovery Authority's operations are financially independent of the Village. The Village is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2016

Note 13 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements, more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the Village will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The Village is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016 whereas GASB Statement No. 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The Village is currently evaluating the impact this standard will have on the financial statements when adopted during the 2016-2017 fiscal year.

Required Supplemental Information

Village of Beverly Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 959,707	\$ 959,707	\$ 953,500	\$ (6,207)
Licenses and permits	3,500	3,500	10,317	6,817
Federal grants	13,693	13,693	-	(13,693)
State-shared revenue and grants	827,419	827,419	805,848	(21,571)
Charges for services	694,000	694,000	504,480	(189,520)
Fines and forfeitures	21,000	21,000	500	(20,500)
Investment income	4,000	4,000	5,129	1,129
Other revenue	221,818	221,818	297,714	75,896
Total revenue	2,745,137	2,745,137	2,577,488	(167,649)
Expenditures - Current				
General government:				
Village Council	55,272	55,272	61,907	(6,635)
Manager/Clerk	253,704	253,704	196,462	57,242
Finance director	266,672	266,672	244,663	22,009
Buildings and grounds	39,644	39,644	34,120	5,524
General administration	502,077	587,077	602,512	(15,435)
Total general government	1,117,369	1,202,369	1,139,664	62,705
Public works:				
Public services	883,797	883,797	907,944	(24,147)
Building and planning	124,648	124,648	(14,791)	139,439
Total public works	1,008,445	1,008,445	893,153	115,292
Community and economic development				
Capital outlay	93,393	93,393	90,990	2,403
Transfers to other funds	262,500	32,500	136,818	(104,318)
Total expenditures	608,000	840,000	840,000	-
Total expenditures	3,089,707	3,176,707	3,100,625	76,082
Net Change in Fund Balance	(344,570)	(431,570)	(523,137)	(91,567)
Fund Balance - Beginning of year	1,844,203	1,844,203	1,844,203	-
Fund Balance - End of year	<u>\$ 1,499,633</u>	<u>\$ 1,412,633</u>	<u>\$ 1,321,066</u>	<u>\$ (91,567)</u>

Village of Beverly Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 437,052	\$ 437,052	\$ 505,932	\$ 68,880
Investment income	500	500	1,016	516
Other revenue	11,435	11,435	-	(11,435)
Total revenue	448,987	448,987	506,948	57,961
Expenditures - Current - Public works	478,375	328,375	215,910	112,465
Transfers Out	(112,000)	(112,000)	(112,000)	-
Net Change in Fund Balance	(141,388)	8,612	179,038	170,426
Fund Balance - Beginning of year	373,460	373,460	373,460	-
Fund Balance - End of year	<u>\$ 232,072</u>	<u>\$ 382,072</u>	<u>\$ 552,498</u>	<u>\$ 170,426</u>

Village of Beverly Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 210,752	\$ 210,752	\$ 310,808	\$ 100,056
Special assessments and other	2,200	2,200	13,092	10,892
Total revenue	212,952	212,952	323,900	110,948
Expenditures - Current - Public works	991,500	456,500	428,490	28,010
Other Financing Sources -				
Transfers in	712,000	712,000	712,000	-
Net Change in Fund Balance	(66,548)	468,452	607,410	138,958
Fund Balance - Beginning of year	(174,648)	(174,648)	(174,648)	-
Fund Balance - End of year	\$ (241,196)	\$ 293,804	\$ 432,762	\$ 138,958

Village of Beverly Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Public Safety Fund Year Ended June 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 5,061,932	\$ 5,061,932	\$ 5,016,312	\$ (45,620)
State-shared revenue and grants	5,200	5,200	4,786	(414)
Charges for services	119,308	119,308	139,706	20,398
Fines and forfeitures	90,000	90,000	70,269	(19,731)
Investment income	3,000	3,000	4,439	1,439
Other revenue	24,000	24,000	12,235	(11,765)
Total revenue	5,303,440	5,303,440	5,247,747	(55,693)
Expenditures - Current				
Public safety	4,980,262	5,064,927	5,124,841	(59,914)
Debt service	90,125	90,125	90,125	-
Total expenditures	5,070,387	5,155,052	5,214,966	(59,914)
Transfers Out	(125,000)	(125,000)	(125,000)	-
Net Change in Fund Balance	108,053	23,388	(92,219)	(115,607)
Fund Balance - Beginning of year	712,948	712,948	712,948	-
Fund Balance - End of year	\$ 821,001	\$ 736,336	\$ 620,729	\$ (115,607)

Village of Beverly Hills, Michigan

Note to Required Supplemental Information Year Ended June 30, 2016

Budgetary Information - The annual budget is prepared by Village management and adopted by the Village Council; subsequent amendments are approved by the Village Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2016 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The budget process begins in January when each department head calculates its appropriation request. This is due by the first Monday in March. The budget is submitted to the Village Council at the first meeting in April. During the next month, the Village Council reviews the budget and considers any changes. After a public hearing, the final budget is adopted by resolution no later than the second regular meeting in May.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)" and the budgetary schedules include the use of fund balance as a revenue. Also, in accordance with Governmental Accounting Standards Board Statement No. 54, the Sick Pay Severance and Vacation Reserve Funds are presented within the General Fund for financial reporting purposes but are not budgeted in that manner.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the Village Council is at the department level. If any department exceeds budget appropriations, the Village Council may, by resolution, amend the department's appropriation. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Net Change in Fund Balance</u>
General Fund:			
Amounts per operating statement	\$ 2,602,026	\$ 2,286,846	\$ 315,180
Operating transfers budgeted as revenue and expenditures	-	840,000	(840,000)
Sick Pay Severance Fund	(334)	(2,618)	2,284
Vacation Reserve Fund	(24,204)	(23,603)	(601)
Amounts per budget statement	<u>\$ 2,577,488</u>	<u>\$ 3,100,625</u>	<u>\$ (523,137)</u>

Village of Beverly Hills, Michigan

Note to Required Supplemental Information (Continued) Year Ended June 30, 2016

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Village incurred expenditures that were in excess of the amounts budgeted, as follows:

	Budget	Actual	Variance
General Fund - Village council	\$ 55,272	\$ 61,907	\$ (6,635)
General Fund - General administration	587,077	602,512	(15,435)
General Fund - Public services	883,797	907,944	(24,147)
General Fund - Capital outlay	32,500	136,818	(104,318)
Public Safety Fund - Public safety	5,064,927	5,124,841	(59,914)

The variance in the General Fund for village council relates to a payroll timing difference in which remittances went out June 30, 2016 rather than July 1, 2016, and the variance in general administration relates to required pension payments being higher than originally anticipated. The variance in public services relates to rubbish collection and disposal costs as well as increased landscaping costs of Village public spaces. The variance in the capital outlay relates to the Village offices renovation that was budgeted to begin later than expected.

The variance in the Public Safety Fund relates to required pension payments being higher than originally anticipated.

Village of Beverly Hills, Michigan

Required Supplemental Information OPEB System Schedule of Funding Progress Year Ended June 30, 2016

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/07	\$ 1,477,211	\$ 15,970,399	\$ 14,493,188	9.2	\$ 2,466,105	587.7
6/30/11	2,037,029	14,639,936	12,602,907	13.9	2,476,185	509.0
6/30/12	2,700,830	13,340,700	10,639,870	20.2	2,296,226	463.4
12/31/12	2,882,497	15,266,042	12,383,545	18.9	2,154,252	574.8

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
6/30/11	6/30/11	\$ 1,212,817	59.4 %
6/30/12	6/30/12	873,022	137.0
6/30/13	6/30/12	873,022	99.1
6/30/14	6/30/12	873,022	99.1
6/30/15	12/31/12	1,319,382	82.6
6/30/16	12/31/12	1,317,680	86.6

Village of Beverly Hills, Michigan

Required Supplemental Information Schedule of Changes in the Village Net Pension Liability and Related Ratios

