

Regular City Council Meeting

September 28, 2015

Agenda

7:30 p.m. **Call to Order**
Pledge of Allegiance
Roll Call
Approval of Minutes: **special mtg Sept. 9, 2015 & Sept. 14, 2015**
Approval of Bills: None
Approval of Agenda
Public Comment

I. Old Business

1)

II. New Business

- 1) Presentation of the Fiscal Year 2014-2015 Audit by Plante Moran
- 2) Consider adopting resolution amending Articles of Incorporation for the Resource Recovery and Recycling Authority of Southwest Oakland County
- 3) Discussion with Sam laquinto regarding temporary storage of boats on property owned by Michigan Seamless Tube
- 4) Consider purchase of three sets of Firefighting turnout gear
- 5) Consider acceptance of 2014 FEMA Grant for the Fire Department in the amount of \$23,430
- 6) Consider accepting donation from the Briggs family to the Cemetery Fund

IV. Manager's Report

V. Council Comments

VI. Adjournment

The City of South Lyon
Special City Council Meeting Street Workshop
September 9, 2015

Mayor Wallace called the meeting to order at 7:30 p.m.

Mayor Wallace led those present in the Pledge of Allegiance.

PRESENT: Mayor Tedd Wallace
Council Members: Dixon, Kivell, Kopkowski, Kramer, Rzyzi, and Wedell
Also Present: City Manager Ladner, Department Head Martin, Chief Collins, Chief Kennedy, Attorney Wilhelm and Clerk/Treasurer Deaton

AGENDA

CM 9-1-15 MOTION TO APPROVE AGENDA

Motion by Kopkowski, supported by Kivell
Motion to approve agenda as presented

VOTE: MOTION CARRIED UNANIMOUSLY

PUBLIC COMMENT

Carl Richards of 390 Lenox stated there have been 9 new paintings added around town for the In & Out DIA program, and he is very impressed. Mr. Richards stated the Concerts in the Park series were great this year. Mr. Richards stated he would like to thank City Manager Ladner and Department Head Martin for getting the Oakland County Road Commission to clean out the drains around town.

OLD BUSINESS- None

NEW BUSINESS

1. Streets and Roads Workshop

John Booth of Hubbell Roth and Clark presented a power point presentation regarding the Roadway Asset Management Plan. Mr. Booth stated the important part of this plan is the City receives Act 51 money, but without a Roadway Asset Management Plan, the City's hands are tied to a 50% of the money having to be spent on Local Streets and 50% on Major Streets. Adopting and following the plan will give the City more flexibility for where the money is spent. Mr. Booth stated there was a PASER rating given to the condition of each road in the City, and the average rating was 4.8. He further stated if the City doesn't spend any money on the streets other than the Act 51 money, the average rating will drop as low as 2.0 the lowest being 1. Mr. Booth stated the City will need to spend almost a million a year to keep status quo, and to make headway, 1.2 million will need to be spent each year. Councilman Kramer

9/9/15

asked how much we are currently spending for street repair. City Manager Ladner stated between the Metro Act and State Revenue sharing we have \$609,029.00 and \$45,000 for tri party funds. She further stated we have money set aside this year for engineering but nothing for construction. Department Head Martin stated the last roadwork we did was 2013, and that was around \$190,000. Mr. Booth of HRC stated to move forward with the plan; we need to decide how much money the City wants to spend for roadwork. Councilman Kramer asked how much money is currently set aside for the local and major street funds. City Manager Ladner stated we have approximately one million between the general fund local and major street funds. City Manager Ladner stated we budgeted \$300,000 for major and local funds for engineering because if we pass this asset management plan, we could have the engineering done this year, then the construction next year. She further stated there may need to be a road millage for dedicated property taxes towards repair and maintenance of streets. She stated Council needs to keep in mind, the 1.2 million does not include engineering fees, that amount is construction costs only. Department Head Martin stated some roads are curbed and guttered and are failing, and some streets are not curbed and guttered at all, in that case you will have to decide if you want to just fix the road or redevelop an entire new street which is much more expensive. Councilman Kramer stated we need to decide how much we want to allocate for the roads to move forward with the street asset plan, and decide where the funding will come from. City Manager Ladner stated we could raise the general fund millage, or a dedicated millage which would be a voter referendum ballot initiative. Green Oak Township, Novi and Milford have an allocated mill for streets. She further stated she has information from the Assessor who broke the City into quartiles to get numbers which reflect what the cost per household would be with a dedicated millage. She further stated 1 mill would bring in approximately \$325,000 annually. Councilman Kramer stated if we ask for 2 mills, it would bring in approximately \$650,000. With the 20% we can use from the fund would add up to close to \$900,000. He further stated it would cost \$950,000 just to maintain the current road conditions. City Manager Ladner stated these are some hard decisions and there is no guarantee of additional funding from the State, and we cannot allow our streets to continue to deteriorate. Mr. Booth of HRC stated once the City determines how much money they intend to spend, the module will tell us how much you would need to spend in maintenance and how much for rehabilitation, and reconstruction and each year following. After that, a decision will have to be made regarding which roads to work on. City Manager Ladner stated we would not be looking to have the proposal on the ballot until May or August of 2016 because we need time for public education regarding why this is needed, and how it will be done, as well as holding public meetings and giving the voters a chance to ask questions. Councilman Rzyzi asked if 100% of that millage levy will be used for roads. City Manager Ladner stated the language will reflect 100% will stay with the roads. Mayor Wallace stated there are a lot of private streets in the City, and how will the residents be convinced to vote for a raise in their taxes. City Manager Ladner stated the residents even if they live on private streets still use the City streets anytime they leave their development. Councilman Kramer stated the issue is how much of a millage do we seek, and will we direct any money from the General Fund for the roads as well. Councilman Wedell stated if you begin using fund balance monies for ongoing programs, it will be gone in a very short time. It doesn't make any fiscal sense to use fund balance for ongoing programs. Councilman Kramer stated that is right, but we will have to educate the public to understand that. Mayor Wallace stated Green Oak Township is an example of how to beautify and enrich their community by what they have done with their roads. It is absolutely gorgeous driving

thru there. Councilman Kramer stated the question is how much we want to spend. Department Head Martin stated when cold patching is done, you normally need a roller, but a couple of our DPW guys do a great job. He further stated we will continue to maintain our roads to the best of our ability. Department Head Martin stated he has two bids to crack seal 9 Mile Road. Councilman Kivell stated cold patching is not a permanent solution, it is a temporary fix. Councilman Kivell asked what other communities are doing to gain funding for roadwork. Mr. Booth stated most communities are using local money and most communities use a Millage. He further stated Genoa Township tried for a dedicated road mill and it failed miserably. Hartland Township barely passed a 1 ½ dedicated road mill and they spent a year working with the public. He stated you need to make sure the public understands why this needs to be done. Mr. Booth stated the big hurdle for the City of South Lyon will be the number of private streets and asking those residents to pass a dedicated millage. Discussion was held regarding some communities also working on the County roads, not just the local streets. Mayor Wallace stated a few years ago, Livingston and Oakland County were talking about paving Dixboro Road in 2015 or 2017. Mr. Booth stated he isn't aware of when that will be done. City Manager Ladner stated they are talking about 2017 and 2018, but they have been talking of pushing it out as well. Councilman Kramer stated he thinks a hurdle will be people will want the major roads fixed, but they are County roads. City Manager Ladner stated if we had a dedicated road millage we have the potential to share some of the cost with the Road Commission which may move the City to the top of the list. Councilman Kivell stated the 2 mill is as close to what we could get and still hold our own, anything less than that we will be losing ground. City Manager Ladner stated Department Head Martin and the DPW have taken several videos of the condition of the roads and are narrated as well. She is working with the Cable Commission to edit the videos together which can be used for the public education.

CM 9-2-15 MOTION TO GIVE HRC PERMISSION TO RUN THE ROADWAY ASSET MANAGEMENT PLAN

Motion by Kivell, supported by Kramer

Motion to give HRC permission to put the roadway asset management plan into action with an estimated \$650,000

Mayor Wallace stated he hopes people realize that the value of their homes would also go up if the streets were improved. Councilman Kivell stated an estimated increase of \$247.10 per year for a home valued at \$100,000. Councilman Kivell asked if there is any flexibility in the way the module allocates the funds. Mr. Booth stated the module will break it out into 3 columns, maintenance, reconstruction, and rehabilitation. There will be years that there will be nothing spent on reconstruction because you will be trying to keep the roads rated 6 and 7 to get them up to a rating of 8 and 9. Other years there will be more money spent on reconstruction. That is the science of the roadsoft software. The art of it will be determining which roads we want to work on. Councilman Kivell stated the road selection is critical to get the best return on the investment. Department Head Martin stated it also depends what lies underneath the streets if any sewer lines need rehabilitation.

VOTE: MOTION CARRIED UNANIMOUSLY

Councilman Kramer stated our Fire Chief was a presenter at a conference in Atlanta and he paid for the seminar himself. He feels he was representing the City and he feels the City should reimburse him for the cost. Mayor Wallace stated that could be added to the agenda at the next meeting.

ADJOURNMENT

CM 9-3-15 MOTION TO ADJOURN MEETING

Motion to adjourn meeting at 8:00

VOTE: MOTION CARRIED UNANIMOUSLY

Respectfully submitted,

Tedd Wallace Mayor

Lisa Deaton Clerk/Treasurer

DRAFT

The City of South Lyon
Regular City Council Meeting
September 14, 2015

Mayor Wallace called the meeting to order at 7:30 p.m.
Mayor Wallace led those present in the Pledge of Allegiance.

PRESENT: Mayor Tedd Wallace
Council Members: Dixon, Kivell, Kopkowski, Kramer, Rzyzi, and Wedell
Also Present: City Manager Ladner, Department Head Martin, Chief Collins, Chief Kennedy, Attorney Wilhelm and Clerk/Treasurer Deaton

MINUTES

CM 9-1-15 MOTION TO APPROVE MINUTES

Motion by Kivell, supported by Kramer
Motion to approve minutes as presented

VOTE: MOTION CARRIED UNANIMOUSLY

Councilman Kivell stated the minutes were very well done.

BILLS

CM 9-2-15 MOTION TO APPROVE BILLS

Motion by Kivell, supported by Wedell
Motion to approve bills as presented

VOTE: MOTION CARRIED UNANIMOUSLY

Councilman Kivell stated he would like the packet stapled together by issue, instead of all loose. He further stated there are no descriptions on the check register. City Manager Ladner stated we are using the BS&A system now, she will make sure that is added in the future. Councilman Wedell stated he likes the new format for the revenue report, but he would like all either landscape or portrait.

AGENDA

CM 9-3-15 MOTION TO APPROVE AGENDA

9/14/15

Motion by Wedell, supported by Kopkowski
 Motion to approve Agenda as presented

VOTE: MOTION CARRIED UNANIMOUSLY

PUBLIC COMMENT

Carl Richards of 390 Lennox stated he wants to give big praises for the DPW. They did a great job on the entryway to Wells Street parking lot.

Linda Ross of 373 Harvard stated she is the President of the South Lyon Area Historical Society and co leader of the Village Gardening. Larry Ledbetter of 11343 Clovis Point stated he is the Historical Commission President. Ms. Ross stated they are here to thank everyone that helped move the rock moved to the Historical Village, it was estimated to weigh around 9,000 pounds. Carl Richards was the first to present the idea to the Commission a year and a half ago. She stated they want to thank everyone involved, such as Larry Ledbetter, Carl Richards, Tom Ross and Bob Trimetier for staying on top of the project. She further stated they want to thank City Manager Ladner, the DPW, City Hall, and a very big thank you to Jason Rose and to Rose Excavating for the skill, expertise in moving the rock to the Historical Village. Mr. Ledbetter stated the Depot Day was a great success and he wants to thank Bob Martin and the DPW, Ron Brock, Marianne Jamison for all their help. He further stated he wants to thank Chief Collins and Chief Kennedy for their support. Mr. Ledbetter stated he also wanted to thank Councilman Rzyzi because he helped set up the morning of Depot Day. There was a great turnout of approximately 600 people and the kids had a great time. He stated they began with a special tribute to September 11th. They also gave a special tribute for the sacrifice of Firefighter Dennis Rodeman who was murdered, and they also paid tribute to Terry and Dorothy Tennent. He further stated there were many people involved in making it a success. Brian Bach donated free helium balloons for all the kids. The Kiwanis served hot dogs which were free, donation only. He further stated there were antique cars from the Spark Plugs and classic tractors as well. There was a lot of entertainment for the kids, Thomas the Train, Zemo the Magnificent Yo yo man, The amazing Anhay the magician. There were also two Girl Scout troops selling cookies and doing face painting. Mr. Ledbetter stated the Fine Arts Society, the Garden Club and the bee man was there as well. He wants to thank the City Council for all their support. Mayor Wallace stated he wants to thank Larry Ledbetter and Linda Ross for all their hard work and for all the things they do.

Presentation of Awards: Police Department- Vibe Credit Union Investigation

Chief Collins stated he would like to present 3 Certificates of Merit to 3 members of the Police Department for a job well done in the Vibe Credit Union robbery investigation. He further stated the criteria for one to deserve a certificate of Merit is an outstanding performance of duty under unusual or difficult conditions, it does not have to involve physical danger, but must involve unusual thoroughness,

9/14/15

determination, initiative, and conscientiousness. He further stated the officers solved the investigation within 12 hours of the Vibe Credit Union robbery. Chief Collins stated on August 12, 2015 at 9:04AM, Sgt. Doug Baaki and Officer Audra Baker were dispatched to the Vibe Credit Union to investigate an armed robbery that had just occurred. Both officers responded, ensured the safety of credit union personnel, and preserved the crime scene. Lt Christopher Sovik arrived minutes later and took charge of the investigation. All three officers working as a team, mobilized resources to process the crime scene, gathered information about credit union procedures, obtained video surveillance of the suspect, and quickly disseminated information on the South Lyon Police Department Facebook page about the suspect and the vehicle used in the robbery. At approximately 12:40 p.m. Lt. Sovik received a tip from a source that had seen the Facebook post. That tip provided a lead on the suspect and suspect vehicle. Officer Baker was able to confirm that information through one of her contacts, which resulted in officers locating the suspect vehicle. Using their training, experience, and investigative skills, officers were able to positively identify the suspect and locate the suspect vehicle within twelve hours of the robbery. In addition, Sgt. Baaki was very instrumental in recovering crucial evidence that the suspect used in the robbery. Lt. Sovik provided the FBI and the Oakland County Violent Crime Task Force with the suspect's name and possible locations. The suspect was apprehended two days later in the City of Detroit. A large portion of the money taken in the robbery was recovered from the suspect's vehicle. Lt. Sovik obtained a full confession from the suspect, who is currently lodged in the Oakland County Jail awaiting trial. Chief Collins presented Lt. Sovik, Officer Baker, and Sgt. Baaki each with a Certificate of Merit Award. Mayor Wallace thanked the members of the Police Department for all they do.

OLD BUSINESS- None

NEW BUSINESS

1. Consider demolition bids for 390 S Lafayette St.

City Manager Ladner stated she and the City Attorney developed language for the rehabilitation and demolition bids for 390 S. Lafayette. She stated she did not receive any proposals for rehabilitation of the property, but we did receive 3 bids for demolition. She further stated we received one from Blue Star for \$73,900 with a possible deduction of \$16,000 for substitution of clean fill dirt to fill the area of the removed foundation, also a bid from Milford Salvage and Iron Metal Co bid \$38,575 and the low bidder was R.J. Hoffman Management at \$34,780.00 Mayor Wallace asked if the bid requires the removal of the foundation. City Manager Ladner stated the bid did include the removal of the foundation and the replacement of rock so the settling problem will not happen again. Councilmember Kopkowski stated she had asked for information regarding what we could do with the building. City Manager Ladner stated that information was included in the September 9th meeting along with a memo from Carmine. Councilman Kivell stated it was in the September 9th packet, Councilmember Kopkowski stated it was not included with her packet. Councilman Rzyzi stated he thinks this is the right step, and looking back he thinks it was a good idea to look into the rehabilitation of the building, but he didn't think we would get any proposals, but at least we are making sure all angles are covered. He further stated he is very comfortable with the bids.

9/14/15

CM 9-4-15 MOTION TO ACCEPT LOWEST BID FOR DEMOLITION

Motion by Rzyzi, supported by Dixon

Motion to accept the bid from R.J. Hoffman Management in the amount of \$34,780 for the demolition of the existing structure at 390 Lafayette and authorize the Mayor to sign the contract and for the City Manager to issue the Notice to Proceed to the contractor.

VOTE:

MOTION CARRIED UNANIMOUSLY

Councilman Kramer asked if there are plans for what will be done with the property after it is demolished. He wants to ensure we have some kind of plan for what it will look like, and to make sure there is something done with it. City Manager Ladner stated they will put rock down, then fill, then reseed it. Mayor Wallace stated it will look fabulous when entering town and hopefully we can have a few picnic tables in the area. Councilman Wedell stated he wants to disclose he worked with Mr. Hoffman in the past when Mr. Hoffman was a County Commissioner and he worked with the County Commissioners, but that will not preclude his ability to vote on this issue. Councilman Kivell stated this is a reasonable bid, this was the expected outcome, but he is still disappointed everyone was in such a hurry to demo the building. The idea of having only a month for a rehabilitation proposal was not feasible. Clearly when there is a demolition job, it is easy for a company to see what their cost will be, if you are trying to see what the cost would be for a rehabilitation project and envision a redevelopment of a building, there is much more due diligence to calculate into the idea. It would not have been fair to let the building sit as it is forever, but he wishes we could have given it a reasonable amount of time, yet that argument is hard to make due to the fact no one inquired about the rehabilitation or redevelopment of the building. Mayor Wallace stated the company will have 45 days to complete the project after notice is given.

2. Consider the purchase of three Kaeser Bare Blowers

Department Head Martin stated our wastewater plant was refurbished in 2005, which seems relatively new, but it is actually 10 years old. He further stated the wastewater plant and the clean water plant both are running 7 days a week and 24 hours a day, there are always 2 running blowers. We had some issues, and 1 ½ years ago he discussed looking at what we have and what we decided is to look at what was on the market. We have looked at numerous companies such as Roots, and Curb & Pump for a long term fix. There are a lot of good blowers out there. After looking at other companies, they have found if we purchase a new blower from another company it will cost thousands to just change the footprint and hardware at the plant itself. Department Head Martin stated throughout the years, his DPW workers have spoken with Kaeser, and Kaeser took their suggestions and made improvements to the blowers. He further stated this is a much improved blower and if we stick with Kaeser it will benefit the City in the long term. He stated they have given us a price for an individual blower for \$11,000 and we could purchase up to 4. He believes it will be wise to purchase 3 new blowers. One will be used

9/14/15

immediately, and that will leave 2 on the shelf for future needs. Department Head Martin stated it is a good opportunity. Mayor Wallace stated we are lucky we can do this with such an affordable range and it is due to the effort of the DPW. Councilman Kramer asked if we are just replacing the internal component or the entire unit. Department Head Martin stated the motor is fine, we just need to replace the blower and this is budgeted for as well. Councilman Kivell stated when this conversation was first brought up a while ago, Kaeser realized they had some problems with failing pumps, and the fact they were willing to make some needed improvements that we suggested goes a long ways besides just the cost.

