

# **Charter Township of West Bloomfield**

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**Financial Report  
with Supplemental Information  
December 31, 2012**

# Charter Township of West Bloomfield

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# **Charter Township of West Bloomfield**

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## Independent Auditor's Report

To the Township Board  
Charter Township of West Bloomfield

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate of all remaining fund information of the Charter Township of West Bloomfield as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise the Charter Township of West Bloomfield'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 an opinion 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate of all remaining fund information of the Charter Township of West Bloomfield as of December 31, 2012 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 Township Board  
Charter Township of West Bloomfield

### **Emphasis of Matter**

As discussed in Note 15 to the basic financial statements, in 2012, the Township adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, property tax revenue levied for the following year is reported as a deferred inflow of resources, rather than as a liability, and revenue that is not collected soon enough to be considered available in the governmental funds (such as special assessment receivables) is reported as deferred inflows; net assets are now reported as net position. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplemental Information*

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

#### *Other Information*

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

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Plante & Moran, PLLC*

May 28, 2013 except for Notes 2 and 3, which date  
is June 18, 2013

# **Charter Township of West Bloomfield**

## **Management's Discussion and Analysis**

The management's discussion and analysis of the Charter Township of West Bloomfield's (the "Township") financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2012. Please read this in conjunction with the Township's financial statements.

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

### **Governmental Activities**

The governmental activities represent all activities of the Township other than its Water and Sewer Fund (reported as business-type activities) and its fiduciary activities (funds held for the benefit of others, such as pension assets and retiree healthcare assets held for the payment of future employee benefits). The following table shows, in a condensed format, the net position of the governmental activities as of December 31, 2012, and changes in net position, compared to the prior two years:

# Charter Township of West Bloomfield

## Management's Discussion and Analysis (Continued)

	2010	2011	2012	Current Year	
				Change	Percent
<b>Assets</b>					
Capital assets	\$ 33,605,418	\$ 32,727,120	\$ 32,692,686	\$ (34,434)	(0.1)
Other assets	57,731,340	59,855,654	63,397,817	3,542,163	5.9
Total assets	91,336,758	92,582,774	96,090,503	3,507,729	3.8
<b>Liabilities</b>					
Long-term liabilities	21,768,172	20,053,061	17,558,159	(2,494,902)	(12.4)
Other liabilities	1,975,906	2,822,497	2,882,011	59,514	2.1
Total liabilities	47,053,208	53,418,908	50,309,361	(3,109,547)	(5.8)
<b>Deferred Inflows of Resources</b>	23,309,130	30,543,350	29,869,191	(674,159)	-
<b>Net Position</b>					
Net investment in capital assets	22,495,839	21,701,181	22,474,164	772,983	3.6
Restricted	13,287,099	9,732,887	9,111,172	(621,715)	(6.4)
Unrestricted	8,500,612	7,729,798	14,195,806	6,466,008	83.7
Total net position	<u>\$ 44,283,550</u>	<u>\$ 39,163,866</u>	<u>\$ 45,781,142</u>	<u>\$ 6,617,276</u>	16.9
<b>Change in Net Position</b>					
Revenue:					
Program revenue:					
Charges for services	\$ 5,909,689	\$ 5,877,900	\$ 6,133,568	\$ 255,668	4.3
Operating grants and contributions	466,142	828,819	956,744	127,925	15.4
Capital grants and contributions	1,309,858	130,568	847,778	717,210	549.3
General revenue:					
Property taxes	26,368,584	22,344,042	30,207,569	7,863,527	35.2
State-shared revenue	4,164,386	4,558,569	4,716,930	158,361	3.5
Investment earnings	349,978	370,847	347,586	(23,261)	(6.3)
Franchise fees	1,675,393	1,742,810	1,842,436	99,626	5.7
Other miscellaneous income	616,209	479,588	757,428	277,840	57.9
(Loss) gain on sale of capital assets	(70,973)	8,035	352	(7,683)	(95.6)
Total revenue	40,789,266	36,341,178	45,810,391	9,469,213	26.1
Program expenses:					
General government	5,270,664	5,570,936	6,043,981	473,045	8.5
District Court	1,604,400	1,329,310	1,412,814	83,504	6.3
Public safety	29,664,188	29,672,799	28,685,653	(987,146)	(3.3)
Public works	631,824	2,506,249	744,507	(1,761,742)	(70.3)
Community and economic development	1,446,432	1,176,187	815,224	(360,963)	(30.7)
Recreation and culture	692,399	527,203	817,356	290,153	55.0
Interest on long-term debt	797,937	707,854	666,517	(41,337)	(5.8)
Total program expenses	40,107,844	41,490,538	39,186,052	(2,304,486)	(5.6)
<b>Excess of Revenue Over (Under) Expenses</b>	681,422	(5,149,360)	6,624,339	11,773,699	(228.6)
<b>Transfers</b>	(7,900)	29,676	(7,063)	(36,739)	(123.8)
<b>Change in Net Position</b>	<u>\$ 673,522</u>	<u>\$ (5,119,684)</u>	<u>\$ 6,617,276</u>	<u>\$ 11,736,960</u>	(229.3)

# **Charter Township of West Bloomfield**

## **Management's Discussion and Analysis (Continued)**

The Township's governmental net position increased approximately \$6,617,000 from a year ago - from \$39.2 million to \$45.8 million. This is primarily the result of the new 2.85 mill public safety levy, which generated \$8.9 million in tax revenue. The current level of unrestricted net position for our governmental activities stands at approximately \$14.0 million, or approximately 37 percent of general revenue (excluding any extraordinary items).

Total property tax revenue increased \$7.9 million in 2012, which results from two factors: a voter approved levy of 2.85 mills for public safety generated \$8.9 million, but a continued decrease in property values of 7 percent in 2011 reduced the revenue by \$1 million. Property values at the end of 2012, for the 2013 assessment roll, increased 0.43 percent. Revenue projections for future years range between 0.5 percent to 1.0 percent. While home values are increasing at a higher rate, the State has passed legislation exempting certain personal property from taxation and certain transfers of ownership from uncappings. The net effect of these new tax exemptions, along with anticipated property value growth, provides the basis of the conservative, but realistic, financial revenue estimates of 0.5 percent and 1.0 percent.

Total expenses decreased by \$2.3 million in 2012, primarily as a result of continued cost cuttings that are intended to contain long run expenses within the long run expected revenue sources. In addition, the 2011 public works expense included a \$1.1 million write-off of previously capitalized lake project costs that were evaluated as impaired.

The financial projections have been recently utilized to update the 10-year financial projection model. One of the reasons for updating the model is to assist with collective bargaining discussions with seven unions, as all of their contracts will be expiring on December 31, 2013.

### **Fund Balance**

The total fund balance for 2012 increased by \$5.2 million. The fund balance for the General Fund increased by \$4.5 million; the fund balance for the Public Safety Fund increased by \$77,000, and the nonmajor funds increased by \$680,000. On March 18, 2013, the board of trustees committed \$7.13 million of the General Fund fund balance as of December 31, 2012 for future public safety operations.

### **Cost Containment Efforts**

Due to the updated financial projection model demonstrating an erosion of fund balance trending over a period of 10 years, the board is continually pursuing opportunities to reduce cost (i.e., benefit bonds) and prioritize expenditures.

Automation efforts of fully utilizing the BS&A software system have evolved into linking important data between departments to not only increase efficiency, but to generate revenue opportunities.

Numerous shared services agreements are being explored in order to expand service and reduce cost.

# **Charter Township of West Bloomfield**

## **Management's Discussion and Analysis (Continued)**

### **Standard & Poor's Bond Rating Evaluation, Benefit Bonds, and Pension Changes**

A Standard & Poor's bond rating call was conducted in 2012, resulting in an AA+ rating. This high bond rating was achieved through cost-cutting measures and by reducing the total number of employees through attrition due to efficiencies gained through restructuring, streamlining, and automation.

This rating makes the Township eligible to take advantage of new benefit bond legislation, Public Act 329, signed by the governor in October 2012. The legislation is aimed at bonding unfunded pension and other postemployment benefits (OPEB) liability for closed pension and retiree healthcare programs.

The bonded amount is based upon actuarial calculations of closed plans (in excess of \$20 million). As a result of the last round of contract negotiations, new hires in general township unions are not eligible for a defined benefit, thereby "closing" the program. The Township is pursuing benefit bonds to potentially earn a higher rate of return over an extraordinarily low interest rate environment.

In 2013, the board of trustees approved a request for proposal to review the third-party providers for the 401(a) multivestor deferred contribution plan and 457(b) deferred compensation plan and a request for proposal for a consultant for these two plans. On March 18, 2013, the board of trustees adopted ordinance C-773 amending Chapter 2, Article IV, Division 1, Section 2-127 to authorize the pension board to administer the 457(b) deferred compensation plan that employees have the option to invest in as part of their benefit package. The third-party review and consultant search resulted in the pension board selection of ICMA for the third-party provider and the consultant search is underway.