	2016	2015
Total Pension Liability		
Service cost	\$ 395,718	\$ 410,029
Interest	1,821,548	1,756,681
Changes in benefit terms	-	-
Differences between expected and actual experience	527,126	-
Changes in assumptions	955,924	-
Benefit payments, including refunds	(1,621,661)	(1,124,891)
Net Change in Total Pension Liability	2,078,655	1,041,819
Total Pension Liability - Beginning of year	22,692,352	21,650,533
Total Pension Liability - End of year	\$ 24,771,007	\$ 22,692,352
Plan Fiduciary Net Position		
Contributions - Employer	\$ 378,302	\$ 364,160
Contributions - Member	74,509	826,364
Net investment income	(313,771)	1,274,423
Administrative expenses	(45,714)	(46,937)
Benefit payments, including refunds	(1,621,661)	(1,124,891)
Other	-	-
Net Change in Plan Fiduciary Net Position	(1,528,335)	1,293,119
Plan Fiduciary Net Position - Beginning of year	21,204,437	19,911,319
Plan Fiduciary Net Position - End of year	\$ 19,676,102	\$ 21,204,437
Village's Net Pension Liability - Ending	\$ 5,094,905	\$ 1,487,915
Plan Fiduciary Net Position as a Percent of Total Pension Liability	79.43 %	93.44 %
Covered Employee Payroll	\$ 2,157,414	\$ 2,309,827
Village's Net Pension Liability as a Percent of Covered Employee Payroll	236.2 %	64.4 %

Other Supplemental Information

Village of Beverly Hills, Michigan

Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds June 30, 2016

	Special Revenue Funds		Capital Projects Funds				Total Nonmajor Governmental Funds
	Drug Law Enforcement	Library	Capital Projects Fund	Capital Projects Infrastructure	Coryell/ Hummel/ SAD	Special Park Millage Fund	
Assets							
Cash and investments	\$ 50,666	\$ 230,456	\$ 498,938	\$ -	\$ 53,533	\$ 11,430	\$ 845,023
Receivables - Net	-	-	-	-	-	-	-
Total assets	\$ 50,666	\$ 230,456	\$ 498,938	\$ -	\$ 53,533	\$ 11,430	\$ 845,023
Liabilities							
Accounts payable	\$ 882	\$ -	\$ -	\$ -	\$ -	\$ 1,358	\$ 2,240
Due to other funds	-	230,434	-	174,193	-	-	404,627
Total liabilities	882	230,434	-	174,193	-	1,358	406,867
Fund Balances							
Capital projects:							
Restricted:							
Capital projects -							
Public safety	-	-	231,218	-	-	-	231,218
Capital projects	-	-	267,720	-	-	10,072	277,792
Drug law enforcement	49,784	-	-	-	-	-	49,784
Library	-	22	-	-	-	-	22
Assigned	-	-	-	-	53,533	-	53,533
Unassigned	-	-	-	(174,193)	-	-	(174,193)
Total liabilities and fund balances	49,784	22	498,938	(174,193)	53,533	10,072	438,156
Total liabilities, deferred inflows of resources, and fund balances	\$ 50,666	\$ 230,456	\$ 498,938	\$ -	\$ 53,533	\$ 11,430	\$ 845,023

Village of Beverly Hills, Michigan

	Special Revenue Funds		Capital Projects Funds	
	Drug Law Enforcement	Library	Capital Projects Fund	Capital Projects Infrastructure
Revenue				
Property taxes	\$ -	\$ 465,338	\$ -	\$ -
Fines and forfeitures	2,475	-	-	-
Interest income	139	608	388	33
Other	-	-	1,111	-
Total revenue	2,614	465,946	1,499	33
Expenditures - Current				
Public safety	2,232	-	-	-
Public works	-	-	-	203,977
Library	-	465,957	-	-
Capital outlay	-	-	35,260	-
Total expenditures	2,232	465,957	35,260	203,977
Excess of Revenue Over (Under) Expenditures	382	(11)	(33,761)	(203,944)
Other Financing Sources -				
Transfers in	-	-	365,000	-
Net Change in Fund Balances	382	(11)	331,239	(203,944)
Fund Balances - Beginning of year	49,402	33	167,699	29,751
Fund Balances - End of year	\$ 49,784	\$ 22	\$ 498,938	\$ (174,193)

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

Capital Projects Funds		Total Nonmajor Governmental Funds
Coryell/Hummel SAD	Special Park Millage Fund	
\$ -	\$ -	\$ 465,338
-	-	2,475
35	66	1,269
4,324	5	5,440
4,359	71	474,522
-	-	2,232
-	-	203,977
-	-	465,957
-	10,716	45,976
-	10,716	718,142
4,359	(10,645)	(243,620)
-	-	365,000
4,359	(10,645)	121,380
49,174	20,717	316,776
\$ 53,533	\$ 10,072	\$ 438,156

Village of Beverly Hills, Michigan

Other Supplemental Information Combining Statement of Net Position Fiduciary Funds June 30, 2016

	Pension Trust Funds		
	Pension and Other Employee Benefits	Retiree Health Care	Total Pension Trust Funds
Assets - Cash and cash equivalents	<u>\$ 426,738</u>	<u>\$ 231,296</u>	<u>\$ 658,034</u>
Net Position Held in Trust for Pension and Other Employee Benefits - Total assets	<u>\$ 426,738</u>	<u>\$ 231,296</u>	<u>\$ 658,034</u>

Village of Beverly Hills, Michigan

Other Supplemental Information Combining Statement of Changes in Net Position Fiduciary Funds Year Ended June 30, 2016

	Pension and Other Employee Benefits	Retiree Health Care	Total
Additions			
Investment income - Interest and dividends	\$ 622	\$ 430	\$ 1,052
Contributions:			
Employer	-	1,140,973	1,140,973
Employee	-	29,469	29,469
Net contributions	-	1,170,442	1,170,442
Total additions	622	1,170,872	1,171,494
Deductions			
Benefit payments	-	685,837	685,837
Transfer to MERS	-	461,125	461,125
Net Decrease in Net Position Held in Trust	622	23,910	24,532
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	426,116	207,386	633,502
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 426,738	\$ 231,296	\$ 658,034

MEMO

To: Honorable President Mooney; Village Council
Village Manager, Wilson

From: Erin Wilks, Planning & Zoning Administrator

Re: Site Plan Approval for addition of pole lighting in the parking lot of Beverly Hills Club, 31555 Southfield Rd

Date: November 9, 2016

Beverly Hills Club, 31555 Southfield Road, has submitted plans to add four pole lights to their parking lot. Per Section 22.09.020 (a) this project requires site plan approval.

At their meeting held October 24, 2016 the Planning Commission recommended approval of the site plan as submitted. The Commission noted the light poles are consistent height with neighboring properties and the lighting is generally consistent with Village Ordinance. The lighting in this area of Southfield Road is poor and the Commission supports additional lighting for general public safety. Attached is a copy of the site plan and the review letter from LSL Planning.

Suggested Motion

Village Council approves site plan dated September 20, 2016 for addition of four pole lights to the parking lot at the Beverly Hills Club (BHC) 31555 Southfield Road.

ew

attachments



October 18, 2016

Planning Commission
 Village of Beverly Hills
 18500 W. 13 Mile Road
 Beverly Hills, MI 48025

Attention:	Erin Wilks, Planning and Zoning Administrator
Subject:	Beverly Hills Club – Lighting plan review
Location:	31555 Southfield Road – west side of Southfield Rd, north of 13 Mile
Zoning:	B Business District

Dear Commissioners:

At the Village’s request, we have reviewed the lighting plan (dated 10/12/16) requesting new parking lot lighting for the Beverly Hills Club, which is located at 31555 Southfield Road.

Procedurally, the Ordinance requires site plan review and approval for the project, although the only exterior site improvement proposed at this time is new pole mounted lighting for the parking lot.

The proposal has been reviewed for compliance with the lighting requirements of the Village Zoning Ordinance. More specifically, Section 22.09.050 provides regulations for exterior site lighting, which are outlined in the table below:

	Permitted	Proposed	Comments
Mounting type	N/A	Pole mounted	No comments
Number	N/A	4 light poles (2 of which are double mounts)	No comments
Height	14’ although the Village may approve taller	20’	Staff researched recent projects along Southfield Road and found that 20’ light poles were a relatively common height. In our opinion, allowing such would be consistent with past practice.
Intensity	10 footcandles on site 1 footcandle at non-residential lot line	4.7 on site 1.7 at front lot line	Multiple points along front lot line in excess of 1-footcandle. The photometric plan must be revised for compliance.
Fixture type	Shielded and downward directed	Shielded and downward directed LEDs	In compliance

Should you have any questions concerning this matter, please do not hesitate to contact our office. I can be reached by phone at (248) 586-0505, or via e-mail at borden@lsplanning.com.

Respectfully,
LSL PLANNING, A SAFE BUILT COMPANY

Brian V. Borden, AICP
 Planning Manager

Copy: Chris Wilson, Village Manager

MEMO

To: Chris Wilson, Village Manager
Village Council

From: Ellen Marshall

Re: Program Year 2017 Community Development Block Grant Application

Date: November 9, 2016

Background and Findings

Beverly Hills has participated in the federally funded Community Development Block Grant (CDBG) program for more than 25 years. We are currently in a three year contract (2015, 2016 and 2017) with Oakland County to participate in this program which is administered through Oakland County's Community & Home Improvement Division. Each year's CDBG allocation is based on a formula that uses several objective measures of community needs. Those include the extent of population, low to moderate population and population in relationship to other metropolitan areas.