CM 9-5-15 MOTION TO APPROVE PURCHASE OF THREE KAESER PUMPS

Motion by Kramer, supported by Rzyzi

Motion to approve the purchase of three Kaeser bare blowers from Professional Pump Inc. for the amount of \$33,062.25

VOTE:

MOTION CARRIED UNANIMOUSLY

3. Consider reimbursing Chief Kennedy for travel and lodging costs to attend the International Fire Chiefs Conference where he presented and represented the City of South Lyon

Councilman Kramer stated Chief Kennedy attended a conference and was a presenter and he paid for the Conference, air fare and hotel from his personal funds. He further stated he believes since he was a presenter and representing the City he feels the City should reimburse him for the costs. Chief Kennedy stated he never expected the City to pay for this conference, and he never went to the City Manager except to let her know he would be attending the conference. He stated he appreciates the offer, but he doesn't want to seem disingenuous to his staff. He had let them know he was doing this on his own, and in the future he will let the City know, but he doesn't need to reimburse. He further stated he respectfully asks Council to pass on this. Mayor Wallace stated he believes Chief Kennedy deserves some kind of a stipend for this.

CM 9-6-16 MOTION TO REIMBURSE CHIEF KENNEDY FOR THE COST OF ATTENDING FIRE CHIEFS CONFERENCE

Motion by Kramer, supported by Rzyzi

Motion to reimburse Chief Kennedy for the cost of attending Fire Chiefs Conference

VOTE:

MOTION CARRIED UNANIMOUSLY

4. Discussion regarding putting in place and enforcing aggressive begging/panhandling ordinance

Mayor Wallace stated the issue that really upset everyone regarding the out of town solicitors were they were at every major intersection in the City. They also were not a local charity, nor did they have any kind of uniforms, and cut out milk cartons for collecting, and no one could tell what they were collecting for. They were also out Labor Day weekend. He further stated the permit they had from the State of Michigan was expired as of July 31st. Mayor Wallace asked our City Attorney what we could do to control this because it effects our local charities when then they try to collect. Mayor Wallace stated there is a safety concern as well, who will be liable if someone gets hit. Attorney Wilhelm stated collecting donations for charitable groups is protected under the First Amendment protected speech. He further stated any kind of ordinance that is put in place will have to apply to all charitable groups, including local charities and it will have to be content neutral. Attorney Wilhelm stated you want to avoid a permitting process because it could reflect a prior restraint meaning we are infringing on their rights before they are allowed to engage. He further stated you could require a registration with the Police Department to let everyone know they will be in the area. You should not try to regulate what they wear or what kind of collection container they use. Attorney Wilhelm stated whatever is done will apply to everyone across the board. Mayor Wallace stated they didn't have any safety vests on at all. Councilmember Kopkowski stated she overheard a couple of the people arguing over who goes to what car, it seemed they may get paid a commission on what is collected. Councilman Kivell stated a complication is whatever we employ for outsiders will also have to go for all of the local charities as well. He further stated the Supreme Court has mutilated the historic perspective of what the First Amendment and what free speech pertains to. He further stated there were many people on Facebook that were very upset about the people from outside our community collecting. He stated he thinks the City will be better off if we do not take an action regarding this issue. If people do not donate to the outside groups that come in, they will go elsewhere. Councilman Kivell stated he has always been concerned with people in the roadways collecting for charities due to a safety issue. Councilman Kramer asked if we can force them to wear/carry some sort of identification, or if we can limit when and where? Attorney Wilhelm stated he doesn't have a definitive answer but he thinks the registration may be acceptable. More discussion was held regarding how much the City can control this without violating the First Amendment. Councilman Wedell stated he collects for the American Legion and the weekend they sell poppies is very important for the support of veterans. He further stated he would prefer to take a hands off approach, and he also feels if people do not donate to the charities that are from out of town, they will move on to another City. Attorney Wilhelm stated the City currently has an aggressive begging ordinance that can be enforced. Chief Collins stated the Second Chance Network did submit paperwork to the Police Department. He furthers the Police in plain clothes as well as in uniform monitored throughout the day. Chief Collins stated they didn't see any aggressive behavior, and he did see safety vests being worn by some of the collectors. He further stated it seems easier for people to go home and complain on Facebook rather than take the time to call the Police Department. If anyone feels threatened at any time, they need to contact the Police Department. He stated to his knowledge the Police Department didn't receive any complaint calls from the Public. Councilmember Kopkowski

stated she is around town often, and she didn't see any aggressive behavior. Mayor Wallace stated he is upset the freedom of speech can be flipped to mean freedom to solicit. Further discussion was held regarding the limited options the City have regarding charitable solicitors.

5. Discussion and consideration regarding allowing the DDA Board to meet with HRC to develop plans to present to the Council for the utilization of the federal earmark funds

City Manager Ladner stated the DDA Board is requesting permission to meet with HRC and discuss plans for some work they would like done using the \$90,000 earmarked funds. Councilmember Kopkowski stated the DDA isn't paying for anything, why do they need to be involved. City Manager Ladner stated the DDA would like to be involved in the planning for the use of the money because the money must be used in the downtown district. Councilman Kivell asked if the engineering fees can be paid by the earmarked money. City Manager Ladner stated the earmarked money can be used for engineering fees. Councilmember Kopkowski stated the whole amount of money will be spent in engineering costs, then who would pay for the project. She further stated anyone can brainstorm, but we don't need to give anyone permission to do so. Councilmember Kopkowski stated she doesn't think we should spend the entire amount of money on engineering fees when there will be nothing left for the construction of the project. Councilman Wedell stated it is a small amount of money and it is designated to such a small area, if we can't come up with some idea to use the money that is logical, we need to give it back, it is still taxpayer money. It doesn't make sense to spend money just to spend it. Councilman Kivell asked if some of the money could be used for the 390 Lafayette building. City Manager Ladner stated we could use it for sidewalk or right of way items.

MANAGERS REPORT

City Manager Ladner stated she has tried to make contact with CSX to remove or empty the dumpster on their property. She has also contacted Waste Management but they have no record of delivering the dumpster, therefore they do not know who to charge. We have asked them to remove it regardless of who they charge for it. Councilmember Kopkowski suggested the City Manager contact the Road Commission as well. She further stated she this should have been realized before she had to bring it to her attention. Discussion was held regarding the dumpster and how long it had been full. City Manager Ladner stated this is the second week in the conversion to BS&A. City Manager Ladner stated the DDA is seeking volunteers for Cool Yule because the Chamber has decided to no longer run it. She further stated she wanted to remind everyone Pumpkinfest is coming in 11 days. City Manager Ladner stated she and the Mayor will be attending the MML Convention for the rest of the week, but she will be available by phone or email.

COUNCIL COMMENTS

Councilman Wedell stated he is sorry he missed Depot Day, when he got there it was raining and people were taking the tents down, it is always a great event.

9/14/15

Councilmember Dixon stated she wanted to thank the Chief and Department Head Martin for having the cameras fixed and that Depot Day was a great event.

Councilman Kivell stated he also unfortunately missed Depot Day because of the weather. He further stated he contacted our Senators to see if they have any pull with CSX, but he isn't expecting too much. Councilman Kivell stated there is progress being made at the Knolls, significant changes have happened.

Councilman Rzyzi stated when there were issues with the tracks at 9 Mile he was able to find some contact information for the Director of Program Management and he will forward the contact information to the City Manager. Councilman Rzyzi stated that South Lyon Recreation did a great job sponsoring the Labor Day Bridge Walk and it was great seeing the residents at the South Lyon Senior and Rehabilitation Center participating as well. It was a great event. He further stated the rock that was moved to the Historical Area looks great. Councilman Rzyzi stated the Fire Department ran the 5K in full uniform and carried American flags, it was very impressive. He further stated there were hundreds of flags in Paul Baker Park in memorial of the Firefighters that passed during September 11th.

Mayor Wallace stated the Bridge Walk was fun and it was wonderful seeing the people in their wheel chairs in that final lap. He further stated he is disappointed the Chamber of Commerce will no longer be working on Cool Yule. The reason they gave was other communities they are involved with didn't feel it was proper for them to be involved with a City project such as that, and he wanted to point out that Cool Yule is for the children and the school district is an 85 square mile district and he thinks that is a lame excuse. Mayor Wallace stated Pumpkinfest is coming and it always brings out the Community, they have moved the dogs by Norms. He further stated he mentioned at the last meeting during the parade the dance groups need to keep moving, but they do a great job, but we need to keep it moving. He further stated St. Joseph's Parish held their 50th Jubilee over the weekend, and they had a fund raiser to have Church bells installed, but they are not loud, they are musical. Mayor Wallace stated the car show is the 4th Wednesday of the month, same weekend as Pumpkinfest. He further stated he is disappointed the South Lyon Herald isn't in attendance to represent what is actually being said in our meetings.

A resident from the audience asked if Council could discuss the Fire Hydrants in Colonial Acres that aren't working. Department Head Martin stated every fire hydrant works in the City. Mayor Wallace stated he understands his concern, but the City Manager and everyone are working on the hydrant issues in Colonial Acres.

ADJOURNMENT

CM 9-7-15 MOTION TO ADJOURN

Motion to adjourn meeting at 8:55p.m.
Motion by Kramer, supported by Dixon

9/14/15

VOTE:

MOTION CARRIED UNANIMOUSLY

Respectfully submitted,

Tedd Wallace, Mayor

Lisa Deaton Clerk/Treasurer

DRAFT

AGENDA NOTE

New Business: Item #

MEETING DATE: September 28, 2015

PERSON PLACING ITEM ON AGENDA: City Manager

AGENDA TOPIC: Consider adopting resolution amending Articles of Incorporation for the Resource Recovery and Recycling Authority of Southwest Oakland County

EXPLANATION OF TOPIC: The City is a member of RRRASOC which has voted to accept two new member communities and has had one member community chose to withdraw from the organization. This requires that the articles of incorporation be amended and that each of the member communities adopt a resolution accepting the amended articles of incorporation. The two new communities are the City of Milford and Milford Township the community that is withdrawing is Lyon Township.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS: Resolution drafted by RRRASOC for each member community to adopt and the revised Articles of Incorporation.

POSSIBLE COURSES OF ACTION: Adopt the resolution accepting the new communities and amending the articles of incorporation or choose to not adopt the resolution which may or may not affect the final decision depending upon if the majority of the communities adopt the amended articles of incorporation.

RECOMMENDATION: Adopt the resolution amending the Articles of Incorporation.

SUGGESTED MOTION: Motion by _____, supported by _____ to adopt the resolution amending the Articles of Incorporation for the Resource Recovery and Recycling Authority of Southwest Oakland County.

City of South Lyon
County of Oakland, State of Michigan

Minutes of a _____ meeting of the City Council of the City of South Lyon, County of Oakland, State of Michigan, held in the City on the ____ day of _____, 2015, at _: __ .m., prevailing Eastern Time.

PRESENT: Members _____

ABSENT: Members _____

The following preamble and resolution were offered by Member _____ and supported by Member _____:

WHEREAS, the City Councils of the Cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield and Walled Lake have previously created the Resource Recovery and Recycling Authority of Southwest Oakland County (the "Authority") pursuant to Act 179, Public Acts of Michigan, 1947, as amended; and

WHEREAS, the City of Wixom and the Charter Township of Lyon subsequently became members of the Authority; and

WHEREAS, the Village of Milford and the Charter Township of Milford has each determined that it is reasonable, necessary and in its best interest to become a member of the Authority; and

WHEREAS, this City Council on behalf of the City of South Lyon, County of Oakland, State of Michigan (the "City"), together with the City Councils of the Cities of Farmington, Farmington Hills, Novi, Southfield, Walled Lake and Wixom, the Village Council of the Village of Milford and the Township Board of the Charter Township of Milford, have deemed it is reasonable and necessary to amend and restate the Articles of Incorporation of the Authority; and

WHEREAS, the Amended and Restated Articles of Incorporation, providing for, among other amendments, the inclusion of the Village of Milford and the Charter Township of Milford in the Authority, have been prepared and have been carefully reviewed by this City Council; and

WHEREAS, it is necessary for this City Council to adopt the Amended and Restated Articles of Incorporation and to provide for other matters relative to the Authority.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Amended and Restated Articles of Incorporation of the Authority attached hereto as Exhibit A, be and the same are hereby approved and adopted.

2. The Mayor and City Clerk are hereby authorized and directed to endorse the fact of such adoption upon the Amended and Restated Articles of Incorporation in the form and manner provided therein.

3. That all resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES: Members _____

NAYS: Members _____

RESOLUTION DECLARED ADOPTED.

City Clerk

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the City Council of the City of South Lyon, County of Oakland, Michigan, at a _____ meeting held on _____, 2015, and that said meeting was conducted and public notice of said meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, and that the minutes of said meeting were kept and will be or have been made available as required by said Act.

City Clerk

EXHIBIT A

[ATTACH AMENDED AND RESTATED ARTICLES OF INCORPORATION HERE]

24881807.2\085164-00002

**AMENDED AND RESTATED ARTICLES OF INCORPORATION OF
RESOURCE RECOVERY AND RECYCLING AUTHORITY
OF SOUTHWEST OAKLAND COUNTY**

**(Adopted July, 1989;
Amended November, 1989;
Amended November, 1990;
Amended _____, 2015)**

These Amended and Restated Articles of Incorporation are adopted by the incorporating municipal corporations for the purpose of continuing an AUTHORITY under the provisions of Act 179, Public Acts of Michigan, 1947, as amended (the "Act").

ARTICLE I

The name of this AUTHORITY is "Resource Recovery and Recycling Authority of Southwest Oakland County." The principal office of the AUTHORITY will be located at 20000 W. Eight Mile Road, Southfield, MI 48075. The principal office of the AUTHORITY may be changed from time to time as determined by resolution of the Board of Trustees.

ARTICLE II

The initial Incorporating Municipalities creating this AUTHORITY were the Cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, and Walled Lake, all designated as the CONSTITUENT MUNICIPALITIES. The City of Wixom and the Charter Township of Lyon were subsequently added as CONSTITUENT MUNICIPALITIES. Upon the approval of these Amended and Restated Articles of Incorporation on _____, 2015, the Village of Milford and the Charter Township of Milford are designated as CONSTITUENT MUNICIPALITIES, and the Charter Township of Lyon shall be considered withdrawn from the AUTHORITY. All CONSTITUENT MUNICIPALITIES are located in the County of Oakland, State of Michigan.

ARTICLE III

The purpose of this AUTHORITY is the collection or disposal, or both, of garbage or rubbish, or both, and to acquire, construct, own, improve, enlarge, repair, remodel, extend, maintain and operate a waste management project or system, in accordance with the authorization of the Act or of any other applicable statute.

ARTICLE IV

This AUTHORITY shall be a body corporate with power to sue or to be sued in any court of this State. The AUTHORITY shall be comprised of the territory within the corporate boundaries of its CONSTITUENT MUNICIPALITIES. No change in municipal jurisdiction over any territory within the AUTHORITY shall in any manner affect the AUTHORITY or its boundaries. It shall possess all of the powers now or hereafter granted by the Act or by any other applicable statute and by these Amended and Restated Articles of Incorporation, and those incident thereto, including specifically, but not limited to, the power to manage billing, collection contracts and franchises, to operate or manage transfer facilities, or to operate or manage

recycling facilities or any other facilities permitted by law, either within or without its corporate limits. The enumeration of any powers herein shall not be construed as a limitation upon its general powers unless the context shall clearly indicate otherwise. The AUTHORITY shall have a corporate seal.

ARTICLE V

This AUTHORITY shall continue in existence perpetually or until dissolved by act of the parties or by law; provided, however, that such AUTHORITY shall not be dissolved if such dissolution could operate as an impairment of any of its contracts.

ARTICLE VI

The fiscal year of the AUTHORITY shall commence on the first day of July in each year and end on the last day of June next following. The fiscal year of the AUTHORITY may be changed from time to time as determined by resolution of the Board of Trustees.

ARTICLE VII

The governing body of this AUTHORITY shall be a Board of Trustees, hereinafter referred to as the BOARD, which shall be made up of one voting representative from each CONSTITUENT MUNICIPALITY. Members of the BOARD shall be the respective Chief Administrative Officer of each of the CONSTITUENT MUNICIPALITIES. Each Member of the BOARD shall also appoint an alternate member who may attend meetings of the BOARD but may vote only in the absence of the Trustee having appointed the alternate. In no event shall the term of the alternate member extend beyond the term of the individual Trustee having appointed the alternate.

The members of the BOARD and such officers thereof who also are members of the BOARD shall be paid no compensation; provided, however, that the BOARD may authorize the payment of the actual expenditures of any member or officer incurred in connection with the business of the AUTHORITY. The BOARD shall meet on the third Wednesday of July of each year at 8:30 o'clock a.m., at the place of holding the meetings of the BOARD, or at such other time and place as the BOARD may determine from time to time by resolution, for the purpose of organization. At such organization meeting the BOARD shall select a Chairman and a Vice-Chairman, who shall be members of the BOARD, and a Secretary and a Treasurer, who may but need not be members of the BOARD. The BOARD may select such Assistant Secretaries and Assistant Treasurers as the BOARD determines appropriate, who may but need not be members of the BOARD. Such officers shall serve until the organization meeting in the following year or until their respective successors shall be selected and qualify.

Within thirty (30) days after the initial organization of the AUTHORITY shall become effective, the members of the BOARD shall meet for the purpose of organizing the BOARD for the balance of such fiscal year. The time and place for such meeting shall be fixed by a majority of the members-elect of the BOARD, and notice thereof served upon all members in the manner provided in Article IX. No selection of an officer of the BOARD shall be deemed to be invalid because it was not made within or at the time specified in these Amended and Restated Articles of Incorporation.

ARTICLE VIII

In the event of a vacancy in a position of Chief Administrative Officer of a CONSTITUENT MUNICIPALITY, the legislative body of such CONSTITUENT MUNICIPALITY shall promptly appoint a representative to the Board on an interim basis, to serve until such time as the vacancy in the position of Chief Administrative Officer shall be filled.

In the event of a vacancy in any office of the BOARD, such vacancy shall be filled by the BOARD for the unexpired term. In case of the temporary absence or disability of any officer, the BOARD may appoint some person temporarily to act in his or her stead except that in the event of the temporary absence or disability of the Chairman, the Vice-Chairman shall so act.

ARTICLE IX

Meetings of the BOARD shall be held at least quarterly, and may be held more often, at such time and place as shall be prescribed by resolution of the BOARD. Special meetings of the BOARD may be called by the Chairman or any two members thereof, by serving written notice of the time, place and purpose thereof, upon each member of the BOARD personally, or by leaving it at his or her place of residence at least eighteen hours prior to the time of such meeting, or by depositing the same in a United States Post Office or mail box within the limits of the AUTHORITY, at least seventy-two hours prior to the time of such meeting, enclosed in a sealed envelope properly addressed to him or her at his or her home or office address, with first class postage fully prepaid. Special meetings of the BOARD at which all members are present shall be deemed to be valid even though no written notice thereof may be given as above specified. Any member of the BOARD may waive notice of any meeting either before or after the holding thereof.

