

Charter Township of West Bloomfield

**Financial Report
with Supplemental Information
December 31, 2014**

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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate of all remaining fund information of the Charter Township of West Bloomfield (the "Township") as of and for the year ended December 31, 2014, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate of all remaining fund information of the Charter Township of West Bloomfield as of December 31, 2014 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 14 to the basic financial statements, in 2014, the Township adopted GASB Statement No. 67, *Financial Reporting for Pension Plans* an Amendment to GASB Statement No. 25. As a result, there are expanded disclosures and required supplemental information related to the Township's pension plan. 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 and required supplemental information schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Plante & Morse, PLLC

June 16, 2015

Charter Township of West Bloomfield

Management's Discussion and Analysis

The management's discussion and analysis (MD&A) 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, 2014. The MD&A is meant to be read in conjunction with the Township's financial statements.

Utilizing the Annual Report

The 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 evaluate whether tax collection supports 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, 2014 and changes in net position, compared to the prior two years:

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

	2012	2013	2014	Current Year	
				Change	Percent
Assets					
Capital assets	\$ 31,842,925	\$ 31,538,688	\$ 32,197,932	\$ 659,244	2.1
Other assets	62,790,836	92,362,618	97,702,603	5,339,985	5.8
Total assets	94,633,761	123,901,306	129,900,535	5,999,229	4.8
Liabilities					
Long-term liabilities	17,558,159	45,402,112	42,368,140	(3,033,972)	(6.7)
Other liabilities	2,782,077	3,073,143	2,162,889	(910,254)	(29.6)
Total liabilities	20,340,236	48,475,255	44,531,029	(3,944,226)	(8.1)
Deferred Inflows of Resources	29,869,191	30,022,300	30,615,563	593,263	2.0
Net Position					
Net investment in capital assets	21,624,403	21,016,533	22,765,085	1,748,552	8.3
Restricted	8,604,125	7,694,054	10,435,228	2,741,174	35.6
Unrestricted	14,195,806	16,693,164	21,553,630	4,860,466	29.1
Total net position	<u>\$ 44,424,334</u>	<u>\$ 45,403,751</u>	<u>\$ 54,753,943</u>	<u>\$ 9,350,192</u>	20.6
Change in Net Position					
Revenue:					
Program revenue:					
Charges for services	\$ 6,133,568	\$ 5,733,152	\$ 5,579,827	\$ (153,325)	(2.7)
Operating grants and contributions	956,744	349,409	837,987	488,578	139.8
Capital grants and contributions	847,778	257,598	5,509,279	5,251,681	2,038.7
General revenue:					
Property taxes	30,207,569	30,465,916	30,978,293	512,377	1.7
State-shared revenue	4,716,930	4,809,030	5,028,131	219,101	4.6
Investment earnings	341,161	278,306	919,048	640,742	230.2
Franchise fees	1,237,869	1,260,308	1,313,499	53,191	4.2
Other miscellaneous income	757,428	605,417	1,841,546	1,236,129	204.2
Gain on sale of capital assets	352	1,078	-	(1,078)	(100.0)
Total revenue	45,199,399	43,760,214	52,007,610	8,247,396	18.8
Program expenses:					
General government	6,043,981	6,842,642	7,875,785	1,033,143	15.1
District Court	1,412,814	1,390,021	1,039,715	(350,306)	(25.2)
Public safety	28,685,653	31,555,555	30,080,040	(1,475,515)	(4.7)
Public works	744,507	836,376	686,586	(149,790)	(17.9)
Community and economic development	815,224	961,698	1,053,892	92,194	9.6
Recreation and culture	259,706	307,285	303,312	(3,973)	(1.3)
Interest on long-term debt	666,517	887,220	1,618,088	730,868	82.4
Total program expenses	38,628,402	42,780,797	42,657,418	(123,379)	(0.3)
Excess of Revenue Over Expenses	6,570,997	979,417	9,350,192	8,370,775	854.7
Transfers	(7,063)	-	-	-	
Change in Net Position	<u>\$ 6,563,934</u>	<u>\$ 979,417</u>	<u>\$ 9,350,192</u>	<u>\$ 8,370,775</u>	854.7

* It is important to note that all 2012 balances have been restated to reflect the Cable Commission classification as a component unit, as a result of GASB Statement No. 61.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

The Township's governmental net position increased approximately \$9,350,000 from a year ago - from \$45.4 million to \$54.8 million. This is primarily explained by: 1) careful allocation of resources and expenditure spending; 2) budgeting for the "worst case scenario" in connection with a BCBS new payment methodology; 3) unanticipated increases in revenue due to higher interest earnings on benefit bonds; and 4) tax revenue projections for 2014 budget were conservative and came in over the budgeted amount. The current level of unrestricted net position for our governmental activities stands at approximately \$21.5 million, or approximately 41 percent of general revenue (excluding any extraordinary items).

Total property tax revenue increased \$512,000 in 2014 due to new construction, the inflation rate multiplier, and uncappings due to transfers of ownership. Total expenses decreased *overall* by \$123,000 in 2014.

Cornerstone Municipal Advisory Group is the Township's current benefits consultant. Cornerstone's team, which includes Affordable Care Act (ACA) compliance officers, assisted in contract negotiations for identifying a new benefits plan that is ACA compliant. In 2014, the Township ratified three-year collective bargaining agreements with seven unions, which will expire on December 31, 2017. Concessions were gained, while a competitive benefits package was offered. The Township remains in a competitive position for attracting talented candidates for future employment opportunities.

Fund Balance

The total fund balance for 2014 increased by \$5.1 million. The fund balance for the General Fund increased by \$2.9 million; the fund balance for the Public Safety Fund decreased by \$217,000, and the nonmajor funds increased by \$2.4 million. This is primarily explained by 1) careful expenditure spending; 2) budgeting for the worst case scenario in connection with change from monthly to bi-monthly BCBS payments; and 3) unanticipated increases in revenue due to higher interest rate on benefit bonds.

Cost Containment Efforts

The Township has achieved several long-term cost containment advancements with benefit bonds, automation, and collective bargaining. While townships do not own roads, and the State has not approved a road-funding solution, the Township's roads are continuing to fall into disrepair. The Township is utilizing a 10-year Financial Projection Model to budget the repair and rehabilitation of several crucial major road thoroughfares.

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

Three Standard & Poor's bond rating calls were conducted in 2013, reaffirming the AA+ rating. This rating has been achieved primarily through the development and practice of regularly updating a 10-year financial projection model and cost-cutting measures.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

This rating provided the opportunity for the Township 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. As a result of prior contract negotiations, new hires in general township unions and non-unions are not eligible for a defined benefit, thereby "closing" the program.

In 2013, the board of trustees unanimously approved the sale of \$9.2 million in pension obligation bonds and \$21.9 million in other postemployment benefit (OPEB) bonds.

The primary objective in applying to the state Treasury for benefit bonds was to fund the entire closed portion of the pension liability, to fund 70 percent of the OPEB liability and stabilize long-term expenses, and create more financial stability.

Supplemental retiree healthcare evaluations have been obtained, which demonstrated a reduction of over \$500,000 in 2014, and an additional reduction of approximately \$580,000 in 2015 and 2016, for the annual required employer contribution from the General Fund.

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, 2014 and changes in net position compared to the prior two years. Business-type net position (the Water and Sewer Fund) decreased \$2.2 million from the prior year due to a decrease in consumption as well as a minimal increase in rates:

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

	2012	2013	2014	Current Year	
				Change	Percent
Assets					
Capital assets	\$ 112,965,589	\$ 112,677,303	\$ 113,020,552	\$ 343,249	0.3
Other assets	28,064,593	29,247,375	25,939,093	(3,308,282)	(11.3)
Total assets	141,030,182	141,924,678	138,959,645	(2,965,033)	(2.1)
Liabilities					
Long-term liabilities	12,647,826	15,304,521	16,509,998	1,205,477	7.9
Other liabilities	4,414,999	4,191,411	2,212,981	(1,978,430)	(47.2)
Total liabilities	17,062,825	19,495,932	18,722,979	(772,953)	(4.0)
Net Position					
Net investment in capital assets	100,478,532	97,515,042	96,666,413	(848,629)	(0.9)
Restricted	5,991,966	4,773,425	3,789,292	(984,133)	(20.6)
Unrestricted	17,496,859	20,140,279	19,780,961	(359,318)	(1.8)
Total net position	<u>\$ 123,967,357</u>	<u>\$ 122,428,746</u>	<u>\$ 120,236,666</u>	<u>\$ (2,192,080)</u>	(1.8)
Changes in Net Position					
Charges for services	\$ 23,847,772	\$ 20,802,265	\$ 20,012,208	\$ (790,057)	(3.8)
Operating expenses exclusive of depreciation	20,911,604	20,269,579	20,201,533	(68,046)	(0.3)
Depreciation	2,446,516	2,487,029	2,540,834	53,805	2.2
Operating Income (Loss)	489,652	(1,954,343)	(2,730,159)	(775,816)	39.7
Nonoperating (Expense) Income	(350,249)	(188,991)	141,469	330,460	(174.9)
Capital Contributions	154,988	604,723	396,610	(208,113)	(34.4)
Transfers	2,863	-	-	-	-
Change in Net Position	<u>\$ 297,254</u>	<u>\$ (1,538,611)</u>	<u>\$ (2,192,080)</u>	<u>\$ (653,469)</u>	42.5

The Township continues to invest in needed improvements to the long-term infrastructure of the water and sewer department. In 2014, the department worked with J&A Engineering to develop the first 20-year Water System Master Plan and 20-year Sanitary Sewer System Master Plan. Some of the key components from these plans include the selection of 12 water main replacement projects; eight miles of various segments of aged sanitary sewer mains using trenchless technology for underground piping of new sewer main lining; and the replacement and upgrade of the three primary and largest of all 23 total sanitary sewer lift station pumping facilities.