# Charter Township of West Bloomfield

## Management's Discussion and Analysis (Continued)

### Business-type Activities

The Township's business-type activities consist of the Water and Sewer Fund. The following table shows, in a condensed format, the net position of the business-type activities as of December 31, 2012 and changes in net position compared to the prior two years:

	2010	2011	2012	Current Year	
				Change	Percent
<b>Assets</b>					
Capital assets	\$ 114,921,416	\$ 115,065,684	\$ 112,965,589	\$ (2,100,095)	(1.8)
Other assets	<u>23,436,178</u>	<u>25,051,658</u>	<u>28,064,593</u>	<u>3,012,935</u>	12.0
Total assets	138,357,594	140,117,342	141,030,182	912,840	0.7
<b>Liabilities</b>					
Long-term liabilities	11,089,032	12,568,117	12,647,826	79,709	0.6
Other liabilities	<u>3,639,022</u>	<u>3,879,122</u>	<u>4,414,999</u>	<u>535,877</u>	13.8
Total liabilities	<u>14,728,054</u>	<u>16,447,239</u>	<u>17,062,825</u>	<u>615,586</u>	3.7
<b>Net Position</b>					
Net investment in capital assets	104,007,159	102,661,734	100,478,532	(2,183,202)	(2.1)
Restricted	5,151,580	5,676,016	5,991,966	315,950	5.6
Unrestricted	<u>14,470,801</u>	<u>15,332,353</u>	<u>17,496,859</u>	<u>2,164,506</u>	14.1
Total net position	<u>\$ 123,629,540</u>	<u>\$ 123,670,103</u>	<u>\$ 123,967,357</u>	<u>\$ 297,254</u>	0.2
<b>Changes in Net Position</b>					
Charges for services	\$ 21,013,659	\$ 20,971,521	\$ 23,847,772	\$ 2,876,251	13.7
Operating expenses exclusive of depreciation	17,753,503	19,030,172	20,911,604	1,881,432	9.9
Depreciation	<u>2,366,689</u>	<u>2,396,222</u>	<u>2,446,516</u>	<u>50,294</u>	2.1
<b>Operating Income (Loss)</b>	893,467	(454,873)	489,652	944,525	(207.6)
<b>Nonoperating Expense</b>	(46,718)	(57,533)	(350,249)	(292,716)	508.8
<b>Capital Contributions</b>	3,541,425	582,645	154,988	(427,657)	(73.4)
<b>Transfers</b>	<u>7,900</u>	<u>(29,676)</u>	<u>2,863</u>	<u>32,539</u>	(109.6)
<b>Change in Net Position</b>	<u>\$ 4,396,074</u>	<u>\$ 40,563</u>	<u>\$ 297,254</u>	<u>\$ 256,691</u>	632.8

Business-type net position (the Water and Sewer Fund) increased \$297,000 from the prior year. The actual water and sewer rates are addressed in the section titled *Other Economic Factors and Future Rates*.

# **Charter Township of West Bloomfield**

## **Management's Discussion and Analysis (Continued)**

The Township continues to invest in needed improvements to the long-term infrastructure of the water and sewer department. On May 20, 2013, the board of trustees approved the inter-municipal agreement for \$2 million of sanitary disposal system improvements in the Clinton-Oakland District. A board-approved Water and Sewer Committee recommended that the Oakland County Water Resources Commission utilize reserve funds for the project. The WRC agreed to the request, and will be contributing \$1 million of reserves to the improvement project. The Oakland County Water Resources Commission has also issued inter-municipal contracts for sanitary disposal system improvements in the Evergreen-Farmington District, and differences in the Township's own meter flow analysis report are being considered by the county to reduce the initial financial obligation for the Township of \$24 million.

### **Township Funds**

The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2012 include the General Fund and the Public Safety Fund.

The General Fund pays for most of the Township's governmental services. The most significant are general government and the District Court. In previous years, the activity of the police and fire departments was recorded between both the General Fund and the Public Safety Fund. In an effort to more accurately depict the activity for public safety, all activity is now recorded exclusively in the Public Safety Fund.

The General Fund is supported by state-shared revenue and general property tax revenue. The Public Safety Fund is supported by a combination of the special-voted millage for police and fire services as well as the Township's general operating millage.

### **General Fund Budgetary Highlights**

On May 21, 2013, the board of trustees approved filling a vacancy for a full-time budget and pension manager. This position will be responsible for 38 fund budgets and approximately \$84 million of revenue and \$81 million in expenditures as of December 31, 2012. The job description of the budget director has been modified to add pension administration responsibilities. The new position also includes responsibility of quarterly financial updates to the Township board of trustees.

# **Charter Township of West Bloomfield**

## **Management's Discussion and Analysis (Continued)**

### **Capital Asset and Debt Administration**

At the end of 2012, the Township had approximately \$146 million invested in a broad range of capital assets, including buildings, bike paths, police and fire equipment, and water and sewer lines. In 2012 and 2013, the Township's significant projects include the completion of the Jamian Drain restoration project, construction of four additional safety paths, design and construction of the civic center construction project, the widening of 14 Mile Road between Country Way and Haggerty Road, the widening of Haggerty Road between Pontiac Trail and Richardson Road, and the construction of the Nash Acres roadway improvement project. On April 22, 2013, the board of trustees adopted a Special Assessment District policy. This provides a mechanism for the Township to fund projects economically. Specifically, completed private road funding projects in subdivisions translate to maintaining or increasing property values. On May 20, 2013, the board of trustees approved a contract agreement with the Road Commission of Oakland County for the widening and reconstruction of Orchard Lake Road between 14 Mile Road and Maple Road. The Township plans to fund the project through the sale of bonds. In addition, the board of trustees has approved the Township's obligation for the cost of the 14 Mile Road and Orchard Lake Road roundabout. The debt service for these obligations is included in the 10-year financial projection model. A complementary engineering walkaround study was conducted by Johnson and Anderson for the purpose of updating the financial projection model and it identified the following total costs by building location and department: (1) police: \$353,200, (2) fire station #1: \$35,000, (3) fire station #2: \$51,250, (4) fire station #3: \$59,600, (5) fire station #4: \$311,400, (6) fire station #5: \$45,400, (7) fire station #9: \$271,000, (8) town hall: \$1.7 million, and (9) water and sewer: \$4.8 million (includes infrastructure improvements).

### **Other Economic Factors and Future Rates**

The Township's 2013 fiscal year budget calls for a continued general hiring freeze, requiring board approval for new hires.

Each year, water and sewer rate increases are established by the Detroit Water and Sewer Department (DWSD) and the Oakland County Water Resources Commission (OCWRC). In 2013, the Township expects to issue no rate increases for water (attributable to aggressive marketing strategies to shift peak usage hours and to reduce water loss), but will issue a minor rate increase for sewer customers.

### **Grounds and Maintenance Projects and Energy Efficiency**

In 2011, the Township received and spent \$571,000 of energy efficiency block grant dollars to install high efficiency boiler systems, electronic control systems, furnace replacements, radiant heat fixtures, fluorescent lighting systems, occupancy sensors, window tinting, caulking, and weather stripping. These upgrades have resulted in the quantifiable improvement of utility bills as follows: a 24 percent decrease for town hall, a 38 percent decrease for the police department, a 25 percent decrease for the fire department, and a 30 percent decrease for the water and sewer facility. These improvements will continue to benefit the Township for years to come.

# **Charter Township of West Bloomfield**

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## **Management's Discussion and Analysis (Continued)**

### **Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to demonstrate accountability for the money it receives. Feel free to direct any questions about this report to the Township supervisor, Michele Economou Ureste, at (248)-451-4813.

# Charter Township of West Bloomfield

## Statement of Net Position December 31, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments (Note 3)	\$ 39,098,603	\$ 16,649,933	\$ 55,748,536
Receivables:			
Property taxes receivable	14,218,157	-	14,218,157
Customer receivables	-	5,116,354	5,116,354
Other receivables	1,754,952	24,532	1,779,484
Due from other governmental units	1,102,565	92,703	1,195,268
Lease receivable	4,415,000	-	4,415,000
Special assessments receivable	820,527	-	820,527
Internal balances	25,346	(25,346)	-
Prepaid expenses and other assets	465,460	41,194	506,654
Restricted assets (Note 8)	304,793	5,961,571	6,266,364
Capital assets:			
Assets not subject to depreciation (Note 5)	4,007,077	1,757,859	5,764,936
Assets subject to depreciation (Note 5)	28,685,609	111,207,730	139,893,339
Inventory	-	190,759	190,759
Net pension asset	1,192,414	12,893	1,205,307
<b>Total assets</b>	<b>96,090,503</b>	<b>141,030,182</b>	<b>237,120,685</b>
<b>Liabilities</b>			
Accounts payable	942,260	4,240,364	5,182,624
Due to other governmental units	21,762	-	21,762
Accrued liabilities and other	1,917,989	169,343	2,087,332
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 7)	158,972	12,939	171,911
Current portion of long-term debt (Note 7)	1,370,816	618,457	1,989,273
Due in more than one year:			
Compensated absences (Note 7)	1,589,324	147,830	1,737,154
Provision for claims	789,632	-	789,632
Net OPEB obligation (Note 12)	126,133	5,292	131,425
Long-term debt (Note 7)	13,523,282	11,868,600	25,391,882
<b>Total liabilities</b>	<b>20,440,170</b>	<b>17,062,825</b>	<b>37,502,995</b>
<b>Deferred Inflows of Resources - Property taxes levied for 2013</b>	<b>29,869,191</b>	<b>-</b>	<b>29,869,191</b>
<b>Net Position</b>			
Net investment in capital assets	22,474,164	100,478,532	122,952,696
Restricted for:			
Public safety	949,118	-	949,118
Drug enforcement	1,386,382	-	1,386,382
Drains at large	230,513	-	230,513
Special assessments	722,186	-	722,186
Safety path	4,123,550	-	4,123,550
Benevolent uses	-	8,927	8,927
Debt service and capital improvements	-	5,970,146	5,970,146
Cable	507,009	-	507,009
Pensions	1,192,414	12,893	1,205,307
Unrestricted	14,195,806	17,496,859	31,692,665
<b>Total net position</b>	<b>\$ 45,781,142</b>	<b>\$ 123,967,357</b>	<b>\$ 169,748,499</b>

# Charter Township of West Bloomfield

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,043,981	\$ 346,036	\$ 294,912	\$ -
District court	1,412,814	1,373,642	-	-
Public safety	28,685,653	3,928,065	661,832	30,000
Public works	744,269	416,565	-	817,540
Community and economic development	815,224	69,260	-	-
Recreation and culture	817,356	-	-	-
Interest on long-term debt	666,517	-	-	-
Total governmental activities	39,185,814	6,133,568	956,744	847,540
Business-type activities - Water and sewer	23,896,432	23,847,772	-	154,988
Total primary government	<u>\$ 63,082,246</u>	<u>\$ 29,981,340</u>	<u>\$ 956,744</u>	<u>\$ 1,002,528</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
<b>Transfers</b>				
<b>Change in Net Position</b>				
<b>Net Position - Beginning of year</b>				
<b>Net Position - End of year</b>				