At least a majority of the members-elect of the BOARD shall be required for a quorum. Each member of the BOARD shall have one vote on all matters before the BOARD, except as provided below. On any matter requiring a weighted vote, the number of votes to which each member of the BOARD shall from time to time be entitled shall be calculated by multiplying (i) the quotient, carried to four decimal places, obtained by dividing (A) the total number of tons of solid waste delivered from the CONSTITUENT MUNICIPALITY to the AUTHORITY during the preceding fiscal year by (B) the total number of tons of solid waste delivered from all CONSTITUENT MUNICIPALITIES to the AUTHORITY during the preceding fiscal year, times (ii) 100; provided, however, that no member of the BOARD shall be entitled to more than 49.00% of the total weighted vote eligible to be cast.

In the event that the operation of the formula set forth above would result in one member of the BOARD being entitled to more than 49.00% of the total weighted vote eligible to be cast, that member shall be assigned exactly 49.00% of the total weighted vote eligible to be cast, and the number of votes to which each remaining member shall be entitled shall be calculated by multiplying (iii) the quotient obtained by the formula described in part (i) above excepting that the tonnage of solid waste of the CONSTITUENT MUNICIPALITY represented by the member possessing 49.00% of the total weighted vote shall be subtracted from the denominator described in part (i)(B) above, times (iv) 100, times (v) 51.00%.

For the passage of any resolution or ordinance establishing, imposing or levying rates, charges or fees to users or beneficiaries of the service or services furnished by the solid waste management system, providing for the issuance of bonds, (iii) authorizing the execution of any contract, or (iv) appointing or removing the General Manager, there shall be required a vote of 50% of the members-elect of the BOARD and a majority of the weighted vote of the members-elect of the BOARD. For the passage of any resolution or ordinance establishing the location of disposal facilities, there shall be required a 67% vote of the members-elect of the BOARD and 67% of the weighted vote of the members-elect of the BOARD. For all other matters, a vote of a majority of the members of the BOARD present at any meeting at which a quorum is present shall be sufficient for passage.

Public notices of all regular, special or rescheduled regular meetings of the BOARD shall be given pursuant to the applicable provisions of The Open Meetings Act, being Act 267, Public Acts of 1976, as amended from time to time.

The BOARD shall have the right to adopt rules governing its procedure which are not in conflict with the terms of any statute or of these Amended and Restated Articles of Incorporation. The BOARD shall also have the right to establish rules and regulations for the use of any project constructed by it under the provisions of the enabling acts. The BOARD shall keep a journal of its proceedings, which shall be signed by the Secretary. All votes shall be "yeas" and "nays", except that where the vote is unanimous, it shall only be necessary to so state.

ARTICLE X

The Chairman of the BOARD shall be the presiding officer thereof. Except as herein otherwise provided, he shall not have any executive or administrative functions other than as a member of said BOARD. In the absence or disability of the Chairman, the Vice-Chairman shall perform the duties of the Chairman. The Secretary shall be the recording officer of the BOARD. The Treasurer shall be custodian of the funds of the AUTHORITY. All money shall be deposited in a bank to be designated by the BOARD. The BOARD shall adopt by resolution such procedures for the execution of checks or other forms of withdrawal, for the investment of funds and for such other budgeting and accounting measures, as the BOARD deems appropriate. The officers of the BOARD shall have such other powers and duties as may be conferred upon them by the BOARD.

Bonds issued by the AUTHORITY, and interest coupons relating thereto, if any, shall be executed in the name and on behalf of the AUTHORITY by its Chairman or Vice-Chairman and countersigned by its Secretary or Assistant Secretary by manual or facsimile signature, and the corporate seal of the AUTHORITY or a facsimile thereof shall be printed on or affixed to bonds.

The BOARD shall prepare, adopt and submit to their respective legislative bodies an annual budget covering the proposed expenditures to be made for the organizing and operating of the AUTHORITY and for the necessary funds required from each CONSTITUENT MUNICIPALITY for the next fiscal year, beginning July 1, 1989, such budget to be submitted to each CONSTITUENT MUNICIPALITY on or before May 1 of each calendar year. No budget shall be adopted unless approved by a vote of 50% of the members-elect of the BOARD and by a majority of the weighted vote of the members-elect of the BOARD; provided, however, that no obligation shall be assumed by the AUTHORITY which may then or at any time in the future become in whole or in part the individual liability of any CONSTITUENT MUNICIPALITY

without the prior individual consent of that CONSTITUENT MUNICIPALITY; and provided further, that any CONSTITUENT MUNICIPALITY may withdraw from the AUTHORITY at any time prior to the incurrence of indebtedness by the AUTHORITY for which the CONSTITUENT MUNICIPALITY may incur an individual liability without any obligation whatever, and may also withdraw after the assumption of indebtedness by the AUTHORITY for which the individual CONSTITUENT MUNICIPALITY has by its prior agreement thereto incurred an individual liability, but in such latter withdrawal the consent of the creditor shall be obtained or the individual obligation assumed by the withdrawing member shall be paid by the withdrawing CONSTITUENT MUNICIPALITY on terms satisfactory to the creditor.

The provisions of this Article shall be considered controlling over all other Articles of this instrument.

ARTICLE XI

The BOARD may appoint a General Manager. The General Manager shall be the chief administrative officer of the AUTHORITY, and shall perform all of the purely administrative functions of the AUTHORITY, unless otherwise delegated in these Amended and Restated Articles of Incorporation. All such functions shall be performed in harmony with the adopted policies of the BOARD. The General Manager shall serve at the will of the BOARD and may be removed at any time by resolution of the BOARD.

ARTICLE XII

The AUTHORITY shall possess all powers necessary to carry out the purposes thereof and those incident thereto. It may acquire private property by purchase, lease, gift, devise or condemnation, either within or without its corporate limits, and may hold, manage, control, sell, exchange or lease such property. For the purpose of condemnation it may proceed under the provisions of Act 149, Public Acts of Michigan, 1911, as now or hereafter amended, or, any other appropriate statute.

ARTICLE XIII

The AUTHORITY shall have the power to determine the location of any project constructed by it under the provisions of the Act and to determine, in its discretion the design, standards, and the materials of construction, and construct, maintain, repair and operate the same.

ARTICLE XIV

The AUTHORITY may contract with any person, firm or corporation for the performance by the latter of any part of the work of collecting or disposing of garbage or rubbish. The AUTHORITY and its CONSTITUENT MUNICIPALITIES may enter into a contract or contracts providing for the acquisition, purchase, construction, improvement, enlargement, extension, operation and financing of a solid waste management system as authorized and provided by law. The AUTHORITY may enter into contracts with any non-constituent county, city, village, township or charter township for the furnishing of solid waste management service by any system owned or operated by the AUTHORITY, which contract shall provide for reasonable charges or rates for such service furnished. The AUTHORITY shall have the power to enter into contracts with any CONSTITUENT MUNICIPALITY or other

municipality for the purchase of solid waste management services from such CONSTITUENT MUNICIPALITY or other municipality. No contracts shall be for a period exceeding thirty years.

ARTICLE XV

For the purpose of obtaining funds for the acquisition, construction, improving, enlarging or extending of facilities for the collection or disposal or both of garbage or rubbish or both, or a waste management system, or for the purpose of refunding bonds previously issued, the AUTHORITY may, upon ordinance or resolution duly adopted by it, issue its self-liquidating revenue bonds in accordance with the provisions of Act 94, Public Acts of Michigan, 1933, as amended, being Sections 141.101 to 141.139, inclusive, of the Michigan Compiled Laws, or any other act providing for the issuance of revenue bonds, which bonds shall be payable solely from the revenues of the AUTHORITY. The charges specified in any such contract or contracts shall be subject to increase by the AUTHORITY at any time if necessary in order to provide funds to meet its obligations. Any contract authorized herein shall be for a period of not exceeding forty (40) years.

ARTICLE XVI

The BOARD shall have power to hire all necessary officers and employees to carry out the functions of the AUTHORITY and to fix the compensation therefor; provided, however, that no officer or employee of any CONSTITUENT MUNICIPALITY shall receive any compensation from the AUTHORITY except by the unanimous vote of the members of the BOARD. It is further understood that the BOARD may contract with any CONSTITUENT MUNICIPALITY or some outside governmental agency for the purpose of examining and preparing an eligible register of prospective employees for the several classifications of officers and employees needed to operate such facilities.

ARTICLE XVII

The BOARD shall cause an annual audit to be made of its financial transactions by a certified public accountant and shall furnish a copy thereof to each CONSTITUENT MUNICIPALITY.

ARTICLE XVIII

If any CONSTITUENT MUNICIPALITY shall refuse or neglect to enter into a contract for, or otherwise cause, the disposal of its garbage and rubbish, or both, through the facilities determined by the BOARD, then the BOARD by the weighted vote of the members-elect possessing at least 67% of the total weighted vote eligible to be cast, may expel such municipality as a constituent part of the AUTHORITY. The BOARD may not modify or cancel any contract upon which its revenues are based, if the same would impair the obligation of any bond contract.

ARTICLE XIX

These Amended and Restated Articles of Incorporation shall be published once in the Detroit News/Free Press of Detroit, Michigan, which newspaper has general circulation within

the territory encompassed by the AUTHORITY. One printed copy of the Amended and Restated Articles of Incorporation as printed in the aforementioned newspaper, certified as a true copy thereof as hereinafter provided, with the date and place of publication shown by a publisher's affidavit of publication attached thereto, shall be filed with each of the Secretary of State and the Clerk of the County of Oakland after the execution and publication thereof has been completed.

The Director of Public Services of the City of Novi is hereby designated as the person to cause these Amended and Restated Articles of Incorporation to be published, certified and filed as aforesaid. In the event he or she shall be unable to act or shall neglect to act, then the City Manager of the City of Farmington shall act in his or her stead.

ARTICLE XX

This AUTHORITY shall become effective upon the filing of certified copies of these Amended and Restated Articles of Incorporation, as provided in the preceding Article XIX.

ARTICLE XXI

These Amended and Restated Articles of Incorporation may be amended at any time so as to permit any county, city, village, township, or charter township to become a member of this AUTHORITY, if such amendment to and these Amended and Restated Articles of Incorporation are adopted by the legislative body of such county, city, village, township or charter township proposing to become a member, and if such amendment is adopted by the legislative body of each CONSTITUENT MUNICIPALITY of which the AUTHORITY is composed. Other amendments may be made to these Amended and Restated Articles of Incorporation at any time if adopted by the legislative body of each CONSTITUENT MUNICIPALITY of which the AUTHORITY is composed. Any such amendment shall be endorsed, published, and certified and printed copies thereof filed in the same manner as the original Articles of Incorporation, except that the filed and printed copies shall be certified by the recording officer of this AUTHORITY.

THESE AMENDED AND RESTATED ARTICLES OF INCORPORATION have been adopted by the incorporating municipalities, as hereinafter set forth in the following endorsements, and in witness whereof the designated officials of each CONSTITUENT MUNICIPALITY have endorsed thereon the statement of such adoption.

The foregoing Amended and Restated Articles of Incorporation were adopted by the City Council of the City of Farmington, County of Oakland, State of Michigan, at a meeting duly held on the ____ day of _____, 2015.

Mayor
City of Farmington

Clerk
City of Farmington

The foregoing Amended and Restated Articles of Incorporation were adopted by the City Council of the City of Farmington Hills, County of Oakland, State of Michigan, at a meeting duly held on the ____ day of _____, 2015.

Mayor
City of Farmington Hills

Clerk
City of Farmington Hills

The foregoing Amended and Restated Articles of Incorporation were adopted by the City Council of the City of Novi, County of Oakland, State of Michigan, at a meeting duly held on the ____ day of _____, 2015.

Mayor
City of Novi

Clerk
City of Novi

The foregoing Amended and Restated Articles of Incorporation were adopted by the City Council of the City of South Lyon, County of Oakland, State of Michigan, at a meeting duly held on the ____ day of _____, 2015.

Mayor
City of South Lyon

Clerk
City of South Lyon

The foregoing Amended and Restated Articles of Incorporation were adopted by the City Council of the City of Southfield, County of Oakland, State of Michigan, at a meeting duly held on the ____ day of _____, 2015.

Mayor
City of Southfield

Clerk
City of Southfield

The foregoing Amended and Restated Articles of Incorporation were adopted by the City Commission of the City of Walled Lake, County of Oakland, State of Michigan, at a meeting duly held on the ____ day of _____, 2015.

Mayor
City of Walled Lake

Clerk
City of Walled Lake

The foregoing Amended and Restated Articles of Incorporation were adopted by the City Council of the City of Wixom, County of Oakland, State of Michigan, at a meeting duly held on the ____ day of _____, 2015.

Mayor
City of Wixom

Clerk
City of Wixom

The foregoing Amended and Restated Articles of Incorporation were adopted by the Village Council of the Village of Milford, County of Oakland, State of Michigan, at a meeting duly held on the ____ day of _____, 2015.

Village President
Village of Milford

Village Clerk
Village of Milford

The foregoing Amended and Restated Articles of Incorporation were adopted by the Township Board of the Charter Township of Milford, County of Oakland, State of Michigan, at a meeting duly held on the ____ day of _____, 2015.

Township Supervisor
Charter Township of Milford

Township Clerk
Charter Township of Milford

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AGENDA NOTE

New Business: Item #

MEETING DATE: September 28, 2015

PERSON PLACING ITEM ON AGENDA: City Manager

AGENDA TOPIC: 3) Discussion with Sam Iaquinto regarding temporary storage of boats on property owned by Michigan Seamless Tube

EXPLANATION OF TOPIC: I was approached by Sam Iaquinto from Mac's Marina seeking assistance in working with the City to find a way to store the overflow of boats from his business for a short period of time during the fall period when the boats are being winterized and wrapped for the end of the season. He has spoken with Les Witver at Michigan Seamless Tube which is willing to assist Mac's by allowing them to utilize space on their property but Mr. Iaquinto is aware that the use of MST's parking lot last year was a violation of the City's regulations for outdoor storage. As this would be a short term temporary use he would like the Council's input as to whether they would consider making any allowances before he pursues this further.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS: He will be bringing documents with him.

POSSIBLE COURSES OF ACTION: Advise that he present his case to the BZA for a temporary variance, approve a temporary outdoor storage use for a specific period of time or deny the request

RECOMMENDATION: .

SUGGESTED MOTION:

AGENDA NOTE

New Business: Item #

MEETING DATE: September 28, 2015

PERSON PLACING ITEM ON AGENDA: Fire Chief Mike Kennedy

AGENDA TOPIC: Purchase of three sets of firefighting turnout gear as requested in the FY16 budget.

EXPLANATION OF TOPIC: The fire department is requesting the authorization to purchase three sets of structural firefighting turnout gear. This purchase was requested as part of our FY16 budget.

We would like to waive the formal bid process and stay with the same gear manufacturer we have ordered from the last two years. We purchased five sets in both 2013 and 2014, and our staff has been very happy with the quality and fit. The V-Force gear by Lion Apparel was chosen in 2013 based on a workgroup of firefighters. The local distributor is Apollo Fire Equipment in Romeo, MI. SLFD has done business with Apollo for over twenty years, and they have been a reliable, reputable company.

The 2014 price was \$1,986.00 per set, and Apollo Fire held the 2015 price to \$1,992.88 per set.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS: Invoice from Apollo Fire Equipment.

POSSIBLE COURSES OF ACTION: Approve/do not approve to waive the formal bid process and award the purchase of \$5,978.64 to Apollo Fire Equipment for three sets of firefighting turnout gear.

RECOMMENDATION: Approve the waiver of the formal bid process and purchase three sets of firefighting turnout gear from Apollo Fire Department Company for \$5,978.64.

SUGGESTED MOTION:

#1 Motion by _____, supported by _____ to waive the formal bid process for the purchase of three sets of firefighting turnout gear.

#2 Motion by _____, supported by _____ to approve the purchase of three sets of firefighting turnout gear from Apollo Fire Department Company for \$5,978.64.

APOLLO FIRE EQUIPMENT

12584 LAKESHORE DRIVE
 ROMEO, MI 48065

INVOICE

DATE	INVOICE NO.
9/9/2015	90381

BILL TO
SOUTH LYON FIRE DEPT. 217 WHIPPLE SOUTH LYON, MI 48178

SHIP TO
SOUTH LYON FIRE DEPT. 217 WHIPPLE SOUTH LYON, MI 48178

P.O. NO.	TERMS	REP	SHIP DATE	SHIP VIA
	NET 30 DAYS	DD	9/8/2015	UPS

ITEM	DESCRIPTION	QTY.	UNIT PRICE	AMOUNT
CVBM/PVFM	V-FORCE COAT & PANT	3	1,992.88	5,978.64
SB342T	REGULAR SUSPENDERS WITH RECTANGULAR METAL LOOP	2	0.00	0.00
SB336T	36" SHORT SUSPENDERS	1	0.00	0.00

THANK YOU FOR YOUR BUSINESS.	SALES TAX (6.0%)	\$0.00
	TOTAL	\$5,978.64

Phone #	Fax #	E-mail	Web Site
586-752-1800	586-752-6907	APOLLO@APOLLOFIRE.COM	WWW.APOLLOFIRE.COM

AGENDA NOTE

New Business: Item #

MEETING DATE: September 28, 2015

PERSON PLACING ITEM ON AGENDA: Fire Chief Mike Kennedy

AGENDA TOPIC: Accept 2014 FEMA grant.

EXPLANATION OF TOPIC: U.S. Senators Debbie Stabenow and Gary Peters informed SLFD that we received a 2014 FEMA grant. The total grant is for \$23,430. The federal share is \$22,315 (95%), and our share is \$1,115 (5%). This will be used to purchase new attack and supply fire hose along with nozzles. We had budgeted this matching share as part of our FY16 budget. This grant was for 4" supply hose (qtn 18, 100' lengths), 2½" attack fire hose (qtn 20, 50' lengths), 1¾" fire hose (qtn 50, 50' lengths), automatic 1½" nozzles (qtn 4), and automatic 2½" nozzles (qtn 2).

The nozzles would be purchased from Apollo Fire Equipment and are standard pricing from Task Force Tips.

We have reviewed numerous fire hose manufacturers and types of fire hose. Our recommendation for the 1¾" and 2½" hose is Aquaflow Plus by Mercedes Textiles Limited. Our recommendation for the 4" is Deluge also by Mercedes Textiles Limited. The hose amount came in over what was allocated in the grant requested, but we had funds budgeted in the FY16 equipment line item for hose, which would cover this balance. These hose types are very high end, which would normally be outside of what we would purchase. Emergency Vehicle Services in Greenville, MI is the Michigan distributor for Mercedes Textiles.

We will attempt to sell the old hose and nozzles via MITN. However, due to age, it is likely we may not receive any offers. If we do not receive any offers, we will look to donate the equipment to other departments or high school fire academy programs.