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 2014 include the General Fund and the Public Safety Fund.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

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

The Township board of trustees approved a 2015 budget with 40 funds. The estimated General Fund revenue totaled \$23.7 million dollars, with estimated appropriations in the amount of \$22.5 million dollars. The Public Safety Fund total revenue is estimated at \$30.5 million dollars, with estimated appropriations totaling \$30.5 million dollars.

Capital Asset and Debt Administration

At the end of 2014, the Township had approximately \$145 million invested in a broad range of capital assets, including buildings, bike paths, police and fire equipment, and water and sewer lines. Some large and complex projects completed in 2014 and planned for 2015 are as follows: (1) Foxpointe Roadway Improvement Project; (2) continued safety path projects; (3) Aldingbrooke Roadway Improvement Project; (4) Road Commission Tri-Party Projects; (5) Maple Road widening project from Orchard Lake Road to Haggerty Road; (6) Maple Place Roadway Improvement Project; (7) Stonebridge Roadway Improvement Project; (8) Chimney Hill Roadway Improvement Project; (9) Willow Farms Stormwater Management project; and (10) two drainage studies for Drake Road flooding and Franklin Branch of the Rouge River.

On April 22, 2013, the board of trustees adopted a special assessment district policy for road rehabilitation projects on secondary roads. The Township understands the value of maintaining secondary roads and how this correlates with maintaining the integrity of neighborhoods and home values. Since townships do not own and maintain any roadways, and the Road Commission for Oakland County prioritizes the maintenance of major road thoroughfares, an increasing number of subdivision associations are pursuing special assessment districts for the reconstruction of subdivision streets. The Township has been in a financial position to fund several special assessment districts, thereby saving each household approximately \$1,000 of bond issuance cost.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Grounds and Maintenance Projects and Energy Efficiency

Infrastructure has been a priority of the Township in recent years. Currently, the Township is reaping quantifiable benefits of reduced utility costs due to the completion of energy efficiency projects (utilizing energy efficiency community block grant funding) including: (1) high efficiency boiler system; (2) electronic control system; (3) furnace replacement; (4) radiant heat fixtures in fire stations and the water and sewer facility; (5) fluorescent lighting; (6) occupancy sensors; and (7) window tinting, caulking, and weather stripping. These improvements will continue to benefit the Township for years to come. Numerous grounds and maintenance projects are planned in 2015, such as: (1) a new roof at Fire Station 9; (2) structural improvements at Fire Station 3; (3) a new security system at Town Hall; (4) a new phone system for General Township, Police and Fire; and, (5) a new gun range at the police station.

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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 44,264,689	\$ 14,012,897	\$ 58,277,586	\$ 293,504
Receivables:				
Property taxes receivable	14,905,056	-	14,905,056	-
Customer receivables	-	4,700,894	4,700,894	-
Other receivables	1,590,977	11,707	1,602,684	171,323
Due from other governmental units	1,013,749	278,223	1,291,972	-
Lease receivable	4,437,929	-	4,437,929	-
Special assessments receivable	4,031,325	-	4,031,325	-
Due from component units	14,238	-	14,238	-
Internal balances	41,503	(41,503)	-	-
Inventory	-	196,422	196,422	-
Prepaid expenses and other assets	224,691	25,626	250,317	679
Restricted assets (Note 8)	21,115	3,780,006	3,801,121	-
Capital assets:				
Assets not subject to depreciation (Note 5)	3,634,477	3,527,048	7,161,525	-
Assets subject to depreciation (Note 5)	28,563,455	109,493,504	138,056,959	830,035
Net OPEB asset	19,997,035	1,422,065	21,419,100	-
Net pension asset	7,160,296	1,490,717	8,651,013	-
Total assets	129,900,535	138,897,606	268,798,141	1,295,541
Liabilities				
Accounts payable	1,141,895	2,026,539	3,168,434	25,584
Due to other governmental units	1,945	-	1,945	-
Due to primary government	-	-	-	14,238
Refundable deposits, bonds, etc.	608	-	608	-
Accrued liabilities and other	1,049,620	124,403	1,174,023	-
Unearned revenue	38,821	-	38,821	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences (Note 7)	172,407	13,174	185,581	-
Current portion of long-term debt (Note 7)	2,749,775	825,217	3,574,992	-
Due in more than one year:				
Compensated absences (Note 7)	1,552,412	142,685	1,695,097	-
Provision for claims	467,443	-	467,443	-
Long-term debt (Note 7)	37,356,103	15,528,922	52,885,025	-
Total liabilities	44,531,029	18,660,940	63,191,969	39,822
Deferred Inflows of Resources - Property taxes levied for the following year	30,615,563	-	30,615,563	-

Charter Township of West Bloomfield

Statement of Net Position (Continued) December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net investment in capital assets	\$ 22,765,085	\$ 96,666,413	\$ 119,431,498	\$ 830,035
Restricted for:				
Public safety	1,407,128	-	1,407,128	-
Drug enforcement	1,649,203	-	1,649,203	-
Drains at large	409,926	-	409,926	-
Special assessments	2,243,851	-	2,243,851	-
Safety paths	3,914,079	-	3,914,079	-
Grants	17,122	-	17,122	-
Debt service and capital improvements	-	3,789,292	3,789,292	-
Cable	-	-	-	369,267
Pensions	706,100	-	706,100	-
Other postemployment benefits	289,802	-	289,802	-
Nonexpendable (Note 1)	-	-	-	56,417
Unrestricted	21,351,647	19,780,961	41,132,608	-
Total net position	\$ 54,753,943	\$ 120,236,666	\$ 174,990,609	\$ 1,255,719

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	\$ 7,875,785	\$ 461,116	\$ 32,495	\$ -
District Court	1,039,715	1,041,678	-	-
Public safety	30,080,040	3,624,419	708,528	786,346
Public works	686,586	399,608	96,964	4,643,661
Community and economic development	1,053,892	53,006	-	-
Recreation and culture	303,312	-	-	-
Interest on long-term debt	1,618,088	-	-	79,272
Total governmental activities	42,657,418	5,579,827	837,987	5,509,279
Business-type activities - Water and sewer	23,270,548	20,012,208	-	396,610
Total primary government	<u>\$ 65,927,966</u>	<u>\$ 25,592,035</u>	<u>\$ 837,987</u>	<u>\$ 5,905,889</u>
Component unit	<u>\$ 656,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities
Year Ended December 31, 2014

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (7,382,174)	\$ -	\$ (7,382,174)	\$ -
1,963	-	1,963	-
(24,960,747)	-	(24,960,747)	-
4,453,647	-	4,453,647	-
(1,000,886)	-	(1,000,886)	-
(303,312)	-	(303,312)	-
(1,538,816)	-	(1,538,816)	-
(30,730,325)	-	(30,730,325)	-
-	(2,861,730)	(2,861,730)	-
(30,730,325)	(2,861,730)	(33,592,055)	-
-	-	-	(656,461)
30,978,293	-	30,978,293	-
5,028,131	-	5,028,131	-
919,048	669,650	1,588,698	2,526
1,313,499	-	1,313,499	650,166
1,841,546	-	1,841,546	-
40,080,517	669,650	40,750,167	652,692
9,350,192	(2,192,080)	7,158,112	(3,769)
45,403,751	122,428,746	167,832,497	1,259,488
\$ 54,753,943	\$ 120,236,666	\$ 174,990,609	\$ 1,255,719

Charter Township of West Bloomfield

Governmental Funds Balance Sheet December 31, 2014

	General Fund	Public Safety Fund	Nonmajor Funds	Total
Assets				
Cash and investments (Note 3)	\$ 21,532,472	\$ 11,023,821	\$ 11,708,396	\$ 44,264,689
Receivables:				
Property taxes receivable	5,123,253	9,296,035	485,768	14,905,056
Special assessments receivable	-	-	4,031,325	4,031,325
Other receivables	848,345	698,065	11,102	1,557,512
Due from other governmental units	923,616	4,715	85,418	1,013,749
Due from component units	14,238	-	-	14,238
Due from other funds (Note 6)	911,042	40,506	-	951,548
Prepaid expenses and other assets	98,116	126,575	-	224,691
Restricted assets	-	-	21,115	21,115
	<u>\$29,451,082</u>	<u>\$21,189,717</u>	<u>\$16,343,124</u>	<u>\$66,983,923</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 291,042	\$ 346,380	\$ 504,473	\$ 1,141,895
Due to other governmental units	1,945	-	-	1,945
Due to other funds	-	830,219	79,826	910,045
Refundable deposits, bonds, etc.	608	-	-	608
Accrued liabilities and other	181,929	566,935	4,927	753,791
Unearned revenue	-	-	38,821	38,821
	<u>475,524</u>	<u>1,743,534</u>	<u>628,047</u>	<u>2,847,105</u>
Deferred Inflows of Resources (Note 4)				
Unavailable revenue	1,020,908	201,983	2,972,887	4,195,778
Property taxes levied for the following year	10,537,800	19,080,703	997,060	30,615,563
	<u>11,558,708</u>	<u>19,282,686</u>	<u>3,969,947</u>	<u>34,811,341</u>
Fund Balances				
Nonspendable - Prepays	98,116	126,575	-	224,691
Restricted:				
Public safety	-	36,922	1,041,648	1,078,570
Debt service	-	-	1,324,070	1,324,070
Safety paths	-	-	3,935,194	3,935,194
Drug enforcement	-	-	1,649,203	1,649,203
Special assessments	-	-	51,479	51,479
Assigned:				
Capital projects	-	-	3,764,656	3,764,656
Future transfers to public safety	7,133,000	-	-	7,133,000
Unassigned	10,185,734	-	(21,120)	10,164,614
	<u>17,416,850</u>	<u>163,497</u>	<u>11,745,130</u>	<u>29,325,477</u>
	<u>\$29,451,082</u>	<u>\$21,189,717</u>	<u>\$16,343,124</u>	<u>\$66,983,923</u>
Total liabilities, deferred inflows of resources, and fund balances				