The Village's estimated allocation for Program Year 2017 is \$14,534. We must comply with several rules that include limiting our allocation for public service activities to a maximum of 30% of the total 2017 allocation and allocating a minimum of \$3,000 for each project.

This year Council is being asked to consider allocating funds for minor home repair services for low to moderate income citizens, public services, and removal of architectural barriers. A description of each service is attached. This year we are recommending allocating \$7,174 for removal of architectural barriers, \$4,360 for yard services and \$3,000 for minor home repair and through the CDBG program.

While there are a number of other "eligible projects" that fall under the CDBG program, the village does not meet the low to moderate income criteria for expending funds on most of those types of projects.

Page Two

Chris Wilson / Village Council
November 9, 2016

Recommendation

The following is a breakdown of the proposed allocation:

Removal of Architectural Barriers	\$7,174
Public Services – Yard Services	\$4,360
Minor Home Repair	\$3,000
TOTAL	\$14,534

Resolution

Whereas, Oakland County is preparing an Annual Action Plan to meet application requirements for the Community Development Block Grant (CDBG) program, and other Community Planning and Development (CPD) programs, and;

Whereas, Oakland County has requested CDBG-eligible projects from participating communities for inclusion in the Action Plan, and

Whereas, the Village of Beverly Hills has duly advertised and conducted a public hearing on November 15, 2016 for the purpose of receiving public comments regarding the proposed use of PY 2017 Community Development Block Grant (CDBG) funds in the approximate amount of \$14,534, and

Whereas, the Village of Beverly Hills found that the following projects meet the federal objectives of the CDBG program and are prioritized by the community as high priority need.

Account	Project Name	Amount
172170-731619	Removal of Architectural Barriers	7,174.00
172160-732170	Public Services – Yard Services	4,360.00
172160-731227	Minor Home Repair	3,000.00

Therefore Be It Resolved, that the Village of Beverly Hills' CDBG application is hereby authorized to be submitted to Oakland County for inclusion in Oakland County's Annual Action Plan to the U.S. Department of Housing and Urban Development, and that the Council President is hereby authorized to execute all documents, agreements, or contracts which result from this application to Oakland County.

attachment

VILLAGE MANAGER'S REPORT
CHRIS D. WILSON
NOVEMBER 10, 2016

Charter Amendment Passed – The Village's Charter Amendment that was on the ballot in the General Election passed. The Amendment increased the limit of purchases or sales that require formal bids and Council approval from \$1000 to \$5000. The previous limit of \$1000 had not been amended since 1958. Approval of this Charter Amendment will allow Village Administration to conduct the routine operations of the Village more efficiently and effectively. I would like to thank Council for their willingness to put this matter on the ballot and to the voters for their approval.

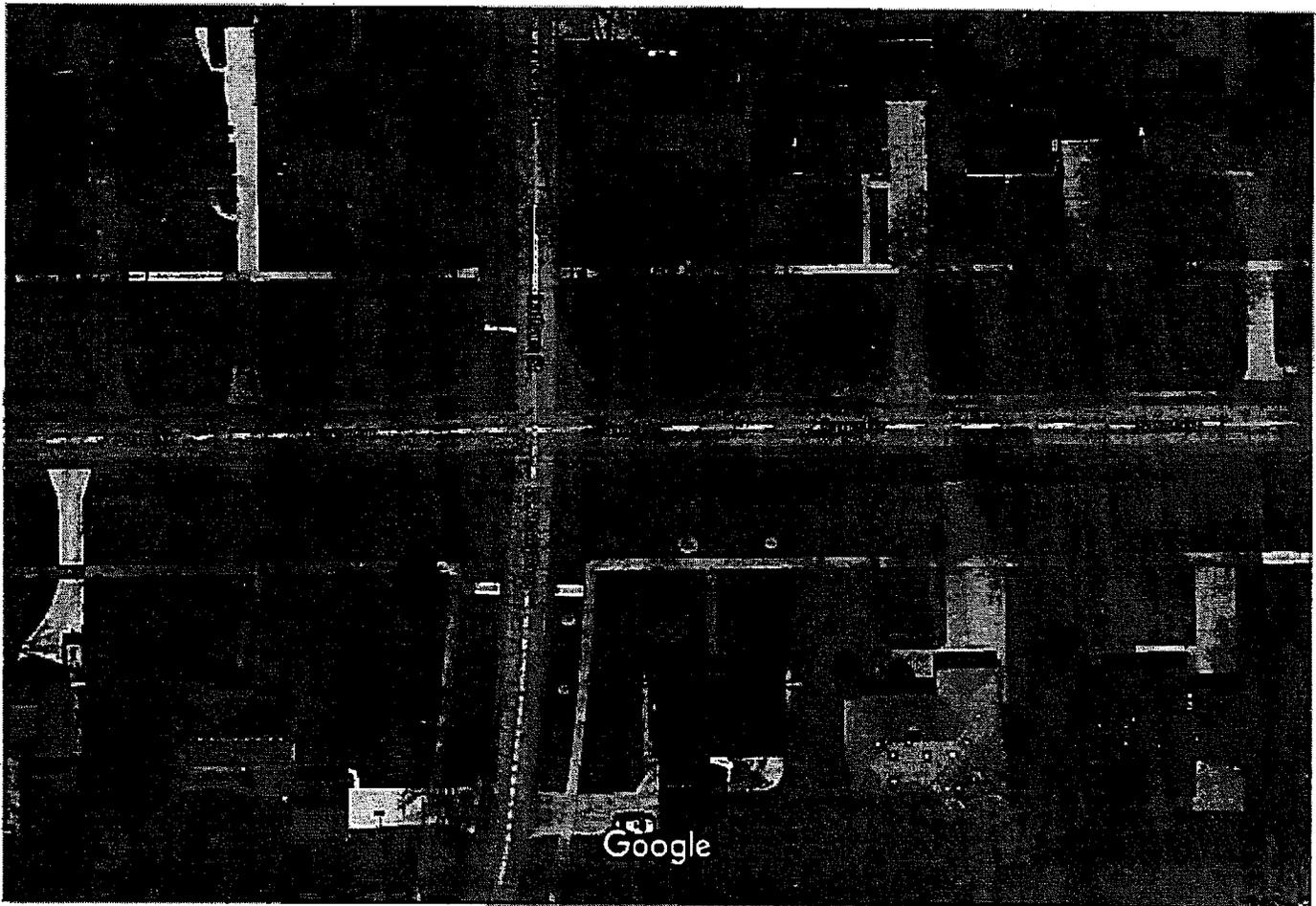
Sidewalk across Saxon – The City of Birmingham has approached the Village about a potential sidewalk crossing across Saxon (14 Mile) in the area of Norchester. This project will require the construction of new sidewalk leading to Saxon, striping and marking of the crosswalk and some culvert work. In addition the Village is also requesting advance signage as this would be a newly designated crosswalk. Per reports of residents in the area there currently are a number of pedestrians and people crossing the street.

I have attached an aerial photograph area with the proposed crosswalk. The City of Birmingham is proposing to construct the project and the Village will pay for half of the costs. I believe the project is an improvement to the area and the cost as proposed by Birmingham is reasonable. If the Council has no objections I will place the contract on the next Council agenda for review and consideration.

Yard Waste Pick Up – The last week for scheduled yard waste pickup will be the week of December 12. Leaves are a bit later than normal this year. All bagged leaves for pickup will need to be out by the week of December 12 to make sure they are picked up.

Thanksgiving Holiday – Village Offices will be closed on Thursday and Friday November 24 and 25 in observance of Thanksgiving. The regular Planning Commission meeting has been moved to Wednesday, November 30.