MATERIALS ATTACHED AS SUPPORTING DOCUMENTS:

1. Grant letter from FEMA
2. Hose price comparison
3. Emergency Vehicle Services quote
4. Mercedes hose fliers

POSSIBLE COURSES OF ACTION: Approve/do not approve to accept the 2014 FEMA grant of \$22,315 (95%), approve the expenditure of the matching funds \$1,115.00 (5%), and approve the purchase of hose from Mercedes Textiles Limited for \$21,755.32.

RECOMMENDATION: Approve the 2014 FEMA grant of \$22,315 (95%), approve the expenditure of the matching funds \$1,115.00 (5%), and approve the purchase of hose from Mercedes Textiles Limited for \$21,755.32.

SUGGESTED MOTION:

#1 Motion by _____, supported by _____ to 2014 FEMA grant of \$22,315 (95%) and approve the expenditure of the matching funds \$1,115.00 (5%).

#2 Motion by _____, supported by _____ to waive the formal bid process for the purchase of fire hose.

#3 Motion by _____, supported by _____ to approve the purchase of hose from Mercedes Textiles Limited for \$21,755.32.

U. S. Department of Homeland Security
Washington, D. C. 20472



FEMA

Mr. Mike Kennedy
South Lyon Fire Department
217 Whipple
South Lyon, Michigan 48178-1113

Re: Award No.EMW-2014-FO-00380

Dear Mr. Kennedy:

Congratulations, on behalf of the Department of Homeland Security, your application for financial assistance submitted under the Fiscal Year (FY) 2014 Assistance to Firefighters Grant has been approved in the amount of \$22,315.00. As a condition of this award, you are required to contribute a cost match in the amount of \$1,115.00 of non-Federal funds, or 5 percent of the Federal contribution of \$22,315.00.

Before you request and receive any of the Federal funds awarded to you, you must establish acceptance of the award through the Assistance to Firefighters Grant Programs' e-grant system. By accepting this award, you acknowledge that the terms of the following documents are incorporated into the terms of your award:

- Summary Award Memo
- Agreement Articles (attached to this Award Letter)
- Obligating Document (attached to this Award Letter)
- FY 2014 Assistance to Firefighters Grant Funding Opportunity Announcement.

Please make sure you read, understand, and maintain a copy of these documents in your official file for this award.

Prior to requesting Federal funds, all recipients are required to register in the System for Award Management (SAM.gov). As the recipient, you must register and maintain current information in SAM.gov until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that the recipient review and update the information annually after the initial registration, and more frequently for changes in your information. There is no charge to register in SAM.gov. Your registration must be completed on-line at <https://www.sam.gov/portal/public/SAM/>. It is your entity's responsibility to have a valid DUNS number at the time of registration.

In order to establish acceptance of the award and its terms, please follow these instructions:

Step 1: Please go to <https://portal.fema.gov> to accept or decline your award. This will take you to the Assistance to Firefighters eGrants system. Enter your User Name and Password as requested on the login screen. Your User Name and Password are the same as those used to complete the application on-line.

Once you are in the system, the Status page will be the first screen you see. On the right side of the Status screen, you will see a column entitled Action. In this column, please select the View Award Package from the drop down menu. Click Go to view your award package and indicate your acceptance or declination of award. PLEASE NOTE: your period of performance has begun. If you wish to accept your grant, you should do so immediately. When you have finished, we recommend printing your award package for your records.

Step 2: If you accept your award, you will see a link on the left side of the screen that says "Update 1199A" in the Action column. Click this link. This link will take you to the SF-1199A, Direct Deposit Sign-up Form. Please complete the SF-1199A on-line if you have not done so already. When you have finished, you must submit the form electronically. Then, using the Print 1199A Button, print a copy and take it to your bank to have the bottom portion completed. Make sure your application number is on the form. After your bank has filled out their portion of the form, you must fax a copy of the form to FEMA's SF-1199 Processing Staff at 301-998-8699. You should keep the original form in your grant files. After the faxed version of your SF 1199A has been reviewed you will receive an email indicating the form is approved. Once approved you will be able to request payments online. If you have any questions or concerns regarding your 1199A, or the process to request your funds, please call (866) 274-0960.

Sincerely,



Brian E. Kamoie
Assistant Administrator for Grant Programs

2014 FEMA Grant Hose Comparisons

1.75 Attack Hose

50 lengths

Apollo - All American 8D	\$	97.73	\$	4,886.50		
Emergency Vehicle Services - MFTS	\$	113.75	\$	5,687.50		
Grant	\$	120.00	\$	6,000.00		
Fire Equipment Associates - FDNY Big 10	\$	122.80	\$	6,140.00		
Apollo - Ponn Supreme	\$	140.91	\$	7,045.50		
Emergency Vehicle Services - Aquaflow Plus	\$	143.53	\$	7,176.50	\$	7,176.50
Apollo - Ponn Conquest	\$	164.77	\$	8,238.50		
Emergency Vehicle Services - KrakenExo	\$	203.00	\$	10,150.00		
Fire Equipment Associates - Combat	\$	209.25	\$	10,462.50		

2.5 Attack Hose

20 lengths

Apollo - All American 8D	\$	132.95	\$	2,659.00		
Fire Equipment Associates - FDNY Big 10	\$	147.00	\$	2,940.00		
Emergency Vehicle Services - MFTS	\$	158.75	\$	3,175.00		
Grant	\$	160.00	\$	3,200.00		
Apollo - Ponn Supreme	\$	181.82	\$	3,636.40		
Emergency Vehicle Services - Aquaflow	\$	190.59	\$	3,811.80	\$	3,811.80
Apollo - Ponn Conquest	\$	198.86	\$	3,977.20		
Emergency Vehicle Services - KrakenExo	\$	266.00	\$	5,320.00		
Fire Equipment Associates - Combat	\$	269.00	\$	5,380.00		

4 supply hose

18 lengths

Fire Equipment Associates - Pro Flow	\$	432.50	\$	7,785.00		
Emergency Vehicle Services - Megaflo	\$	443.00	\$	7,974.00		
Grant	\$	475.00	\$	8,550.00		
Emergency Vehicle Services - Deluge	\$	489.41	\$	8,809.38	\$	8,809.38
Fire Equipment Associates - Hi Pressure	\$	614.75	\$	11,065.50		
Apollo - American Kryptonite	\$	640.91	\$	11,536.38		
			Mercedes	\$	19,797.68	
			Total Grant Hose	\$	18,930.00	
			Difference	\$	867.68	

Emergency Vehicle Services, Inc.

P.O. Box 335
 1650 Callaghan Drive
 Greenville, MI 48838
 (616) 225-9200
 (616) 225-9300

Quote

Customer No.: SOUT105
 Quote No.: 379

Quote To: **City of South Lyon Fire Department**
 217 Whipple Street
 South Lyon, MI 48178

Ship To: **City of South Lyon Fire Department**
 217 Whipple Steet
 South Lyon, MI 48178

Date		Ship Via		F.O.B.		Terms	
08/31/15				Origin		Net 15	
Purchase Order Number			Sales Person			Required	
			Loose Equipment			08/31/15	
Quantity		Item Number	Description	Unit Price	Amount		
Required	Shipped					B.O.	
18		MTL-PAT401002TY	4" x 100' Section 4" Storz Couplings Deluge - Color: Yellow Stencil Hose: SLFD-11-15	489.41	8809.38		
25		MTL-11017050ATR	1-3/4" x 50' Section 1-1/2" NST Wayout Couplings Aquaflow Plus-Color: Red Stencil Hose: SLFD-11-15	143.53	3588.25		
25		MTL-11017050ATY	1-3/4" x 50' Section 1-1/2" NST Wayout Couplings Aquaflow Plus-Color: Yellow Stencil Hose: SLFD-11-15	143.53	3588.25		
20		MTL-11025050ATC	2-1/2" x 50' Section 2-1/2" NST Wayout Couplings Aquaflow Plus - Color: Clear Stencil Hose: SLFD-11-15	190.59	3811.80		
			Shipping Included				0.00
					Quote subtotal		19797.68
					Quote total		19797.68

It Has Been a Pleasure To Have Provided This Quote

DIAMETERS

- 1.00in/25mm
- 1.50in/38mm
- 1.75in/44mm
- 2.00in/51mm
- 2.50in/64mm
- 3.00in/76mm

AQUAFLOW[®] PLUS

Designed for Fire Services where durability and light weight are paramount.

- » Unique Mertex[®] lining yields an extremely low friction loss for maximum flow and superior adhesion for long life
- » Available with Mertex Wayout[®] couplings. The reflective recessed arrows help guide the way out of a fire.
- » Also available with the IDentify[®] recessed area for color and bar coding and/or identification markings
- » Features our Mercedes Textiles Limited 2-10-L warranty ("2 year All Hazards", "10 year against manufacturing defects" and "Lifetime against delamination")
- » Standard with our Permatek HP[™] Treatment in (9) color options
- » Remains flexible to -65° F (-55° C)
- » Meets UL and NFPA requirements and can be labeled upon request in the sizes specified below*

clear
tan
black
orange
red
blue
green
yellow
purple

Hose Spec.	Trade Size		Bowl Size		Weight UN-COUPLED (50' / 15.2m)		Coil Diameter (50' / 15.2m)		Service Pressure		Proof Pressure		Burst Pressure	
	in.	mm	in.	mm	Lbs.	Kg.	in.	cm.	PSI	kPa	PSI	kPa	PSI	kPa
411	1.50	38	1 9/32	31	7.2	3.3	14.5	36.8	400	2 755	800	5 515	1 450	10 100
412	1.50	38	1 15/16	39	13.0	5.9	16.5	41.9	400	2 755	800	5 515	1 450	10 100
413	1.75	44	2 1/8	54	14.0	6.4	17.0	43.2	400	2 755	800	5 515	1 500	10 345
414	2.00	51	2 5/16	59	17.0	7.7	17.0	43.2	400	2 755	800	5 515	1 450	10 100
415	2.50	64	3	76	21.0	9.5	19.0	48.3	400	2 735	800	5 515	1 450	10 100
416	3.00	76	3 5/16	84	26.0	11.8	21.0	53.3	400	2 755	800	5 515	1 250	8 620



MERCEDES TEXTILES LIMITED

5838 Cypihot
Saint Laurent, QC
Canada, H4S 1Y5

PHONE 514.335.4337
PHONE 877.937.9660
FAX 514.335.9633

mercedestextiles.com
sales@mercedestextiles.com



HOW TO SPECIFY AQUAFLOW[®] PLUS

**THE HOSE SHALL BE DOUBLE JACKET
WITH A SERVICE TEST PRESSURE OF
400 PSI / 2755 KPA.**

.....

JACKETS

The inner hose jacket alone shall be a NFPA compliant Attack hose made with 100% filament polyester warp & weft yarn. The outer jacket shall be made with virgin spun polyester warp yarn and a minimum of 10 filament polyester weft yarn picks per inch (394 per Meter). The jacket shall have two 3/16" (4 mm) wide red stripes, 1/4" (6 mm) apart, running the full length of the jacket. The outer jacket shall be impregnated in one of the standard NFPA colors with high performance polymeric dispersion.

LINING

The lining (waterway) must be made from polyurethane and must be applied using a fused process that welds the polyurethane directly to the textile while the hose is being woven, without the use of adhesives or hot melt. The fused lining process must create a virtually inseparable unit without the use of adhesives, yielding an extremely low friction (pressure) loss by filling in the corrugations of the weave, creating an ultra thin and smooth waterway. Fire hose made using adhesives of any type do not meet this specification. The lining shall be approved for use with potable water.

ADHESION

The adhesion shall be such that the rate of separation of a 1 1/2" / 38mm strip of polyurethane, transversely cut, shall not be greater than 1/4" / 6mm per minute under a weight of 12 lbs / 5.5 kg.

COLD TEMPERATURE FLEXIBILITY

The hose must remain flexible to -65°F (-55°C).

FLOW AND FRICTION LOSS

1 3/4 inch (44mm) diameter, 100 US GPM (379 LPM), shall not exceed 8 PSI (55 kPa) loss per 100 feet (30.5 M).

SERVICE, TEST, BURST PRESSURES

Minimum service, test and burst pressures shall be as detailed in the specification table on the previous page.

KINK TEST

A full length shall withstand a hydrostatic pressure of 600 psi / 4140 kPa while kinked.

WEIGHT

Each length of fire hose shall not weigh more than indicated in the specification table.

COUPLING SPECIFICATIONS

The female coupling shall have at least 3 reflective arrows (2 reflective arrows on 1.0" size), in order to be visible from any position. The reflective arrows must be engraved into and below the surface of the coupling, to resist abrasion. The arrows must point in the direction of the water source for a standard hose connection.

The male coupling and female swivel nut must both have a recessed area to facilitate color and bar coding and/or identification markings.

MANUFACTURE

Both hose and couplings must be manufactured in North America and be NAFTA compliant.

WARRANTY

The fire hose shall have a 2-10-L warranty, as described below.
"2" denotes Two year "all hazards" warranty against any damage incurred during firefighting applications
"10" denotes Ten year warranty against manufacturing defects
"L" denotes Lifetime warranty against liner delamination

DIAMETERS

- 4.00in/102mm
- 5.00in/127mm
- 6.00in/152mm

DELUGE™

Designed for high volume water supply where excellent friction loss, packability and cold temperature flexibility are critical.

- » When specified, available with Hydowick Storz couplings with "Lock Protector" technology, in sizes 4" & 5" (102 & 127 mm)
- » Available with Hydowick Gold Anodized Storz™ couplings with the iReflect® lock levers and "Lock Protector" technology in sizes 4" & 5" (102 mm & 127 mm).
These couplings also feature the Identify® recessed area for color coding, bar coding and/or identification markings
- » Various threaded and other lightweight Storz couplings available
- » Remains flexible to -35° F (-36° C)
- » Meets UL requirements and can be labeled upon request in sizes 4" & 5" (102 & 127 mm)
- » Carries a Five (5) Year Warranty
- » With iReflect® technology couplings, Deluge™ carries a 2-10-L warranty ("2 year All Hazards", "10 year against manufacturing defects" and "Lifetime against delamination")

orange	5in/127mm, 6in/152mm
red	4in/102mm, 5in/127mm
blue	5in/127mm
yellow	4in/102mm, 5in/127mm

† Colors only available in sizes as indicated

Trade Size		Bowl Size		Weight un-coupled (50' / 15.2m)		Coil Diameter (50' / 15.2m)		Service Pressure		Proof Pressure		Burst Pressure	
in.	mm	in.	mm	lbs	kg	in.	cm	PSI	kPa	PSI	kPa	PSI	kPa
4.50	114	1 3/8	111	27.1	16.9	18.0	46.0	250	1 727	300	3 450	750	5 173
5.00	127	5 3/8	137	47.9	21.8	18.5	47.0	200	1 379	400	2 755	600	4 140
6.00	152	6 3/8	162	52	24.1	19.0	48.0	200	1 379	400	2 755	600	4 140
in.	mm	US GPM	400	600	800	1 000	1 250	1 500	1 750	2 000	2 250	2 500	3 000
		LPM	1 516	2 274	3 032	3 790	4 736	5 685	6 633	7 580	8 528	9 475	11 370
4.00	102		1.4	3.2	5.9	9.1	13.7	20.5	27.5				
5.00	127		0.5	1.2	2.1	3.4	5.1	7.6	9.1	13.1			30.2
6.00	152					1.35		3.0		5.5			12.0

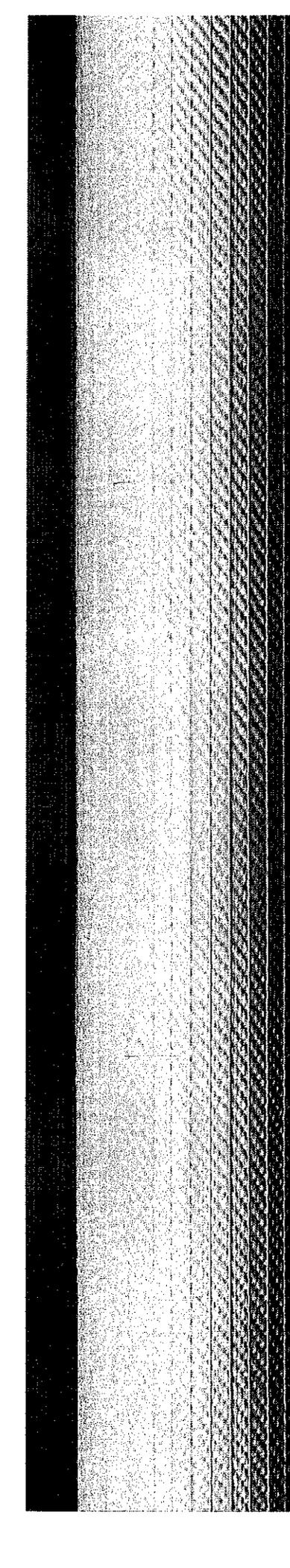


HIGHWATER
HOSE_{INC.}

12, Rue Willard
East Angus, QC
JOB 1R0, Canada

PHONE 888.832.4310
PHONE 819.832.4310
FAX 819.832.4340

highwaterhose.com
sales@highwaterhose.com



HOW TO SPECIFY DELUGE™

THE HOSE SHALL BE SYNTHETIC RUBBER SUPPLY HOSE WITH MINIMUM SERVICE TEST PRESSURES AS DETAILED IN THE TABLE ON THE PREVIOUS PAGE

.....

HOSE CONSTRUCTION

Hose shall be constructed of top quality synthetic yarns woven into an optimized web and then encased in a matrix of scientifically designed nitrile rubber. The resultant hose shall have excellent strength, low temperature flexibility, abrasion, oil and chemical resistance and low friction loss.

HOSE PHYSICAL PROPERTIES

Hose shall exceed all of the requirements of the latest NFPA 1961 Standard for Supply Fire Hoses. Underwriters Laboratories listing shall be available where applicable. Hose shall be flexible down to -35° F (-36° C) and be resistant to environmental pollutants. Hose shall be Ozone Resistant. Hose shall be Abrasion Resistant. When tested using the procedure listed in ASTM D2215, the hose reinforcement shall not show signs of damage after 15,000 cycles. Hose shall resist water absorption. When tested using the procedure listed in MIL STD 24606, water absorption shall be less than 1.0 lbs (0.45 Kg) per 100 feet (30.5 M).

PACKABILITY AVERAGED OVER 1000 FEET

100' (30.5 M) of 4" (102 mm) hose, as supplied, shall be capable of occupying a space not greater than 3.89 cu ft (0.11 cu M). 100' (30.5 M) of 5" (127 mm) hose, as supplied, shall be capable of occupying a space not greater than 4.48 cu ft (0.127 cu M).

WEIGHT, FLOW CHARACTERISTICS, SERVICE, TEST AND BURST PRESSURES

These shall be as detailed in the table on the previous page

COUPLING SPECIFICATIONS

The hose couplings shall have the country of origin legibly marked on the outside surface as required in NFPA 1963. When Storz couplings are specified, hose must have a coupling that features "lock protector" technology.