**Statement of Activities**  
**Year Ended December 31, 2012**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (5,403,033)	\$ -	\$ (5,403,033)
(39,172)	-	(39,172)
(24,065,756)	-	(24,065,756)
489,836	-	489,836
(745,964)	-	(745,964)
(817,356)	-	(817,356)
(666,517)	-	(666,517)
(31,247,962)	-	(31,247,962)
-	106,328	106,328
(31,247,962)	106,328	(31,141,634)
30,206,100	-	30,206,100
4,716,930	-	4,716,930
347,586	183,863	531,449
1,842,436	-	1,842,436
758,897	-	758,897
352	-	352
37,872,301	183,863	38,056,164
(7,063)	7,063	-
6,617,276	297,254	6,914,530
39,163,866	123,670,103	162,833,969
<b><u>\$ 45,781,142</u></b>	<b><u>\$ 123,967,357</u></b>	<b><u>\$ 169,748,499</u></b>

# Charter Township of West Bloomfield

## Governmental Funds Balance Sheet December 31, 2012

	General Fund	Public Safety Fund	Nonmajor Funds	Total
<b>Assets</b>				
Cash and investments (Note 3)	\$ 17,201,792	\$ 11,211,968	\$ 10,684,843	\$ 39,098,603
Receivables:				
Property taxes receivable	4,879,754	8,852,209	486,194	14,218,157
Special assessments receivable	-	-	820,527	820,527
Other receivables	792,388	744,279	185,897	1,722,564
Due from other governmental units	914,365	131,099	57,101	1,102,565
Due from other funds (Note 6)	594,118	-	804	594,922
Prepaid expenses and other assets	177,851	287,571	38	465,460
Restricted assets	-	-	260,576	260,576
<b>Total assets</b>	<b>\$24,560,268</b>	<b>\$21,227,126</b>	<b>\$12,495,980</b>	<b>\$58,283,374</b>
<b>Liabilities</b>				
Accounts payable	\$ 146,204	\$ 348,421	\$ 447,635	\$ 942,260
Due to other governmental units	21,762	-	-	21,762
Due to other funds	-	561,710	7,866	569,576
Accrued liabilities and other	471,059	1,291,901	11,211	1,774,171
<b>Total liabilities</b>	<b>639,025</b>	<b>2,202,032</b>	<b>466,712</b>	<b>3,307,769</b>
<b>Deferred Inflows of Resources</b> (Note 4)	<b>11,365,887</b>	<b>18,728,295</b>	<b>1,808,594</b>	<b>31,902,776</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>12,004,912</b>	<b>20,930,327</b>	<b>2,275,306</b>	<b>35,210,545</b>
<b>Fund Balances</b>				
Nonspendable - Prepaids	177,851	287,571	38	465,460
Restricted:				
Public safety	-	9,228	939,890	949,118
Debt service	-	-	577,672	577,672
Safety paths	-	-	4,384,126	4,384,126
Capital projects	-	-	111,243	111,243
PEG channel	-	-	507,009	507,009
Drug enforcement	-	-	1,386,382	1,386,382
Special assessment	-	-	3,671	3,671
Assigned:				
Capital projects	-	-	2,310,643	2,310,643
Future transfers to public safety	7,133,000	-	-	7,133,000
Unassigned	5,244,505	-	-	5,244,505
<b>Total fund balances</b>	<b>12,555,356</b>	<b>296,799</b>	<b>10,220,674</b>	<b>23,072,829</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$24,560,268</b>	<b>\$21,227,126</b>	<b>\$12,495,980</b>	<b>\$58,283,374</b>

# Charter Township of West Bloomfield

## Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2012

<b>Fund Balance Reported in Governmental Funds</b>	\$ 23,072,829
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	32,692,686
Assets held by other governments are not financial resources and are not reported in the funds	104,770
Leases receivable are expected to be collected over several years and are not available to pay for current year expenditures	4,415,000
Special assessment receivables are expected to be collected over several years and are not available to pay for current expenditures	2,033,585
The net pension assets are not a financial resource and are recorded only at the government-wide level	1,192,414
The other postemployment benefit liability is not due and payable in the current period and is not reported in the funds	(126,133)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(14,894,098)
Accrued interest is not due and payable in the current period and is not reported in the funds	(171,983)
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	(1,748,296)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(789,632)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 45,781,142</u></b>

# Charter Township of West Bloomfield

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2012

	General Fund	Public Safety Fund	Nonmajor Funds	Total
<b>Revenue</b>				
Property taxes	\$ 10,381,089	\$ 18,701,522	\$ 1,123,489	\$ 30,206,100
Licenses and permits	1,585,672	33,810	-	1,619,482
Federal grants	-	42,647	617,600	660,247
State-shared revenue and grants	4,712,487	-	94,948	4,807,435
Charges for services	486,181	2,242,310	-	2,728,491
Fines and forfeitures	1,244,762	22,812	-	1,267,574
Investment income	205,696	58,454	83,436	347,586
Rental income	286,038	-	-	286,038
Other revenue	1,507,656	283,016	2,903,485	4,694,157
Total revenue	<u>20,409,581</u>	<u>21,384,571</u>	<u>4,822,958</u>	<u>46,617,110</u>
<b>Expenditures</b>				
Current:				
General government	5,218,077	-	-	5,218,077
District court	1,402,142	-	-	1,402,142
Public safety	1,278,148	26,706,467	376,038	28,360,653
Public works	137,929	-	1,052,201	1,190,130
Community and economic development	865,145	-	-	865,145
Recreation and culture	-	-	1,470,285	1,470,285
Debt service	8,342	255,426	2,623,261	2,887,029
Total expenditures	<u>8,909,783</u>	<u>26,961,893</u>	<u>5,521,785</u>	<u>41,393,461</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	11,499,798	(5,577,322)	(698,827)	5,223,649
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	1,300	3,562	5,701	10,563
Transfers in	38,851	5,950,819	1,412,437	7,402,107
Transfers out	(7,070,319)	(300,000)	(38,851)	(7,409,170)
Total other financing (uses) sources	<u>(7,030,168)</u>	<u>5,654,381</u>	<u>1,379,287</u>	<u>3,500</u>
<b>Net Change in Fund Balances</b>	4,469,630	77,059	680,460	5,227,149
<b>Fund Balances - Beginning of year</b>	<u>8,085,726</u>	<u>219,740</u>	<u>9,540,214</u>	<u>17,845,680</u>
<b>Fund Balances - End of year</b>	<u>\$ 12,555,356</u>	<u>\$ 296,799</u>	<u>\$ 10,220,674</u>	<u>\$ 23,072,829</u>

# Charter Township of West Bloomfield

## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2012**

**Net Change in Fund Balances - Total Governmental Funds** \$ 5,227,149

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/loss on disposal	2,133,099
Depreciation expense	(2,035,569)

Revenue is recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 45 days of year end	245,294
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Special assessment revenue is recorded in the statement of activities when the assessment is set; it is not reported in the funds until collected or collectible within 45 days of year end	(46,046)
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,200,866
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Change in accrued interest payable and other	(43,439)
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Employee sick and vacation pay is recorded in the statement of activities when earned, rather than when used	(50,496)
--	----------

Collection of building authority lease receivable is considered a revenue of the governmental fund, but not at the government-wide level	(1,190,000)
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Change in general liability claims	268,937
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Change in net pension and other postemployment benefit assets/liabilities	<u>(92,519)</u>
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**Change in Net Position of Governmental Activities** **\$ 6,617,276**

# Charter Township of West Bloomfield

## Proprietary Fund Statement of Net Position December 31, 2012

	Enterprise Fund - Water and Sewer Fund
<b>Assets</b>	
Current assets:	
Cash and cash equivalents (Note 3)	\$ 16,649,933
Receivables	5,233,589
Prepaid expenses and other assets	41,194
Total current assets	<u>21,924,716</u>
Noncurrent assets:	
Restricted assets (Note 8)	5,961,571
Capital assets	112,965,589
Inventory	190,759
Net pension asset	12,893
Total noncurrent assets	<u>119,130,812</u>
Total assets	<u>141,055,528</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable	4,240,364
Due to other funds	25,346
Accrued liabilities and other	169,343
Compensated absences (Note 7)	12,939
Current portion of long-term debt	618,457
Total current liabilities	<u>5,066,449</u>
Noncurrent liabilities:	
Compensated absences (Note 7)	147,830
Net OPEB obligation	5,292
Long-term debt (Note 7)	11,868,600
Total noncurrent liabilities	<u>12,021,722</u>
Total liabilities	<u>17,088,171</u>
<b>Net Position</b>	
Net investment in capital assets	100,478,532
Restricted:	
Debt service and capital improvement (Note 8)	5,961,571
Benevolent uses	8,927
Pension	12,893
Unrestricted	17,505,434
Total net position	<u><u>\$ 123,967,357</u></u>

# Charter Township of West Bloomfield

## Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2012

	Enterprise Fund - Water and Sewer Fund
<b>Operating Revenue</b>	
Sale of water	\$ 12,774,878
Sewage disposal charges	10,539,654
Interest and penalty charges	433,206
Installation fees	42,339
Other charges for services	57,695
Total operating revenue	<u>23,847,772</u>
<b>Operating Expenses</b>	
Cost of water	9,621,936
Cost of sewage treatment	6,012,395
Distribution and collection	4,141,554
Billing and administrative costs	402,279
Municipal service charges	737,640
Depreciation	2,446,516
Total operating expenses	<u>23,362,320</u>
<b>Operating Income</b>	485,452
<b>Nonoperating Revenue (Expenses)</b>	
Investment income	183,863
Interest expense	(291,579)
Other nonoperating expenses	(242,533)
Total nonoperating expenses	<u>(350,249)</u>
<b>Income - Before contributions</b>	135,203
<b>Capital Contributions</b>	
Return of federal grants	(314,963)
Special assessments	400,290
Donated by developers	69,661
Total capital contributions	<u>154,988</u>
<b>Transfers In</b>	<u>7,063</u>
<b>Change in Net Position</b>	297,254
<b>Net Position - Beginning of year</b>	<u>123,670,103</u>
<b>Net Position - End of year</b>	<u><u>\$ 123,967,357</u></u>

# Charter Township of West Bloomfield

## Proprietary Fund Statement of Cash Flows Year Ended December 31, 2012

	Enterprise Fund - Water and Sewer Fund
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 23,416,907
Payments to suppliers	(15,507,888)
Payments to employees	(4,898,984)
Other receipts	82,537
	<hr/>
Net cash provided by operating activities	3,092,572
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers from other funds	(4,190)
Repayments of loans made to other funds	200,000
	<hr/>
Net cash provided by noncapital financing activities	195,810
<b>Cash Flows from Capital and Related Financing Activities</b>	
Repayment of capital grants	(314,963)
Special assessment collections	400,290
Benefit fees	28,111
Purchase of capital assets	(659,582)
Principal and interest paid on capital debt	(901,558)
Proceeds from debt	700,939
	<hr/>
Net cash used in capital and related financing activities	(746,763)
<b>Cash Flows from Investing Activities</b> - Interest received on investments	<hr/> 175,920
<b>Net Increase in Cash and Cash Equivalents</b>	2,717,539
<b>Cash and Cash Equivalents</b> - Beginning of year	<hr/> 19,410,013
<b>Cash and Cash Equivalents</b> - End of year	<b><u>\$ 22,127,552</u></b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>	
Cash and investments	\$ 16,649,933
Restricted cash	5,477,619
	<hr/>
Total cash and cash equivalents	<b><u>\$ 22,127,552</u></b>

# Charter Township of West Bloomfield

## Proprietary Fund Statement of Cash Flows (Continued) Year Ended December 31, 2012

	Enterprise Fund - Water and Sewer Fund
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>	
Operating income	\$ 485,452
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	2,446,516
Changes in assets and liabilities:	
Receivables	(348,328)
Inventories	(7,470)
Prepaid and other assets	(8,394)
Accounts payable	518,140
Accrued and other liabilities	6,656
Net cash provided by operating activities	<u><u>\$ 3,092,572</u></u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended December 31, 2012, the Water and Sewer Fund received \$69,661 of meters and water and sewer lines donated by developers.

