

Charter Township of West Bloomfield

**Financial Report
with Supplemental Information
December 31, 2016**

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, 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2016, and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Township Board
Charter Township of West Bloomfield

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 the purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2017 on our consideration of the Charter Township of West Bloomfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter Township of West Bloomfield's internal control over financial reporting and compliance.

Plante & Moran, PLLC

June 6, 2017

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, 2016. 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).

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

The following tables show, in a condensed format, the net position of the governmental activities as of December 31, 2016 and changes in net position, compared to the prior two years:

	2014	2015	2016	Current Year	
				Change	Percent
Assets					
Capital assets	\$ 32,197,932	\$ 36,086,012	\$ 38,215,358	\$ 2,129,346	5.9
Other assets	97,702,603	92,002,997	91,336,983	(666,014)	(0.7)
Total assets	129,900,535	128,089,009	129,552,341	1,463,332	1.1
Deferred Outflows of Resources - Deferred outflows related to pension	-	6,626,718	6,380,939	(245,779)	-
Liabilities					
Long-term liabilities	42,368,140	62,496,759	59,361,222	(3,135,537)	(5.0)
Other liabilities	2,162,889	2,385,095	2,218,819	(166,276)	(7.0)
Total liabilities	44,531,029	64,881,854	61,580,041	(3,301,813)	(5.1)
Deferred Inflows of Resources	30,615,563	31,378,443	33,635,615	2,257,172	7.2
Net Position					
Net investment in capital assets	22,765,085	26,712,369	30,022,724	3,310,355	12.4
Restricted	10,637,211	9,253,345	10,449,916	1,196,571	12.9
Unrestricted	21,351,647	2,489,716	244,984	(2,244,732)	(90.2)
Total net position	<u>\$ 54,753,943</u>	<u>\$ 38,455,430</u>	<u>\$ 40,717,624</u>	<u>\$ 2,262,194</u>	5.9
Change in Net Position					
Revenue:					
Program revenue:					
Charges for services	\$ 5,579,827	\$ 5,791,682	\$ 5,700,681	\$ (91,001)	(1.6)
Operating grants and contributions	837,987	397,903	578,690	180,787	45.4
Capital grants and contributions	5,509,279	1,614,662	179,217	(1,435,445)	(88.9)
General revenue:					
Property taxes	30,978,293	31,334,792	32,100,084	765,292	2.4
State-shared revenue	5,028,131	5,032,021	5,257,872	225,851	4.5
Investment earnings	919,048	341,418	532,009	190,591	55.8
Franchise fees	1,313,499	1,384,598	1,396,082	11,484	0.8
Other miscellaneous income	1,841,546	583,766	468,618	(115,148)	(19.7)
Gain on sale of capital assets	-	-	125,468	125,468	-
Total revenue	52,007,610	46,480,842	46,338,721	(142,121)	(0.3)
Program expenses:					
General government	7,875,785	6,054,945	6,783,751	728,806	12.0
District Court	1,039,715	988,556	1,006,251	17,695	1.8
Public safety	30,080,040	30,542,399	32,218,956	1,676,557	5.5
Public works	686,586	1,093,417	1,219,847	126,430	11.6
Community and economic development	1,053,892	995,421	1,292,596	297,175	29.9
Recreation and culture	303,312	248,285	25,726	(222,559)	(89.6)
Interest on long-term debt	1,618,088	1,574,391	1,529,400	(44,991)	(2.9)
Total program expenses	42,657,418	41,497,414	44,076,527	2,579,113	6.2
Excess of Revenue Over Expenses	9,350,192	4,983,428	2,262,194	(2,721,234)	(54.6)
Transfers	-	-	-	-	-
Change in Net Position	<u>\$ 9,350,192</u>	<u>\$ 4,983,428</u>	<u>\$ 2,262,194</u>	<u>\$ (2,721,234)</u>	(54.6)

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

The Township's governmental net position increased approximately \$2.3 million from a year ago (from \$38.5 million to \$40.7 million). Total revenue remained relatively flat from the prior year. Increases in property tax revenue, state-shared revenue, and investment earnings were offset by \$1.4 million decrease in capital grants and contributions. Expenses increased by \$2.6 million in 2016 due to funding of the Township's capital improvements.