When Gold anodized finish is specified, the Storz lock lever must have recessed reflective material to facilitate rapid identification and night time visibility. The couplings must have a recessed engraved arrow indicating the direction of coupling engagement as well as a reflective lock indicator located 180 degrees opposite the lock lever. These recessed reflective arrows and lock indicator must also provide nighttime visibility.

The couplings must also have a recessed area to facilitate color and bar coding and/or identification markings.

The couplings must be manufactured in North America and be NAFTA compliant.

WARRANTY

The hose must carry a Five (5) Year Warranty*

When gold anodized Storz couplings are requested the hose must carry a "2 year All Hazards warranty", a "10 year warranty against manufacturing defects" and a "Lifetime warranty against delamination"

Cemetery Donation -

RE: Briggs Family - Jack and Marguerite

Upon the passing of Mr. Jack Briggs, the Briggs family has given a \$20 donation to the South Lyon Cemetery.



South Lyon Area Youth Assistance

"Strengthening Youth and Families"

•1000 N. Lafayette • South Lyon, MI 48178 • 248-573-8189

September 17, 2015

Ms. Lynne Ladner
City Manager
City of South Lyon
335 S. Warren
South Lyon, MI 48178

Dear Ms. Ladner,

On behalf of South Lyon Area Youth Assistance, I would like to thank the City of South Lyon for the financial contribution for the 2015-2016 program year. The continued support and sponsorship of our organization is greatly appreciated, and very vital to the success of our mission. Without your help, we would not be able to offer programs that benefit the youth and families in our area. Thank you for being a great partner in helping us meet the needs of our community.

Sincerely,

Radha Vichare Kshirsagar
Chairperson
South Lyon Area Youth Assistance

Doreen Brant
Caseworker
South Lyon Area Youth Assistance

City of South Lyon, Michigan

Financial Report with Supplemental Information June 30, 2015

**City of South Lyon
Financial Report
June 30, 2015**

Mayor Tedd Wallace

City Council

Joseph Rzyzi, Mayor Pro Tem

Beverly Dixson

Glenn Kivell

Michael Kramer

Erin Kopkowski

Harvey Wedell

City Administration

City Manager

City Clerk/Treasurer

Police Chief

Fire Chief

Water and Wastewater Treatment Superintendent/Director of DPW

Bookkeeper

Lynne Ladner

Lisa Deaton

Lloyd Collins

Michael Kennedy

Robert Martin

Lori Mosier

City of South Lyon, Michigan

Contents

Report Letter	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9-10
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenue, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Proprietary Fund - Water and Sewer Fund:	
Statement of Net Position	15
Statement of Revenue, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17
Notes to Financial Statements	18-40
Required Supplemental Information	41
Budgetary Comparison Schedule - General Fund	42
Note to Required Supplemental Information	43
OPEB System Schedule	44
Schedule of Changes in the City Net Pension Liability and Related Ratios	45
Schedule of City Contributions Last Ten Fiscal Years	46

City of South Lyon, Michigan

Contents (Continued)

Other Supplemental Information	47
Nonmajor Governmental Funds:	
Combining Balance Sheet	48-49
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	50-51
Schedule of Expenditures - General Fund	52-53
Schedule of Expenditures by Activity - Major and Local Road Funds	54
Schedule of Operating Expenses - Enterprise Fund - Water and Sewer Fund	55-56
Statistical Information	57
Schedule of Taxes Levied, Collected, and Returned Delinquent - 2014 Tax Roll	58
Continuing Disclosure Undertaking	59-62

Independent Auditor's Report

To the City Council
City of South Lyon, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Lyon, Michigan (the "City") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the City of South Lyon, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Lyon, Michigan as of June 30, 2015, 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 City Council
City of South Lyon, Michigan

Emphasis of Matter

As described in Note 11 to the financial statements, during the year ended June 30, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing this pronouncement, the City's net pension liability has been recognized on the government-wide and proprietary statements and, as discussed in Note 11, the 2014 financial statements have been restated. Our opinion is not modified with respect to this matter.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the General Fund budgetary schedule, and the pension and OPEB 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 opinions on the financial statements that collectively comprise the City of South Lyon, Michigan's basic financial statements. The other supplemental information and the statistical section, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental information 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Plante & Moran, PLLC

August 25, 2015

City of South Lyon, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the City of South Lyon, Michigan's (the "City") financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the City's financial statements.

Financial Highlights

As discussed in further detail in this management's discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2015:

- Expenditures exceeded revenue in the General Fund, thus decreasing fund balance by approximately \$75,000. This exceeded expectations as the final amended budget expected a decrease of approximately \$292,000.
- Total net position related to the City's governmental activities decreased by approximately \$732,000.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

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

City of South Lyon, Michigan

Management's Discussion and Analysis (Continued)

The City of South Lyon as a Whole

The following table shows, in a condensed format, the net position as of June 30, 2015 and 2014 (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current assets and other	\$ 7,922	\$ 7,783	\$ 9,634	\$ 10,103	\$ 17,556	\$ 17,886
Capital assets	20,691	21,620	30,879	31,679	51,570	53,299
Total assets	28,613	29,403	40,513	41,782	69,126	71,185
Deferred Outflows	267	164	69	45	336	209
Liabilities						
Current liabilities	403	447	163	444	566	891
Long-term liabilities	4,036	3,947	14,117	14,633	18,153	18,580
Total liabilities	4,439	4,394	14,280	15,077	18,719	19,471
Net Position						
Net investment in capital assets	20,191	20,931	17,722	18,018	37,913	38,949
Restricted	1,875	1,774	4,511	4,686	6,386	6,460
Unrestricted	2,375	2,468	4,069	4,046	6,444	6,514
Total net position	<u>\$ 24,441</u>	<u>\$ 25,173</u>	<u>\$ 26,302</u>	<u>\$ 26,750</u>	<u>\$ 50,743</u>	<u>\$ 51,923</u>

The City's combined net position decreased by approximately 2.3 percent from a year ago - decreasing from \$51,923,259 to \$50,742,726. The net position of both the governmental activities and business-type activities decreased during the year. This measurement is one of the goals of full accrual financial statement presentation.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations, decreased by 3.8 percent for the governmental activities. The current level of unrestricted net position related to governmental activities is \$2,375,210.

City of South Lyon, Michigan

Management's Discussion and Analysis (Continued)

The following table shows the changes of the net position during the years ended June 30, 2015 and 2014 (in thousands):

	Governmental Activities		Business-type Activities		Total	
	2015	2014*	2015	2014*	2015	2014*
Net Position - Beginning of year	\$ 25,173	\$ 29,143	\$ 26,750	\$ 26,623	\$ 51,923	\$ 55,766
Revenue						
Program revenue:						
Charges for services	690	1,030	2,721	2,727	3,411	3,757
Operating grants and contributions	717	729	-	-	717	729
Capital grants and contributions	36	37	53	407	89	444
General revenue:						
Property taxes	3,647	3,451	786	761	4,433	4,212
State-shared revenue	926	908	-	-	926	908
Interest	12	12	13	13	25	25
Transfers and other revenue	4	(898)	-	900	4	2
Total revenue	6,032	5,269	3,573	4,808	9,605	10,077
Program Expenses						
General government	1,111	1,256	-	-	1,111	1,256
Public safety	2,743	2,784	-	-	2,743	2,784
Public works	2,488	2,269	-	-	2,488	2,269
Community and economic development	136	124	-	-	136	124
Cultural and recreation	253	249	-	-	253	249
Interest on long-term debt	33	36	-	-	33	36
Water and sewer	-	-	4,021	3,988	4,021	3,988
Total program expenses	6,764	6,718	4,021	3,988	10,785	10,706
Change in Net Position	(732)	(1,449)	(448)	820	(1,180)	(629)
Impact of GASB Statement No. 68*	-	(2,521)	-	(693)	-	(3,214)
Net Position - End of year	\$ 24,441	\$ 25,173	\$ 26,302	\$ 26,750	\$ 50,743	\$ 51,923

* GASB Statement No. 68 was implemented by the City in fiscal year 2015. Fiscal year 2014 amounts shown have not been modified to reflect the retroactive application of the change; however, the ending net position for that year was adjusted to properly state the fiscal year 2015 beginning net position.

Governmental Activities

The City's total governmental expenses increased by approximately \$46,000. The City has been closely monitoring expenses, seeking to reduce them when possible.

City of South Lyon, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

The City's business-type activities consist of the Water and Sewer Fund. The City provides water distribution and sewage treatment to residents from the City-owned water supply and treatment facility. Expenses increased approximately \$33,000, due in part to increased repair and maintenance costs in the current year.

The City of South Lyon's Funds

Our analysis of the City's major funds begins on page 11, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. The South Lyon City Council creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as major and local road maintenance and debt service. The City's major funds for 2015 include the General Fund and the Water and Sewer Fund.

The General Fund pays for most of the City's governmental services. The most significant is the police department, which incurred expenses of approximately \$2,212,000 in 2015. Other government services accounted for in the General Fund include general government, the department of public works, the fire department, and recreation.

General Fund Budgetary Highlights

Over the course of the year, the City amended the budget to account for changes made necessary due to unanticipated events or situations requiring increased expenditures for operational and capital expenditures. While the original budget General Fund projected a \$214,000 decrease in fund balance, the amended budget projected a \$292,000 use of fund balance. The actual use of fund balance was \$75,000.

Total General Fund revenue was \$79,000 less than the amended budget primarily due to lower-than-anticipated miscellaneous revenue. General Fund expenditures were \$296,000 less than the amended budget. Police expenditures, in particular, were \$111,000 under budget due to lower-than-anticipated employee expenditures.

Capital Asset and Debt Administration

At the end of 2015, the City had approximately \$51.6 million (after depreciation) invested in a broad range of capital assets, including buildings, police and fire equipment, and water and sewer lines. In addition, the City has invested in roads within the City. Outstanding debt of the governmental and business-type activities totaled approximately \$13.66 million as of June 30, 2015. For additional information related to capital assets and debt, please see Notes 4 and 6, respectively.

City of South Lyon, Michigan

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The City's budget for next year takes into consideration many factors anticipated to impact the budget. Among them are relatively flat property taxes as taxable value (in both the housing and commercial markets) is projected to increase only slightly, and a decline in water and sewer sales. However, given our healthy fund balance, we do not anticipate any reductions in service levels based on potential revenue reductions. Over the years, the City has had the flexibility to adjust various ad valorem tax rates as necessary and as determined by Headlee, Truth in Taxation, and Proposal A. The state-wide tax reform acts limit growth in taxable value to inflation or 5 percent, whichever is less. Inflation rates in recent years have only been in the range of 1.5 percent to 4.4 percent.

Contacting the City's Management

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

City of South Lyon, Michigan

Statement of Net Position June 30, 2015

	Primary Government			Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents (Note 3)	\$ 7,001,640	\$ 4,071,520	\$ 11,073,160	\$ 91,200
Receivables:				
Receivables from sales to customers on account	121,400	847,016	968,416	-
Due from other governmental units	402,010	175,535	577,545	-
Internal balances	(4,597)	4,597	-	-
Prepaid expenses	158,013	23,885	181,898	-
Restricted assets (Note 1)	-	4,511,249	4,511,249	-
Investment in joint venture (Note 8)	244,076	-	244,076	-
Capital assets (Note 4):				
Assets not subject to depreciation	3,215,768	147,317	3,363,085	-
Assets subject to depreciation	17,475,010	30,731,885	48,206,895	-
Total assets	28,613,320	40,513,004	69,126,324	91,200
Deferred Outflows of Resources - Pension (Note 12)	266,635	68,783	335,418	-
Liabilities				
Accounts payable	84,602	65,352	149,954	194
Due to other governmental units	1,682	-	1,682	-
Refundable deposits, bonds, etc.	239,045	-	239,045	-
Accrued liabilities and other	77,458	97,630	175,088	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 6)	148,600	58,401	207,001	-
Current portion of long-term debt (Note 6)	120,000	1,075,000	1,195,000	-
Due in more than one year:				
Compensated absences (Note 6)	148,631	58,336	206,967	-
Net OPEB obligation (Note 10)	300,386	84,313	384,699	-
Net pension liability (Note 12)	2,939,033	758,168	3,697,201	-
Long-term debt (Note 6)	380,000	12,082,379	12,462,379	-
Total liabilities	4,439,437	14,279,579	18,719,016	194
Net Position				
Net investment in capital assets	20,190,778	17,721,823	37,912,601	-
Restricted for:				
Road improvements	1,178,148	-	1,178,148	-
Law enforcement	42,000	-	42,000	-
Cemetery	629,382	-	629,382	-
Water and sewer replacement	-	4,511,249	4,511,249	-
Parks and recreation capital improvements	25,000	-	25,000	-
Unrestricted	2,375,210	4,069,136	6,444,346	91,006
Total net position	\$ 24,440,518	\$ 26,302,208	\$ 50,742,726	\$ 91,006

The Notes to Financial Statements are an
Integral Part of this Statement.

City of South Lyon, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,110,917	\$ 603,432	\$ -	\$ -
Public safety - Police, fire, and EMS	2,743,006	31,348	54,879	-
Public works:				
Streets	1,419,291	50,601	621,699	-
Other public works activities	1,069,104	-	-	-
Community and economic development	136,412	4,200	40,540	36,475
Recreation and culture	252,607	-	-	-
Interest on long-term debt	33,236	-	-	-
Total governmental activities	6,764,573	689,581	717,118	36,475
Business-type activities - Water and sewer	4,020,905	2,720,885	-	53,162
Total primary government	<u>\$ 10,785,478</u>	<u>\$ 3,410,466</u>	<u>\$ 717,118</u>	<u>\$ 89,637</u>
Component unit - Downtown Development Authority	<u>\$ 58,009</u>	<u>\$ -</u>	<u>\$ 15,301</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year, as restated (Note 11)				
Net Position - End of year				

**Statement of Activities
Year Ended June 30, 2015**

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Downtown Development Authority
Governmental Activities	Business-type Activities	Total	
\$ (507,485)	\$ -	\$ (507,485)	\$ -
(2,656,779)	-	(2,656,779)	-
(746,991)	-	(746,991)	-
(1,069,104)	-	(1,069,104)	-
(55,197)	-	(55,197)	-
(252,607)	-	(252,607)	-
(33,236)	-	(33,236)	-
(5,321,399)	-	(5,321,399)	-
-	(1,246,858)	(1,246,858)	-
(5,321,399)	(1,246,858)	(6,568,257)	-
-	-	-	(42,708)
3,647,290	786,401	4,433,691	20,217
925,554	-	925,554	-
11,762	13,044	24,806	218
3,673	-	3,673	-
4,588,279	799,445	5,387,724	20,435
(733,120)	(447,413)	(1,180,533)	(22,273)
25,173,638	26,749,621	51,923,259	113,279
\$ 24,440,518	\$ 26,302,208	\$ 50,742,726	\$ 91,006

City of South Lyon, Michigan

Governmental Funds Balance Sheet June 30, 2015

	General Fund	Nonmajor Funds	Total
Assets			
Cash and cash equivalents (Note 3)	\$ 3,466,574	\$ 3,535,066	\$ 7,001,640
Receivables:			
Customers	121,400	-	121,400
Due from other governmental units	308,337	93,673	402,010
Due from other funds (Note 5)	-	28,370	28,370
Prepaid expenses	153,970	4,043	158,013
	<u>\$ 4,050,281</u>	<u>\$ 3,661,152</u>	<u>\$ 7,711,433</u>
Liabilities			
Accounts payable	\$ 76,613	\$ 7,989	\$ 84,602
Due to other governmental units	1,364	318	1,682
Due to other funds (Note 5)	4,597	28,370	32,967
Cash bonds and deposits	239,045	-	239,045
Accrued liabilities and other	69,736	3,633	73,369
	<u>391,355</u>	<u>40,310</u>	<u>431,665</u>
Deferred Inflows of Resources -			
Unavailable revenue	161,430	-	161,430
Fund Balances			
Nonspendable - Prepays	153,970	4,043	158,013
Restricted:			
Roads	-	1,174,105	1,174,105
Police	-	42,000	42,000
Cemetery perpetual care	-	629,382	629,382
Parks and recreation capital improvements	25,000	-	25,000
Committed:			
Capital improvements	-	1,242,954	1,242,954
Land acquisition	-	180,414	180,414
Equipment replacement	-	310,155	310,155
Assigned - Debt	-	37,789	37,789
Unassigned	3,318,526	-	3,318,526
	<u>3,497,496</u>	<u>3,620,842</u>	<u>7,118,338</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,050,281</u>	<u>\$ 3,661,152</u>	<u>\$ 7,711,433</u>

City of South Lyon, Michigan

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2015

Fund Balances Reported in Governmental Funds	\$ 7,118,338
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	20,690,778
Investments in joint ventures are not financial resources and are not reported in the funds	244,076
Receivables from other governmental units collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	161,430
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(500,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(4,089)
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	(297,231)
Other postemployment benefit obligations are not reported in the funds	(300,386)
Net pension liabilities are not reported in the funds	(2,939,033)
Deferred outflows from the difference between projected and actual investment earnings of the pension plan as well as City contributions made after the measurement date of the net pension liability are not reported in the funds	266,635
Net Position of Governmental Activities	<u>\$ 24,440,518</u>

City of South Lyon, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2015

	General Fund	Nonmajor Funds	Total
Revenue			
Property taxes	\$ 3,173,756	\$ 473,534	\$ 3,647,290
Licenses and permits	86,653	-	86,653
State and local sources	918,718	659,216	1,577,934
Charges for services	309,312	144,605	453,917
Fines and forfeitures	31,348	-	31,348
Investment income	7,317	79,909	87,226
Other revenue	157,558	-	157,558
Total revenue	4,684,662	1,357,264	6,041,926
Expenditures			
Current:			
General government	994,579	89,199	1,083,778
Public safety	2,632,314	-	2,632,314
DPW, cemetery, and road improvements	818,122	498,057	1,316,179
Recreation and culture	222,097	-	222,097
Capital outlay	20,412	436,928	457,340
Debt service	71,880	145,745	217,625
Total expenditures	4,759,404	1,169,929	5,929,333
Net Change in Fund Balances	(74,742)	187,335	112,593
Fund Balances - Beginning of year	3,572,238	3,433,507	7,005,745
Fund Balances - End of year	\$ 3,497,496	\$ 3,620,842	\$ 7,118,338

City of South Lyon, 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, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ 112,593
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	506,487
Depreciation expense	(1,436,113)
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	(20,164)
Change in investment in joint ventures is not recorded in the governmental funds but is recorded in the statement of activities	89,222
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	189,047
Change in accrued interest payable and other	1,861
Decrease in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	2,445
The change in net pension liability amounts does not require the use of current resources and is not reported in the governmental funds	(151,644)
The increase in other postemployment benefit obligation (OPEB) does not require the use of current resources and is not reported in the governmental funds	(26,854)
Change in Net Position of Governmental Activities	<u>\$ (733,120)</u>