# Charter Township of West Bloomfield

## Fiduciary Funds Statement of Fiduciary Net Position December 31, 2012

	Pension and Other Employee Benefits Trust Fund	Agency Funds
<b>Assets</b>		
Investments:		
Cash equivalents	\$ 369,948	\$ 8,262,731
Fixed income	47,692,238	-
Mutual funds	57,753,358	-
Real estate	3,986,309	-
Other investments	15,421,919	-
Due from primary government	500	-
Prepaid expenses and other assets	125,460	-
Total assets	125,349,732	\$ 8,262,731
<b>Liabilities</b>		
Accounts payable	118,787	\$ -
Due to other governmental units	-	7,173,428
Due to primary government	186,817	-
Refundable deposits, bonds, etc.	-	1,032,896
Accrued liabilities and other	138,909	56,407
Total liabilities	444,513	\$ 8,262,731
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 124,905,219</b>	

# Charter Township of West Bloomfield

## Fiduciary Funds

### Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Trust Fund Year Ended December 31, 2012

	Pension and Other Employee Benefits Trust Fund
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 3,365,994
Net increase in fair value of investments	9,967,514
Investment-related expenses	<u>(480,294)</u>
Net investment income	12,853,214
Contributions:	
Employer	8,632,123
Employee	<u>760,096</u>
Total contributions	<u>9,392,219</u>
Total additions	22,245,433
<b>Deductions</b>	
Benefit payments	6,351,480
Administrative expenses	<u>130,633</u>
Total deductions	<u>6,482,113</u>
<b>Net Increase in Net Position Held in Trust</b>	15,763,320
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	<u>109,141,899</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u><u>\$ 124,905,219</u></u>

# Charter Township of West Bloomfield

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## Notes to Financial Statements December 31, 2012

### Note I - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of West Bloomfield (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of West Bloomfield:

#### **Reporting Entity**

The Charter Township of West Bloomfield is governed by an elected seven-member board of trustees. The accompanying financial statements present the Township and its blended component unit, an entity for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations.

**Blended Component Units** - The Building Authority is governed by a board that is appointed by the Township. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

**Jointly Governed Organization** - The Township is a participant with Bloomfield Township, the City of Birmingham, and the City of Bloomfield Hills in the operations of the 48th District Court. The Township advances its allocated share of District Court expenditures and receives a share of the District Court revenue based on relative case load levels. The Township's share of District Court expenditures totaled \$1,402,142 for the year ended December 31, 2012, and its share of revenue totaled \$1,188,820. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete audited financial statements for the District Court can be obtained from the District Court's administrative offices at 4280 Telegraph Road in Bloomfield Township.

#### **Government-wide and Fund Financial Statements**

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 units. For the most part, the effect of interfund activity has been removed from these financial statements. Governmental activities, normally supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note I - Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenue to be available if it is collected within 45 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Public Safety Fund** - The Public Safety Fund accounts for police and fire activities, including the special millage.

# Charter Township of West Bloomfield

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## Notes to Financial Statements December 31, 2012

### Note I - Summary of Significant Accounting Policies (Continued)

The Township reports the following major proprietary fund:

**Water and Sewer Fund** - The Township reports a single enterprise fund, the Water and Sewer Fund. This fund accounts for the purchase of water from Detroit and its distribution to Township water users; it also accounts for the collection of sanitary sewage and its transportation to the Detroit treatment plant.

Additionally, the Township reports the following fund types:

**Pension and Other Employee Benefits Trust Fund** - The Pension and Other Employee Benefits Trust Fund accounts for the activities of the employees' retirement system, which accumulates resources for pension benefit payments to qualified police, fire, and general office employees and the Postretirement Health Care Plan, which accumulates resources to fund the Township's obligation to provide healthcare benefits to retirees.

**Agency Funds** - The agency funds account for assets held by the Township in a trustee capacity. This includes primarily tax collections on behalf of the other governmental taxing units (county, schools, etc.), developer bonds and deposits, and amounts held for the Parks and Recreation Commission. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

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

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township's policy is to first apply restricted resources. When an expense is incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used, it is the Township's policy to spend funds in this order: committed, assigned, and unassigned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note I - Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. The Water and Sewer Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

#### **Property Tax Revenue**

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Township's 2012 tax is levied and collectible on December 1, 2011 and is recognized as revenue in the year ended December 31, 2012, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2011 taxable valuation of the Township totaled \$3.2 billion, on which taxes levied consisted of 3.3056 mills for operating purposes, 5.9878 mills for police and fire services, 0.1613 mills for drains, and .1982 mills for the safety path. This resulted in \$10.3 million for operating, \$18.7 million for police and fire services, \$503,000 for drains, and \$621,000 for the safety path. These amounts are recognized in the respective General Fund and Special Revenue Fund financial statements as tax revenue.

#### **Assets, Liabilities, and Net Position or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Investment income from pooled investments is generally allocated to each fund using a weighted average method.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

# Charter Township of West Bloomfield

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## Notes to Financial Statements December 31, 2012

### Note I - Summary of Significant Accounting Policies (Continued)

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

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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. The Township has two transactions that are reported as deferred inflows: property taxes levied for the following year, and revenue that is not collected within 45 days of the end of the year, and therefore is not available under the governmental fund basis of accounting. Most of the unavailable revenue relates to special assessment receivables, which are generally collected over a 10-year period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Restricted Assets** - Customer assessments (connection fees, transmission, and capital charges) collected by the Water and Sewer Fund have been restricted for future debt service payments and capital costs, in accordance with Township ordinance. In addition, assets held at Oakland County are legally restricted for payment of debt and additional capital projects.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$4,000 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.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note I - Summary of Significant Accounting Policies (Continued)

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

Water and sewer distribution systems	25 to 75 years
Buildings and building improvements	40 to 50 years
Land improvements	20 to 25 years
Bike path	20 to 25 years
Vehicles	3 to 5 years
Office furnishings	20 to 25 years
Other tools and equipment	5 to 7 years

**Compensated Absences (Vacation and Sick Leave)** - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability is calculated for a portion of the unused sick and vacation balances, not to exceed specific policy limits. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Pension and Other Postemployment Benefit Costs** - The Township offers both pension and retiree healthcare benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township 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.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 1 - Summary of Significant Accounting Policies (Continued)

**Fund Equity** - In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable:** Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted:** Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed:** Amounts that have been formally set aside by the Township board of trustees for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Township board.
- **Assigned:** Intention to spend resources on specific purposes expressed by the Township board through its budgeting process or other actions
- **Unassigned:** Amounts remaining after all funds have been allocated to the appropriate fund balance components noted above

**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 Township 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 Township 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, 2012 is as follows:

Cumulative shortfall at January 1, 2012		\$	(4,036,564)
Current year permit revenue			1,584,703
Related expenses:			
Direct costs	\$	944,518	
Estimated indirect costs		544,207	1,488,725
		<u>          </u>	<u>          </u>
Current year shortfall			95,978
			<u>          </u>
Cumulative shortfall at December 31, 2012		\$	<u>(3,940,586)</u>

# Charter Township of West Bloomfield

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## Notes to Financial Statements December 31, 2012

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

**Noncompliance with Legal or Contractual Provisions** - Michigan Public Act 20 governs the type of investments that local units of government are authorized to invest in (as described in Note 3). Two investments in MBS REMIC securities did not comply with Public Act 20 at year end. Following year end, the Township board directed that these investments were sold.

As of December 31, 2012, the Township is in violation of its investment policy as the weighted average maturity of the portfolio exceeds one year and more than 10 percent of the portfolio is invested beyond 12 months.

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

The Township has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs. The Township's deposits and investment policies are in accordance with statutory authority.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 3 - Deposits and Investments (Continued)

Key components of the Township's investment policy include:

- \* No more than 10 percent of the portfolio may be invested beyond 12 months, except for monies in debt retirement not needed for current debt payments.
- \* The weighted average maturity of the portfolio shall never exceed one year.
- \* No more than 20 percent of the portfolio may be invested in each of the following categories of securities: commercial paper, bankers' acceptances, CDARS, and debt obligations which do not bear the full faith and credit of the United States government.
- \* No more than 50 percent of the total portfolio may be invested in the foregoing instruments at any time.
- \* No more than 10 percent of the overall portfolio may be invested in the securities of a single issuer, except for securities of the US Treasury.
- \* No more than 25 percent of the total portfolio may be deposited in any one bank.
- \* At least 10 percent of the portfolio shall be invested in overnight instruments or in marketable securities which can be sold to raise cash in one day's notice.

Subsequent to the end of the fiscal year, the Township amended the investment policy, including some of the key components listed above.