The fire department finalized a FEMA grant for Assistance to Firefighters and was able to use it toward new breathing apparatus equipment. The police department is successful in continuing to receive federal awards, grants, and federal equitable sharing from U.S. Homeland Security, U.S. Department of Justice, and the U.S. Department of Treasury in order to support public safety, task force initiatives, and drug enforcement. The planning department continues to provide support to our community through U.S. Department of Housing and Urban Development Federal Block Grants that work on architectural barriers, minor home repair, and senior services.

Fund Balance

The total fund balance for 2016 was increased by \$1.0 million. The fund balance for the General Fund decreased by \$978,221, while the fund balance for the Public Safety Fund increased by \$99,330 and the nonmajor funds increased by \$1.9 million. Increases in nonmajor funds are due to transfers in from the General Fund and Public Safety Fund for capital expenditures, scheduled to begin in 2017, including a new fire station and road improvements.

Cost Containment Efforts

The Township's cost containment efforts are ongoing while we continue to utilize a 10-year financial projection model to budget major infrastructure improvements throughout the Township.

Cornerstone Municipal Advisory Group, the Township's current benefits consultant, continues to assist and monitor the Township's compliance with the Affordable Care Act (ACA), while continuing to recommend effective cost benefit solutions as needed. In a difficult market environment, where healthcare costs continue to increase, the Township continues to offer a competitive benefits package attracting talented candidates for future employment opportunities.

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

In 2013, the Township's rating reaffirmed by Standard & Poor's is AA+. At that time, the Township issued postemployment benefit (OPEB) bonds to fund the closed portion of the retirement plan and to increase funding levels for the retiree health plan, which was closed to all new hires.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Employer contributions in 2016 to the retirement plan were \$4,061,305. Employer contributions to the retiree health care plan were \$1,974,521. The funded ratio of the retirement plan, as a whole, as of the last valuation was 87.0 percent. This represents 109.0 percent for parks and recreation, 99.3 percent for general, and 81.6 percent for police and fire. The funded ratio for the retiree health care plan was 92.3 percent of accrued liabilities; in 2013, the rate was 90.4 percent.

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, 2016 and changes in net position compared to the prior two years. Business-type net position (the Water and Sewer Fund) increased \$2.9 million from the prior year due conservative spending, saving funds for debt, and water and sewer infrastructure projects. The revenue increase was partially offset by an increase in operating expenses due to debt servicing and water and sewer infrastructure replacement projects.

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 a 20-year Water System Master Plan and 20-year Sanitary Sewer System Master Plan. Capital and other assets increased \$10.7 million, while debt obligations increased \$8.1 million. Projects completed in 2016 include the replacement of the Franklin Valley Subdivision Water Main with a total cost of \$2.7 million. Other projects include sewer SCADA system (\$501,806), OMIDD Segment 2 (\$617,869), and donated water and sewer systems (\$151,216).

Construction in progress includes an intergovernmental contract to build the Evergreen and Farmington Sewage Disposal System Middlebelt Transport and Storage Tunnel. Oakland County bonded the construction project, adding \$8.9 million to water and sewer debt obligations with a remaining commitment of \$10.4 million. Additional construction in progress (CIP) includes a lift station rehab (\$88,000) and DMIDD segment (\$101,681). In previous years, Oakland County bonded the construction project; the remaining balance of Oakland Macomb Interceptor Drain District bonds is \$2.1 million.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