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

Charter Township of West Bloomfield

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2014

Fund Balances Reported in Governmental Funds	\$ 29,325,477
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	32,197,932
Leases receivable are expected to be collected over several years and are not available to pay for current year expenditures	4,437,929
Accrued interest receivable related to leases receivable is not expected to be collected in the current period and is only recorded at the government-wide level	33,465
The net OPEB assets are not a financial resource and are recorded only at the government-wide level	19,997,035
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	4,195,778
The net pension assets are not a financial resource and are recorded only at the government-wide level	7,160,296
Unamortized bond premiums do not represent a claim on the current financial resources and are not reported as fund liabilities	(52,558)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported as fund liabilities	(40,053,320)
Accrued interest is not due and payable in the current period and is not reported in the funds	(295,829)
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	(1,724,819)
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	(467,443)
Net Position of Governmental Activities	<u>\$ 54,753,943</u>

Charter Township of West Bloomfield

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2014

	General Fund	Public Safety Fund	Nonmajor Funds	Total
Revenue				
Property taxes	\$ 10,713,376	\$ 19,233,048	\$ 1,031,869	\$ 30,978,293
Licenses and permits	1,412,829	35,449	-	1,448,278
Federal grants	-	-	674,653	674,653
State-shared revenue and grants	4,992,329	48,188	81,668	5,122,185
Charges for services	489,022	2,297,098	5,238	2,791,358
Fines and forfeitures	1,229,053	11,671	-	1,240,724
Investment income	636,073	88,235	194,733	919,041
Rental income	267,694	-	-	267,694
Other revenue	1,615,804	291,674	3,493,691	5,401,169
Total revenue	21,356,180	22,005,363	5,481,852	48,843,395
Expenditures				
Current:				
General government	5,611,464	-	-	5,611,464
District Court	1,039,715	-	-	1,039,715
Public safety	1,385,204	27,396,557	799,473	29,581,234
Public works	151,470	-	1,918,616	2,070,086
Community and economic development	1,020,286	-	-	1,020,286
Recreation and culture	-	-	126,720	126,720
Debt service	755,664	1,659,504	2,148,513	4,563,681
Total expenditures	9,963,803	29,056,061	4,993,322	44,013,186
Excess of Revenue Over (Under) Expenditures	11,392,377	(7,050,698)	488,530	4,830,209
Other Financing Sources (Uses)				
Face value of debt issue	219,090	-	-	219,090
Proceeds from sale of capital assets	17,626	26,261	5,973	49,860
Transfers in	27,468	7,669,588	1,981,596	9,678,652
Transfers out	(8,786,710)	(862,200)	(29,742)	(9,678,652)
Total other financing (uses) sources	(8,522,526)	6,833,649	1,957,827	268,950
Net Change in Fund Balances	2,869,851	(217,049)	2,446,357	5,099,159
Fund Balances - Beginning of year	14,546,999	380,546	9,298,773	24,226,318
Fund Balances - End of year	<u>\$ 17,416,850</u>	<u>\$ 163,497</u>	<u>\$ 11,745,130</u>	<u>\$ 29,325,477</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 (Continued) Year Ended December 31, 2014

Collection of building authority lease receivable is considered a revenue of the governmental fund, but not at the government-wide level	\$ (420,000)
Change in net other postemployment benefit asset	(411,040)
Change in net other postemployment benefit asset	<u>(1,620,650)</u>
Change in Net Position of Governmental Activities	<u>\$ 9,350,192</u>

Charter Township of West Bloomfield

Proprietary Fund Statement of Net Position December 31, 2014

	Enterprise Fund - Water and Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents (Note 3)	\$ 14,012,897
Receivables	4,990,824
Due from other funds	20,536
Inventory	196,422
Prepaid expenses and other assets	25,626
Total current assets	<u>19,246,305</u>
Noncurrent assets:	
Restricted assets (Note 8)	3,780,006
Capital assets:	
Assets not subject to depreciation	3,527,048
Assets subject to depreciation	109,493,504
Net OPEB asset	1,422,065
Net pension asset	1,490,717
Total noncurrent assets	<u>119,713,340</u>
Total assets	<u>138,959,645</u>
Liabilities	
Current liabilities:	
Accounts payable	2,026,539
Due to other funds (Note 6)	62,039
Accrued liabilities and other	124,403
Compensated absences (Note 7)	13,174
Current portion of long-term debt	825,217
Total current liabilities	<u>3,051,372</u>
Noncurrent liabilities:	
Compensated absences (Note 7)	142,685
Long-term debt (Note 7)	15,528,922
Total noncurrent liabilities	<u>15,671,607</u>
Total liabilities	<u>18,722,979</u>
Net Position	
Net investment in capital assets	96,666,413
Restricted - Debt service and capital improvement (Note 8)	3,780,006
Unrestricted	19,790,247
Total net position	<u><u>\$ 120,236,666</u></u>

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

Charter Township of West Bloomfield

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2014

	Enterprise Fund - Water and Sewer Fund
Operating Revenue	
Sale of water	\$ 10,140,661
Sewage disposal charges	9,358,132
Interest and penalty charges	427,464
Installation fees	39,551
Other charges for services	46,400
Total operating revenue	20,012,208
Operating Expenses	
Cost of water	8,217,802
Cost of sewage treatment	7,298,656
Distribution and collection	3,451,105
Billing and administrative costs	1,233,970
Depreciation	2,540,834
Total operating expenses	22,742,367
Operating Loss	(2,730,159)
Nonoperating Revenue (Expenses)	
Investment income	669,650
Interest expense	(402,897)
Other nonoperating expenses	(125,284)
Total nonoperating revenue	141,469
Loss - Before capital contributions	(2,588,690)
Capital Contributions	
Capital grants	10,982
Special assessments	356,248
Donated by developers	29,380
Total capital contributions	396,610
Change in Net Position	(2,192,080)
Net Position - Beginning of year	122,428,746
Net Position - End of year	\$ 120,236,666

Charter Township of West Bloomfield

Proprietary Fund Statement of Cash Flows Year Ended December 31, 2014

	Enterprise Fund - Water and Sewer Fund
	Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 21,154,508
Receipts from interfund services and reimbursements	(14,448)
Payments to suppliers	(17,947,395)
Payments to employees	(4,282,526)
Internal activity - Payments from other funds	51,192
Other receipts	23,720
Contribution from parks and recreation	87,704
	(927,245)
Net cash used in operating activities	
Cash Flows from Noncapital Financing Activities	
Cash Flows from Capital and Related Financing Activities	
Issuance of bonds	75,727
Repayment of capital grants	10,982
Special assessment collections	356,248
Benefit fees	31,800
Proceeds from sales of capital assets	5,178
Purchase of capital assets	(1,083,718)
Principal and interest paid on capital debt	(1,164,991)
	(1,768,774)
Net cash used in capital and related financing activities	
Cash Flows from Investing Activities - Interest received on investments	661,597
Net Decrease in Cash and Cash Equivalents	(2,034,422)
Cash and Cash Equivalents - Beginning of year	19,510,614
Cash and Cash Equivalents - End of year	\$ 17,476,192
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 14,012,897
Restricted cash	3,463,295
	\$ 17,476,192
Total cash and cash equivalents	

Charter Township of West Bloomfield

Proprietary Fund Statement of Cash Flows (Continued) Year Ended December 31, 2014

	Enterprise Fund - Water and Sewer Fund
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (2,730,159)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	2,540,833
Changes in assets and liabilities:	
Receivables	1,166,020
Due from others	(14,448)
Inventories	(1,972)
Prepaid and other assets	23,656
Accounts payable	(2,008,331)
Due to others	51,192
Accrued and other liabilities	(41,740)
Actuarial change in net pension and OPEB assets	87,704
Net cash used in operating activities	<u>\$ (927,245)</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2014, the Water and Sewer Fund received \$29,380 of meters and water and sewer lines donated by developers. The Water and Sewer fund also drew down \$1,901,447 for Oakland Macomb Interceptor Drain Bonds for water and sewer lines.