Google Maps



Imagery ©2016 Google, Map data ©2016 Google 20 ft

NW Corner - Raise ex. C.B. 1', extend 8" sewer east & west with end sections

SW Corner - Install 8" Culvert to maintain ditch flow

**SAXON & LATHAM INTERSECTION
CROSSWALK IMPROVEMENTS**

COST ESTIMATE	QTY	UNIT	PRICE	TOTAL
4" Concrete Sidewalk - New	565	SFT	\$6	\$3,390
6" Concrete Sidewalk - New	200	SFT	\$7	\$1,400
Handicap Ramp Dome Plates	40	SFT	\$50	\$2,000
8" Storm Sewer	35	LFT	\$40	\$1,400
4' Dia. Manhole Reconstruct	1.5	VFT	\$1,000	\$1,500
Miscellaneous Fill	1	LS	\$2,000	\$2,000
Restoration	1850	SFT	\$2	\$3,700
Pavement Markings	200	LFT	\$8	\$1,600
SUBTOTAL				\$16,990
PLUS 25%				\$4,247
TOTAL				\$21,237

COST PARTICIPATION AGREEMENT

CONSTRUCTION

Saxon and Latham Sidewalk Crossing

City of Birmingham/Village of Beverly Hills

2017 Concrete Sidewalk Program
Contract No. 3-17(SW)

THIS AGREEMENT made and entered into this _____ day of 2016, by and between the **CITY OF BIRMINGHAM** (hereinafter referred to as “**BIRMINGHAM**”), and the **VILLAGE OF BEVERLY HILLS** (hereinafter referred to as “**BEVERLY HILLS**”), provides as follows:

WHEREAS, the City of Birmingham and the City of Beverly Hills, wish to undertake crosswalk improvements at Saxon and Latham Roads as described in Exhibit A, attached hereto and made a part hereof, which improvements are hereinafter referred to as the “**PROJECT**”; and,

WHEREAS, the estimated total cost of the Project is Twenty-one Thousand Two Hundred Thirty-seven and 00/100 Dollars (\$21,237.00); and,

WHEREAS, Birmingham and Beverly Hills hereto have reached a mutual understanding with regard to cost sharing and wish to commit that understanding in writing in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and in conformity with all applicable laws, it is hereby agreed between **BIRMINGHAM** and **BEVERLY HILLS**, as follows:

1. **BIRMINGHAM** shall forthwith undertake and complete the **PROJECT**, as above described, and shall perform or cause to be performed all preliminary engineering, construction engineering, and administration in reference thereto.
2. The project shall be incorporated within a larger contract known as the 2017 Concrete Sidewalk Program, **BIRMINGHAM** Contract #3-17(SW), to be constructed during the 2017 construction season.
3. The **PROJECT** shall include preliminary engineering, construction engineering, and total payments to the contractor.
 - i. **BIRMINGHAM** has agreed to contribute fifty percent (50%) of the cost of the Project.

- ii. BEVERLY HILLS has agreed to contribute fifty percent (50%) of the cost of the Project.
- 4. BIRMINGHAM shall invoice BEVERLY HILLS for its share of the Project. BEVERLY HILLS, upon receipt of such invoices, shall pay the funds due BIRMINGHAM within thirty (30) days.
- 5. BEVERLY HILLS and BIRMINGHAM agree to share equally in any excess costs. The final adjustments and the financial obligations of the parties hereto will be made upon completion of the PROJECT or any requested audit.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and date first written above.

CITY OF BIRMINGHAM

By: _____
Its: _____

VILLAGE OF BEVERLY HILLS

By: _____
Its: _____

**Village of Beverly Hills
Regular Council Meeting
Tuesday, November 15, 2016**

**Southfield Township
18550 W. Thirteen Mile Rd.
7:30 p.m.**

INFORMATION ITEMS

- a. Public Safety Activity Report for the period November 1 – 15, 2016.
- b. Report from Oakland County Commissioner Bill Dwyer dated November 2016.
- c. Regular Zoning Board meeting minutes dated October 10, 2016 (unapproved).
- d. Regular Planning Commission meeting minutes dated October 26, 2016 (unapproved).

Beverly Hills Public Safety Activity Report
November 1 - 15, 2016

- PSOs are receiving their annual Fire Training hours at the Oakland Fire Academy this week. The PSOs will be performing the necessary skills (and beyond) and training to fight fires and other serious events.
- Minor in Possession of Alcohol, Marijuana and Paraphernalia arrest on 13 Mile.
- In an effort to prevent Village residents from losing thousands of dollars to cybercriminals every year, the Public Safety Department is encouraging residents and businesses to practice good cyber hygiene to safeguard personal information while online. Already this year, Michigan residents and businesses have lost more than \$26.5 million to cybercriminals, with an average victim loss of nearly \$4,000 according to data from the FBI Internet Crime Complaint Center. To date, more than \$1.1 billion in victim losses have been reported across the United States. Whether you are using a personal mobile device or work computer, practicing good cyber hygiene is your best protection from cybercriminals. By being cyber aware, you will be better protected while connected. To practice good cyber hygiene: only connect to the internet over secure, password-protected networks. Do not click on links or pop-ups, open attachments or respond to emails from strangers. If you are unsure of the sender, type a website name by hand rather than clicking on an embedded link. Do not respond to online requests for personal, identifiable information. Most organizations, banks, universities, and companies do not ask for your personal information over the internet. Limit who you share information with by reviewing the privacy settings of your social media accounts. Trust your intuition. If you think an offer is too good to be true, it probably is. Password protect all user accounts and devices that connect to the internet. Do not use the same password twice. Choose a password that means something to you and you only. Change your password on a regular basis. If something suspicious occurs, report it to the proper authorities.
- Alarm on Embassy.
- Operation Medicine Cabinet.
- Assault on 13 Mile and arrest.
- Lift assist on Sunset.
- Prisoner transport.
- Assault on Pierce and arrest.
- Operation Medicine Cabinet.
- Abandoned auto at Huntley Square Apartments.
- Larceny complaint at the Nexus Academy on Southfield, stolen cell phone.
- Property damage accident on 14 Mile and Pierce.
- Lift Assist on Beechwood.

- Fire alarm on Fairfax.
- Assistance to Human Services on Churchill.
- Assist to motorist on Riverside.
- Animal complaint on Meadow Lane.
- Prisoner transport.
- Medical on Lincolnshire.
- Assist citizen on 13 Mile.
- Impound vehicle at Huntley Square Apts.
- Medical on 13 Mile.
- Another medical on 13 Mile.
- Medical on Elizabeth.
- Officers stopped a vehicle for disregarding a red light on 14 Mile and Southfield. The driver was arrested because his license was suspended indefinitely. The driver passed out and had to be taken to Beaumont Hospital.
- Medical on Southfield and 13 Mile.
- Someone damaged a lawn on Dunblaine.
- Motor Carrier stops.
- Assist citizen on Locherbie.
- Animal complaint on Stellamar.
- Property damage accident on Lahser. Deer had to be put down.
- Loud party on Marimoor.
- Assist to motorist on 13 Mile and Evergreen.
- Welfare check on Kinross.
- Medical on Locherbie.
- Retail fraud on 13 Mile.
- Medical at Huntley .
- Animal (dog) barking on Nixon.
- Medical on Wentworth.
- Officers stopped a vehicle for speeding 46/35 mph on 14 Mile and Southfield. The driver was arrested for Driving While License Suspended (3) times and Fugitive Traffic Warrants (3) times, without incident.
- Officers are investigating a possible intimidation complaint over some text messages where the suspect came to the home on Walmer. Detectives are currently attempting to interview the suspect.
- Animal Complaint on 14 Mile.
- Crossing Guard duties.
- Property Damage Accident on 14 Mile and Eastlady.
- Animal pickup on Birwood.
- Found cell phone on Hillcrest. Returned to owner.
- Officers stopped a subject for a moving violation on 13 Mile and Greenfield. The driver turned over his California driver's license for bond.

- Assist Motorist on Saxon and 14 Mile.
- Property damage accident on Saxon and 14 Mile.
- Private property hit and run on Southfield.
- Medical on Plumwood.
- Medical on River's Edge.
- Property damage accident on 13 Mile and Pierce.
- Family trouble on Long Bow Court.
- Prisoner transport.
- Property damage accident on 14 Mile and Pierce.
- Assist to Southfield Police on a personal injury accident on Southfield and 13 Mile.
- Traffic complaint on Amherst and Fairfax.
- Motor Carrier stop on Greenfield and Arlington.
- Recovery of a stolen vehicle left abandoned on Lahser Road. Officers waited with the car in hopes the suspect would come back. It was learned through canvassing the area the suspect identified himself to a homeowner as the owner of the car. Romulus Police were contacted with this information and the car was towed for safe keeping.
- Intimidation complaint over the cell phone to a business on 14 Mile. The suspect was immediately contacted and was told not to contact the business again or show up there. The suspect was also told he would be arrested for trespassing. The suspect apologized for his harsh words and promised not to contact the business or show up there.
- Assist on a medical on Nottingham.
- Fire alarm at the Beverly Hills Academy.
- Assist citizen on Ronsdale.
- Medical on 13 Mile.
- Assistance to Southfield Police on 13 Mile and Stellamar.
- Property damage accident on Southfield and Kinross.
- Assist motorist on Woodward and 14 Mile.
- Assist other agency at Greenfield and Beverly.
- Alarm on Warwick.
- Assist Southfield Police on a rollover accident on Southfield and 13 Mile.
- Medical on Fox Run.
- Officers arrested a subject for a fugitive traffic warrant for Driving While License Suspended when they came to the police station to get another subject's vehicle out of impound. However, the subject, who was supposed to be the driver, was intoxicated. The first driver was released with posting a bond. The intoxicated driver was taken home.
- Alarm on Birwood,
- Medical on 13 Mile.
- Alarm on 14 Mile.
- Traffic signal out at 13 Mile and Lahser.