	2014	2015	2016	Current Year	
				Change	Percent
Assets					
Capital assets	\$ 113,020,552	\$ 112,583,601	\$ 122,034,767	\$ 9,451,166	8.4
Other assets	25,877,054	26,340,862	27,617,467	1,276,605	4.8
Total assets	138,897,606	138,924,463	149,652,234	10,727,771	7.7
Deferred Outflows of Resources - Deferred outflows related to pension					
	-	73,686	132,851	59,165	-
Liabilities					
Long-term liabilities	16,447,959	16,754,630	25,061,106	8,306,476	49.6
Other liabilities	2,212,981	3,670,310	3,251,314	(418,996)	(11.4)
Total liabilities	18,660,940	20,424,940	28,312,420	7,887,480	38.6
Deferred Inflows of Resources - Deferred inflows related to pension					
	-	117,984	158,249	40,265	-
Net Position					
Net investment in capital assets	96,666,413	96,166,350	97,515,991	1,349,641	1.4
Restricted	3,789,292	1,702,894	2,099,661	396,767	23.3
Unrestricted	19,780,961	20,585,981	21,698,764	1,112,783	5.4
Total net position	<u>\$ 120,236,666</u>	<u>\$ 118,455,225</u>	<u>\$ 121,314,416</u>	<u>\$ 2,859,191</u>	2.4
Changes in Net Position					
Charges for services	\$ 20,012,208	\$ 22,692,741	\$ 27,225,899	\$ 4,533,158	20.0
Operating expenses exclusive of depreciation	20,201,533	20,512,997	22,511,147	1,998,150	9.7
Depreciation	2,540,834	2,555,609	2,597,354	41,745	1.6
Operating (Loss) Income	(2,730,159)	(375,865)	2,117,398	2,493,263	(663.3)
Nonoperating Income	141,469	183,840	288,230	104,390	56.8
Capital Contributions	396,610	213,082	453,563	240,481	112.9
Transfers	-	-	-	-	-
Change in Net Position	<u>\$ (2,192,080)</u>	<u>\$ 21,057</u>	<u>\$ 2,859,191</u>	<u>\$ 2,838,134</u>	13,478.3

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 2016 include the General Fund and the Public Safety Fund.

The General Fund pays for most of the Township's governmental services. The most significant are general government and the District Court. 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.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

The Township board of trustees approved a 2016 budget with 38 funds. General Fund revenue totaled \$27.2 million, with appropriations in the amount of \$29.0 million, including transfers out of \$17.4 million to fund the Public Safety Fund and capital expenditures. The Public Safety Fund estimated total revenue and expenditures balanced at \$33.6 million.

Capital Asset and Debt Administration

At the end of 2016, the Township had approximately \$161 million invested in a broad range of capital assets, including buildings, bike paths, police and fire equipment, and water and sewer lines.

On April 22, 2013, the board of trustees adopted a Special Assessment District (SAD) 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 the Township does 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 SADs districts for the reconstruction of subdivision streets. The Township, in partnership with local subdivisions, is able to fund the SADs directly or through municipal fund issuance, saving residents costs while supplementing revenue to the Township, which in turn will be returned to the public in the later years by funding other programs.

The status of the various SADs is listed below. Several projects are under review and some are ready for construction. Petition includes projects that are in initial stages before final approval and estimation.

SAD No. 145: Timber's Edge Roadway Improvement Project (Petition)

SAD No. 147: Maple Creek Roadway Improvement Project (Petition)

SAD No. 149: Foxpointe Condominium Roadway Improvement Project (Warranty)

SAD No. 150: Manor Home of Aldingbrooke Roadway Improvement Project (Warranty)

SAD No. 152: Willow Farms Storm Water Management Project (Contract Awarded - June 2017 Construction)

SAD No. 154: Chimney Hills Condominium Roadway Improvement Project (Warranty)

SAD No. 160: Franklin Valley Subdivisions (1-8) Roadway Improvement Project (Petition)

SAD No. 161: Rutledge Park Roadway Improvement Project (Petition)

SAD No. 162: Twin Beach Condominium Street Lighting Project (Resolution Phase)

SAD No. 163: Pebblecreek Phase II Roadway Improvement Project (Estimation)

SAD No. 164 Locklin Pines Storm Water Improvement Project (Estimation)

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Some large and complex projects completed in 2016 and projects planned for 2017-2018 are as follows: (1) Continued Safety Path Projects; (2) Maple Road and Orchard Lake Road intersection improvements, completed at a cost to the Township of \$1.7 million; (3) Maple Road to Haggerty Road widening; (4) Maple Place Roadway Project; (5) Heron Drain project; (6) Putnam bridge replacement; (7) Orchard Lake Boulevard project; and (8) General Road resurfacing (e.g., Drake Road).