City of South Lyon, Michigan

Proprietary Fund - Water and Sewer Fund Statement of Net Position June 30, 2015

Assets

Current assets:	
Cash and cash equivalents (Note 3)	\$ 4,071,520
Receivables:	
Receivables from sales to customers on account	847,016
Due from other governmental units	175,535
Due from other funds (Note 5)	4,597
Other current assets	23,885
Total current assets	<u>5,122,553</u>
Noncurrent assets:	
Restricted assets (Note 1)	4,511,249
Capital assets (Note 4)	30,879,202
Total noncurrent assets	<u>35,390,451</u>
Total assets	<u>40,513,004</u>

Deferred Outflows of Resources - Pension (Note 12) 68,783

Liabilities

Current liabilities:	
Accounts payable	65,352
Accrued liabilities and other	97,630
Compensated absences -	
Due within one year (Note 6)	58,401
Current portion of long-term debt (Note 6)	1,075,000
Total current liabilities	<u>1,296,383</u>
Noncurrent liabilities:	
Compensated absences -	
Net of current portion (Note 6)	58,336
Net OPEB obligation (Note 10)	84,313
Net pension liability (Note 12)	758,168
Long-term debt - Net of current portion (Note 6)	12,082,379
Total noncurrent liabilities	<u>12,983,196</u>
Total liabilities	<u>14,279,579</u>

Net Position

Net investment in capital assets	17,721,823
Restricted - Water and sewer replacement	4,511,249
Unrestricted	4,069,136
Total net position	<u>\$ 26,302,208</u>

City of South Lyon, Michigan

Proprietary Fund - Water and Sewer Fund Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2015

Operating Revenue	
Sale of water	\$ 930,567
Sewage disposal charges	1,147,882
Refuse collection	497,643
Billing and collection charges	86,934
Hydrant rental	2,500
Installation fees	31,181
Other income	24,178
	<hr/>
Total operating revenue	2,720,885
Operating Expenses	
Salaries and wages	607,709
Fringe benefits	337,982
Equipment repairs and maintenance	200,799
Public utilities	351,014
Refuse collection	495,002
Other services and charges	65,288
Supplies	200,065
Insurance	24,771
Other	5,545
Depreciation	1,399,556
	<hr/>
Total operating expenses	3,687,731
	<hr/>
Operating Loss	(966,846)
Nonoperating Revenue (Expense)	
Property tax revenue	786,401
Investment income	13,044
Interest expense	(333,174)
	<hr/>
Total nonoperating revenue	466,271
	<hr/>
Loss - Before contributions	(500,575)
Capital Contributions - Tap-in fees	53,162
	<hr/>
Change in Net Position	(447,413)
Net Position - Beginning of year, as restated (Note 11)	26,749,621
	<hr/>
Net Position - End of year	\$ 26,302,208
	<hr/>

City of South Lyon, Michigan

Proprietary Fund - Water and Sewer Fund Statement of Cash Flows Year Ended June 30, 2015

Cash Flows from Operating Activities	
Receipts from customers	\$ 2,545,054
Payments to suppliers	(1,613,474)
Payments to employees	(986,926)
Internal activity - Net payments to other funds	<u>(44,245)</u>
Net cash used in operating activities	(99,591)
Cash Flows from Capital and Related Financing Activities	
Issuance of bonds	541,130
Collection of customer assessments	53,162
Property taxes revenue received	786,401
Purchase of capital assets	(599,654)
Principal and interest paid on capital debt	<u>(1,383,780)</u>
Net cash used in capital and related financing activities	(602,741)
Cash Flows from Investing Activities - Interest received on investments	<u>13,044</u>
Net Decrease in Cash and Cash Equivalents	(689,288)
Cash and Cash Equivalents - Beginning of year	<u>9,272,057</u>
Cash and Cash Equivalents - End of year	<u>\$ 8,582,769</u>
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 4,071,520
Restricted cash	<u>4,511,249</u>
Total cash and cash equivalents	<u>\$ 8,582,769</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (966,846)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	1,399,556
Changes in assets and liabilities:	
Receivables and other current assets	(175,831)
Accounts payable and other payables to suppliers	(270,990)
Due to/from others	(44,245)
Accrued wages and other liabilities due to employees	27,548
Deferred outflows	<u>(68,783)</u>
Net cash used in operating activities	<u>\$ (99,591)</u>

Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the City of South Lyon, Michigan (the "City"):

Reporting Entity

The City of South Lyon, Michigan is governed by an elected seven-member council. The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City (see discussion below for description). Although blended component units are legal separate entities, in substance, they are part of the City's operations.

Blended Component Unit

The South Lyon Building Authority is governed by a board appointed by the City Council. Although it is legally separate from the City, the Building Authority is reported as if it were part of the primary government because its primary purpose is to acquire and lease property to the City.

Discretely Presented Component Units

Downtown Development Authority - The Downtown Development Authority (the "DDA") of the City was created to correct and prevent deterioration in the downtown district, encourage historical preservation, and to promote economic growth within the downtown district. The DDA's governing body, which consists of nine individuals, is appointed by the City Manager and confirmed by the City Council. In addition, the DDA's budget is subject to approval by the City Council. The DDA does not issue a separate financial report.

Economic Development Corporation - The Economic Development Corporation (the "EDC") was created to provide means and methods for the encouragement and assistance of industrial and commercial enterprises in relocating, purchasing, constructing, improving, or expanding within the City so as to provide needed services and facilities of such enterprises to residents of the City. The EDC's governing body consists of seven individuals who are appointed by the City Council. The EDC had no activity during the fiscal year ended June 30, 2015 and has no financial resources as of June 30, 2015. Accordingly, there is no financial information for the EDC included in these financial statements.

Accounting and Reporting Principles

The City 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.

Note I - Summary of Significant Accounting Policies (Continued)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. 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 revenue 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 revenues include: (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 revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting

The City accounts for its various activities in several different funds in order to demonstrate accountability for how it has spent certain resources - separate funds allow the City to show the particular expenditures for which specific revenues were used. The various funds are aggregated into two 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, and capital project funds. The City only reports the General Fund as a "major" governmental fund. 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.

Note I - Summary of Significant Accounting Policies (Continued)

Proprietary funds provide goods or services to users in exchange for charges or fees. The City reports only the Water and Sewer Fund as a major proprietary fund. The Water and Sewer Fund provides water to customers, and disposes of sanitary sewage in exchange for user charges.

Interfund activity: During the course of operations, the City 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 fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in 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.

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.

Revenues are not recognized until they are 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 City considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: most state-shared revenue, state gas and weight tax revenue, and interest associated with the current fiscal period. Conversely, some state-shared revenue will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

Note I - Summary of Significant Accounting Policies (Continued)

Proprietary 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

Cash, Cash Equivalents, 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.

Prepaid Items - 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.

Restricted Assets - Restricted assets consist of cash and cash equivalents held for water and wastewater system improvements and equipment replacement. Included in this amount is a portion of water and sewer tap-in fees required by local ordinance to be restricted for improvements.

Capital Assets - Capital assets, which include property, plant, equipment, 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 City as assets with an initial individual cost of more than \$2,500 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 fair market value at the date of donation.

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

<u>Capital Asset Class</u>	<u>Lives</u>
Wastewater treatment plant and equipment	10 to 40 years
Water treatment plant and equipment	10 to 40 years
Utility system, buildings, and improvements	17 to 40 years
Roads and sidewalks	20 to 25 years
Buildings and improvements	15 to 40 years
Tools, furniture, and equipment	5 to 15 years
Office furnishings	5 to 7 years
Other tools and equipment	3 to 7 years

Note I - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund type 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. The General Fund and debt service funds 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 government-wide statements and proprietary funds report deferred outflows from the difference between projected and actual investment earnings of the pension plan as well as City contributions made after the measurement date of the net pension liability.

In addition to liabilities, the statement of net position and/or balance sheet 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 qualifies for reporting in this category and arises only under a modified accrual basis of accounting. The General Fund reports unavailable revenue from certain state-shared revenue. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Net Position Flow Assumption

Sometimes the City 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 City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note I - Summary of Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

Sometimes the City 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 City'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 City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager to assign fund balance. The 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

Properties are assessed as of December 31. The related property taxes are billed on July 1 and become a lien on December 1 of the following year. Taxes are due on September 30 with the final collection date of February 28. Taxes are considered delinquent on March 1, at which time penalties and interest are assessed.

Note 1 - Summary of Significant Accounting Policies (Continued)

The City's 2014 tax is levied and collectible on July 1, 2014 and is recognized as revenue in the year ended June 30, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014 taxable valuation of the City totaled \$314 million (a portion of which is captured by the DDA), on which taxes levied consisted of 11.2500 mills for operating purposes and 2.5000 mills for debt service. This resulted in \$3,547,000 for operating and \$786,000 for debt service. These amounts are recognized in the respective General, capital projects, debt service, and enterprise fund financial statements as tax revenue.

Pension - The City offers pension benefits to retirees. The City 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.

Other Postemployment Benefit Costs - The City offers a monthly stipend to qualified retirees to be used for postemployment health care. The City computes the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. In the governmental funds, OPEB costs are recognized as the stipend is paid. For the government-wide statements and proprietary funds, the City 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 City's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. The noncurrent portion (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations. Generally, the funds that report each employee's compensation (the General Fund, Major and Local Roads Funds, and Water and Sewer Fund) are used to liquidate the obligation.

Note 1 - Summary of Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenues 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 Water and Sewer Fund recognizes as nonoperating revenue the tap fees intended to recover the cost of connecting new customers to the system, property taxes, and investment income. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All expenses not included in these classifications are reported as nonoperating expenses.

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 City oversees 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. The City charges 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 surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall at July 1, 2014			\$ (1,092,480)
Current year permit revenue			82,161
Related expenses:			
Direct costs	\$	129,615	
Estimated indirect costs		10,702	140,317
			<u> </u>
Current year shortfall			<u>(58,156)</u>
Cumulative shortfall at June 30, 2015			<u><u>\$ (1,150,636)</u></u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 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 City 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' acceptance 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.

The City has designated three banks for the deposit of City funds. The investment policy adopted by the City Council in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts and CDs, and such obligations, bonds, and securities as permitted by the statutes of the State of Michigan.

The City's cash and investments are subject to custodial risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had approximately \$14.8 million of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The component unit did not have any bank deposits that were uninsured and uncollateralized. The City 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 City 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.

City of South Lyon, Michigan

Notes to Financial Statements June 30, 2015

Note 4 - Capital Assets

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

Governmental Activities	Balance July 1, 2014	Reclassifications	Additions	Disposals	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 3,207,804	\$ -	\$ -	\$ -	\$ 3,207,804
Construction in progress	16,466	(9,577)	1,075	-	7,964
Total capital assets not being depreciated	3,224,270	(9,577)	1,075	-	3,215,768
Capital assets being depreciated:					
Roads and sidewalks	23,585,469	-	126,171	-	23,711,640
Buildings and improvements	8,958,356	9,577	140,314	-	9,108,247
Other tools, furniture, and equipment	4,506,329	-	238,927	(52,053)	4,693,203
Subtotal	37,050,154	9,577	505,412	(52,053)	37,513,090
Accumulated depreciation:					
Roads and sidewalks	11,437,129	-	903,573	-	12,340,702
Buildings and improvements	3,462,993	-	293,981	-	3,756,974
Other tools, furniture, and equipment	3,753,898	-	238,559	(52,053)	3,940,404
Subtotal	18,654,020	-	1,436,113	(52,053)	20,038,080
Net capital assets being depreciated	18,396,134	9,577	(930,701)	-	17,475,010
Net capital assets	\$ 21,620,404	\$ -	\$ (929,626)	\$ -	\$ 20,690,778

City of South Lyon, Michigan

Notes to Financial Statements June 30, 2015

Note 4 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2014	Reclassifications	Additions	Disposals	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 147,317	\$ -	\$ -	\$ -	\$ 147,317
Construction in progress	4,392,011	(4,392,011)	-	-	-
Total capital assets not being depreciated	4,539,328	(4,392,011)	-	-	147,317
Capital assets being depreciated:					
Wastewater treatment plant and equipment	33,484,774	-	37,544	-	33,522,318
Water treatment plant and equipment	3,024,623	-	-	-	3,024,623
Utility systems, buildings, and improvements	11,971,618	4,392,011	526,745	-	16,890,374
Other tools, furniture, and equipment	1,232,318	-	35,366	(19,310)	1,248,374
Subtotal	49,713,333	4,392,011	599,655	(19,310)	54,685,689
Accumulated depreciation	22,573,558	-	1,399,556	(19,310)	23,953,804
Net capital assets being depreciated	27,139,775	4,392,011	(799,901)	-	30,731,885
Net capital assets	\$ 31,679,103	\$ -	\$ (799,901)	\$ -	\$ 30,879,202

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

Governmental activities:

General government	\$ 117,073
Public safety	150,876
Public works	1,115,016
Recreation and culture	53,148

Total governmental activities \$ 1,436,113

Business-type activities - Water and Sewer Fund \$ 1,399,556

Construction Commitments - The City has an active construction project funded through capital grants and bonds. At June 30, 2015, the City's commitment with contractors related to this project is as follows:

	Spent to Date	Remaining Commitment
Water and sewer main improvements	\$ 3,860,488	\$ 40,425

City of South Lyon, Michigan

Notes to Financial Statements June 30, 2015

Note 5 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Nonmajor governmental funds	Nonmajor governmental funds	\$ 28,370
Water and Sewer Fund	General Fund	4,597
	Total	<u>\$ 32,967</u>

Interfund balances represent routine and temporary cash flow assistance.

Note 6 - Long-term Debt

The City 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 City. Installment purchase agreements are also general obligations of the government. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Description	Amount
Governmental Activities	
<u>General obligations:</u>	
1999 Building Authority Bonds: Amount of issue - \$1,370,000 Maturing through 2019 Interest rate 5.2%	\$ 375,000
2005 Building Authority Bonds: Amount of issue - \$380,000 Maturing through 2019 Interest rate 3.8% - 4.1%	125,000
Total governmental activity debt	<u>\$ 500,000</u>

Description	Amount
Business-type Activities	
<u>General obligations:</u>	
2000 Unlimited Tax Water Bonds: Amount of issue - \$1,400,000 Maturing through 2015 Interest rate 5.2%	\$ 130,000
2003 State of Michigan Revolving Fund Loan: Amount of issue - \$17,167,379 Maturing through 2025 Interest rate 2.5%	10,482,379
Subtotal	<u>10,612,379</u>

City of South Lyon, Michigan

Notes to Financial Statements June 30, 2015

Note 6 - Long-term Debt (Continued)

Description	Amount
Revenue Bond	
2012 Drinking Water Revolving Fund Program #7314-01: Amount of issue - \$2,650,000 Maturing through 2034 Interest rate 2.5%	\$ 2,545,000
Total business-type activity debt	<u>\$ 13,157,379</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligations	\$ 615,000	\$ -	\$ 115,000	\$ 500,000	\$ 120,000
Installment purchase contracts	74,047	-	74,047	-	-
Total bonds payable	689,047	-	189,047	500,000	120,000
Accumulated compensated absences	299,676	138,791	141,236	297,231	148,600
Total governmental activities	<u>\$ 988,723</u>	<u>\$ 138,791</u>	<u>\$ 330,283</u>	<u>\$ 797,231</u>	<u>\$ 268,600</u>
Business-type Activities					
General obligations	\$ 11,552,379	\$ -	\$ 940,000	\$ 10,612,379	\$ 970,000
Revenue bond	2,108,870	541,130	105,000	2,545,000	105,000
Total bonds payable	13,661,249	541,130	1,045,000	13,157,379	1,075,000
Accumulated compensated absences	150,377	33,169	66,809	116,737	58,401
Total business-type activities	<u>\$ 13,811,626</u>	<u>\$ 574,299</u>	<u>\$ 1,111,809</u>	<u>\$ 13,274,116</u>	<u>\$ 1,133,401</u>

The City has entered into an agreement with the State of Michigan to borrow up to \$17,250,000 from the State Revolving Fund in order to pay for the capital improvements to the City's wastewater treatment plant. Interest payments on the loan began in October 2003. The loan principal will be repaid over 20 years in annual installments which began in October 2006. As of June 30, 2015, the outstanding loan balance is \$10,482,379.

Total interest incurred related to governmental activities for the year approximated \$31,000. Total interest incurred related to business-type activities for the year approximated \$333,000.

City of South Lyon, Michigan

Notes to Financial Statements June 30, 2015

Note 6 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 120,000	\$ 24,535	\$ 144,535	\$ 1,075,000	\$ 314,176	\$ 1,389,176
2017	120,000	18,655	138,655	970,000	286,921	1,256,921
2018	125,000	12,775	137,775	990,000	262,421	1,252,421
2019	135,000	6,635	141,635	1,020,000	237,359	1,257,359
2020	-	-	-	1,040,000	211,009	1,251,009
2021-2025	-	-	-	5,635,000	648,119	6,283,119
2026-2030	-	-	-	1,787,379	125,963	1,913,342
2031-2034	-	-	-	640,000	22,821	662,821
Total	\$ 500,000	\$ 62,600	\$ 562,600	\$ 13,157,379	\$ 2,108,789	\$ 15,266,168

Revenue Bonds - During fiscal year 2013, the City issued revenue bonds in the amount of \$5,300,000. These bonds are funded by the Drinking Water Revolving Fund and the City received a loan forgiveness to the extent of \$2,650,000. During fiscal year 2013, the City drew down \$2,782,469 of the award and properly reported \$2,650,000 as revenue and the remaining \$132,469 as addition to debt. The City has since drawn down the rest of the award. The City has pledged substantially all revenue generated through the water and sewer system, net of operating expenses, to repay the above water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water and sewer mains. The bonds are payable solely from the net revenue of the water and sewer system. As of June 30, 2015, the remaining principal and interest to be paid on the bonds total \$3,145,371. During the current year, operating income of the system (excluding depreciation) was \$430,069.

Note 7 - Risk Management

The City 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 City has purchased commercial insurance for workers' compensation, medical, health, life, and disability claims, and participates in the Michigan Municipal Risk Management Authority's state pool for claims relating to general law enforcement, emergency medical, public errors and omissions, and auto liabilities. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

City of South Lyon, Michigan

Notes to Financial Statements June 30, 2015

Note 7 - Risk Management (Continued)

The Michigan Municipal Risk Management Authority's state pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

Note 8 - Joint Ventures

The City is a member of the Resource Recovery and Recycling Authority of Southwest Oakland County (RRRASOC) and the South Lyon Area Recreation Authority (SLARA). RRRASOC is incorporated by the cities of Farmington, Farmington Hills, Novi, South Lyon, Southfield, Walled Lake, Wixom, and the Charter Township of Lyon. SLARA is incorporated by the City of South Lyon and the Charter Townships of Lyon and Green Oak. The City appoints one member to each of the joint ventures' governing boards, which then approve the annual budgets. The joint ventures receive their operating revenue from member contributions and miscellaneous income.

The City is unaware of any circumstances that would cause an additional benefit or burden to the participating governments in the near future. Complete financial statements for RRRASOC can be obtained from RRRASOC's office at 20000 West 8 Mile Road, Southfield, Michigan 48075 and for SLARA at SLARA's office at 318 W. Lake Street, South Lyon, Michigan 48178.