- Officers stopped a vehicle on Riverside and Norwood for speeding. The driver was arrested for Driving While License Suspended without incident.
- Reckless driver on Southfield and Beverly.
- Neighbor trouble on Kinross.
- Assist citizen on Ronsdale.
- Medical on Southview.
- Assist citizen on a lockout on 13 Mile.
- Assist motorist on 13 Mile.
- Minor in Possession of Alcohol on 13 Mile, at the Groves Football game.
- Traffic complaint on 13 Mile.
- Threats complaint on 13 Mile, while at the Groves Football game.
- Assist citizen on Rutland.
- Felony arrest from Lathrup Village Police. Detectives ascertained a Breaking and Entering warrant through investigative means and attempted to arrest the subject for the felony. Lathrup Village stopped the subject on a traffic stop and was then transported to a meet spot for the Beverly Hills car to pick up. The arrest took place without incident and there was no bond for the subject.
- Alarm on Marimoor.
- Prisoner transport.
- Officers stopped a vehicle for defective equipment violation on 13 Mile and Stellamar. The driver was arrested for possession of marijuana and posted a bond. The suspect was released without further incident.
- Mental health call on Rutland.
- Medical on 13 Mile.
- Personal Injury Accident on Southfield and Beverly.
- Medical on Village Pines.
- Medical on Southfield.
- Alarm on 13 Mile, DCD.
- Officers stopped a vehicle for speeding on 13 Mile and Southfield. The driver was arrested for Driving While License Suspended and Possession of Marijuana. The passenger was also arrested for Possession of Marijuana but also had five fugitive traffic warrants from the 36th District Court in Detroit. The arrest took place without incident.
- Assist citizen on Sunset.
- Prisoner transport.
- Medical on 13 Mile.
- Alarm on 13 Mile.
- Mental health call on Lincolnshire.
- Alarm on Riverside.
- Assist citizen on Southfield.
- Property damage accident on Southfield.
- Property damage accident on 13 Mile and Evergreen.
- Operation Medicine Cabinet.

- Motor Carrier stops on 14 Mile and Greenfield.
- Operation Medicine Cabinet.
- Solicitor complaint on Wetherby.
- Officers stopped a vehicle on 13 Mile and Evergreen for speeding 56/40 mph. The driver was arrested without incident for Driving While License Suspended and invalid license.
- Solicitor on Old Stage.
- Alarm on Pickwick.
- Property damage accident on Southfield.
- Officers stopped a vehicle for defective equipment on Southfield and Birwood. The driver was arrested for Driving While License Suspended (5) times and four Fugitive Traffic Warrants without incident.

- **Detective Activity and School Liaison**

- School security details.
- Police training for crossing guards.
- Follow up and arraignment on Domestic Violence for father vs son.
- Juvenile arrested and taken to Children's Village for Domestic Violence against mom.
- Follow up on larceny in a building case.
- Closed out Assault and Battery case involving teens.
- Closed out case at the Beverly Hills Academy.
- Review all Calls for Service and Assignments.
- Fire drill at Groves.
- Walked in Arraignment for Drunk Driver.
- Walked in Arraignment for Drunk Driver with high BAC.
- Firefighting fit testing for all DB.
- Followed up on stolen bike at Groves.
- Follow up and interviewed subject on Possession with Intent to Deliver Marijuana (traffic stop), charge pending.
- Fire Truck presentation at Beverly Elementary.
- Closed stolen iPad case.
- Follow up at Prosecutor's Office with two juvenile cases.
- Sgt. Trussler finished supervisor school.
- Followed up on school threats report.
- Det. Van Horn finished detective school.
- Followed up on internet sex case involving juvenile and adult.
- Follow up on threats case on Walmer.
- Follow up on suspicious circumstance on Churchill involving alleged stolen SUV and foster care people.
- Det. Van Horn training for DB assignment.
- Det/Sgt. Trussler in charge of road patrol Monday.
- Det. Danielson fire training at CREST.

- Groves High Football game.
- Investigate forensic report of numerous cell phones.
- 3 Prisoner Transports.
- School Security details.
- Review all calls for service and assigning case reports.
- Follow up on stolen bike at Groves.
- Follow up on Possession with intent to Deliver Marijuana case.
- Crossing Guard duties.
- Fire truck presentation.
- Follow up on threats report.
- Interview with juvenile at Children's Village.
- Fire drill at Groves.
- Follow up on Larceny in a Building at the Nexus Academy.
- Two walk in arraignments for Drunk Driving.
- Follow up on juvenile Minor in Possession.
- Groves Football Game.
- Follow up on Assault and Battery.
- Follow up on restitution for case.
- Traffic Conferences at 46th District Court.
- Arraignment for felony home invasion suspect.
- Follow up on possible sexting case between adult female and underage male (out of state).
- Follow up suspicious circumstance on Walmer.
- Follow up suspicious circumstance on Birwood.
- Meeting with school officials over a student.
- Firearms range for qualification for all Detectives.
- Closed out 3 identity theft reports no leads.

Recorded calls for service listed

- 330 Service calls.
- 118 citations were issued.
- Aggravated Stalking.
- Felony arrest 1.
- Arrests made 14.
- Unarmed robbery.
- Strong armed robbery.
- Possession of cocaine/narcotic 1.
- Violation of parole/probation.
- Criminal Sexual conduct or attempt.
- Domestic disturbance 1.
- Personal Protection Order (PPO).
- Felony Assault/Assault 1.

- Drunk driving .
- Operating under the influence of narcotics.
- Leaving the scene of an accident arrest.
- Operating while in the presence of drugs.
- Threats complaint 1.
- Damage to private property.
- House party.
- Fleeing or eluding police.
- Extradition felony warrant.
- Trespassing.
- License/title/registration 1.
- Driving while license suspended 7.
- No operator's license acquired.
- Retail fraud arrest.
- Arrest Warrants 1.
- UDAA (stolen car) attempt (recovered).
- Civil Friend of Court.
- Intimidation complaint 1.
- Reported home/business invasion.
- Attempted Breaking and Entering.
- Concealed pistol permit violation.
- Minor in possession 2.
- Entering School/Building/Resident without permission.
- Open Intoxicant.
- Larceny from a vehicle/building/other 1.
- Larceny from person.
- Obstruct police.
- Uttering and Publishing bad check.
- Embezzlement.
- Retail fraud, theft 3rd degree.
- Retail Fraud/Obtaining money under false pretense.
- Child Abuse.
- Computer crime.
- Marijuana arrest 2.
- Repo (assist) vehicle.
- Called for K-9 dog.
- Harassing communications.
- Malicious destruction of property 1.
- Family trouble 1.
- Juvenile complaint 1.
- Reckless driving 1.
- Failure to stop for School Bus.
- Public peace.
- CCW Violation/Carrying weapon in prohibited zone.

- CPL violations.
- Misdemeanor traffic.
- Disturbing the peace.
- Personal injury traffic crash/death 1.
- Death investigation.
- Property damage traffic crash 8.
- Private property traffic crash 2.
- Private/Public property hit and run 2.
- Sudden death.
- Accidental property damage.
- Attempt suicide/suicide.
- Sick care for medical 19.
- Injured person.
- Mental 2.
- Occupational injury.
- Fraud 1.
- I.D. theft 1.
- Found property 1.
- Lost property.
- Possession of Stolen Property.
- Missing person/found.
- Hospice death.
- Welfare check 1.
- Customer trouble 1.
- Liquor inspection.
- Neighborhood trouble 1.
- Employee trouble.
- Confiscated property.
- Open building.
- Suspicious circumstance 24.
- Suspicious vehicles 9.
- Telephone harassment.
- Suspicious persons 5.
- Intelligence information 2.
- Assist other law enforcement agency 5.
- Assist medical.
- Assist motorist 5.
- Assist other govt agency 4.
- Assist citizen 10.
- Peace officer duties.
- Sex offender home verification check.
- Civil matter.
- Miscellaneous/Traffic/ other 2.
- Traffic complaint road hazard.