The Orchard Lake project (reconstruction work on Orchard Lake Road) is scheduled to begin in July 2017. The estimated project cost is \$7,231,328, and the Township has received over \$5 million in federal funds. The Township cost for the project is roughly \$600,000, plus a 50 percent share of any project overage to participating project work, and 100 percent for nonwork items (e.g., street lights). All township allocated Tri-Party funds through 2017 are assigned to this project.

The new Fire Station #3 will begin construction in 2017 to be completed in 2018. Costs estimates are \$3.5 million with \$2,858,000 transferred from the General Fund in 2016.

Grounds and Maintenance Projects

Infrastructure continues to be a priority of the Township. Miscellaneous repairs to existing Fire Stations #4 and #9 and architectural plans for new Fire Station #3 totaled \$88,434. Township Hall repairs included board room renovations, second floor remodeling, brick repairs, furnace replacement, and town hall security improvements. Generators purchased for the town hall and police totaled \$131,870 and \$240,822, respectively.

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, Steven Kaplan, at (248) 409-1581.

Charter Township of West Bloomfield

Statement of Net Position December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and investments (Note 3)	\$ 41,407,952	\$ 17,279,831	\$ 58,687,783	\$ 504,668
Receivables:				
Property taxes receivable	21,747,636	-	21,747,636	-
Customer receivables	-	6,341,183	6,341,183	-
Accrued interest receivable	72,089	38,922	111,011	325
Other receivables	1,979,685	8,949	1,988,634	173,717
Due from other governmental units	1,096,816	332,337	1,429,153	-
Lease receivable	3,468,601	-	3,468,601	-
Special assessments receivable	2,158,599	-	2,158,599	-
Due from component units	10,307	-	10,307	-
Internal balances	(8,217)	8,217	-	-
Inventory	-	226,414	226,414	-
Prepaid expenses and other assets	320,217	18,350	338,567	-
Restricted assets (Note 9)	-	1,962,108	1,962,108	-
Capital assets (Note 6):				
Assets not subject to depreciation	5,389,566	13,182,609	18,572,175	5,000
Assets subject to depreciation	32,825,792	108,852,158	141,677,950	692,123
Net OPEB asset (Note 13)	19,083,298	1,401,156	20,484,454	-
Total assets	129,552,341	149,652,234	279,204,575	1,375,833
Deferred Outflows of Resources -				
Related to pension (Note 11)	6,380,939	132,851	6,513,790	-
Liabilities				
Accounts payable	809,911	3,045,382	3,855,293	16,849
Due to other governmental units	697	-	697	-
Due to primary government	-	-	-	10,307
Accrued liabilities and other:				
Accrued salaries and wages	791,238	37,832	829,070	-
Accrued interest payable	268,229	146,815	415,044	-
Other accruals	303,731	21,285	325,016	-
Unearned revenue	45,013	-	45,013	-
Noncurrent liabilities (Note 8):				
Due within one year:				
Compensated absences	200,854	12,861	213,715	-
Current portion of long-term debt	2,925,768	1,474,111	4,399,879	-
Due in more than one year:				
Compensated absences (Note 8)	1,314,321	74,393	1,388,714	-
Provision for claims	567,599	-	567,599	-
Net pension liability (Note 11)	21,414,136	455,076	21,869,212	-
Long-term debt (Note 8)	32,938,544	23,044,665	55,983,209	-
Total liabilities	61,580,041	28,312,420	89,892,461	27,156