Charter Township of West Bloomfield

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2014

	Pension and Other Employee Benefits Trust Fund	Agency Funds
Assets		
Investments:		
Cash equivalents	\$ 2,861,772	\$ 11,528,798
Fixed income	58,994,627	-
Mutual funds	104,928,732	-
Real estate	10,755,719	-
Other investments	9,547,409	-
Receivables	4,844	-
Prepaid expenses and other assets	43,033	-
Total assets	187,136,136	<u><u>\$ 11,528,798</u></u>
Liabilities		
Accounts payable	182,266	\$ -
Due to other governmental units	-	10,037,796
Refundable deposits, bonds, etc.	-	1,491,002
Accrued liabilities and other	54,543	-
Total liabilities	236,809	<u><u>\$ 11,528,798</u></u>
Net Position Held in Trust for Pension and Other Employee Benefits		<u><u>\$ 186,899,327</u></u>

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, 2014

	Pension and Other Employee Benefits Trust Fund
Additions	
Investment income:	
Interest and dividends	\$ 3,998,247
Net increase in fair value of investments	7,209,325
Investment-related expenses	<u>(859,043)</u>
Net investment income	10,348,529
Contributions:	
Employer	6,929,905
Employee	<u>852,132</u>
Total contributions	<u>7,782,037</u>
Total additions	18,130,566
Deductions	
Benefit payments	7,030,639
Administrative expenses	<u>166,069</u>
Total deductions	<u>7,196,708</u>
Net Increase in Net Position Held in Trust	10,933,858
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>175,965,469</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 186,899,327</u></u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

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 component units, entities 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. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township (see discussion below for description).

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.

Discretely Presented Component Units - The Greater West Bloomfield Cable Communications Commission (the "Commission") is governed by a 12-member advisory board appointed by the Township and three other cities - Sylvan Lake, Keego Harbor, and Orchard Lake Village. The Commission's original annual budget, budget amendments, and non-financial recommendations must be approved by the Township and at least two of the other three cities. The Commission provides valuable community information and coverage for all subscribers on Civic Center TV. It also advises the communities regarding cable-related matters, assists residents with cable issues, and monitors cable providers' compliance with franchise agreements. The Commission meets the fiscal dependency criteria to be classified as a discretely presented component unit of the Township. The Township is entitled to 86.75 percent of the Commission's funds. The remaining portion is reported as restricted - nonexpendable in the Township's statement of net position.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note I - Summary of Significant Accounting Policies (Continued)

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 "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 \$1,039,715 for the year ended December 31, 2014, and its share of revenue totaled \$1,196,721. 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.

Accounting and Reporting Principles

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

Report Presentation

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

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

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note I - Summary of Significant Accounting Policies (Continued)

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

Basis of Accounting

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

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

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 45 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, district court fines, 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 inflow."

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

Fund Accounting

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

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note I - Summary of Significant Accounting Policies (Continued)

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund;
- The Public Safety Fund accounts for police and fire activities, and the special millage which supports much of the costs related to those activities.

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The Township reports the following fund as a “major” enterprise fund:

- The Water and Sewer Fund 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.

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

- The 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.
- 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.

Interfund Activity

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note I - Summary of Significant Accounting Policies (Continued)

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

Specific Balances and Transactions

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

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.

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, 2014

Note I - Summary of Significant Accounting Policies (Continued)

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

Capital Asset Class	Lives
Water and sewer distribution systems	25 to 75 years
Building 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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Township has no deferred outflows of resources at this time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. 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.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note I - Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

Fund Balance Policies

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

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note I - Summary of Significant Accounting Policies (Continued)

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

Property Tax Revenue

Property taxes are levied and become a lien on each 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 2014 tax is levied and collectible on December 1, 2013 and is recognized as revenue in the year ended December 31, 2014, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2013 taxable valuation of the Township totaled \$3.1 billion, on which taxes levied consisted of 3.3056 mills for operating purposes, 5.9878 mills for police and fire services, 0.1316 mills for drains, and 0.1982 mills for a safety path. This resulted in \$10.3 million for operating, \$18.7 million for police and fire services, \$410,000 for drains, and \$617,000 for a safety path. These amounts are recognized in the respective General and Special Revenue Fund financial statements as tax revenue.

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, 2014

Note I - Summary of Significant Accounting Policies (Continued)

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. Compensated absences attributable to the governmental activities will be liquidated by the General Fund.

Proprietary Funds Operating Classification - Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Fund and internal service funds are charges to customers for sales and services. The Water and Sewer Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

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, 2014 is as follows:

Cumulative shortfall at January 1, 2014		\$ (4,113,910)
Current year permit revenue		1,398,655
Related expenses:		
Direct costs	\$ 872,592	
Estimated indirect costs	<u>487,532</u>	<u>1,360,124</u>
Current year shortfall		<u>38,531</u>
Cumulative shortfall at December 31, 2014		<u>\$ (4,075,379)</u>

Noncompliance with Legal or Contractual Provisions - Local units that collect tax revenue for another taxing unit must distribute the collections in accordance with MCL 211.43 (Section 43(3) of the General Property Tax Act, PA 206 of 1893, as amended) within 10 working days of the first and 15th of each month. The Township did not remit taxes timely in two instances during the year.

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 347 of 2012 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.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 3 - Deposits and Investments (Continued)

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.

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 U.S. 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.
- The Township's investments include Pension Obligation Bonds of the Township, which were purchased outside of the investment policy with board approval.

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 \$31,611,629 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. 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, 2014

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 (Years)
Primary Government		
Investment pools	\$ 24,287,299	1.83
Local government bonds	<u>9,449,351</u>	10.81
Total	<u>\$ 33,736,650</u>	
Fiduciary funds - Investment pools	<u>\$ 60,079,768</u>	6.10

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

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	\$ 24,287,299	NR	NR
Municipal bonds	9,449,351	AA+	S&P
Fiduciary Funds			
Investment pools	7,303,519	AAA-A3	S&P
	4,604,397	BBB	S&P
	708,369	BB	S&P
Corporate bond pools	36,947,946	NR	NR
	1,829,497	AAA-A	Fitch
	4,809,502	BBB-B	Fitch
	245,190	C	Fitch

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 \$19,800,000 of the Township's investments are in Oakland County, Michigan's Local Government Investment Pool. These investments are approximately 59 percent of the Township's total investments. The Township has determined that this is in compliance with the investment policy, but has reduced the level held at the LGIP for purposes of prudence.

Note 4 - Receivables and Deferred Inflows of Resources

Receivables as of year end for the Township's individual major funds and the nonmajor 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	\$ 5,123,253	\$ 9,296,035	\$ 485,768	\$ 14,905,056
Special assessments receivable	-	-	4,031,325	4,031,325
Other receivables	848,345	698,065	11,102	1,557,512
Due from other governmental units	923,616	4,715	85,418	1,013,749
Net receivables	<u>\$ 6,895,214</u>	<u>\$ 9,998,815</u>	<u>\$ 4,613,613</u>	<u>\$ 21,507,642</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 4 - Receivables and Deferred Inflows of Resources (Continued)

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 2014 budget	\$ -	\$ 30,615,563	\$ 30,615,563
District Court	150,000	-	150,000
Ambulance transport fees	201,000	-	201,000
State-shared revenue	870,908	-	870,908
Special assessments	2,934,645	-	2,934,645
Grants	39,225	-	39,225
Total	<u>\$ 4,195,778</u>	<u>\$ 30,615,563</u>	<u>\$ 34,811,341</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 5 - Capital Assets

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

	Balance January 1, 2014	Reclassifications	Additions	Disposals	Balance December 31, 2014
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 2,020,329	\$ -	\$ 43,613	\$ -	\$ 2,063,942
Construction in progress	775,463	(288,065)	1,292,627	209,490	1,570,535
Subtotal	2,795,792	(288,065)	1,336,240	209,490	3,634,477
Capital assets being depreciated:					
Bike paths	16,990,880	30,311	48,355	-	17,069,546
Investment in county roads and drains	7,235,885	257,754	291,787	-	7,785,426
Buildings and improvements	14,632,917	-	-	-	14,632,917
Machinery and equipment	13,471,698	-	1,563,594	2,364,513	12,670,779
Land improvements	2,490,841	-	-	-	2,490,841
Subtotal	54,822,221	288,065	1,903,736	2,364,513	54,649,509
Accumulated depreciation:					
Bike paths	9,102,044	-	423,013	-	9,525,057
Investment in county roads and drains	1,165,336	-	290,394	-	1,455,730
Buildings and improvements	5,396,797	-	351,028	-	5,747,825
Machinery and equipment	9,507,463	-	854,000	2,038,866	8,322,597
Land improvements	907,685	-	127,160	-	1,034,845
Subtotal	26,079,325	-	2,045,595	2,038,866	26,086,054
Net capital assets being depreciated	28,742,896	288,065	(141,859)	325,647	28,563,455
Net capital assets	\$ 31,538,688	\$ -	\$ 1,194,381	\$ 535,137	\$ 32,197,932
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 624,406	\$ -	\$ -	\$ -	\$ 624,406
Construction in progress	2,681,170	(2,487,680)	2,709,152	-	2,902,642
Subtotal	3,305,576	(2,487,680)	2,709,152	-	3,527,048
Capital assets being depreciated:					
Water and sewer distribution systems	158,110,681	2,255,681	216,591	248,396	160,334,557
Buildings and improvements	1,712,420	77,379	-	44,567	1,745,232
Other tools and equipment	2,388,708	154,620	84,279	222,695	2,404,912
Other improvements	140,289	-	-	-	140,289
Subtotal	162,352,098	2,487,680	300,870	515,658	164,624,990
Accumulated depreciation:					
Water and sewer distribution systems	50,452,795	-	2,361,773	167,254	52,647,314
Buildings and improvements	974,088	-	47,623	10,995	1,010,716
Other tools and equipment	1,447,463	-	126,823	211,468	1,362,818
Other improvements	106,024	-	4,614	-	110,638
Subtotal	52,980,370	-	2,540,833	389,717	55,131,486
Net capital assets being depreciated	109,371,728	2,487,680	(2,239,963)	125,941	109,493,504
Net capital assets	\$ 112,677,304	\$ -	\$ 469,189	\$ 125,941	\$ 113,020,552