- Traffic complaint abandoned auto/impound 2.
- Traffic complaint parking complaint 1.
- Traffic complaint commercial vehicle inspection.
- Traffic complaint miscellaneous.
- Animal complaint 3.
- Animal alive/dead pickup 1.
- Barking dog.
- Animal bite.
- Burglary alarm/robbery alarms 7.
- Vehicle Alarms.
- Medical alarm.
- Handicapped parking citation.
- Gun permit.
- Public relations.
- Operation Medicine Cabinet 4.
- Adopt a senior.
- Noise complaint.
- Loud party complaint 1.
- Fingerprint check.
- Housing other department prisoners.
- Housing prisoners 14.
- PBT test 21.
- Ordinance violation/calls 1.
- 911 Hang up.
- Phone nuisance calls.
- Scene supervision.
- Traffic direction.
- Motor carrier traffic stop 3.
- Fire truck /Radio maintenance 3.
- Multiple dwelling fire.
- Fire dwelling single family.
- Miscellaneous outside fires.
- Fire alarm 3.
- Vehicle fire.
- Smoke investigation.
- Wires down.
- Fuel spill.
- Outside fires garbage dumpster.
- Hazardous materials.
- Odor investigations.
- Carbon monoxide detector.
- Solicitor complaint 3.
- Natural gas leak.
- Fire inspection/plan review.

- Lift assist 1.
- Knox box.
- Mutual aid to other department.
- Follow-up inspection.
- Radar enforcement 43.
- Crossing Guard 1.
- Parks and Recreation Area.
- Crime prevention extra patrol 97.
- Follow up/death message/criminal complaint.
- Service request Road Commission/Water main breaks.
- Miscellaneous details.
- Prisoner transport 5.
- Police training/fire training 6.
- School Liaison activity 2.
- Selective enforcement.
- Fire apparatus check 2.
- Car seat checks.

Monthly Messenger from Commissioner Bill Dwyer
*Serving the Cities of Farmington, Farmington Hills, the
Township of Southfield, and the Villages of Beverly Hills,
Bingham Farms, Franklin*



COMMUNITY:

As Commissioner of your district, I introduced a resolution at the October 26, 2016 board meeting pressing the Water Resources Commission (WRC) to act quickly to resolve the water problems caused by its Evergreen-Farmington Sewage Disposal System Middlebelt Transport Tunnel Project. Farmington Hills residents in the Greencastle subdivision have experienced significant water quality issues, including loss of water, odor, and well and other equipment failures during the process of the project. The project was slated to take a few months but has continued on for almost a year. Residents deserve access to clean, safe and plentiful water, as well as fair compensation for any damage to their property. The project has had ongoing problems, delays, and cost overruns; results are needed now. I understand the frustration of residents who have voiced their concerns and disapproval of the WRC project at recent City Council meetings, as well as their demands that the WRC act quickly to complete the project and resolve water quality issues.

Farmington Hills Mayor Ken Massey stated “I strongly support this resolution and its intent. Many Farmington Hills residents and businesses have been dealing with the difficulties stemming from the Oakland County Water Resources Commission's Middlebelt Tunnel project for more than a year. They did not ask for this project, and for all affected, the 'fix' is much worse than the problem being fixed. The City and the residents appreciate support of Commissioner Dwyer and the County Commissioners in pushing this forward with all possible speed. It is time to complete the project and provide relief to those affected.”

The WRC project was the result of a 2004 consent decree filed when the Michigan Department of Environmental Quality (MDEQ) discovered sanitary sewer overflows during periods of extreme wet weather. The project involves the installation of a nine (9) foot diameter relief tunnel under Middlebelt Road between 13 Mile Road and northbound I-696. However, critics of the project say initial design flaws have called into question whether it can be successfully completed and, as Middlebelt Road is a major traffic artery in Farmington Hills, any major or extended closure has the potential to stifle economic prosperity in the community. For their part, the WRC contends they have acted in good faith by drilling new wells and providing temporary

water tanks to residents, connecting homes to the municipal water system and testing for water quality.

BUSINESS:

Oakland County Offices are closed in November on the following dates:

November 11, 2016 Veterans Day

November 24 and 25, 2016 Thanksgiving

ELECTION DAY: Tuesday, November 8, 2016 – YOUR VOTE COUNTS

Michigan Voter Information Center – Visit At www.Michigan.gov/vote

Polls open from 7:00 a.m. - 8:00 p.m.

Present: Chairperson Tillman; Members: Crossen, Donnelly, Eifrid, Maxwell, Mitchell, Verdi-Hus; Alternate: Gatowski

Absent: Vice-Chairperson Raeder; Member Lepidi; Alternate: Hynes

Also Present: Planning and Zoning Administrator, Wilks
Council Liaison, Abboud

Zoning Board Chairperson Tillman called the regular Zoning Board of Appeals meeting to order at 7:30 p.m. in the Southfield Township municipal building at 18550 W. Thirteen Mile Road.

REVIEW AND CONSIDER APPROVAL OF MINUTES OF A REGULAR ZONING BOARD MEETING HELD AUGUST 8, 2016.

Motion by Crossen, second by Maxwell, that the minutes of the regular Zoning Board of Appeals meeting held August 8, 2016 be approved as submitted.

Motion passed.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

None.

CASE NO. 1308

Petitioner: Thomas F. Aylward

Property: 16150 Amherst

Village Ordinance: 22.08.150 Fence, Wall, and Privacy Screen Regulations. Zoning District R-2A requires fences be no more than 48 inches above grade and 35% open to air and light.

Deviation Requested: To keep a fence that is solid wood and 6ft above grade.

Wilks explained petitioner Thomas Aylward is seeking a variance from requirements of Section 22.08.150 to keep a fence that is 6ft above grade and less than 35% open to air and light. The property is zoned R-2A, Single Family Residential. Village Ordinance, Chapter 22, Section 22.08.150 Fence, Wall, and Privacy Screens requires fences to be no greater than 4ft above grade and 35% open to air and light. The petitioner erected a 6ft fence which is solid wood privacy style along the rear and east side lot lines on August 29, 2016. He is seeking a variance to keep the fence as built. His home is located within 10ft of the rear property line and there is not sufficient space to place the fence 10ft off the property line to be compliant as a privacy screen.

Aylward apologized for not coming for a permit before constructing his fence. He explained that he removed the existing cyclone fence and replaced it with the wooden fence. He installed the fence to create some privacy for his small yard. He stated he sent letters to the surrounding neighbors and all were agreeable to the fence.

Tillman read an anonymous letter from a resident on Lauderdale who expressed the opinion that all residents should be held to the laws, by-laws and ordinances.

Crossen asked if Aylward had considered planting a green screen. Aylward explained there was little room for plants and previously planted ones had died.

Eifrid suggested that Aylward consider adjusting the height of the fence to meet the code. Aylward pointed out there are many six-foot fences in his neighborhood. Tillman explained that those fences were in existence before the code was written, and are grandfathered in.

Dan Nunez, Marguerite Street, expressed support for allowing the fence, and would like to see a change to the fence ordinance. He suggested that residents speak at Council and Planning Commission meetings to effect change.

Harold Wasner, Marguerite Street, stated the fence is a very nice fence, however doesn't feel that Aylward should be exempt from following the ordinance.

Robert Stempien, Mayfair, is a member of the Planning Commission and he encouraged residents to speak to the Village Council if they would like to see change.

Aylward requested to table his request for variance while he worked with administration to explore alternatives.

Upon discussion, there was consensus of the Board to table the decision until the next meeting to allow the petitioner to meet with administration.

CASE NO. 1309

Petitioner: John & Angie Boyle

Property: 18201 Devonshire

Village Ordinance: 22.24 Schedule of Regulations. Zoning District R-2B requires rear open space of 40 feet.

Deviation Requested: To build a second story addition that is 36 feet 2 inches from rear property line.

Wilks explained petitioners John & Angie Boyle are seeking a variance from requirements of Section 22.24 Schedule of Regulations to build a second story addition onto rear of existing home. The property is zoned R-2B, Single Family Residential. Village Ordinance, Chapter 22, Section 22.24 Schedule of Regulations requires rear open space of 40 feet. The petitioners are seeking to add onto the second story of their existing home. The expansion onto the rear of the second story would encroach 3 feet 10 inches into the rear open space. The first story of the existing home already encroaches into the rear open space. The addition would not further

encroach beyond the first story. Additionally, the lot is not a true square, and the rear lot line is angled.