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

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk other than limiting the amount deposited per bank as noted previously. At year end, the Township had \$255,961 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The unlimited FDIC insurance program expired on December 31, 2012. Starting January 1, 2013, the Township's uninsured deposits increased to approximately \$5.1 million. The Township 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 Township 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.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 3 - Deposits and Investments (Continued)

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Township's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. The Township will minimize the risk that the market value of securities in the portfolio will fall due to the changes in general interest rates by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools
- Ensuring that no more than 10 percent of the portfolio may be invested beyond 12 months, except for monies in debt retirement not needed for current debt payments, and the weighted average maturity of the portfolio shall never exceed one year. Investment maturities shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures, as well as considering sizeable blocks of anticipated revenue.

Weighted averages of the Township, pension, and retiree healthcare investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Pension - Investment pools	\$ 32,827,618	6.73 years
RHC - Investment pools	15,249,124	6.11 years
Township - Investment pools	48,609,256	420 days
Township - U.S. Government Agency Securities	2,584,178	20.66 years
Township - Bonds	126,380	120 days

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 3 - Deposits and Investments (Continued)

**Credit Risk** - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Investment pools	\$ 58,994,605	NR	NR
U.S. agency obligations	133,965	AAA	Moody's
	50,447	AA+	S&P
	2,399,766	NR	NR
Municipal bonds	126,380	AA-	S&P
Pension - Investment pools	250,865	A1/P1/F1	Moody's
	12,037,386	AAA-BBB	S&P
	666,911	A-2/P-2	S&P
Pension - Corporate bond pools	7,990,005	AAA-BBB	S&P
	12,133,315	Aaa-Ba1	Moody's
Retiree health care - Investment pools	289,126	AAAm	S&P
	5,749,406	Aaa	Moody's
	95,337	A1/P1/F1	Moody's
Retiree health care - Corporate bonds	6,080,410	Aaa-Ba1	Moody's
	3,034,805	AAA-BBB	S&P

**Concentration of Credit Risk** - No more than 25 percent of the portfolio may be deposited in any one bank. The Township places no other limits on the amount it may invest in any one issuer. Approximately \$48,600,000 of the Township's investments are in Oakland County, Michigan's Local Government Investment Pool. These investments are approximately 79 percent of the Township's total investments.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 4 - Receivables and Deferred Inflows of Resources

Receivables as of year end for the Township's individual major funds and the nonmajor, Internal Service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Public Safety Fund	Nonmajor Funds	Total
Receivables:				
Property taxes receivable	\$ 4,879,754	\$ 8,852,209	\$ 486,194	\$ 14,218,157
Special assessments receivable	-	-	820,527	820,527
Other receivables	792,388	744,279	185,897	1,722,564
Due from other governmental units	914,365	131,099	57,101	1,102,565
Net receivables	<u>\$ 6,586,507</u>	<u>\$ 9,727,587</u>	<u>\$ 1,549,719</u>	<u>\$ 17,863,813</u>

Governmental funds report deferred inflows of resources in connection with receivables that are not collectible soon enough after the end of the year (45 days) that they are considered to be available to liquidate liabilities of the current period. In addition, property taxes that have been levied on December 1 to support the following year's budget are deferred and recognized in the following year (in both the government-wide and fund-based statements). At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	Governmental Funds		
	Unavailable	Subsequent Year Levy	Total
Property taxes levied for 2013 budget	\$ -	\$ 29,830,926	\$ 29,830,926
District court	300,000	-	300,000
Ambulance transport fees	167,000	-	167,000
State-shared revenue	814,829	-	814,829
Special assessments	751,756	38,265	790,021
Total	<u>\$ 2,033,585</u>	<u>\$ 29,869,191</u>	<u>\$ 31,902,776</u>

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 5 - Capital Assets

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

	Balance January 1, 2012	Reclassifications	Additions	Disposals	Balance December 31, 2012
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 1,945,329	\$ -	\$ 75,000	\$ -	\$ 2,020,329
Construction in progress	524,968	-	1,503,378	41,598	1,986,748
Subtotal	2,470,297	-	1,578,378	41,598	4,007,077
Capital assets being depreciated:					
Bike paths	16,819,848	-	151,400	-	16,971,248
Investment in county roads and drains	6,641,353	-	21,494	-	6,662,847
Buildings and improvements	14,305,252	-	4,876	-	14,310,128
Machinery and equipment	13,987,424	-	353,309	506,866	13,833,867
Land improvements	2,820,783	-	-	-	2,820,783
Subtotal	54,574,660	-	531,079	506,866	54,598,873
Accumulated depreciation:					
Bike paths	8,452,437	-	459,217	-	8,911,654
Investment in county roads and drains	679,130	-	224,666	-	903,796
Buildings and improvements	4,769,143	-	307,623	-	5,076,766
Machinery and equipment	9,025,691	-	941,905	440,146	9,527,450
Land improvements	1,391,438	-	102,160	-	1,493,598
Subtotal	24,317,839	-	2,035,571	440,146	25,913,264
Net capital assets being depreciated	30,256,821	-	(1,504,492)	66,720	28,685,609
Net capital assets	\$ 32,727,118	\$ -	\$ 73,886	\$ 108,318	\$ 32,692,686
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 624,406	\$ -	\$ -	\$ -	\$ 624,406
Construction in progress	6,991,771	(6,169,214)	310,896	-	1,133,453
Subtotal	7,616,177	(6,169,214)	310,896	-	1,757,859
Capital assets being depreciated:					
Water and sewer distribution systems	151,805,099	6,169,214	227,254	640,024	157,561,543
Buildings and improvements	1,716,486	-	-	-	1,716,486
Other tools and equipment	2,847,167	-	50,805	188,064	2,709,908
Other improvements	140,289	-	-	-	140,289
Subtotal	156,509,041	6,169,214	278,059	828,088	162,128,226
Accumulated depreciation:					
Water and sewer distribution systems	46,304,335	-	2,266,734	404,284	48,166,785
Buildings and improvements	888,109	-	44,690	-	932,799
Other tools and equipment	1,770,293	-	130,478	181,269	1,719,502
Other improvements	96,796	-	4,614	-	101,410
Subtotal	49,059,533	-	2,446,516	585,553	50,920,496
Net capital assets being depreciated	107,449,508	6,169,214	(2,168,457)	242,535	111,207,730
Net capital assets	\$ 115,065,685	\$ -	\$ (1,857,561)	\$ 242,535	\$ 112,965,589

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 5 - Capital Assets (Continued)

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

Governmental activities:

General government	\$	594,548
Public safety		977,479
Public works		417,720
Community and economic development		4,327
Recreation and culture		41,497
Total governmental activities	\$	<u>2,035,571</u>

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Public Safety Fund	\$ 560,906
	Water and Sewer Fund	25,346
	Nonmajor governmental funds	<u>7,866</u>
	Nonmajor governmental funds	594,118
Nonmajor governmental funds	Public Safety Fund	<u>804</u>
	Total interfund balances	<u>\$ 594,922</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

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

<u>Fund Providing Resources</u>	<u>Fund Receiving Resources</u>	<u>Amount</u>
General Fund	Public Safety Fund (1)	\$ 5,950,819
	Other nonmajor governmental funds (2)	1,112,437
	Water and Sewer Fund (2)	7,063
	Total General Fund	7,070,319
Other nonmajor governmental funds	General Fund (3)	38,851
Public Safety Fund	Other nonmajor governmental funds (2)	300,000
	Total	<u>\$ 7,409,170</u>

- (1) Transfer to subsidize public safety expenditures
- (2) Transfers were for capital improvements and benevolent fund uses
- (3) Transfers were to transfer remaining special assessment collections back to the General Fund

### Note 7 - Long-term Debt

The Township 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 Township. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a reassessment of the Township) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 7 - Long-term Debt (Continued)

Description	Amount
<b>Governmental Activities:</b>	
<u>General Obligations:</u>	
2008 Bike Path Improvement Bonds, with interest ranging from 3.25% to 4.0%, maturing in 2020	\$ 6,200,000
2008 Building Authority Bond for parks and recreation capital improvements with interest ranging from 3.5% to 5.0%, maturing in 2021	4,415,000
Subtotal	10,615,000
<u>Special Assessment Bonds:</u>	
2001 Special Assessment bonds for SAD #129, with interest of 5.1%, maturing in 2015	135,000
2008 Special Assessment Bonds for SAD #139 with interest ranging from 5.0% to 5.75%, maturing in 2017	345,000
Subtotal	480,000
<u>Jacobs Drain Bonds</u>	
2005 Jacobs Drain Bonds, series 2005A - General obligation limited tax bonds, with interest ranging from 3.75% to 4.40%, maturing in 2025	1,645,386
<u>Tenhill and Walbrook Drain Bonds</u>	
2006 Franklin Subwatershed Drain Drainage District Bonds, with interest ranging from 3.65% to 4.5%, maturing in 2026	479,842
2008 Franklin Subwatershed Drain Drainage District Bonds, with interest ranging from 6.0% to 7.0%, maturing in 2028	469,257
Subtotal	949,099
<u>Donahue Drain Bonds</u>	
2010 Donahue Drain Drainage District Bonds, with interest ranging from 2.0% to 4.4%, maturing in 2030	772,272
<u>Installment Purchase Agreements</u>	
2008 Master Lease Purchase Agreement, with interest ranging from 4.53% to 5.46%, maturing in 2015	432,341
Total governmental activity debt	<u>\$ 14,894,098</u>
<b>Business-type Activities:</b>	
<u>General Obligations:</u>	
2007 Segment I Drinking Water Revolving Fund - General Obligation limited tax, interest at 2.125%	\$ 681,670
2008 Segment II Drinking Water Revolving Fund - General Obligation limited tax, interest at 2.5% - Project 7218-I	6,679,959
2008 Segment II Drinking Water Revolving Fund - General Obligation limited tax, interest at 2.5% - Project 7254-I	638,224
2010 Water Supply Sewage Disposal State Revolving Fund - General Obligation limited tax, interest at 2.5% - Project 5409-I	3,748,610
Subtotal	11,748,463
<u>County Contractual Obligations:</u>	
Oakland-Macomb Interceptor Drain Bonds 2010A, State Revolving Fund, interest at 2.5% - Project #5358-01, maturing in 2031	444,602
Oakland-Macomb Interceptor Drain Bonds 2011, State Revolving Fund, interest at 2.5% - Project #5368-01, maturing in 2033	178,362
Oakland-Macomb Interceptor Drain Bonds 2010B, Economic Development Bonds, interest ranging from 1.45% to 5.90%, maturing in 2030	115,630
Subtotal	738,594
Total business-type activity debt	<u>\$ 12,487,057</u>