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 5 - Capital Assets (Continued)

Component Units	Balance	Reclassifications	Additions	Disposals	Balance
	January 1, 2014				December 31, 2014
Capital assets being depreciated:					
Buildings and improvements	\$ 302,752	\$ -	\$ 110,628	\$ -	\$ 413,380
Machinery and equipment	1,137,662	-	75,061	553,698	659,025
Other assets - Intangibles	8,145	-	9,068	-	17,213
Subtotal	1,448,559	-	194,757	553,698	1,089,618
Accumulated depreciation:					
Buildings and improvements	13,269	-	13,081	-	26,350
Machinery and equipment	576,958	-	140,253	486,088	231,123
Other assets - Intangibles	408	-	1,702	-	2,110
Subtotal	590,635	-	155,036	486,088	259,583
Net capital assets being depreciated	857,924	-	39,721	67,610	830,035
Net capital assets	\$ 857,924	\$ -	\$ 39,721	\$ 67,610	\$ 830,035

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

Governmental activities:

General government	\$ 656,620
Public safety	921,805
Public works	242,191
Community and economic development	3,441
Recreation and culture	221,538
Total governmental activities	<u>\$ 2,045,595</u>

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Public Safety Fund	\$ 830,219
	Nonmajor governmental funds	59,290
	Water and Sewer Fund	21,533
	Total General Fund	911,042
Public Safety Fund	Water and Sewer Fund	40,506
Water and Sewer Fund	Nonmajor governmental funds	20,536
	Total interfund balances	<u>\$ 972,084</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

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

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.

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)	\$ 7,669,588
	Other nonmajor governmental funds (2)	<u>1,117,122</u>
	Total General Fund	8,786,710
Other nonmajor governmental funds	General Fund (3)	27,468
	Other nonmajor governmental funds (3)	<u>2,274</u>
	Total other nonmajor governmental funds	29,742
Public Safety Fund	Other nonmajor governmental funds (2)	<u>862,200</u>
	Total	<u>\$ 9,678,652</u>

- (1) Transfer to subsidize public safety expenditures
- (2) Transfers were for capital improvements
- (3) Transfers were to transfer remaining grant funding and special assessment collections back to the appropriate funds

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

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.

Description	Amount
Governmental Activities:	
<u>General Obligations:</u>	
2013 Capital Improvement Bond, with interest rate ranging from 2.00% to 3.60%, maturing in 2023	\$ 970,000
2013 Pension Obligation Bond, with interest rate ranging from 0.45% to 5.65%, maturing in 2033	7,297,125
2013 Health Care Obligation Bond, with interest rate ranging 0.45% to 5.65%, maturing in 2033	19,707,233
2008 Bike Path Improvement Bonds, with interest rate ranging from 3.25% to 4.0%, maturing in 2020	5,065,000
2008 Building Authority Bond for parks and recreation capital improvements with interest rate ranging from 3.5% to 5.0%, maturing in 2021	3,595,000
Subtotal	36,634,358
<u>Special Assessment Bonds:</u>	
2001 Special Assessment Bonds for SAD # 129, with interest of 5.1%, maturing in 2015	45,000
2008 Special Assessment Bonds for SAD # 139 with interest ranging from 5.0% to 5.75%, maturing in 2017	205,000
Subtotal	250,000
<u>Jacobs Drain Bonds</u>	
2013 Jacobs Drain Bonds - General obligation limited tax bonds, with interest ranging from 3.75% to 4.40%, maturing in 2025	1,465,294
<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	426,918
2008 Franklin Subwatershed Drain Drainage District Bonds, with interest ranging from 6.0% to 7.0%, maturing in 2028	225,808
Subtotal	652,726

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 7 - Long-term Debt (Continued)

Description	Amount
Governmental Activities (Continued):	
<u>Donahue Drain Bonds</u>	
2010 Donahue Drain Drainage District Bonds, with interest ranging from 2.0% to 4.4%, maturing in 2030	\$ 709,776
<u>Installment Purchase Agreements</u>	
2008 Master Lease Purchase Agreement, with interest ranging from 4.53% to 5.46%, maturing in 2015	151,992
2014 Government Equipment Lease - Purchase Agreement, with interest rate 2.75%, maturing in 2017	171,952
2013 Police Equipment Lease - Purchase Agreement, with interest rate of 6.95%, maturing in 2017	17,222
Subtotal	<u>341,166</u>
Total governmental activity debt	<u>\$ 40,053,320</u>
Business-type Activities:	
<u>General Obligations:</u>	
2007 Segment I Drinking Water Revolving Fund - General Obligation limited tax, interest at 2.125%	\$ 601,670
2008 Segment II Drinking Water Revolving Fund - General Obligation limited tax, interest at 2.5% - Project 7218-I	5,969,958
2008 Segment II Drinking Water Revolving Fund - General Obligation limited tax, interest at 2.5% - Project 7254-I	568,224
2013 Pension Obligation Bond, with interest rate ranging from 0.45% to 5.65%, maturing in 2033	1,547,875
2013 Health Care Obligation Bond, with interest rate ranging 0.45% to 5.65%, maturing in 2033	1,367,768
2010 Water Supply Sewage Disposal State Revolving Fund - General Obligation limited tax, interest at 2.5% - Project 5409-I	3,403,610
Subtotal	<u>13,459,105</u>
<u>County Contractual Obligations:</u>	
Oakland-Macomb Interceptor Drain Bonds 2010A, State Revolving Fund, interest at 2.5% - Project #5358-01, maturing in 2031	422,142
Oakland-Macomb Interceptor Drain Bonds 2011, State Revolving Fund, interest at 2.5% - Project #5368-01, maturing in 2033	476,971
Oakland-Macomb Interceptor Drain Bonds 2013A, State Revolving Fund, interest at 2.5%, maturing in May 2023	789,212
Oakland County Middlebelt Transport and Storage Tunnel Project Bond 2014, State Revolving Fund, interest at 2.5%, maturing in 2036	1,099,724
Oakland-Macomb Interceptor Drain Bonds 2010B, Economic Development Bonds, interest ranging from 1.45% to 5.90%, maturing in 2030	106,985
Subtotal	<u>2,895,034</u>
Total business-type activity debt	<u>\$ 16,354,139</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

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
Governmental Activities					
Building Authority bonds	\$ 4,015,000	\$ -	\$ 420,000	\$ 3,595,000	\$ 440,000
Bike paths	5,660,000	-	595,000	5,065,000	650,000
Special assessment bonds	365,000	-	115,000	250,000	115,000
Drain District bonds	3,220,061	-	392,264	2,827,797	191,155
Capital improvement bond	1,060,000	-	90,000	970,000	100,000
Installment purchases	317,691	219,090	195,615	341,166	229,165
Healthcare obligation bond	20,576,876	-	869,644	19,707,232	748,080
Pension obligation bond	7,694,602	-	397,477	7,297,125	276,375
Total bonds payable	42,909,230	219,090	3,075,000	40,053,320	2,749,775
Accumulated compensated absences	1,649,915	269,187	194,283	1,724,819	172,407
Unamortized bond premiums	61,322	-	8,764	52,558	-
Provision for general liability claims	736,645	481,172	750,374	467,443	-
Total governmental activities	\$ 45,357,112	\$ 969,449	\$ 4,028,421	\$ 42,298,140	\$ 2,922,182
Business-type Activities					
State of Michigan Drinking Water Revolving Fund Loan	\$ 7,574,852	\$ -	\$ 435,000	\$ 7,139,852	\$ 440,000
State of Michigan State Revolving Fund Loan	3,578,610	-	175,000	3,403,610	175,000
County contractual obligations	1,040,276	1,901,447	46,690	2,895,033	99,671
Healthcare obligation bond	1,428,125	-	60,356	1,367,769	51,921
Pension obligation bond	1,540,398	75,727	68,250	1,547,875	58,625
Total bonds payable	15,162,261	1,977,174	785,296	16,354,139	825,217
Accumulated compensated absences	142,260	13,599	-	155,859	13,174
Total business-type activities	\$ 15,304,521	\$ 1,990,773	\$ 785,296	\$ 16,509,998	\$ 838,391

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 7 - Long-term Debt (Continued)

Total interest expense for the year was \$2,101,519. 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
2015	\$ 2,749,775	\$ 1,650,300	\$ 4,400,075	\$ 825,217	\$ 451,658	\$ 1,276,875
2016	2,671,301	1,573,032	4,244,333	848,780	436,212	1,284,992
2017	2,743,555	1,495,025	4,238,580	1,474,111	416,365	1,890,476
2018	2,778,606	1,406,034	4,184,640	1,390,927	380,234	1,771,161
2019	2,934,132	1,342,830	4,276,962	913,051	345,399	1,258,450
2020-2024	10,016,114	5,147,054	15,163,168	4,929,581	1,353,137	6,282,718
2025-2029	8,235,365	3,307,428	11,542,793	4,742,996	621,163	5,364,159
2030-2034	7,924,472	917,554	8,842,026	1,229,476	107,784	1,337,260
Total	<u>\$ 40,053,320</u>	<u>\$ 16,839,257</u>	<u>\$ 56,892,577</u>	<u>\$ 16,354,139</u>	<u>\$ 4,111,952</u>	<u>\$ 20,466,091</u>

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:

	Business-type Activities
Cash and investments	\$ 3,463,295
Customer assessments receivable	303,158
Due from other governmental units	7,487
Assets held by Oakland County	6,066
Total restricted assets	<u>\$ 3,780,006</u>

These assets are restricted for the following purposes:

	Business-type Activities
Bond interest and redemption for capital improvements	\$ 3,773,940
Assets held at Oakland County	6,066
Total restricted assets	<u>\$ 3,780,006</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

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, 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.