Eifrid asked if the intention was to expand the second story over the flat top of the first story addition.

Boyle explained they have lived in their home for eight years, and love the neighborhood, but have three children and are outgrowing their home. The previous addition was a first-floor family room and porch, with a roof built to support a second story. They will not go over the current variance and look to maintain the character of the neighborhood.

Motion by Eifrid, second by Maxwell, the Zoning Board of Appeals approves a variance from the requirements of Section 22.24 to allow the petitioner to build a second story addition onto the rear of their existing home that would be no closer than 36 feet 2 inches to the rear lot line due to practical difficulties of lot shape and placement of existing structure.

Roll Call Vote:
Motion passed (8-0)

CASE NO. 1310

Petitioner: Michael & Kathryn Timlin

Property: 18184 Buckingham

Village Ordinance: 22.08.150 Fence, Wall, and Privacy Screen Regulations. Zoning District R-2B requires fences be no more than 48 inches above grade and 35% open to air and light.

Deviation Requested: To build a fence that is 5 feet above grade.

Wilks explained petitioners Michael and Kathryn Timlin, are seeking a variance from requirements of Section 22.08.150 to build a fence that is 5ft above grade. The property is zoned R-2B, Single Family Residential. Village Ordinance, Chapter 22, Section 22.08.150 Fence, Wall, and Privacy Screens requires fences to be no greater than 4ft above grade in the rear yard. The petitioners are seeking to build a fence that will be 5ft above grade in their rear yard. The fence is otherwise compliant with Village Ordinance. They are seeking to replace an existing 4ft chain link fence with a 5ft aluminum fence to prevent their dogs from jumping out of the yard.

Timlin explained they have two young boxers that can jump the current four-foot fence. There are 20 kids that live on the street, and their street is close to Southfield putting the dogs at risk of causing or being in an accident. A resident on another street has already threatened police action after their dogs got out. They considered an electric fence, but were concerned that it would breed aggression. Timlin showed examples of where the dogs chewed through tethering and pulled tethers out of the ground. Timlin provided a signed petition from neighbors in support of the fence.

Mitchell asked about the grade of the yard. Timlin explained that it is uneven; the existing fence ranges three feet to four above grade. The current fence was in place when they bought the house, and is a cyclone fence that needs replacement, as it is rusted and bent.

Verdi-Hus asked if the yard was large enough to create a penned area for the dogs. Timlin explained that there is not enough space in the yard. Wilks concurred using privacy screen regulations to create a pen would allow only a ten-foot by two-foot space.

Tillman suggested a four-foot fence with a green screen of arborvitae. Timlin explained that the arborvitae would not be enough to keep the dogs from jumping the fence. They explained that their attorney advised them if someone was injured because their dogs were out of the yard, they would be held liable.

Tillman explained that the Board can only grant variances based on unique circumstances with the lot, not the inhabitants. Verdi-Hus stated that choosing to own the dogs is a self-imposed problem, not one unique to the lot.

Aylward asked the Board when this fence ordinance was enacted. Tillman stated the fence ordinance was adopted in 1999.

Timlin explained that their request for a fence is not a privacy issue, but a safety issue for the dogs and the neighbors.

Tillman explained that the Board is required to grant variances based on standards in relation to the property.

Timlin requested to table the request for variance while they work with administration to explore other options.

Upon discussion, there was consensus of the Board to table the decision until the next meeting to allow the petitioners to meet with administration.

CASE NO. 1311

Petitioner: Ben & Amy Glime

Property: 18921 Devonshire

Village Ordinance: 22.24 Schedule of Regulations. Zoning District R-2B requires rear open space of 40 feet.

Deviation Requested: To build an addition that is 36 feet from rear property line.

Wilks explained petitioners Ben & Amy Glime, are seeking a variance from requirements of Section 22.24 Schedule of Regulations to build an addition onto rear of their existing home. The

property is zoned R-2B, Single Family Residential. Village Ordinance, Chapter 22, Section 22.24 Schedule of Regulations requires rear open space of 40 feet. The petitioners are seeking to add onto the rear of their existing one-story home. The expansion would encroach 4 feet into the rear open space to accommodate the additional living space. The existing home encroaches into the side yard setback, however this addition will not enlarge that encroachment and otherwise complies with Village Ordinance. The setback also remains consistent with other homes on the street.

Glime explained they bought the home in 2008, they love the neighborhood, but now have three kids and are looking to add a fourth bedroom and second bathroom.

Stempien, architect for the project, stated the petitioner is limited on where they can add an addition; they must maintain fifteen feet from the neighbor's property line, and could not go east due to the door for basement access. The design is consistent with the community and the only way to accommodate the addition.

Motion by Crossen, second by Mitchell, the Zoning Board of Appeals approves a variance from the requirements of Section 22.24 to allow the petitioner to build a one story addition onto the rear of their existing home that would be no closer than 36 feet to the rear lot line due to practical difficulties of maintaining basement access, and given the unique size of the lot.

Roll Call Vote:
Motion passed (8-0)

CASE NO. 1312

Petitioner: Frank Pfeiffer

Property: 30835 Vernon

Village Ordinance: 22.08.070 Corner Lot Setback on the Side Street in Residential Zone Districts All Residential Zone Districts require corner lots with an abutting interior lot maintain side open space of 40 feet for permitted accessory buildings.

22.08.100 (b) Accessory Buildings, Structures, and Uses in Residential Zone Districts All Residential Zone Districts prohibit accessory buildings to be erected in side open space.

Deviation Requested: To build a detached garage that is 5 feet from street side lot line and in side open space.

Wilks explained petitioner Frank Pfeiffer, is seeking a variance from requirements of Section 22.08.070 Corner Lot Setback on the Side Street in Residential Zone Districts and Section 22.08.100 (b) Accessory Buildings, Structures, and Uses in Residential Zone Districts. The property is zoned R-A, Single Family Residential. Village Ordinance, Chapter 22, Section 22.08.070 Corner Lot Setback on the Side Street in Residential Zone Districts requires corner

lots with an abutting interior lot maintain side open space of 40 feet for permitted accessory buildings. The property to the west on Billington Court is the abutting interior lot. Village Ordinance, Chapter 22, Section 22.08.100 (b) Accessory Buildings, Structures, and Uses in Residential Zone Districts prohibit accessory buildings to be erected in required side open space.

The petitioner is seeking to build a detached garage that is 5 feet from street side lot line and in the side open space. The property is a corner lot, with the second street side along a cul-de-sac. Additionally, the rear property has a 12ft wide utility easement that is 30-35ft from the rear of the home.

Pfeiffer explained the house is on a slab and there is no basement for storage; the furnace and heater are in a closet. The garage is a two-car garage, but due to storage, there is only space for one car. DTE lines in the rear of the home limit any building. The door on the new garage would face the existing attached garage. The new garage would be placed in the horseshoe of the drive, and the east most wall would match the house. It would be a single-story building with a gabled roof. He did not consider extending the existing garage, because it would interfere with grading.

Tillman noted that the home is 1,800 square feet, and the ordinance limits total accessory building to 50%, therefore 900 square feet is the maximum size allowance. Pfeiffer expressed concern that building forward would not meet the front yard setback requirements.

Tillman expressed concern about having a garage so close to the street, and how it would compromise the aesthetic of the neighborhood. She explained that the structure was too large for the size allotted to the petitioner based on his square footage. She suggested the applicant explore a lesser variance.

Pfeiffer requested to table the request for variance while he works with administration to explore other options.

Upon discussion, there was consensus of the Board to table the decision until the next meeting to allow the petitioner to meet with administration.

CASE NO. 1313

Petitioner: Mike McCoy, Coy Construction 4214 Martin Rd, Walled Lake, MI 48390

Property: 32411 Old Post

Village Ordinance: 22.24 Schedule of Regulations. Zoning District R-1 requires rear open space of 40 feet.

Deviation Requested: To build an enclosed porch that is 32 feet from rear property line.

Wilks explained petitioner Mike McCoy, Coy Construction, on behalf of the property owners of 32411 Old Post, is seeking a variance from requirements of Section 22.24 Schedule of Regulations. The property is zoned R-1, Single Family Residential. Village Ordinance, Chapter

22, Section 22.24 Schedule of Regulations requires rear open space of 40 feet. The petitioner is seeking to build an enclosed porch that is 32 feet from rear lot line off the rear of the home. The porch will have a 3ft enclosure of tempered glass with removable screens. While the Village has allowed open porches to encroach into front/rear setbacks, we have required enclosed spaces to comply with setback requirements of the zone district. The enclosure would occupy a space on the property currently being utilized as a paved patio.