During the year, the City contributed \$17,460 to RRRASOC and \$29,692 to SLARA. The City reported equity interest in SLARA of \$244,076 as of June 30, 2015.

Note 9 - Capital Improvement Fund Expenditures

The expenditures of the Capital Improvement Fund are as follows:

Contractual services:	
Police/Fire parking lot improvements	\$ 138,143
Lake Street improvements	57,695
Total professional services	<u>195,838</u>
Construction - Lake Street construction	<u>58,767</u>
Total Capital Improvement Fund expenditures excluding administrative expenses	<u>\$ 254,605</u>

City of South Lyon, Michigan

Notes to Financial Statements June 30, 2015

Note 10 - Other Postemployment Benefits

Plan Description - The City provides retiree healthcare benefits to eligible employees upon retirement in accordance with labor contracts. Currently, six retirees are eligible and received benefits during the year. The City provides a monthly stipend to be used to supplement the insurance cost for postemployment healthcare benefits. At the fund level, the expense is recognized by the City as the payments to the employees are made. During the year, this amounted to \$31,729.

Funding Policy - The City has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). The City has made no contributions in advance.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). For the year ended June 30, 2015, the City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 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 over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the retiree health plan:

Annual required contribution (recommended)	\$ 69,588
Interest on the prior year's net OPEB obligation	10,699
Less adjustment to the annual required contribution	<u>(20,481)</u>
Annual OPEB cost	59,806
Amounts contributed - Payments of current premiums	<u>(31,729)</u>
Increase in net OPEB obligation	28,077
OPEB obligation - Beginning of year	<u>356,622</u>
OPEB obligation - End of year	<u><u>\$ 384,699</u></u>

A total of \$300,386 of the OPEB obligation is recorded in the governmental activities and \$84,313 is recorded in the business-type activities.

Fiscal Year Ended	Alternative Measurement Date	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
6/30/13	6/30/13	\$ 63,431	30.0 %	\$ 319,971
6/30/14	6/30/14	69,588	35.4	356,622
6/30/15	6/30/14	69,588	45.6	384,699

City of South Lyon, Michigan

Notes to Financial Statements June 30, 2015

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)
6/30/10	\$ -	\$ 874,581	\$ 874,581	- %
6/30/13	-	776,403	776,403	-
6/30/14	-	785,905	785,905	-

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 multiyear 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.

In the June 30, 2014 calculation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.0 percent investment rate of return. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2014 was 30 years.

The following simplifying assumptions were made:

Retirement age - Based on historical average retirement age for the covered group, active plan members were assumed to retire at age 62.

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

City of South Lyon, Michigan

Notes to Financial Statements June 30, 2015

Note 10 - Other Postemployment Benefits (Continued)

Turnover - Nongroup-specific age-based turnover data from GASB Statement No. 45 were 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.

No assumptions have been made related to an overall inflation rate or payroll growth rate as these have no impact on future payments. Changes in healthcare rates are assumed to be zero as the monthly stipends are at a fixed amount.

Note 11 - Reporting Change

During the current year, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements and the proprietary fund now include a liability for our unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension note for further details. This change does not impact the General Fund or any other governmental fund.

The financial statements for the year ended June 30, 2014 have been restated in order to adopt GASB Statement No. 68. The effect of this new accounting standard was a decrease in net position to record the net pension liability at June 30, 2014.

As a result of implementing this statement, the beginning net position of both the governmental activities and business-type activities has been restated as indicated:

	Governmental Activities	Business-type Activities
Net position - June 30, 2014 - As previously reported	\$ 27,694,392	\$ 27,443,031
Adjustment for implementation of GASB Statement No. 68	<u>(2,520,754)</u>	<u>(693,410)</u>
Net position - June 30, 2014 - As restated	<u>\$ 25,173,638</u>	<u>\$ 26,749,621</u>

Note 12 - Defined Benefit Pension Plan

Plan Description - The City participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System of Michigan (MERS) that covers all full-time employees of the City. 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.

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 full-time employees at the City including AFSCME, non-union, police, patrolmen, police command, and clerical employees.

Retirement benefits for employees are calculated as 2.5 percent of the employee's five-year final average compensation times the employee's years of service with a maximum of 80 percent of final average compensation. Normal retirement age is 60 with early retirement at an unreduced benefit at age 55 with 25 years of service or a reduced benefit at age 50 with 25 years of service or age 55 with 15 years of service. Deferred retirement benefits vest after 10 years of credited service (eight years for non-union employees), but are not paid until the date retirement would have occurred had the member remained an employee. Employees are eligible for non-duty disability benefits after 10 years of service (eight years for non-union employees) and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately and if duty-related without an actuarial reduction for retirement before age 60 is not applied. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

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

Employees Covered by Benefit Terms - At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	25
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	<u>42</u>
Total employees covered by MERS	<u><u>75</u></u>

City of South Lyon, Michigan

Notes to Financial Statements June 30, 2015

Note 12 - Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2015, the average active employee contribution rate was 1.1 percent of annual pay and the City's average contribution rate was 17.8 percent of annual payroll.

Net Pension Liability

The net pension liability reported at June 30, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 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, 2013	\$ 12,291,640	\$ 8,868,449	\$ 3,423,191
Service cost	255,907	-	255,907
Interest	1,004,596	-	1,004,596
Contributions - Employer	-	417,111	(417,111)
Contributions - Employee	-	27,802	(27,802)
Net investment income	-	562,278	(562,278)
Benefit payments, including refunds	(485,354)	(485,354)	-
Administrative expenses	-	(20,698)	20,698
Net changes	775,149	501,139	274,010
Balance at December 31, 2014	\$ 13,066,789	\$ 9,369,588	\$ 3,697,201

City of South Lyon, Michigan

Notes to Financial Statements June 30, 2015

Note 12 - Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2015, the City recognized pension expense of \$557,643. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 133,478	\$ -
Employer contributions to the plan subsequent to the measurement date	201,940	-
Total	\$ 335,418	\$ -

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

Years Ending June 30	Amount
2016	\$ 33,370
2017	33,370
2018	33,370
2019	33,368

Actuarial Assumptions - The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3-4 %
Salary increases	4.5 % In the long term, 1 percent, 2 percent, and 3 percent for calendar years 2014, 2015, and 2016, respectively, including inflation
Investment rate of return	8.25 % Gross of pension plan investment expense, including inflation

Note 12 - Defined Benefit Pension Plan (Continued)

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of the most recent actuarial experience study in 2008.

Discount Rate - The discount rate used to measure the total pension liability was 8.25 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.

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, 2014, 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 %	5.0 %
Global fixed income	20 %	2.2 %
Real assets	12 %	4.2 %
Diversifying strategies	10 %	6.6 %

Note 12 - Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 8.25 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent) or one percentage point higher (9.25 percent) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Net pension liability of the City	\$ 5,328,110	\$ 3,697,201	\$ 2,315,705

Pension Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in the separately issued financial report found at www.mersofmichigan.com. The plan's fiduciary net position has been determined on the same basis used 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.

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 note disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the City will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The City 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.

Required Supplemental Information

City of South Lyon, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 3,087,001	\$ 3,087,001	\$ 3,173,756	\$ 86,755
Licenses and permits	132,000	132,000	86,653	(45,347)
State-shared revenue and grants	927,113	927,113	918,718	(8,395)
Charges for services	325,747	342,567	309,312	(33,255)
Fines and forfeitures	29,000	29,000	31,348	2,348
Investment income	8,600	8,600	7,317	(1,283)
Other revenue	291,860	237,690	157,558	(80,132)
Total revenue	4,801,321	4,763,971	4,684,662	(79,309)
Expenditures - Current				
General government	1,172,443	1,169,712	994,579	175,133
Public safety:				
Police	2,322,597	2,322,597	2,211,737	110,860
Fire	507,130	517,130	508,706	8,424
Ambulance	2,075	2,175	2,159	16
Total public safety	2,831,802	2,841,902	2,722,602	119,300
Public works:				
Cemetery	98,700	98,700	88,958	9,742
DPW	685,170	714,707	729,164	(14,457)
Total public works	783,870	813,407	818,122	(4,715)
Recreation and culture:				
Parks and recreation	126,015	132,915	128,638	4,277
Senior transportation	70,360	70,360	70,356	4
Historical depot	26,300	26,300	24,642	1,658
Cultural arts	4,850	1,035	465	570
Total recreation and culture	227,525	230,610	224,101	6,509
Total expenditures	5,015,640	5,055,631	4,759,404	296,227
Net Change in Fund Balance	(214,319)	(291,660)	(74,742)	216,918
Fund Balance - Beginning of year	3,572,238	3,572,238	3,572,238	-
Fund Balance - End of year	\$ 3,357,919	\$ 3,280,578	\$ 3,497,496	\$ 216,918

City of South Lyon, Michigan

Note to Required Supplemental Information Year Ended June 30, 2015

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all special revenue funds.

The annual budget is prepared by the City Manager and submitted to the City Council at its meeting nearest the third Monday in April of each year. The budget is adopted by the City Council no later than the second regular City Council meeting in May. Subsequent amendments are approved by the City Council. Amendments may be made by the City Council up until the last day of the fiscal year. The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law.

Unexpended appropriations lapse at year end. The amount of encumbrances outstanding at June 30, 2015 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

A comparison of the actual results of operations to the budgeted amounts (at the level of control adopted by the City Council) for the General Fund is presented as required supplemental information. Information comparing other special revenue funds activity to the respective budgets can be obtained at City Hall.

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the City of South Lyon, Michigan incurred expenditures that were in excess of the amounts budgeted in the General Fund, as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
DPW	\$ 714,707	\$ 729,164	\$ (14,457)

DPW was over budget due to an increase in street light expenditures.

City of South Lyon, Michigan

Required Supplemental Information OPEB System Schedule Year Ended June 30, 2015

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)
6/30/14	\$ -	\$ 785,905	\$ 785,905	-
6/30/13	-	776,403	776,403	-
6/30/10	-	874,581	874,581	-

City of South Lyon, Michigan

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

Last Fiscal Year (schedule is built prospectively upon implementation of GASB 68)

	2015
Total Pension Liability	
Service cost	\$ 255,907
Interest	1,004,596
Benefit payments, including refunds	(485,354)
Net change in total pension liability	775,149
Total Pension Liability - Beginning of year	12,291,640
Total Pension Liability - End of year	\$ 13,066,789
Plan Fiduciary Net Position	
Contributions - Employer	\$ 417,111
Contributions - Employee	27,802
Net investment income	562,278
Administrative expenses	(20,698)
Benefit payments, including refunds	(485,354)
Net change in plan fiduciary net position	501,139
Plan Fiduciary Net Position - Beginning of year	8,868,449
Plan Fiduciary Net Position - End of year	\$ 9,369,588
City's Net Pension Liability - Ending	\$ 3,697,201
Plan Fiduciary Net Position as a Percent of Total Pension Liability	71.71 %
Covered Employee Payroll	\$ 2,528,331
City's Net Pension Liability as a Percent of Covered Employee Payroll	146.2 %

City of South Lyon, Michigan

Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	\$ 417,111	\$ 405,981	\$ 386,618	\$ 388,304	\$ 372,715	\$ 358,241	\$ 365,051	\$ 329,222	\$ 319,995	\$ 289,540
Contributions in relation to the actuarially determined contribution	417,111	405,981	386,618	388,304	372,715	358,241	365,051	329,222	319,995	289,540
Contribution Deficiency	\$ -									
Covered Employee Payroll	\$ 2,528,331	\$ 2,472,858	\$ 2,673,263	\$ 2,666,459	\$ 2,713,288	\$ 2,868,101	\$ 2,836,045	\$ 2,719,636	\$ 2,697,025	\$ 2,580,549
Contributions as a Percentage of Covered Employee Payroll	16.5 %	16.4 %	14.5 %	14.6 %	13.7 %	12.5 %	12.9 %	12.1 %	11.9 %	11.2 %

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of pay, open
Remaining amortization period	26 years
Asset valuation method	10-year smoothed market
Inflation	3 - 4%
Salary increases	4.5%, including inflation
Investment rate of return	8%
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50% Male - 50% Female blend of the 1994 Group Annuity Mortality Table
Other information	None

Other Supplemental Information

City of South Lyon, Michigan

	Special Revenue Funds				Debt Service Fund
	Major Roads	Local Roads	Drug Forfeiture	Cemetery Perpetual Care	Building Authority Fund
Assets					
Cash and investments	\$ 910,112	\$ 177,128	\$ 42,000	\$ 629,382	\$ 38,122
Receivables - Due from other governmental units	65,465	28,208	-	-	-
Due from other funds	25,015	3,355	-	-	-
Prepaid expenses and other assets	2,627	1,416	-	-	-
Total assets	\$ 1,003,219	\$ 210,107	\$ 42,000	\$ 629,382	\$ 38,122
Liabilities					
Accounts payable	\$ 5,428	\$ 2,561	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	-	-
Due to other funds	-	25,015	-	-	-
Accrued liabilities and other	1,084	1,090	-	-	333
Total liabilities	6,512	28,666	-	-	333
Fund Balances					
Nonspendable - Prepays	2,627	1,416	-	-	-
Restricted:					
Roads	994,080	180,025	-	-	-
Police	-	-	42,000	-	-
Cemetery perpetual care	-	-	-	629,382	-
Committed:					
Capital improvements	-	-	-	-	-
Land acquisition	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Assigned - Debt	-	-	-	-	37,789
Total fund balances	996,707	181,441	42,000	629,382	37,789
Total liabilities and fund balances	\$ 1,003,219	\$ 210,107	\$ 42,000	\$ 629,382	\$ 38,122

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

Capital Projects Funds			Total Nonmajor Governmental Funds
Capital Improvement	Equipment Replacement	Land Acquisition	
\$ 1,247,753	\$ 310,155	\$ 180,414	\$ 3,535,066
-	-	-	93,673
-	-	-	28,370
-	-	-	4,043
<u>\$ 1,247,753</u>	<u>\$ 310,155</u>	<u>\$ 180,414</u>	<u>\$ 3,661,152</u>
\$ -	\$ -	\$ -	\$ 7,989
318	-	-	318
3,355	-	-	28,370
1,126	-	-	3,633
4,799	-	-	40,310
-	-	-	4,043
-	-	-	1,174,105
-	-	-	42,000
-	-	-	629,382
1,242,954	-	-	1,242,954
-	-	180,414	180,414
-	310,155	-	310,155
-	-	-	37,789
<u>1,242,954</u>	<u>310,155</u>	<u>180,414</u>	<u>3,620,842</u>
<u>\$ 1,247,753</u>	<u>\$ 310,155</u>	<u>\$ 180,414</u>	<u>\$ 3,661,152</u>

City of South Lyon, Michigan

	Special Revenue Funds				Debt Service
					Fund
	Major Roads	Local Roads	Drug Forfeiture	Cemetery Perpetual Care	Building Authority Fund
Revenue					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 108,133
State and local sources	433,946	188,795	-	-	36,475
Charges for services	-	-	-	-	-
Investment income and other	15,876	11,456	43	28,110	150
Total revenue	449,822	200,251	43	28,110	144,758
Expenditures					
Current:					
General government	-	-	-	79,531	-
Community maintenance and development:					
Street construction	5,241	9,219	-	-	-
Other professional services	2,320	2,320	-	-	-
Traffic services	41,334	4,769	-	-	-
Street routine maintenance	127,665	108,403	-	-	-
Snow plowing	81,853	55,854	-	-	-
Drainage and backsloping	6,813	9,886	-	-	-
Equipment charges	13,550	28,830	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	115,000
Interest on long-term debt	-	-	-	-	30,745
Total expenditures	278,776	219,281	-	79,531	145,745
Net Change in Fund Balances	171,046	(19,030)	43	(51,421)	(987)
Fund Balances - Beginning of year	825,661	200,471	41,957	680,803	38,776
Fund Balances - End of year	\$ 996,707	\$ 181,441	\$ 42,000	\$ 629,382	\$ 37,789

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

Capital Projects Funds			Total Nonmajor Governmental Funds
Capital Improvement	Equipment Replacement	Land Acquisition	
\$ 365,401	\$ -	\$ -	\$ 473,534
-	-	-	659,216
-	144,605	-	144,605
12,709	726	10,839	79,909
378,110	145,331	10,839	1,357,264
-	-	9,668	89,199
-	-	-	14,460
-	-	-	4,640
-	-	-	46,103
-	-	-	236,068
-	-	-	137,707
-	-	-	16,699
-	-	-	42,380
258,825	178,103	-	436,928
-	-	-	115,000
-	-	-	30,745
258,825	178,103	9,668	1,169,929
119,285	(32,772)	1,171	187,335
1,123,669	342,927	179,243	3,433,507
\$ 1,242,954	\$ 310,155	\$ 180,414	\$ 3,620,842

City of South Lyon, Michigan

Expenditures	Community Maintenance and Development					
	General Government	Public Safety			Community Maintenance and Development	
		Police	Fire	Ambulance	Cemetery	Public Works
Salaries and wages	\$ 289,710	\$ 1,373,138	\$ 214,154	\$ -	\$ 55,191	\$ 129,854
Salaries and wages - Mechanic	-	-	-	-	-	37,454
Reimbursement of mechanic wages	-	-	-	-	-	(37,454)
Fringe benefits:						
Payroll taxes and insurance	94,108	543,063	22,204	-	9,591	205,347
Uniforms	-	14,540	21,144	-	-	6,183
Education and training	4,894	6,114	49,893	-	-	1,245
Total fringe benefits	99,002	563,717	93,241	-	9,591	212,775
Operating expenses	14,368	12,097	7,674	-	10,143	16,839
Office supplies	4,652	4,417	5,277	-	-	934
Printing	4,318	-	-	-	-	-
Publishing	6,872	-	-	-	-	-
Professional services	86,979	10,367	-	-	-	12,888
Contractual services	96,290	-	-	-	-	-
Audit	32,070	-	-	-	-	-
Planning consultant	18,088	-	-	-	-	-
Elections	16,694	-	-	-	-	-
Legal fees	83,810	21,460	-	-	-	-
Dues and memberships	11,561	545	4,364	-	-	-
Telephone	7,767	10,038	1,898	-	-	5,519
Conference and travel	6,084	-	-	-	-	340
Insurance and bonds	46,992	21,278	20,109	68	561	12,659
Utilities	21,238	16,159	9,954	2,091	291	20,099
Maintenance:						
Building	4,927	8,350	5,717	-	-	14,191
General	-	1,978	2,803	-	2,008	-
Vehicle	-	22,073	30,414	-	-	112,450
Radio	-	2,008	2,337	-	-	-
Gas and oil	-	26,033	8,501	-	-	27,464
Sundry	17,258	104,799	-	-	-	-
Community promotions	95,878	-	1,395	-	-	-
Capital improvements	-	-	-	-	1,356	-
Land beautification	6,451	-	-	-	-	-
Equipment purchases	100	3,268	18,408	-	5,122	6,512
Computer purchases	6,010	4,581	8,080	-	-	-
Land improvements	-	-	-	-	495	17,994
Recycling charges	17,460	-	-	-	-	-
Debt service principal	-	-	69,389	-	-	-
Debt service interest	-	-	2,491	-	-	-
Ammunition	-	5,431	-	-	-	-
Equipment rental	-	-	2,500	-	4,200	10,000
Traffic and street lights	-	-	-	-	-	128,646
Total expenditures	\$ 994,579	\$ 2,211,737	\$ 508,706	\$ 2,159	\$ 88,958	\$ 729,164