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>2014</u>	<u>2013</u>
Unpaid claims - Beginning of year	\$ 736,645	\$ 789,632
Incurred claims, including claims incurred but not reported, and changes in estimates	481,172	527,147
Claim payments	<u>(750,374)</u>	<u>(580,134)</u>
Unpaid claims - End of year	<u>\$ 467,443</u>	<u>\$ 736,645</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 10 - Defined Benefit Pension Plan

Plan Administration - The Charter Township of West Bloomfield Employee's Pension System pension board administers the Charter Township of West Bloomfield's Pension Plan - a multi-employer, cost-sharing defined benefit pension plan that provides pensions for all permanent full-time general and public safety employees of the Charter Township of West Bloomfield and Charter Township of West Bloomfield Parks Commission. Benefit terms have been established by contractual agreements between the Township and the various employee union representation; amendments are subject to the same process. For nonunion employee groups, the benefit terms were established by the Township board and/or Parks Commission and may be amended by future Board/Commission actions.

Management of the Plan is vested in the pension board, which consists of five members - two elected by plan members, one resident trustee appointed by the Township, and the Township supervisor and treasurer, who serve as ex-officio members.

Plan Membership - At December 31, 2014, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	189
Inactive plan members entitled to but not yet receiving benefits	53
Active plan members	<u>230</u>
Total	<u><u>472</u></u>

Benefits Provided - The Pension Plan provides retirement, disability, and death benefits. Benefit terms are established by labor contracts and the pension plan document and may be amended through collective bargaining of Township board/Parks Commission action.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the pension board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by union contracts and plan provisions. For the year ended December 31, 2014, the average active member contribution rate was 5.0 percent of annual pay, and the Township's average contribution rate was 26.6 of annual payroll.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 10 - Defined Benefit Pension Plan (Continued)

Pension Plan Investments - Policy and Rate of Return

Investment Policy - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the pension board by a majority vote of its members. It is the policy of the pension board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board's adopted asset allocation policy as of December 31, 2014:

Asset Class	Target Allocation
Domestic equity	35%
International equity	20%
Global fixed income	30%
Alternative investments	10%
Real estate	5%
Cash or cash equivalents	0%

Rate of Return - For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.7 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Plan Reserves

The following reserves have been set aside within the pension plan:

The retiree reserve is to be computed annually by the actuary as the present value of estimated benefit payments for all current retirees. The amounts reserved may be used solely to pay monthly retiree benefit payments.

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

The employer reserve account is used to account for the residual net position balance in the pension plan after funding the above two reserves.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 10 - Defined Benefit Pension Plan (Continued)

The balances of the reserve accounts at December 31, 2014 are as follows:

	Amount Funded
Retiree reserve	\$ 59,880,524
Employee reserve	4,901,576
Employer reserve	53,891,572

Net Pension Liability of the Township

The Township reports pension expense based on funding requirements, as directed by GASB Statement No. 27. Beginning next year, the Township will adopt GASB Statement No. 68, which will require the measurement of pension expense as earned, rather than as funded.

The components of the net pension liability of the Township at December 31, 2014 were as follows:

Total pension liability	\$ 135,438,182
Plan fiduciary net position	<u>(120,698,548)</u>
Township's net pension liability	<u>\$ 14,739,634</u>

Plan fiduciary net position as a percentage of the
total pension liability 89.1 %

Actuarial Assumptions - The December 31, 2014 total pension liability was determined by an actuarial valuation as of December 31, 2013, which used update procedures to roll forward the estimated liability to December 31, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 %
Salary increases	4.0 % Average, including inflation
Investment rate of return	7.5 % Net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Male (unadjusted) and Female (unadjusted) Healthy Life Mortality Table projected 20 years.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 10 - Defined Benefit Pension Plan (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that Township contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of December 31, 2014 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment note, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Domestic equity	6.00%
International equity	7.47%
Global fixed income	1.21%
Alternative investments	4.02%
Real estate	4.35%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Township, calculated using the discount rate of 7.5 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability of the Township	\$ 32,646,298	\$ 14,739,634	\$ (217,760)

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 10 - Defined Benefit Pension Plan (Continued)

Pension Cost

The pension plan does issue a separate financial report. That report may be obtained by writing to the System at the Township's address.

Annual Pension Cost and Net Pension Obligation

Annual required contribution	\$ 4,369,780
Interest on net pension obligation	(776,355)
Adjustment to annual required contribution	<u>1,664,943</u>
Annual pension cost (APC)	5,258,368
Reduction of net pension asset for parks and recreation portion	811,802
Contributions made	(4,369,780)
Decrease in pension asset	1,700,390
Net pension asset - Beginning of year	<u>10,351,403</u>
Net pension asset - End of year	<u>\$ 8,651,013</u>

Annual pension cost - For the year ended December 31, 2014, the Township's annual pension cost of \$5,258,368 for the plan was equal to the Township's required and actual contribution. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended December 31		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual pension cost (APC)	\$ 5,258,368	\$ 4,879,560	\$ 4,644,277
Percentage of APC contributed	100.0 %	287.4 %	100.0 %
Net pension asset	\$ 8,651,013	\$ 10,351,403	\$ 1,205,307

Funding status and funding progress - As of December 31, 2013, the most recent actuarial valuation date, the plan was 84.7 percent funded. The actuarial accrued liability for benefits was \$128,071,374, and the actuarial value of assets was \$108,536,572, resulting in an unfunded actuarial accrued liability of \$19,534,802. The covered payroll (annual payroll to active employees covered by the plan) was \$16,624,883, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 117.5 percent.

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 10 - Defined Benefit Pension Plan (Continued)

Actuarial methods and assumptions - The annual required contribution was determined as part of an actuarial valuation at December 31, 2012, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 4.7-17.0 percent per year, and (c) 3 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4. 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 17 years.

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. Police and fire collective bargaining groups hired before January 1, 2011 receive a 5 percent contribution. Police and fire collective bargaining groups hired after January 1, 2011 receive a 0 percent contribution. Employees contribute up to 10 percent of their gross earnings to the plan. In accordance with these provisions, the Township contributed \$938,413 and employees contributed \$206,981 for the year ended December 31, 2014.

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, 129 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.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 12 - Other Postemployment Benefits (Continued)

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 2014, the Township contributed \$2,560,126 into the prefunded Postretirement Health Care Fund, which was reported in these financial statements as a pension and other employee benefit trust fund type. The fund paid postemployment healthcare premiums of \$1,851,584.

Funding Progress - For the year ended December 31, 2014, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2013. 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 20 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 2,560,126
Interest on the prior year's net OPEB obligation (asset)	(1,637,858)
Less adjustment to the annual required contribution	<u>2,056,862</u>
Annual OPEB cost	2,979,130
Amounts contributed	<u>(2,560,126)</u>
Decrease in net OPEB asset	419,004
OPEB asset - Beginning of year	<u>21,838,104</u>
OPEB asset - End of year	<u>\$ 21,419,100</u>

Employer contributions and annual OPEB cost data for the current and five 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)
12/31/13	12/31/11	4,586,045	579.0	21,838,104
12/31/14	12/31/13	2,560,126	100.0	21,419,100

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 12 - Other Postemployment Benefits (Continued)

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	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
12/31/13	61,911,170	68,463,810	6,552,640	90.4	16,703,607	39.2

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

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

In the December 31, 2013 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 2014, 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, 2014

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
<u>Statement of Net Position</u>		
Cash and investments	\$ 120,793,898	\$ 66,294,361
Other assets	11,030	36,847
Liabilities	<u>106,380</u>	<u>130,429</u>
Net position	<u>\$ 120,698,548</u>	<u>\$ 66,200,779</u>
<u>Statement of Changes in Net Position</u>		
Investment income	\$ 6,697,642	\$ 3,650,887
Contributions	5,221,913	2,560,126
Benefit payments	5,162,251	1,868,388
Other deductions	<u>113,055</u>	<u>53,016</u>
Net change in net position	<u>\$ 6,644,249</u>	<u>\$ 4,289,609</u>

Note 14 - Change in Accounting

During the current year, the Township adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*, an Amendment of GASB Statement No. 25. This statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer(s) to plan members for benefits provided through the pension plan. As a result, the disclosures within the pension note have changed considerably along with the related schedules in the required supplemental information

Note 15 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to 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 note disclosures and required supplemental information (RSI). The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2014

Note 15 - Upcoming Accounting Pronouncements (Continued)

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Township is currently evaluating the impact this standard will have on the financial statements when adopted, during the Township's 2016 fiscal year.