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 7 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Building Authority bonds	\$ 5,605,000	\$ -	\$ 1,190,000	\$ 4,415,000	\$ 400,000
Bike paths	6,700,000	-	500,000	6,200,000	540,000
Special assessment bonds	595,000	-	115,000	480,000	115,000
Drain District bonds	3,542,669	-	175,912	3,366,757	179,440
Installment purchase agreement	652,295	-	219,954	432,341	136,376
Total governmental activities	17,094,964	-	2,200,866	14,894,098	1,370,816
Accumulated compensated absences	1,697,800	109,352	58,856	1,748,296	158,972
Estimated self-insurance claims	1,058,569	360,881	629,818	789,632	-
Total governmental activities	\$ 19,851,333	\$ 470,233	\$ 2,889,540	\$ 17,432,026	\$ 1,529,788
<b>Business-type Activities</b>					
State of Michigan Drinking Water Revolving Fund Loan	\$ 8,409,852	\$ -	\$ 410,000	\$ 7,999,852	\$ 425,000
State of Michigan State Revolving Fund Loan	3,427,911	505,699	185,000	3,748,610	170,000
County contractual obligations	566,188	195,240	22,833	738,595	23,457
Total bonds payable	12,403,951	700,939	617,833	12,487,057	618,457
Accumulated compensated absences	164,167	-	3,398	160,769	12,939
Total business-type activities	\$ 12,568,118	\$ 700,939	\$ 621,231	\$ 12,647,826	\$ 631,396

Total interest expense for the year was approximately \$959,400. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 1,370,817	\$ 608,388	\$ 1,979,205	\$ 618,457	\$ 306,050	\$ 924,507
2014	1,456,941	554,036	2,010,977	656,690	292,137	948,827
2015	1,539,960	494,482	2,034,442	662,898	275,769	938,667
2016	1,445,961	429,320	1,875,281	684,199	259,160	943,359
2017	1,559,954	368,521	1,928,475	705,500	242,007	947,507
2018-2022	6,270,310	842,584	7,112,894	3,732,481	936,107	4,668,588
2023-2027	1,041,712	155,273	1,196,985	4,126,874	447,745	4,574,619
2028-2032	208,443	12,680	221,123	1,299,958	49,692	1,349,650
Total	\$ 14,894,098	\$ 3,465,284	\$ 18,359,382	\$ 12,487,057	\$ 2,808,667	\$ 15,295,724

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 8 - Restricted Assets

The Township's water and sewer ordinances require the proceeds from certain revenues to be segregated and used for specific purposes. Restricted assets are composed of the following:

	<u>Business-type Activities</u>
Cash and investments	\$ 5,477,619
Customer assessments receivable	415,698
Due from other governmental units	7,524
Assets held by Oakland County	<u>60,730</u>
Total restricted assets	<u>\$ 5,961,571</u>

These assets are restricted for the following purposes:

	<u>Business-type Activities</u>
Bond interest and redemption for capital improvements	\$ 5,900,841
Assets held at Oakland County	<u>60,730</u>
Total restricted assets	<u>\$ 5,961,571</u>

In addition, Oakland County, Michigan is holding \$165,500 on behalf of the Township to be used for drain improvements.

### Note 9 - Risk Management

The Township 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 Township has purchased commercial insurance for medical benefit claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, and errors and omissions, and the Michigan Municipal League risk pool for claims relating to employee injuries (workers' compensation). The Township is self-insured for medical benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 9 - Risk Management (Continued)

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

The Township estimates the liability for general claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	<u>2012</u>	<u>2011</u>
Unpaid claims - Beginning of year	\$ 1,058,569	\$ 816,355
Incurred claims, including claims incurred but not reported, and changes in estimates	360,881	999,004
Claim payments	<u>(629,818)</u>	<u>(756,790)</u>
Unpaid claims - End of year	<u>\$ 789,632</u>	<u>\$ 1,058,569</u>

### Note 10 - Defined Benefit Pension Plan

**Plan Description** - The Township contributes to a single-employer defined benefit pension plan that covers police, fire, the general office, water and sewer, and parks and recreation department employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The plan was closed to new employees, except for police and fire, hired after October 2003. At December 31, 2011, the date of the most recent actuarial valuation, membership consisted of 217 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 245 current active employees.

**Contributions** - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

**Funding Policy** - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units and requires a contribution from police and fire employees of 5.5 percent, from dispatch employees of 6 percent, and from all other employees of 1 percent. The funding policy provides for periodic employer contributions at actuarially determined rates.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 10 - Defined Benefit Pension Plan (Continued)

#### Annual Pension Cost and Net Pension Asset

Annual required contribution	\$ 4,626,265
Interest on net pension obligation (asset)	(91,747)
Adjustment to annual required contribution	<u>109,759</u>
Annual pension cost (APC)	4,644,277
Contributions made	<u>4,626,265</u>
Decrease in net pension asset	(18,012)
Net pension asset - Beginning of year	<u>1,223,319</u>
Net pension asset - End of year	<u>\$ 1,205,307</u>

**Annual Pension Cost** - For the year ended December 31, 2012, the Township's annual pension cost of \$4,644,277 for the plan was equal to 100 percent of the Township's required and actual contribution.

**Funding Status and Funding Progress** - As of December 31, 2011, the most recent actuarial valuation date, the plan was 73.1 percent funded. The actuarial accrued liability for benefits was \$117,701,688 and the actuarial value of assets was \$86,017,804, resulting in an unfunded actuarial accrued liability of \$31,683,884. The covered payroll (annual payroll for active employees covered by the plan) was \$17,578,321 and the ratio for the unfunded actuarial accrued liability to the covered payroll was 180.2 percent.

The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at December 31, 2010, using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 4.0 percent per year, and (c) 3 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 19 years.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 11 - Defined Contribution Pension Plan

The Township provides additional pension benefits to most employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by Township board resolution and collective bargaining, for general office, general office supervisory, water and sewer employees, department heads, deputies, and elected officials hired after October 10, 2003, the Township contributes 8 percent to 12 percent of employees' gross earnings for those employees not eligible for the defined benefit plan, and 0 percent for those employees (all union and nonunion) hired prior to October 10, 2003 covered under the defined benefit plan. Employees contribute up to 10 percent of their gross earnings to the plan. In accordance with these provisions, the Township contributed \$831,920 and employees contributed \$188,130 for the year ended December 31, 2012.

### Note 12 - Other Postemployment Benefits

**Plan Description** - The Township provides retiree healthcare benefits to full-time employees upon retirement, in accordance with labor contracts. As of April 2010, the plan has been closed to general office new hires. The Township includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. Currently, 113 retirees are eligible for postemployment health benefits. The benefits are paid annually from the Postretirement Health Care Fund. The funding policy provides for periodic discretionary employer contributions to the Postretirement Health Care Fund. The Township obtains healthcare coverage through private insurers. This is a single employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements.

**Funding Policy** - Retiree healthcare costs are recognized when paid by the Township on a "pay-as-you-go" basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment; however, the Township has been making pre-funding contributions since 2000. In the current year, the Township contributed \$4,005,858 into the prefunded Postretirement Health Care Fund, which is reported in these financial statements as a pension and other employee benefit trust fund type. The fund paid postemployment healthcare premiums of \$1,870,238.

**Funding Progress** - For the year ended December 31, 2012, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2011. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 28 years. This valuation's computed contribution and actual funding are summarized as follows:

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 12 - Other Postemployment Benefits (Continued)

Annual required contribution (recommended)	\$ 3,928,449
Interest on the prior year's net OPEB obligation (asset)	15,590
Less adjustment to the annual required contribution	<u>(14,620)</u>
Annual OPEB cost	3,929,419
Amounts contributed - Advance funding	<u>(4,005,858)</u>
Decrease in net OPEB obligation	76,439
OPEB obligation - Beginning of year	<u>(207,864)</u>
OPEB obligation - End of year	<u><u>\$ (131,425)</u></u>

Employer contributions and annual OPEB cost data for the current and three preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage of ARC Contributed	Net OPEB Asset (Obligation)
12/31/09	12/31/07	\$ 3,390,407	100.1	\$ 87,990
12/31/10	12/31/07	3,542,974	100.0	104,132
12/31/11	12/31/09	3,837,852	92.1	(207,864)
12/31/12	12/31/09	3,928,449	101.9	(131,425)

\* The required contribution is expressed to the Township as a percentage of payroll.

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)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/07	\$ 18,224,229	\$ 49,743,527	\$ 31,519,298	36.6	\$ 20,734,660	152.0
12/31/09	22,200,060	54,464,291	32,264,231	40.8	18,040,464	178.8
12/31/11	28,945,252	61,837,402	32,892,150	46.8	17,785,925	184.9

# Charter Township of West Bloomfield

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## Notes to Financial Statements December 31, 2012

### Note 12 - Other Postemployment Benefits (Continued)

**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 December 31, 2011 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially for medical and prescription drugs for 2013, reduced by decrements to an ultimate rate of 4 percent after 10 years. The UAAL is being amortized as a level percentage of projected payroll over 22 years.

# Charter Township of West Bloomfield

## Notes to Financial Statements December 31, 2012

### Note 13 - Pension and Other Employee Benefit Trust Funds

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

	Pension Trust Fund	Postretirement Health Care Fund	Total
<b><u>Statement of Net Position</u></b>			
Cash and investments	\$ 90,732,492	\$ 34,491,280	\$ 125,223,772
Other assets	9,297	116,895	126,192
Liabilities	71,188	373,557	444,745
Net position	<u>\$ 90,670,601</u>	<u>\$ 34,234,618</u>	<u>\$ 124,905,219</u>
<b><u>Statement of Changes in Net Position</u></b>			
Investment income	\$ 9,623,708	\$ 3,229,506	\$ 12,853,214
Contributions	5,386,362	4,005,857	9,392,219
Benefit payments	4,444,641	1,906,839	6,351,480
Other deductions	91,475	39,158	130,633
Net change in net position	<u>\$ 10,473,954</u>	<u>\$ 5,289,366</u>	<u>\$ 15,763,320</u>

### Note 14 - Upcoming Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity Omnibus*. This pronouncement, which is an amendment to Statement No. 14 and Statement No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. Lastly, the statement also clarifies the reporting of equity interests in legally separate organizations. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the Township's 2013 fiscal year.