**Other Supplemental Information
Schedule of Expenditures
General Fund
Year Ended June 30, 2015**

Culture and Recreation				Total	
Parks and Recreation	Senior Transportation	Historical Depot	Cultural Arts	2015	2014
\$ 59,229	\$ -	\$ 4,329	\$ -	\$ 2,125,605	\$ 2,190,018
-	-	-	-	37,454	24,467
-	-	-	-	(37,454)	(24,467)
17,910	-	-	-	892,223	953,085
-	-	-	-	41,867	42,641
-	-	-	-	62,146	67,581
17,910	-	-	-	996,236	1,063,307
11,080	-	-	201	72,402	85,111
-	-	-	-	15,280	15,282
-	-	-	-	4,318	4,896
-	-	-	-	6,872	5,085
15,334	-	1,875	-	127,443	172,036
-	-	-	-	96,290	104,000
-	-	-	-	32,070	41,900
-	-	-	-	18,088	18,904
-	-	-	-	16,694	12,512
-	-	-	-	105,270	101,234
-	-	-	-	16,470	18,143
-	-	-	-	25,222	27,055
-	-	-	-	6,424	5,400
823	-	798	-	103,288	94,279
676	70,356	6,403	-	147,267	157,131
-	-	9,209	-	42,394	43,507
10,149	-	-	-	16,938	15,048
-	-	-	-	164,937	128,202
-	-	-	-	4,345	61,167
-	-	-	-	61,998	82,083
-	-	2,028	-	124,085	99,456
-	-	-	264	97,537	90,933
-	-	-	-	1,356	30,823
-	-	-	-	6,451	6,024
2,412	-	-	-	35,822	44,843
-	-	-	-	18,671	15,721
-	-	-	-	18,489	15,772
-	-	-	-	17,460	16,770
-	-	-	-	69,389	66,963
-	-	-	-	2,491	6,140
-	-	-	-	5,431	4,012
11,025	-	-	-	27,725	27,725
-	-	-	-	128,646	119,623
\$ 128,638	\$ 70,356	\$ 24,642	\$ 465	\$ 4,759,404	\$ 4,991,105

City of South Lyon, Michigan

Other Supplemental Information Schedule of Expenditures by Activity Major and Local Roads Funds Year Ended June 30, 2015

Major Roads Fund

	Professional Services	Street Construction	Street Routine Maintenance	Traffic Services	Snow Plowing	Drainage and Backsloping	Total
Wages and salaries	\$ -	\$ -	\$ 68,132	\$ 1,665	\$ 25,713	\$ 3,601	\$ 99,111
Fringe benefits	-	-	30,547	774	11,376	1,583	44,280
Operating expense	-	-	1,490	5,211	44,764	1,629	53,094
Professional services	-	5,241	-	-	-	-	5,241
Other	2,320	-	-	-	-	-	2,320
Traffic signals	-	-	-	33,684	-	-	33,684
Repairs and maintenance	-	-	14,445	-	-	-	14,445
Equipment rental	-	13,550	13,000	-	-	-	26,550
Insurance	-	-	51	-	-	-	51
Total expenditures	\$ 2,320	\$ 18,791	\$ 127,665	\$ 41,334	\$ 81,853	\$ 6,813	\$ 278,776

Local Roads Fund

	Professional Services	Street Construction	Street Routine Maintenance	Traffic Services	Snow Plowing	Drainage and Backsloping	Total
Wages and salaries	\$ -	\$ -	\$ 65,067	\$ 1,583	\$ 22,142	\$ 3,607	\$ 92,399
Fringe benefits	-	-	32,760	759	9,610	1,562	44,691
Operating expense	-	-	1,641	2,427	24,102	4,717	32,887
Professional services	-	9,035	-	-	-	-	9,035
Other	2,320	-	-	-	-	-	2,320
Repairs and maintenance	-	-	9,068	-	-	-	9,068
Equipment rental	-	-	28,830	-	-	-	28,830
Insurance	-	-	51	-	-	-	51
Total expenditures	\$ 2,320	\$ 9,035	\$ 137,417	\$ 4,769	\$ 55,854	\$ 9,886	\$ 219,281

City of South Lyon, Michigan

	Activity		
	Water Distribution System	Water Repair	Wastewater System
Personnel services:			
Salaries and wages	\$ 209,476	\$ 8,400	\$ 353,741
Fringe benefits	128,821	12,629	185,094
Total personnel services	338,297	21,029	538,835
Equipment repairs and maintenance:			
Equipment maintenance	18,257	54,612	4,540
Building maintenance	19,927	-	67,069
Total equipment repairs and maintenance	38,184	54,612	71,609
Public utilities:			
Electric and gas	98,137	-	246,872
Telephone	2,347	-	3,658
Total public utilities	100,484	-	250,530
Refuse collection	-	-	-
Depreciation	697,795	-	697,795
Other services and charges - Professional services	28,304	1,162	35,822
Supplies:			
Office	847	-	834
Operating	48,462	6,302	130,894
Computer	2,658	-	1,965
Total supplies	51,967	6,302	133,693
Insurance	12,588	-	12,183
Other	1,530	-	4,015
Total operating expenses	<u>\$ 1,269,149</u>	<u>\$ 83,105</u>	<u>\$ 1,744,482</u>

**Other Supplemental Information
Schedule of Operating Expenses
Proprietary Fund - Water and Sewer Fund
Year Ended June 30, 2015**

	Activity			Total	
	Sewer Repair	Solid Waste Collection	Water/Sewer Construction	2015	2014
Sanitary					
\$ 36,092	\$ -	\$ -	\$ 607,709	\$ 690,977	
11,438	-	-	337,982	366,620	
47,530	-	-	945,691	1,057,597	
36,394	-	-	113,803	101,074	
-	-	-	86,996	57,396	
36,394	-	-	200,799	158,470	
-	-	-	345,009	400,153	
-	-	-	6,005	6,133	
-	-	-	351,014	406,286	
-	495,002	-	495,002	484,559	
-	-	3,966	1,399,556	1,275,557	
-	-	-	65,288	55,005	
-	-	-	1,681	1,082	
8,103	-	-	193,761	191,101	
-	-	-	4,623	1,704	
8,103	-	-	200,065	193,887	
-	-	-	24,771	22,611	
-	-	-	5,545	1,254	
\$ 92,027	\$ 495,002	\$ 3,966	\$ 3,687,731	\$ 3,655,226	

Statistical Information

City of South Lyon, Michigan

Schedule of Taxes Levied, Collected, and Returned Delinquent - 2014 Tax Roll June 30, 2015

	<u>Final Levy</u>	<u>Taxes Collected</u>	<u>Returned Delinquent</u>	<u>Percent Collected</u>
Taxable Value: \$317,780,390				
City of South Lyon	\$ 4,321,608	\$ 4,191,864	\$ 129,744	97.00
Specials	5,181	4,134	1,047	79.78
Downtown Development Authority	22,098	20,123	1,975	92.80
Administration fee	91,148	89,179	1,969	97.84
Oakland Community College	494,176	485,405	8,771	98.23
South Lyon Community Schools	4,186,800	4,062,630	124,170	97.03
State education	1,832,755	1,787,275	45,480	97.52
Zoo Authority	31,289	30,501	788	97.48
Art Institute	62,597	61,020	1,577	97.48
Huron Clinton Metro Park	66,915	65,237	1,678	97.49
Intermediate School District	1,054,654	1,029,119	25,535	97.58
Oakland County	<u>1,306,846</u>	<u>1,253,235</u>	<u>53,611</u>	95.90
Total	<u>\$ 13,476,067</u>	<u>\$ 13,079,722</u>	<u>\$ 396,345</u>	97.06

City of South Lyon, Michigan

Continuing Disclosure Undertaking Fiscal Year July 1, 2014 - June 30, 2015

A. Taxable Value - Fiscal Year 2014-2015 **\$317,780,390**

B. Taxable Value by Use and Class - Fiscal Year 2014-2015:

Use	Taxable Value	Percent of Taxable Value	SEV	Percent of SEV
Commercial	\$ 30,392,030	9.57	\$ 31,824,650	9.28
Industrial	11,565,460	3.64	11,739,590	3.42
Residential	262,627,790	82.64	286,455,980	83.46
Personal	13,195,110	4.15	13,195,110	3.84
Total	\$ 317,780,390	100.00	\$ 343,215,330	100.00
Class				
Real property	\$ 304,585,280	95.85	\$ 330,020,220	96.16
Personal property	13,195,110	4.15	13,195,110	3.84
Total	\$ 317,780,390	100.00	\$ 343,215,330	100.00

C. & D. Property Tax Rates by Governmental Unit - Fiscal Year 2014-2015

City of South Lyon	Rate	City of South Lyon	Rate
General operation	9.7375	Huron Clinton Authority	0.2146
Capital improvements	1.1675	Oakland County	4.1900
Building Authority	0.3450	Intermediate schools	3.3690
Debt service - Sewer G.O.	<u>2.5000</u>	Oakland Community College	1.5844
		Zoo Authority	0.1000
		Oakland County P&R	0.2415
		South Lyon Community Schools	18.0000
		Art Institute	0.2000
		State education	6.0000
		South Lyon school debt	<u>9.7000</u>
Total City of South Lyon	<u>13.7500</u>	Total governmental units	<u>59.2842</u>
District library	1.1147		
Library debt	0.3250		
Library voted	0.4950		

City of South Lyon, Michigan

Continuing Disclosure Undertaking (Continued) Fiscal Year July 1, 2014 - June 30, 2015

E. Property Tax Collections - Fiscal Year 2014-2015 (as of 3/1/2015) - 97.06%

F. Ten Largest Taxpayers - Fiscal Year 2014-2015

Taxpayer	Principal Product or Service	Taxable Value
Colonial Acres Development Phase 5	Co-op	\$ 12,177,730
Michigan Seamless Tube	Industrial	9,608,850
Colonial Acres Development	Co-op	4,972,920
Brookwood Farms LLC	Rental condos	3,627,920
DTE	Industrial	2,986,740
Sun Steel Treating INC	Industrial	2,928,960
Brookwood Farms LLC	Apartments	2,452,960
Waters Edge	Apartments	1,626,270
Busch's	Commercial	1,320,890
Showerman Investment	Commercial	1,310,080
Total		<u><u>\$ 43,013,320</u></u>

G. Distributable Aid - State-shared Revenue - Fiscal Year 2014-2015 - \$918,718

H. Legal Debt Margin

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the City may legally incur as of June 30, 2015:

Debt limit (1)		\$ 34,321,533
Debt outstanding	\$ 13,321,844	
Less exempt debt	<u>11,112,379</u>	<u>2,209,465</u>
Legal debt margin		<u><u>\$ 32,112,068</u></u>

(1) 10 percent of \$343,215,330, which is the City's SEV for the fiscal year ended June 30, 2015. See "Property Valuations" herein.

(2) See "Statutory and Constitutional Debt Provisions" herein.

Source: Municipal Advisory Council of Michigan and the City of South Lyon

City of South Lyon, Michigan

Continuing Disclosure Undertaking (Continued) Fiscal Year July 1, 2014 - June 30, 2015

Debt Statement

The following table reflects a breakdown of the City's direct debt as of June 30, 2015.

To the extent necessary, the City may levy taxes on all taxable property within its boundaries without limitation as to rate or amount to pay the principal of and interest due on the bonds in the following table, which are designated as "UT." However, the City's ability to levy tax to pay the debt service on the bonds, which are designated as "LT," is subject to applicable charter, statutory, and constitutional limitations.

City Direct Debt	Gross	Self-supporting	Net
Building Authority Bonds:			
Dated March 27, 2003 (UT)	\$ 10,482,379	\$ 10,482,379	\$ -
Dated September 1, 2000 (UT)	130,000	130,000	-
Subtotal	10,612,379	10,612,379	-
Building Authority Bonds:			
Dated July 9, 2005 (LT)	125,000	125,000	-
Dated July 1, 1999 (LT)	375,000	375,000	-
Subtotal	500,000	500,000	-
Revenue Bonds - 2012 Drinking Water Revolving Fund	2,545,000	-	2,545,000
Total	\$ 13,657,379	\$ 11,112,379	\$ 2,545,000

Per capita net City direct debt (1) \$ 224.68
Percent of net direct debt to SEV (2) 0.74%

(1) Based on the City's 2010 census population of 11,327

(2) Based on \$343,215,330, which is the City's SEV for the fiscal year ended June 30, 2015. See "Property Valuations" herein.

City of South Lyon, Michigan

Continuing Disclosure Undertaking (Continued) Fiscal Year July 1, 2014 - June 30, 2015

Overlapping Debt (4)	Gross	City's Share as Percent of Gross	Net
South Lyon Schools	\$ 140,490,000	17.39%	\$ 24,431,211
Oakland County	426,396,226	0.63%	2,686,296
Oakland Intermediate School District	54,540,000	0.63%	343,602
Oakland Community College	2,355,000	0.63%	14,837
Salem-South Lyon District Library	200,000	48.90%	97,800
Total	<u>\$ 623,981,226</u>		<u>\$ 27,573,746</u>

Per capita net overlapping debt (1) \$ 2,434.34
 Percent of net overlapping debt to SEV (2) 8.03%

Per capita net direct and overlapping debt (2) \$ 2,659.02
 Percent of net direct and overlapping debt to SEV (3) 8.78%

(1) Based on the City's 2010 Census population of 11,327

(2) Based on \$343,215,330, which is the City's SEV for the fiscal year ended June 30, 2015. See "Property Valuations" herein.

(3) Overlapping debt is the portion of another taxing unit's debt for which property taxpayers of the City are liable in addition to debt issued by the City.

August 25, 2015

To the Members of the City Council
City of South Lyon
335 S. Warren
South Lyon, MI 48178

We have audited the financial statements of the City of South Lyon, Michigan (the "City") as of and for the year ended June 30, 2015 and have issued our report thereon dated August 25, 2015. 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 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 City Council of the City of South Lyon.

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 City in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational and/or administrative efficiency and effectiveness.

We would like to take this opportunity to thank the City's staff for the cooperation and courtesy extended to us during our audit. Their assistance and preparedness are very much appreciated.

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

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 earliest convenience.

Very truly yours,

Plante & Moran, PLLC



Douglas G. Bohrer



Keith Szymanski

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 13, 2015, 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 City of South Lyon. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on July 30, 2015.

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 City are described in Note 1 to the financial statements.

As described in Note 11, during the fiscal year ended June 30, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement now includes a liability for unfunded legacy costs on the government-wide statements and on the proprietary funds statements.

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

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements are the assumptions used by the City to estimate the unbilled water and sewer utility receivables, the various estimates utilized related to the City's use of the Michigan Municipal Employees' Retirement System (MERS) defined benefit pension plan, and the liability related to the other postemployment benefit obligation (OPEB) (i.e., retiree health care). For the utility billing, management's estimates and assumptions are based on actual previous utility billings for the geographic areas impacted by the estimates. For the pension, estimates and assumptions are determined by MERS and its actuary, based on the City's negotiations with its bargaining units and resolutions of the City Council. For retiree health care, the estimates and assumptions are based on actuarial techniques. We evaluated the key factors and assumptions used to develop the estimates and determined 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. Management has corrected all such misstatements.

Significant Findings or Issues

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 25, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Section II - Other Recommendations and Related Information

Year-end Entries - During the audit, we identified additional adjustments that were required to be made to the accounting records. All items identified were corrected in the accounting records and in the financial statements being presented to you. We recommend the City implement a review process involving a second reviewer for these year-end entries in order to reduce the risk that required entries are not properly identified.

Information Technology

- **Network Authentication Controls (Passwords)** - The City's IT network controls include the utilization of passwords; however, these controls do not include any requirements regarding minimum password length or complexity. Passwords do not expire after a certain length of time. The network does not "lock out" a user after multiple invalid logon attempts. Controls such as these are an important aspect of maintaining the network's security and integrity. We recommend implementing such controls for all employees with access to the City's network applications and modules.
- **Server Room** - The City's application servers are located in a room at City Hall. The servers are not stored in a locked room with access provided only to those that need access. We recommend securing the room to mitigate the risk of an unauthorized individual accessing the room.

Account Balance Reconciliations to Detail - The City's receivable and liability accounts are an accumulation of numerous transactions taking place over time. At any point in time, the City should be able to reconcile the current balance in a particular account to a list of parties owed money from the City or parties that owe money to the City. For most accounts, the City is able to perform this reconciliation; however, for two accounts - engineering fees receivable and customer deposits payable - these reconciliations have not been prepared. We recommend the City review the general ledger detail to complete reconciliations of these accounts and also consider whether additional action needs to be taken to either collect or pay the amounts at this time.

Sick/Vacation Time Bank - The City currently tracks employees sick and vacation time bank in Excel. It is up to the employees to fill out a time-off slip to send to the accountant, who tracks each individual's time-off bank. We noted there were certain times when a time-off slip was not always completed and submitted by the individual taking time off. We recommend the City implement a requirement for all employees to fill out a time-off slip, have it approved by their supervisor, and sent to the accountant.

Cash Drawer Reconciliation - The City handles numerous cash transactions throughout the day related to tax payments, water payments, and other fees. It was noted a daily cash drawer reconciliation, which is used to ensure all cash payments are properly accounted for, is not consistently performed at the end of the business day. It is recommended this process occur daily at the end of the day.

In addition, it was noted multiple people currently have access to the cash drawer and no unique sign-in is required to identify who is using the drawer. It is recommended receipt of cash transactions be limited to certain individuals, preferably those who are bonded.

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 taxpayers with total personal property within a taxing unit valued at less than \$80,000 will be able to sign an affidavit exempting this personal property from taxation. This exemption began with the 2014 tax billings.
2. Personal property used in a manufacturing process that is purchased after December 31, 2012 will be exempt. This exemption will begin in the 2016 tax billings.

The legislation is generally intended to fully reimburse local units of government for revenue losses that result from this exempt 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; and
- 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.

There have been a number of refinements, changes, and clarifications made along the way.

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 non-federal 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 City has historically been below the current \$500,000 threshold. However, from time to time, depending upon the level of federal spending, the City 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, non-federal entities receiving federal funding must adhere to new rules related to administering federal awards. Most notably, these requirements may impact the City's procurement systems, including maintaining written conflict of interest policies and disclosures.

These revisions are clearly the most significant changes 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 is already upon us and the City will need to ensure that the implementation of the new regulations occurs in a timely and complete manner. Plante & Moran, PLLC has many experts in this area and we 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.

Based on this communication, the City will need a performance audit for its fiscal year ended June 30, 2017. These procedures will be focused on evaluating the procedures put in place by the City 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.