Required Supplemental Information

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 10,498,500	\$ 10,639,300	\$ 10,713,376	\$ 74,076
Licenses and permits	1,650,000	1,340,200	1,412,829	72,629
Federal grants	10,000	10,000	-	(10,000)
State-shared revenue and grants	4,840,700	4,877,700	4,992,329	114,629
Charges for services:				
Charges to other funds	120,300	18,200	15,193	(3,007)
Charges for services to external parties	383,200	449,400	473,829	24,429
Fines and forfeitures - District Court fines and fees	1,423,300	1,229,700	1,229,053	(647)
Investment income	253,000	329,900	636,073	306,173
Rental income	240,600	240,600	267,694	27,094
Other revenue:				
Cable franchise fees	1,296,800	1,270,000	1,313,499	43,499
Other miscellaneous income	69,200	266,800	302,305	35,505
Total revenue	20,785,600	20,671,800	21,356,180	684,380
Expenditures - Current				
General government:				
Township board	30,400	30,400	24,962	5,438
Supervisor	540,100	502,800	484,458	18,342
Finance	706,400	675,900	638,267	37,633
Information technology	1,040,300	938,200	818,893	119,307
Treasurer	807,100	687,900	632,806	55,094
Assessing	1,100,800	1,027,600	919,254	108,346
Clerk	880,600	779,900	722,389	57,511
Elections	264,300	264,100	190,138	73,962
Buildings and grounds	205,400	172,800	133,355	39,445
Attorney	415,000	440,000	421,206	18,794
Personnel	294,200	269,200	235,714	33,486
Pension board	2,700	2,700	3,056	(356)
General services	268,200	476,300	386,966	89,334
Total general government	6,555,500	6,267,800	5,611,464	656,336
District Court	1,454,000	1,175,000	1,039,715	135,285
Public safety:				
Building inspections	1,068,200	916,600	869,436	47,164
Code enforcement	623,600	556,100	515,768	40,332
Total public safety	1,691,800	1,472,700	1,385,204	87,496

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2014

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Expenditures - Current (Continued)				
Public works:				
Street construction	\$ 55,700	\$ 48,200	\$ 42,811	\$ 5,389
Bike paths/Safety paths	75,000	66,600	49,600	17,000
Street lighting	71,000	65,000	59,059	5,941
Total public works	<u>201,700</u>	<u>179,800</u>	<u>151,470</u>	<u>28,330</u>
Community development:				
Engineering	263,000	223,000	187,994	35,006
Planning and zoning	175,600	267,400	257,893	9,507
Economic development opportunities	183,700	155,500	136,277	19,223
Development services	537,000	493,700	438,122	55,578
Total community development	<u>1,159,300</u>	<u>1,139,600</u>	<u>1,020,286</u>	<u>119,314</u>
Debt service	<u>-</u>	<u>931,900</u>	<u>755,664</u>	<u>176,236</u>
Total expenditures	<u>11,062,300</u>	<u>11,166,800</u>	<u>9,963,803</u>	<u>1,202,997</u>
Excess of Revenue Over Expenditures	9,723,300	9,505,000	11,392,377	1,887,377
Other Financing Sources (Uses)				
Face value of debt issue	-	220,700	219,090	(1,610)
Proceeds from sale of capital assets	-	17,600	17,626	26
Transfers in	-	27,500	27,468	(32)
Transfers out	(9,979,700)	(10,609,200)	(8,786,710)	1,822,490
Total other financing uses	<u>(9,979,700)</u>	<u>(10,343,400)</u>	<u>(8,522,526)</u>	<u>1,820,874</u>
Net Change in Fund Balance	(256,400)	(838,400)	2,869,851	3,708,251
Fund Balance - Beginning of year	14,546,999	14,546,999	14,546,999	-
Fund Balance - End of year	<u>\$ 14,290,599</u>	<u>\$ 13,708,599</u>	<u>\$ 17,416,850</u>	<u>\$ 3,708,251</u>

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Public Safety Fund Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 19,174,300	\$ 19,143,000	\$ 19,233,048	\$ 90,048
Licenses and permits	32,000	34,400	35,449	1,049
Federal grants	-	1,000	-	(1,000)
State-shared revenue and grants	30,900	47,900	48,188	288
Charges for services	2,276,100	2,269,200	2,297,098	27,898
Fines and forfeitures	20,000	12,000	11,671	(329)
Investment income	147,300	94,000	88,235	(5,765)
Other revenue	276,000	284,900	291,674	6,774
Total revenue	21,956,600	21,886,400	22,005,363	118,963
Expenditures				
Current - Public safety:				
Police	13,907,500	12,787,000	11,948,030	838,970
Fire salaries, fringe benefits, and supplies	1,331,400	1,103,200	1,012,357	90,843
Fire	15,753,300	14,903,800	14,374,002	529,798
Fire equipment	65,000	58,900	54,428	4,472
Police and fire facilities	11,000	10,000	7,740	2,260
Total public safety	31,068,200	28,862,900	27,396,557	1,466,343
Debt service	160,500	1,659,700	1,659,504	196
Total expenditures	31,228,700	30,522,600	29,056,061	1,466,539
Excess of Expenditures Over Revenue	(9,272,100)	(8,636,200)	(7,050,698)	1,585,502
Other Financing Sources (Uses)				
Bond issuance costs	-	1,700	-	(1,700)
Proceeds from sale of capital assets	7,000	7,000	26,261	19,261
Transfers in	9,564,700	9,509,200	7,669,588	(1,839,612)
Transfers out	(300,000)	(862,200)	(862,200)	-
Total other financing sources	9,271,700	8,655,700	6,833,649	(1,822,051)
Net Change in Fund Balance	(400)	19,500	(217,049)	(236,549)
Fund Balance - Beginning of year	380,546	380,546	380,546	-
Fund Balance - End of year	<u>\$ 380,146</u>	<u>\$ 400,046</u>	<u>\$ 163,497</u>	<u>\$ (236,549)</u>

Charter Township of West Bloomfield

Note to Required Supplemental Information Year Ended December 31, 2014

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 the following expenditure budget variance:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund - Pension board	\$ 2,700	\$ 3,056	\$ (356)

Charter Township of West Bloomfield

Required Supplemental Information Pension System Schedule Year Ended December 31, 2014

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
12/31/08	\$ 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
12/31/12	89,418,946	124,132,271	34,713,325	72.0	17,630,710	196.9
12/31/13	108,536,572	128,071,374	19,534,802	84.7	16,624,883	117.5

Charter Township of West Bloomfield

Required Supplemental Information OPEB System Schedule Year Ended December 31, 2014

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/07	\$ 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
12/31/13	61,911,170	68,463,810	6,552,640	90.4	16,703,607	39.2

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
12/31/09	12/31/07	\$ 3,390,407	100.1 %
12/31/10	12/31/07	3,542,974	100.0
12/31/11	12/31/09	3,837,852	92.1
12/31/12	12/31/09	3,928,449	101.9
12/31/13	12/31/11	4,586,045	579.0
12/31/14	12/31/13	2,560,126	100.0

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

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of December 31, 2013, the latest actuarial valuation, is as follows:

Amortization method	Level percent
Amortization period (perpetual)	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected healthcare increases	4%-9%

Charter Township of West Bloomfield

Required Supplemental Information Schedule of Investment Returns Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Annual money-weighted rate of return, net of investment expense	6.7 %	16.1 %	12.7 %	1.8 %	14.0 %	19.2 %	(24.7)%	5.1 %	11.8 %	8.7 %

Charter Township of West Bloomfield

Required Supplemental Information Schedule of Changes in the Township Net Pension Liability and Related Ratios Last Ten Fiscal Years (Prospectively Built from 2014)

	2014
Total Pension Liability	
Service cost	\$ 2,841,389
Interest	9,606,831
Changes in benefit terms	80,840
Benefit payments, including refunds	(5,162,252)
Net Change in Total Pension Liability	7,366,808
Total Pension Liability - Beginning of year	128,071,374
Total Pension Liability - End of year	\$ 135,438,182
Plan Fiduciary Net Position	
Contributions - Employer	\$ 4,369,783
Contributions - Member	852,131
Net investment income	6,697,640
Administrative expenses	(5,162,252)
Benefit payments, including refunds	(117,966)
Net Change in Plan Fiduciary Net Position	6,639,336
Plan Fiduciary Net Position - Beginning of year	114,059,212
Plan Fiduciary Net Position - End of year	\$ 120,698,548
Township's Net Pension Liability - Ending	\$ 14,739,634
Plan Fiduciary Net Position as a % of Total Pension Liability	89.12 %
Covered Employee Payroll	\$ 18,705,021
Township's Net Pension Liability as a % of Covered Employee Payroll	78.8 %

Charter Township of West Bloomfield

Required Supplemental Information Schedule of Township Contributions Last Ten Fiscal Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 4,369,780	\$ 4,858,125	\$ 4,626,265	\$ 4,956,805	\$ 4,520,316	\$ 4,208,281	\$ 4,362,177	\$ 4,264,331	\$ 4,548,406	\$ 3,703,587
Contributions in relation to the actuarially determined contribution	4,369,780	14,025,656	4,626,265	4,956,805	4,520,316	4,208,281	4,362,177	4,264,331	4,548,406	3,703,587
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (9,167,531)</u>	<u>\$ -</u>							
Covered employee payroll	\$18,705,021	\$16,624,883	\$17,630,710	\$17,578,321	\$17,791,586	\$19,022,414	\$19,110,184	\$19,301,675	\$18,850,496	\$18,681,528
Contributions as a percentage of covered employee payroll	23.4 %	84.4 %	26.2 %	28.2 %	25.4 %	22.1 %	22.8 %	22.1 %	24.1 %	19.8 %