# Charter Township of West Bloomfield

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## Notes to Financial Statements December 31, 2012

### **Note 14 - Upcoming Accounting Pronouncements (Continued)**

In June 2012, the GASB issued two new pension standards, GASB Statement No. 67, *Financial Reporting for Pension Plans*, and No. 68, *Accounting and Financial Reporting for Pensions*. These new standards significantly revise the current accounting and reporting for pensions, both from an employer perspective as well as from a plan perspective. Employers providing defined benefit pensions to its employees must now, under these new standards, recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised and expanded note disclosures and required supplemental information (RSI). Statement No. 67 is required to be adopted for December 31, 2015 and Statement No. 68 one year later.

### **Note 15 - Accounting and Reporting Change**

During the year, the Township adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. The statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The statement impacts the format and reporting of the balance sheet at the government-wide level and also at the fund level.

During the year, the Township also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. There are two transactions that are now reported as deferred inflows of resources:

1. Property taxes levied for the next budget year (this is reported at both the government-wide level and the government fund level)
2. Revenue that is reportable, but has not been collected soon enough after year end to be considered available (this is reported just at the governmental fund level)

## **Required Supplemental Information**

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# Charter Township of West Bloomfield

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 10,495,800	\$ 10,519,252	\$ 10,381,089	\$ (138,163)
Licenses and permits	1,056,500	1,513,976	1,585,672	71,696
State-shared revenue and grants	4,415,669	4,655,117	4,712,487	57,370
Charges for services:				
Charges to other funds	102,100	118,063	21,440	(96,623)
Charges for services to external parties	396,100	441,990	464,741	22,751
Fines and forfeitures - District Court fines and fees	1,654,845	1,244,447	1,244,762	315
Investment income	98,788	149,851	205,696	55,845
Rental income	270,600	270,600	286,038	15,438
Other revenue:				
Cable franchise fees	1,100,000	1,100,000	1,237,869	137,869
Other miscellaneous income	90,800	208,910	269,787	60,877
<b>Total revenue</b>	<b>19,681,202</b>	<b>20,222,206</b>	<b>20,409,581</b>	<b>187,375</b>
<b>Expenditures - Current</b>				
General government:				
Township board	44,100	45,550	30,946	14,604
Supervisor	392,440	381,096	362,855	18,241
Finance	513,363	498,139	480,895	17,244
Information technology	692,632	777,127	705,458	71,669
Treasurer	652,689	662,467	635,929	26,538
Assessing	992,624	1,021,900	945,109	76,791
Clerk	818,371	802,470	784,391	18,079
Elections	246,400	288,125	263,443	24,682
Buildings and grounds	108,110	201,914	167,731	34,183
Attorney	2,500	385,000	358,426	26,574
Personnel	299,421	240,763	240,245	518
Pension board	2,742	2,524	2,363	161
General services	387,541	297,099	240,286	56,813
<b>Total general government</b>	<b>5,152,933</b>	<b>5,604,174</b>	<b>5,218,077</b>	<b>386,097</b>
District court	1,542,628	1,420,777	1,402,142	18,635
Public safety:				
Police/Sheriff (county)	38,228	-	-	-
Fire and E.M.S.	2,340	350	-	350
Building inspections	863,196	900,801	858,401	42,400
Code enforcement	450,401	448,182	419,747	28,435
<b>Total public safety</b>	<b>1,354,165</b>	<b>1,349,333</b>	<b>1,278,148</b>	<b>71,185</b>

# Charter Township of West Bloomfield

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<b>Expenditures - Current (Continued)</b>				
Public works:				
Street construction	\$ 50,250	\$ 45,250	\$ 39,570	\$ 5,680
Bike paths/safety paths	97,500	66,550	38,353	28,197
Street lighting	58,100	61,250	60,006	1,244
Total public works	<u>205,850</u>	<u>173,050</u>	<u>137,929</u>	<u>35,121</u>
Community development:				
Engineering	188,818	139,069	126,444	12,625
Planning and zoning	354,315	213,125	188,527	24,598
Economic development opportunities	179,197	176,097	148,307	27,790
Development services	448,280	454,219	401,867	52,352
Total community development	<u>1,170,610</u>	<u>982,510</u>	<u>865,145</u>	<u>117,365</u>
Debt service	<u>-</u>	<u>8,022</u>	<u>8,342</u>	<u>(320)</u>
Total expenditures	<u>9,426,186</u>	<u>9,537,866</u>	<u>8,909,783</u>	<u>628,083</u>
<b>Excess of Revenue Over Expenditures</b>	<b>10,255,016</b>	<b>10,684,340</b>	<b>11,499,798</b>	<b>815,458</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	-	1,300	1,300	-
Transfers in	27,100	4,654	38,851	34,197
Transfers out	(7,388,435)	(9,028,954)	(7,070,319)	1,958,635
Total other financing uses	<u>(7,361,335)</u>	<u>(9,023,000)</u>	<u>(7,030,168)</u>	<u>1,992,832</u>
<b>Net Change in Fund Balance</b>	<b>2,893,681</b>	<b>1,661,340</b>	<b>4,469,630</b>	<b>2,808,290</b>
<b>Fund Balance - Beginning of year</b>	<b>8,085,726</b>	<b>8,085,726</b>	<b>8,085,726</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b><u>\$ 10,979,407</u></b>	<b><u>\$ 9,747,066</u></b>	<b><u>\$ 12,555,356</u></b>	<b><u>\$ 2,808,290</u></b>

# Charter Township of West Bloomfield

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Public Safety Fund Year Ended December 31, 2012

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 18,940,500	\$ 18,620,482	\$ 18,701,522	\$ 81,040
Licenses and permits	30,000	33,810	33,810	-
Federal grants	39,700	45,179	42,647	(2,532)
Charges for services	2,032,300	2,032,300	2,242,310	210,010
Fines and forfeitures	18,500	24,250	22,812	(1,438)
Investment income	86,954	87,000	58,454	(28,546)
Other revenue	244,750	286,588	283,016	(3,572)
Total revenue	21,392,704	21,129,609	21,384,571	254,962
<b>Expenditures</b>				
Current - Public safety:				
Police	13,486,998	13,540,285	12,699,969	840,316
Fire	14,426,575	14,463,428	13,777,006	686,422
Police equipment	135,000	129,364	129,364	-
Fire equipment	157,640	152,867	100,128	52,739
Other	1,500	1,500	-	1,500
Total public safety	28,207,713	28,287,444	26,706,467	1,580,977
Community and economic development	20,000	20,000	-	20,000
Debt service	255,426	255,426	255,426	-
Total expenditures	28,483,139	28,562,870	26,961,893	1,600,977
<b>Excess of Expenditures Over Revenue</b>	(7,090,435)	(7,433,261)	(5,577,322)	1,855,939
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	12,000	7,000	3,562	(3,438)
Transfers in	7,378,435	7,906,517	5,950,819	(1,955,698)
Transfers out	(300,000)	(300,000)	(300,000)	-
Total other financing sources	7,090,435	7,613,517	5,654,381	(1,959,136)
<b>Net Change in Fund Balance</b>	-	180,256	77,059	(103,197)
<b>Fund Balance - Beginning of year</b>	219,740	219,740	219,740	-
<b>Fund Balance - End of year</b>	<u>\$ 219,740</u>	<u>\$ 399,996</u>	<u>\$ 296,799</u>	<u>\$ (103,197)</u>

# **Charter Township of West Bloomfield**

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## **Note to Required Supplemental Information Year Ended December 31, 2012**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers are recorded as operating transfers rather than expenditures.

The budget is prepared by the budget director under the direction of the Township supervisor, and submitted to the Township board for review and approval. The Township board adopts the budget prior to December 31 of each year. All annual appropriations lapse at year end.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - The Township had no significant expenditure budget variances.

# Charter Township of West Bloomfield

## Required Supplemental Information Pension System Schedule Year Ended December 31, 2012

The schedule of funding progress is as follows:

Actuarial Valuation as of	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/06	\$ 66,642,760	\$ 86,516,666	\$ 19,873,906	77.0	\$ 18,850,496	105.4
12/31/07	74,516,861	92,361,656	17,844,795	80.7	19,301,675	92.5
12/31/08	77,007,503	97,703,617	20,696,114	78.8	19,110,184	108.3
12/31/09	80,067,630	106,612,340	26,544,710	75.1	19,022,414	139.5
12/31/10	83,744,184	113,525,700	29,781,516	73.8	17,791,586	167.4
12/31/11	86,017,804	117,701,688	31,683,884	73.1	17,578,321	180.2

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Pension Cost	Percentage Contributed
12/31/07	12/31/05	\$ 4,285,116	100.0
12/31/08	12/31/06	4,384,521	100.0
12/31/09	12/31/07	4,206,237	100.0
12/31/10	12/31/08	4,518,113	100.0
12/31/11	12/31/09	4,971,798	100.0
12/31/12	12/31/10	4,644,277	100.0

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2011, the latest actuarial valuation date, follows:

Amortization period (closed)	19
Asset valuation method	Five-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases*	4.0% - 17.0%
*Includes inflation at	4.0%
Cost of living adjustment	3%

## **Other Supplemental Information**

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# Charter Township of West Bloomfield