Charter Township of West Bloomfield

Statement of Net Position (Continued) December 31, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Inflows of Resources				
Property taxes levied for the following year	\$ 31,845,746	\$ -	\$ 31,845,746	\$ -
Deferred inflows related to pension (Note 11)	1,789,869	158,249	1,948,118	-
Total deferred inflows of resources	<u>33,635,615</u>	<u>158,249</u>	<u>33,793,864</u>	<u>-</u>
Net Position				
Net investment in capital assets	30,022,724	97,515,991	127,538,715	697,123
Restricted for:				
Public safety	3,907,518	-	3,907,518	-
Drug enforcement	1,009,113	-	1,009,113	-
Drains at large	122,075	-	122,075	-
Special assessments	1,212,542	-	1,212,542	-
Safety paths	3,244,333	-	3,244,333	-
Grants	77,434	-	77,434	-
Other postemployment benefits	876,901	137,553	1,014,454	-
Nonexpendable - Equity allocable to other governments (Note 1)	-	-	-	68,067
Capital improvement replacement and financing	-	1,962,108	1,962,108	-
Unrestricted	<u>244,984</u>	<u>21,698,764</u>	<u>21,943,748</u>	<u>583,487</u>
Total net position	<u>\$ 40,717,624</u>	<u>\$ 121,314,416</u>	<u>\$ 162,032,040</u>	<u>\$ 1,348,677</u>

Charter Township of West Bloomfield

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,783,751	\$ 361,976	\$ 13,891	\$ -
District Court	1,006,251	1,042,656	-	-
Public safety	32,218,956	3,652,609	193,650	-
Public works	1,219,847	503,103	371,149	179,217
Community and economic development	1,292,596	140,337	-	-
Recreation and culture	25,726	-	-	-
Interest on long-term debt	1,529,400	-	-	-
Total governmental activities	44,076,527	5,700,681	578,690	179,217
Business-type activities - Water and sewer	25,108,501	27,225,899	-	453,563
Total primary government	\$ 69,185,028	\$ 32,926,580	\$ 578,690	\$ 632,780
Component unit	\$ 661,983	\$ -	\$ -	\$ -
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities
Year Ended December 31, 2016

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (6,407,884)	\$ -	\$ (6,407,884)	\$ -
36,405	-	36,405	-
(28,372,697)	-	(28,372,697)	-
(166,378)	-	(166,378)	-
(1,152,259)	-	(1,152,259)	-
(25,726)	-	(25,726)	-
(1,529,400)	-	(1,529,400)	-
(37,617,939)	-	(37,617,939)	-
-	2,570,961	2,570,961	-
(37,617,939)	2,570,961	(35,046,978)	-
-	-	-	(661,983)
32,100,084	-	32,100,084	-
5,257,872	-	5,257,872	-
532,009	288,230	820,239	1,911
1,396,082	-	1,396,082	695,330
468,618	-	468,618	-
125,468	-	125,468	-
39,880,133	288,230	40,168,363	697,241
2,262,194	2,859,191	5,121,385	35,258
38,455,430	118,455,225	156,910,655	1,313,419
\$ 40,717,624	\$ 121,314,416	\$ 162,032,040	\$ 1,348,677