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date	Actuarially determined contribution amounts for fiscal year 2014 are calculated based upon the results of the December 31, 2012 actuarial valuation.
Methods and assumptions used to determine contribution rates	
Actuarial cost method	Police/Fire: Individual Entry Age Normal Cost General: Aggregate
Amortization method	Police/Fire: Level percent-of-payroll, closed periods General: Not Applicable
Remaining amortization period	17 years
Asset valuation method	Five-year smoothed market
Inflation	4.0%
Salary increases	4.0% including inflation plus merit and longevity
Investment rate of return	7.5% net of investment and administrative expenses
Retirement age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Mortality Table, projected 20 years
Other information	Cost of living adjustments up to 3.0% per year compounded

Other Supplemental Information

Charter Township of West Bloomfield

	Special Revenue Funds				Debt Service Funds	
	Safety Paths	Grant Fund	Drug Enforcement	Special Assessment Districts	Building Authority Debt	Drains at Large
Assets						
Cash and investments	\$ 4,235,372	\$ 22,731	\$ 1,652,447	\$ 32,117	\$ -	\$ 611,611
Receivables:						
Property taxes receivable	307,779	-	-	-	-	177,989
Special assessments receivable	-	-	-	16,868	-	-
Other receivables	6,932	-	3,324	-	-	54
Due from other governmental units	-	38,242	-	-	-	-
Restricted assets	21,115	-	-	-	-	-
Total assets	\$4,571,198	\$ 60,973	\$1,655,771	\$ 48,985	\$ -	\$ 789,654
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 2,170	\$ 43,851	\$ 5,641	\$ 5,773	\$ -	\$ 12,502
Due to other funds	-	-	-	-	-	-
Accrued liabilities and other	2,000	-	927	-	-	2,000
Unearned revenue	-	-	-	38,821	-	-
Total liabilities	4,170	43,851	6,568	44,594	-	14,502
Deferred Inflows of Resources						
Unavailable revenue	-	38,242	-	-	-	-
Property taxes levied for the following year	631,834	-	-	-	-	365,226
Total deferred inflows of resources	631,834	38,242	-	-	-	365,226
Fund Balances						
Restricted:						
Public safety	-	-	-	-	-	-
Debt service	-	-	-	-	-	409,926
Safety paths	3,935,194	-	-	-	-	-
Drug enforcement	-	-	1,649,203	-	-	-
Special assessment	-	-	-	4,391	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	(21,120)	-	-	-	-
Total fund balances	3,935,194	(21,120)	1,649,203	4,391	-	409,926
Total liabilities, deferred inflows of resources, and fund balances	\$4,571,198	\$ 60,973	\$1,655,771	\$ 48,985	\$ -	\$ 789,654

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014**

Debt Service				
Funds	Capital Projects Funds			Total
Special Assessment Districts	Special Assessment District	Capital Projects Fund	Improvement Revolving Funds	Nonmajor Governmental Funds
\$ 312,466	\$ 46,669	\$ 2,575,050	\$ 2,219,933	\$ 11,708,396
-	-	-	-	485,768
1,970,248	-	-	2,044,209	4,031,325
-	-	792	-	11,102
8,992	419	-	37,765	85,418
-	-	-	-	21,115
<u>\$2,291,706</u>	<u>\$ 47,088</u>	<u>\$2,575,842</u>	<u>\$ 4,301,907</u>	<u>\$16,343,124</u>
\$ 19,508	\$ -	\$ 163,404	\$ 251,624	\$ 504,473
79,826	-	-	-	79,826
-	-	-	-	4,927
-	-	-	-	38,821
99,334	-	163,404	251,624	628,047
1,278,228	-	-	1,656,417	2,972,887
-	-	-	-	997,060
1,278,228	-	-	1,656,417	3,969,947
-	-	1,041,648	-	1,041,648
914,144	-	-	-	1,324,070
-	-	-	-	3,935,194
-	-	-	-	1,649,203
-	47,088	-	-	51,479
-	-	1,370,790	2,393,866	3,764,656
-	-	-	-	(21,120)
914,144	47,088	2,412,438	2,393,866	11,745,130
<u>\$2,291,706</u>	<u>\$ 47,088</u>	<u>\$2,575,842</u>	<u>\$ 4,301,907</u>	<u>\$16,343,124</u>

Charter Township of West Bloomfield

	Special Revenue Funds			
	Safety Paths	Grant Fund	Drug Enforcement	Special Assessment Districts
Revenue				
Property taxes	\$ 621,931	\$ -	\$ -	\$ -
Federal grants	-	116,438	558,215	-
State-shared revenue and grants	-	-	81,668	-
Charges for services	-	-	-	-
Investment income	153,196	-	12,211	-
Other revenue:				
Special assessments	-	-	-	40,099
Other miscellaneous income	-	-	-	-
Total revenue	775,127	116,438	652,094	40,099
Expenditures				
Current:				
Public safety	-	-	307,024	-
Public works	-	129,486	-	42,000
Recreation and culture	125,970	-	-	-
Debt service	802,963	-	-	-
Total expenditures	928,933	129,486	307,024	42,000
Excess of Revenue (Under) Over Expenditures	(153,806)	(13,048)	345,070	(1,901)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	5,973	-
Transfers in	-	19,396	-	-
Transfers out	-	(27,468)	-	-
Total other financing (uses) sources	-	(8,072)	5,973	-
Net Change in Fund Balances	(153,806)	(21,120)	351,043	(1,901)
Fund Balances - Beginning of year	4,089,000	-	1,298,160	6,292
Fund Balances - End of year	\$3,935,194	\$ (21,120)	\$1,649,203	\$ 4,391

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2014

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
\$ -	\$ 409,938	\$ -	\$ -	\$ -	\$ -	\$ 1,031,869
-	-	-	-	-	-	674,653
-	-	-	-	-	-	81,668
-	-	945	71	-	4,222	5,238
-	2,326	11	1	26,811	177	194,733
-	-	926,359	4,999	-	1,667,356	2,638,813
593,200	205,462	-	-	-	56,216	854,878
593,200	617,726	927,315	5,071	26,811	1,727,971	5,481,852
-	-	-	-	492,449	-	799,473
-	24,673	45,670	314	912,068	764,405	1,918,616
750	-	-	-	-	-	126,720
592,450	500,032	132,603	-	120,465	-	2,148,513
593,200	524,705	178,273	314	1,524,982	764,405	4,993,322
-	93,021	749,042	4,757	(1,498,171)	963,566	488,530
-	-	-	-	-	-	5,973
-	-	-	-	1,662,200	300,000	1,981,596
-	-	-	-	(2,274)	-	(29,742)
-	-	-	-	1,659,926	300,000	1,957,827
-	93,021	749,042	4,757	161,755	1,263,566	2,446,357
-	316,905	165,102	42,331	2,250,683	1,130,300	9,298,773
\$ -	\$ 409,926	\$ 914,144	\$ 47,088	\$ 2,412,438	\$ 2,393,866	\$ 11,745,130

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2014

	Pension Trust Funds			Agency Funds		
	Pension Fund	Postretirement		Trust and Agency	Escrow	Total Agency Funds
		Healthcare Fund	Total Pension Trust Funds			
Assets						
Investments:						
Cash equivalents	\$ 1,592,152	\$ 1,269,620	\$ 2,861,772	\$ 10,039,555	\$ 1,489,243	\$ 11,528,798
Fixed income	37,210,327	21,784,300	58,994,627	-	-	-
Mutual funds	68,755,850	36,172,882	104,928,732	-	-	-
Real estate	7,050,900	3,704,819	10,755,719	-	-	-
Other	6,184,669	3,362,740	9,547,409	-	-	-
Receivables	-	4,844	4,844	-	-	-
Prepaid expenses and other assets	11,030	32,003	43,033	-	-	-
Total assets	<u>120,804,928</u>	<u>66,331,208</u>	<u>187,136,136</u>	<u>\$ 10,039,555</u>	<u>\$ 1,489,243</u>	<u>\$ 11,528,798</u>
Liabilities						
Accounts payable	106,380	75,886	182,266	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	10,037,796	-	10,037,796
Refundable deposits, bonds, etc.	-	-	-	1,759	1,489,243	1,491,002
Accrued liabilities and other	-	54,543	54,543	-	-	-
Total liabilities	<u>106,380</u>	<u>130,429</u>	<u>236,809</u>	<u>\$ 10,039,555</u>	<u>\$ 1,489,243</u>	<u>\$ 11,528,798</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 120,698,548</u>	<u>\$ 66,200,779</u>	<u>\$ 186,899,327</u>			

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended December 31, 2014

	Pension Fund	Postretirement Health Care Fund	Total
Additions			
Investment income:			
Interest and dividends	\$ 2,743,759	\$ 1,254,488	\$ 3,998,247
Net increase in fair value of investments	4,576,534	2,632,791	7,209,325
Investment-related expenses	(622,651)	(236,392)	(859,043)
Net investment income	6,697,642	3,650,887	10,348,529
Contributions:			
Employer	4,369,781	2,560,124	6,929,905
Employee	852,132	-	852,132
Total contributions	5,221,913	2,560,124	7,782,037
Total additions	11,919,555	6,211,011	18,130,566
Deductions			
Benefit payments	5,162,251	1,868,388	7,030,639
Administrative expenses	113,055	53,014	166,069
Total deductions	5,275,306	1,921,402	7,196,708
Net Increase in Net Position Held in Trust	6,644,249	4,289,609	10,933,858
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	114,054,299	61,911,170	175,965,469
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 120,698,548</u>	<u>\$ 66,200,779</u>	<u>\$ 186,899,327</u>