Upon discussion, there was consensus of the Board to table the decision until the next meeting due to absence of petitioner or designated representative.

CASE NO 1314

Petitioner: Brian & Sara Bell

Property: 31805 Evergreen Rd

Village Ordinance: 22.08.100 Accessory Buildings, Structures, and Uses in Residential Zone Districts. All residential zone districts prohibit accessory buildings to be erected in side open space and limit detached accessory building height to 15 feet.

Deviation Requested: To build a detached garage that is 18 feet 1-1/2 inches in height and located in the side open space.

Wilks explained petitioners Brian & Sara Bell, are seeking a variance from requirements of Section 22.08.100 Accessory Buildings, Structures, and Uses in Residential Zone Districts. The property is zoned R-1, Single Family Residential. Village Ordinance, Chapter 22, Section 22.08.100 Accessory Buildings, Structures, and Uses in Residential Zone Districts requires detached accessory buildings be no greater than 15 feet in building height, and cannot be located in side open space.

The petitioner is seeking to build a detached garage that is 18 feet 1-1/2 inches in height and located in the side open space. The proposal is to convert the existing garage into living space upon construction of the detached garage. There will be a pergola between the two buildings, and there is 8 feet of open passage separating the buildings. The garage will sit 52 feet 6 inches from the side lot line at the closest point and will be 136 feet 4 inches from front lot line at the closest point. Additionally, this property is at the end of a private road and sits several hundred feet off Evergreen Road.

Bell explained that they lived previously on Birwood, and bought the home a year and a half ago. The current garage was built in the 1930s and they cannot get their car or SUV into the space. They opted to turn the current garage into a pool house/mud room and hope to build a useable garage to match the existing home. They are not attaching the garage to preserve the windows and light on the current garage. Wilks reminded the petitioner that the Village prohibits using the overhead space as living space.

Motion by Mitchell, second by Maxwell, the Zoning Board of Appeals approves a variance from the requirements of Section 22.08.100 to allow the petitioner to build a

detached 3-car garage in the side open space that would be no higher than 18 feet 1-1/2 inches in height, and that upper spaces in the existing and new garage must be unfinished storage, due to practical difficulties of topography and unique historical concerns.

Roll Call Vote:
Motion passed (8-0).

PUBLIC COMMENTS

Sharon Tischler, stated that fences have been an issue for many years in the Village, and they will continue to be even if changes are made. She suggested that fence spikes should be eliminated for the safety of the deer. She shared that she attended a Zoning Board meeting in another city, and of a five-member board only three people were in attendance and it was not run well. She commended the Board for doing their due diligence to uphold the ordinances in the Village.

LIAISON COMMENTS

Aboud thanked the Board for the work that they do consistently upholding the ordinances. He attended the Michigan Municipal League convention earlier this month discussing topics like Connected Autonomous Vehicles (CAV) and their impact on downtowns, and involving Millennials as local government leaders. There is a SEMCOG meeting on October 13, 2016 that he will be attending. He announced that he is a final candidate for a leadership program at Michigan State University.

ADMINISTRATION COMMENTS

Wilks shared that Village office renovations were progressing, and the office would be closed Wednesday, October 19, 2016 while they move Administration into the new space.

ZONING BOARD COMMENTS

None.

Motion by Crossen, second by Donnelly, to adjourn the meeting at 9:30 pm.

Motion passed.

Michelle Tillman
Chairperson

Ellen Marshall
Village Clerk

Elizabeth Lyons
Recording Secretary

THESE MINUTES ARE NOT OFFICIAL. THEY HAVE NOT BEEN APPROVED BY THE ZONING BOARD OF APPEALS.

Present: Chairperson Ostrowski; Vice-Chairperson Westerlund; Members: Borowski, Drummond, Grinnan, Jensen, Stempien, Ruprich, Wilensky

Absent: None

Also Present: Village Manager, Wilson
President Pro-Tem, Peddie

Chairperson Ostrowski called the regular Planning Commission meeting to order at 7:30 p.m. in the Southfield Township municipal building at 18550 W. Thirteen Mile Road.

AMENDMENTS TO AGENDA/APPROVE AGENDA

Motion by Jensen, second by Westerlund, to approve the agenda as published.

Motion passed.

REVIEW AND CONSIDER APPROVAL OF PLANNING COMMISSION MINUTES OF MEETING HELD SEPTEMBER 28, 2016.

Motion by Westerlund, second by Jensen, that the minutes of the regular Planning Commission meeting held September 28, 2016, be approved as submitted.

Motion passed.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Thomas Aylward, Amherst, stated that he would like to see changes made to the fence ordinance.

Ostrowski explained to Aylward that it will be addressed at the February 2017 joint meeting with Council. Stempien suggested Aylward attend the Village Council meeting to express his concerns.

Dan Nunez, Marguerite Street, pointed out that in February 2016 two Council members asked the Commission to work on the fence ordinance. Ostrowski explained that the Master Plan was the primary focus for 2016.

REVIEW AND CONSIDER SITE PLAN FOR NEW POLE LIGHTING IN PARKING LOT AT BEVERLY HILLS CLUB (BHC), 31555 SOUTHFIELD ROAD

Wilson explained the Village has a one-foot candle limit at the property line, and some lights are reading above that. The area along Southfield Road where the lights will be located is not a particularly well-lit area.

Howard Satovski, representative of BHC, explained that they are aware some of the lights exceed the candle limit, however the area they are lighting is currently not very well lit.

Westerlund stated the extra distance could be beneficial because it is located over the sidewalk along Southfield Road. Ostrowski explained the candle limit protects neighboring properties, in this location there are no neighbors that would be effected. Stempien stated that the twenty foot light poles do not seem excessive nor out of character for the location.

Motion by Jensen, second by Westerlund, to recommend approval of the light plan as submitted.

Roll Call Vote:

Motion passed (9-0)

DISCUSSION ON REVISED PROPOSAL FROM GIBBS PLANNING GROUP, INC. FOR SOUTHFIELD CORRIDOR MARKETING PLAN

Wilson explained the proposal was revised based on the changes requested during the meeting between a Council subcommittee and some members of the Commission.

Peddie stated this proposal lays out a clear plan for the Village. Borowski felt this plan reflects the meeting with Gibbs. Ostrowski explained the key to the proposal is having the analysis done to determine the rate of return for potential investors.

Motion by Jensen, second by Borowski, to recommend approval of the proposal from Gibbs Planning Group, Inc. as presented.

Motion passed unanimously.

DISCUSSION ON TREE ORDINANCE LANGUAGE

Jensen asked for clarification on who the ordinance would apply to. Ostrowski explained that this ordinance would pertain to any development of a site plan. Westerlund explained that unregulated trees would not need to be replaced, and any trees removed that fit the qualifications would have to be replaced.

Grinnan felt the ordinance will be important to protect and preserve the large beautiful trees throughout the Village. Ostrowski explained the primary purpose of the ordinance would be to protect the Village's natural resources, and if a landmark tree was removed it would have to be replaced.

Wilson requested clarification on trees that are removed based on administrative decisions, particularly trees located in the right-of-way. Westerlund agreed that the ordinance does not clarify who has the right to decide on trees found in the right-of-way.

After continued conversation among the Commission, it was the consensus that members would draft questions to be reviewed with Borden upon his return.

DISCUSSION ON RESCHEDULING PLANNING COMMISSION MEETING DATES FOR NOVEMBER AND DECEMBER

Due to the holidays the Commission agreed to move the November 23, 2016 meeting to November 30, 2016. The December 28, 2016 meeting will be subject to cancellation based on agenda items.

PUBLIC COMMENTS

Peddie asked that in the continued discussion of the tree ordinance clarity should be made regarding if a survey would be needed and who would be responsible for it.

LIAISON COMMENTS

None.

ADMINISTRATION COMMENTS

Wilson updated that Administration has moved into the completed offices and demolition has begun on the Council chamber.

COMMISSIONER’S COMMENTS

Wilensky would like to revisit the construction site fence ordinance. Wilson explained that administration plans to put a regulation in place requiring construction site fences.

Motion by Borowski, second by Westerlund, to adjourn the meeting at 8:56 pm.

Motion passed.

George Ostrowski
Planning Commission Chairperson

Ellen E. Marshall
Village Clerk

Elizabeth Lyons
Recording Secretary

THESE MINUTES ARE NOT OFFICIAL. THEY HAVE NOT BEEN APPROVED BY THE PLANNING COMMISSION.