Charter Township of West Bloomfield

Governmental Funds Balance Sheet December 31, 2016

	General Fund	Public Safety Fund	Nonmajor Funds	Total
Assets				
Cash and investments (Note 3)	\$ 21,291,561	\$ 6,254,105	\$ 13,862,286	\$ 41,407,952
Receivables:				
Property taxes receivable	7,512,725	13,440,397	794,514	21,747,636
Special assessments receivable	-	-	2,158,599	2,158,599
Accrued interest receivable	60,309	-	11,780	72,089
Other receivables	1,122,684	816,492	13,176	1,952,352
Due from other governmental units	924,815	8,269	163,732	1,096,816
Due from component units	10,307	-	-	10,307
Due from other funds (Note 7)	53,630	462,648	67,561	583,839
Prepaid expenses and other assets	173,535	146,682	-	320,217
	<u>\$ 31,149,566</u>	<u>\$ 21,128,593</u>	<u>\$ 17,071,648</u>	<u>\$ 69,349,807</u>
Total assets				
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 280,305	\$ 288,922	\$ 240,684	\$ 809,911
Due to other governmental units	697	-	-	697
Due to other funds	538,426	-	53,630	592,056
Accrued liabilities and other:				
Accrued salaries and wages	133,047	657,817	374	791,238
Other accruals	83,504	216,227	4,000	303,731
Unearned revenue	-	-	45,013	45,013
	<u>1,035,979</u>	<u>1,162,966</u>	<u>343,701</u>	<u>2,542,646</u>
Total liabilities				
Deferred Inflows of Resources				
Unavailable revenue	1,127,678	56,295	2,121,927	3,305,900
Property taxes levied for the following year	11,004,846	19,677,561	1,163,339	31,845,746
	<u>12,132,524</u>	<u>19,733,856</u>	<u>3,285,266</u>	<u>35,151,646</u>
Total deferred inflows of resources				
Fund Balances				
Nonspendable - Prepays	173,535	146,682	-	320,217
Restricted:				
Public safety	-	85,089	3,619,452	3,704,541
Debt service	-	-	673,293	673,293
Safety paths	-	-	3,244,333	3,244,333
Drug enforcement	-	-	1,009,113	1,009,113
Special assessments	-	-	3,145	3,145
Assigned:				
Capital projects	-	-	4,893,345	4,893,345
Future transfers to public safety	7,133,000	-	-	7,133,000
Unassigned	10,674,528	-	-	10,674,528
	<u>17,981,063</u>	<u>231,771</u>	<u>13,442,681</u>	<u>31,655,515</u>
Total fund balances				
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,149,566</u>	<u>\$ 21,128,593</u>	<u>\$ 17,071,648</u>	<u>\$ 69,349,807</u>

Charter Township of West Bloomfield

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2016

Fund Balances Reported in Governmental Funds	\$ 31,655,515
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	38,215,358
Leases receivable are expected to be collected over several years and are not available to pay for current year expenditures	3,468,601
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	27,333
The net OPEB assets are not a financial resource and are recorded only at the government-wide level	19,083,298
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	3,305,900
The net pension liability and deferred outflows are only recorded at the government-wide level	(16,823,066)
Unamortized bond premiums do not represent a claim on the current financial resources and are not reported as fund liabilities	(35,031)
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported as fund liabilities	(35,829,281)
Accrued interest is not due and payable in the current period and is not reported in the funds	(268,229)
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	(1,515,175)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(567,599)</u>
Net Position of Governmental Activities	<u>\$ 40,717,624</u>

Charter Township of West Bloomfield

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2016

	General Fund	Public Safety Fund	Nonmajor Funds	Total
Revenue				
Property taxes	\$ 11,109,251	\$ 19,949,480	\$ 1,041,353	\$ 32,100,084
Licenses and permits	1,418,352	31,847	-	1,450,199
Federal grants	-	1,893	441,092	442,985
State-shared revenue and grants	5,173,848	92,624	89,162	5,355,634
Charges for services	690,188	2,524,035	62,832	3,277,055
Fines and forfeitures	1,042,356	11,916	-	1,054,272
Investment income	335,640	47,967	148,402	532,009
Rental income	249,157	-	-	249,157
Other revenue	1,573,218	296,669	1,561,665	3,431,552
Total revenue	<u>21,592,010</u>	<u>22,956,431</u>	<u>3,344,506</u>	<u>47,892,947</u>
Expenditures				
Current:				
General government	6,103,143	-	-	6,103,143
District Court	1,006,251	-	-	1,006,251
Public safety	1,427,496	27,667,729	1,278,079	30,373,304
Public works	176,845	-	3,803,495	3,980,340
Community and economic development	1,274,741	-	-	1,274,741
Recreation and culture	-	-	66,810	66,810
Debt service	805,620	1,490,216	2,136,953	4,432,789
Total expenditures	<u>10,794,096</u>	<u>29,157,945</u>	<u>7,285,337</u>	<u>47,237,378</u>
Excess of Revenue Over (Under) Expenditures	10,797,914	(6,201,514)	(3,940,831)	655,569
Other Financing Sources (Uses)				
Face value of debt issue	144,083	-	-	144,083
Proceeds from sale of capital assets	125,468	96,896	18,258	240,622
Transfers in	22,191	9,062,648	5,861,568	14,946,407
Transfers out	(12,067,877)	(2,858,700)	(19,830)	(14,946,407)
Total other financing (uses) sources	<u>(11,776,135)</u>	<u>6,300,844</u>	<u>5,859,996</u>	<u>384,705</u>
Net Change in Fund Balances	(978,221)	99,330	1,919,165	1,040,274
Fund Balances - Beginning of year	<u>18,959,284</u>	<u>132,441</u>	<u>11,523,516</u>	<u>30,615,241</u>
Fund Balances - End of year	<u>\$ 17,981,063</u>	<u>\$ 231,771</u>	<u>\$ 13,442,681</u>	<u>\$ 31,655,515</u>