	Special Revenue Funds				
	Safety Paths	Grant Fund	Drug	Special	Cable
			Enforcement	Assessment	
Assets			Districts		
Cash and investments	\$ 4,571,671	\$ 4,554	\$ 1,538,801	\$ 22,263	\$ 450,971
Receivables:					
Property taxes receivable	293,312	-	-	-	-
Special assessments receivable	-	-	-	-	-
Other receivables	-	-	5,110	22,481	155,972
Due from other governmental units	-	7,866	-	-	-
Due from other funds	-	-	804	-	-
Prepaid expenses and other assets	-	-	-	-	38
Restricted assets	260,576	-	-	-	-
<b>Total assets</b>	<b>\$5,125,559</b>	<b>\$ 12,420</b>	<b>\$1,544,715</b>	<b>\$ 44,744</b>	<b>\$ 606,981</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 120,591	\$ 4,554	\$ 157,122	\$ 2,808	\$ 99,934
Due to other funds	-	7,866	-	-	-
Accrued liabilities and other	6,200	-	1,211	-	-
<b>Total liabilities</b>	<b>126,791</b>	<b>12,420</b>	<b>158,333</b>	<b>2,808</b>	<b>99,934</b>
<b>Deferred Inflows of Resources</b>	<b>614,642</b>	<b>-</b>	<b>-</b>	<b>38,265</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>741,433</b>	<b>12,420</b>	<b>158,333</b>	<b>41,073</b>	<b>99,934</b>
<b>Fund Balances</b>					
Nonspendable - Prepays	-	-	-	-	38
Restricted:					
Public safety	-	-	-	-	-
Debt service	-	-	-	-	-
Safety paths	4,384,126	-	-	-	-
Capital projects	-	-	-	-	-
PEG channel	-	-	-	-	507,009
Drug enforcement	-	-	1,386,382	-	-
Special assessment	-	-	-	3,671	-
Assigned	-	-	-	-	-
<b>Total fund balances</b>	<b>4,384,126</b>	<b>-</b>	<b>1,386,382</b>	<b>3,671</b>	<b>507,047</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$5,125,559</b>	<b>\$ 12,420</b>	<b>\$1,544,715</b>	<b>\$ 44,744</b>	<b>\$ 606,981</b>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2012**

Debt Service Funds			Capital Projects Funds			Total Nonmajor Governmental Funds
Building Authority Debt	Drains at Large	Special Assessment Districts	Special Assessment District	Capital Projects Fund	Improvement Revolving Funds	
\$ -	\$ 445,475	\$ 258,434	\$ 109,377	\$ 2,315,221	\$ 968,076	\$ 10,684,843
-	192,882	-	-	-	-	486,194
-	-	276,851	12,791	-	530,885	820,527
-	-	-	-	2,334	-	185,897
-	-	20,968	1,866	-	26,401	57,101
-	-	-	-	-	-	804
-	-	-	-	-	-	38
-	-	-	-	-	-	260,576
<b>\$ -</b>	<b>\$ 638,357</b>	<b>\$ 556,253</b>	<b>\$ 124,034</b>	<b>\$ 2,317,555</b>	<b>\$ 1,525,362</b>	<b>\$ 12,495,980</b>

\$ -	\$ 113	\$ 37	\$ -	\$ 28,506	\$ 33,970	\$ 447,635
-	-	-	-	-	-	7,866
-	3,800	-	-	-	-	11,211
-	3,913	37	-	28,506	33,970	466,712
-	403,931	209,057	12,791	-	529,908	1,808,594
-	407,844	209,094	12,791	28,506	563,878	2,275,306
-	-	-	-	-	-	38
-	-	-	-	939,890	-	939,890
-	230,513	347,159	-	-	-	577,672
-	-	-	-	-	-	4,384,126
-	-	-	111,243	-	-	111,243
-	-	-	-	-	-	507,009
-	-	-	-	-	-	1,386,382
-	-	-	-	-	-	3,671
-	-	-	-	1,349,159	961,484	2,310,643
-	230,513	347,159	111,243	2,289,049	961,484	10,220,674
<b>\$ -</b>	<b>\$ 638,357</b>	<b>\$ 556,253</b>	<b>\$ 124,034</b>	<b>\$ 2,317,555</b>	<b>\$ 1,525,362</b>	<b>\$ 12,495,980</b>

# Charter Township of West Bloomfield

	Special Revenue Funds				
	Safety Paths	Grant Fund	Drug Enforcement	Special Assessment Districts	Cable
<b>Revenue</b>					
Property taxes	\$ 620,642	\$ -	\$ -	\$ -	\$ -
Federal grants	-	190,681	426,919	-	-
State-shared revenue and grants	-	-	94,948	-	-
Investment income	38,247	-	7,324	-	6,425
Other revenue:					
Special assessments	-	-	-	38,879	-
Capital donations	-	24,684	-	-	-
Cable franchise fees	-	-	-	-	604,567
Other miscellaneous income	-	-	-	-	-
<b>Total revenue</b>	<b>658,889</b>	<b>215,365</b>	<b>529,191</b>	<b>38,879</b>	<b>610,992</b>
<b>Expenditures</b>					
Current:					
Public safety	-	-	376,038	-	-
Public works	-	215,365	-	37,239	-
Recreation and culture	223,687	-	-	-	1,236,749
Debt service	744,050	-	-	-	-
<b>Total expenditures</b>	<b>967,737</b>	<b>215,365</b>	<b>376,038</b>	<b>37,239</b>	<b>1,236,749</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(308,848)</b>	<b>-</b>	<b>153,153</b>	<b>1,640</b>	<b>(625,757)</b>
<b>Other Financing Sources (Uses)</b>					
Proceeds from sale of capital assets	-	-	5,701	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>5,701</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(308,848)</b>	<b>-</b>	<b>158,854</b>	<b>1,640</b>	<b>(625,757)</b>
<b>Fund Balances - Beginning of year</b>	<b>4,692,974</b>	<b>-</b>	<b>1,227,528</b>	<b>2,031</b>	<b>1,132,804</b>
<b>Fund Balances - End of year</b>	<b>\$4,384,126</b>	<b>\$ -</b>	<b>\$1,386,382</b>	<b>\$ 3,671</b>	<b>\$ 507,047</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2012**

Debt Service Funds			Capital Projects Funds			Total
Building Authority Debt	Drains at Large	Special Assessment Districts	Special Assessment District	Capital Projects Fund	Improvement Revolving Funds	Nonmajor Governmental Funds
\$ -	\$ 502,847	\$ -	\$ -	\$ -	\$ -	\$ 1,123,489
-	-	-	-	-	-	617,600
-	-	-	-	-	-	94,948
47	24	59	46	12,109	19,155	83,436
-	-	196,992	135,953	-	438,274	810,098
-	-	-	-	18,042	50,000	92,726
-	-	-	-	-	-	604,567
<u>1,396,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,396,094</u>
1,396,141	502,871	197,051	135,999	30,151	507,429	4,822,958
-	-	-	-	-	-	376,038
-	7,828	16,304	17,151	339,483	418,831	1,052,201
9,849	-	-	-	-	-	1,470,285
<u>1,396,085</u>	<u>328,906</u>	<u>144,193</u>	<u>-</u>	<u>-</u>	<u>10,027</u>	<u>2,623,261</u>
<u>1,405,934</u>	<u>336,734</u>	<u>160,497</u>	<u>17,151</u>	<u>339,483</u>	<u>428,858</u>	<u>5,521,785</u>
(9,793)	166,137	36,554	118,848	(309,332)	78,571	(698,827)
-	-	-	-	-	-	5,701
-	-	-	-	600,000	812,437	1,412,437
-	-	-	(38,851)	-	-	(38,851)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,851)</u>	<u>600,000</u>	<u>812,437</u>	<u>1,379,287</u>
(9,793)	166,137	36,554	79,997	290,668	891,008	680,460
<u>9,793</u>	<u>64,376</u>	<u>310,605</u>	<u>31,246</u>	<u>1,998,381</u>	<u>70,476</u>	<u>9,540,214</u>
<u>\$ -</u>	<u>\$ 230,513</u>	<u>\$ 347,159</u>	<u>\$ 111,243</u>	<u>\$ 2,289,049</u>	<u>\$ 961,484</u>	<u>\$ 10,220,674</u>

# Charter Township of West Bloomfield

## Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2012

	Pension Trust Funds			Agency Funds		
	Pension Fund	Post-retirement Healthcare Fund	Total Pension Trust Funds	Trust and Agency	Escrow	Total Agency Funds
<b>Assets</b>						
Investments:						
Cash equivalents	\$ 250,865	\$ 119,083	\$ 369,948	\$ 7,229,335	\$ 1,033,396	\$ 8,262,731
Fixed income	32,827,617	14,864,621	47,692,238	-	-	-
Mutual funds	45,938,013	11,815,345	57,753,358	-	-	-
Real estate	3,121,979	864,330	3,986,309	-	-	-
Other	8,594,018	6,827,901	15,421,919	-	-	-
Due from primary government	500	-	500	-	-	-
Prepaid expenses	8,797	116,663	125,460	-	-	-
Total assets	<u>90,741,789</u>	<u>34,607,943</u>	<u>125,349,732</u>	<u>\$ 7,229,335</u>	<u>\$ 1,033,396</u>	<u>\$ 8,262,731</u>
<b>Liabilities</b>						
Accounts payable	71,188	47,599	118,787	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	7,173,428	-	7,173,428
Due to primary government	-	186,817	186,817	-	-	-
Refundable deposits, bonds, etc.	-	-	-	-	1,032,896	1,032,896
Accrued liabilities and other	-	138,909	138,909	55,907	500	56,407
Total liabilities	<u>71,188</u>	<u>373,325</u>	<u>444,513</u>	<u>\$ 7,229,335</u>	<u>\$ 1,033,396</u>	<u>\$ 8,262,731</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<u>\$ 90,670,601</u>	<u>\$ 34,234,618</u>	<u>\$ 124,905,219</u>			

# Charter Township of West Bloomfield

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended December 31, 2012

	Pension Fund	Post- retirement Health Care Fund	Total
<b>Additions</b>			
Investment income:			
Interest and dividends	\$ 2,187,127	\$ 1,178,867	\$ 3,365,994
Net increase in fair value of investments	7,812,460	2,155,054	9,967,514
Investment-related expenses	(375,879)	(104,415)	(480,294)
Net investment income	9,623,708	3,229,506	12,853,214
Contributions:			
Employer	4,626,266	4,005,857	8,632,123
Employee	760,096	-	760,096
Total contributions	5,386,362	4,005,857	9,392,219
Total additions	15,010,070	7,235,363	22,245,433
<b>Deductions</b>			
Benefit payments	4,444,641	1,906,839	6,351,480
Administrative expenses	91,475	39,158	130,633
Total deductions	4,536,116	1,945,997	6,482,113
<b>Net Increase in Net Position Held in Trust</b>	10,473,954	5,289,366	15,763,320
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	80,196,647	28,945,252	109,141,899
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u>\$ 90,670,601</u>	<u>\$ 34,234,618</u>	<u>\$ 124,905,219</u>