Charter Township of West Bloomfield

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 1,040,274

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay and donated assets	4,661,468
Depreciation expense	(2,317,021)
Net book value of assets disposed of	(215,100)

Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 45 days of year end	(306,829)
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Special assessment revenue is recorded in the statement of activities when the assessment is set; it is not reported in the funds until collected or collectible within 45 days of year end	(739,693)
---	-----------

Long-term lease receivable from parks and recreation is recorded as revenue of the governmental funds when collected	(32,402)
--	----------

Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position	(154,502)
--	-----------

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,833,767
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Change in accrued interest payable and other	18,128
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Employee sick and vacation pay is recorded in the statement of activities when earned, rather than when used	(75,732)
--	----------

Change in general liability claims	(110,298)
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Collection of building authority lease receivable is considered a revenue of the governmental fund, but not at the government-wide level	(465,000)
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Change in net other postemployment benefit asset	(472,757)
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Change in net pension asset/liability	(1,402,109)
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Change in Net Position of Governmental Activities \$ 2,262,194

Charter Township of West Bloomfield

Proprietary Fund Statement of Net Position December 31, 2016

	Enterprise Fund - Water and Sewer Fund
	<u>Fund</u>
Assets	
Current assets:	
Cash and cash equivalents (Note 3)	\$ 17,279,831
Receivables	6,721,391
Due from other funds	8,217
Inventory	226,414
Prepaid expenses and other assets	18,350
Total current assets	<u>24,254,203</u>
Noncurrent assets:	
Restricted assets (Note 9)	1,962,108
Capital assets:	
Assets not subject to depreciation	13,182,609
Assets subject to depreciation	108,852,158
Net OPEB asset	1,401,156
Total noncurrent assets	<u>125,398,031</u>
Total assets	<u>149,652,234</u>
Deferred Outflows of Resources - Deferred outflows related to pension	132,851
Liabilities	
Current liabilities:	
Accounts payable	3,045,382
Accrued liabilities and other:	
Accrued salaries and wages	37,832
Accrued interest payable	146,815
Other accruals	21,285
Compensated absences (Note 8)	12,861
Current portion of long-term debt	1,474,111
Total current liabilities	<u>4,738,286</u>
Noncurrent liabilities:	
Compensated absences (Note 8)	74,393
Net pension liability	455,076
Long-term debt (Note 8)	23,044,665
Total noncurrent liabilities	<u>23,574,134</u>
Total liabilities	<u>28,312,420</u>
Deferred Inflows of Resources - Deferred inflows related to pension	<u>158,249</u>
Net Position	
Net investment in capital assets	97,515,991
Restricted:	
Capital improvement replacement and financing	1,962,108
Other postemployment benefits	137,553
Unrestricted	21,698,764
Total net position	<u><u>\$ 121,314,416</u></u>

Charter Township of West Bloomfield

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2016

	Enterprise Fund - Water and Sewer Fund
Operating Revenue	
Sale of water	\$ 14,090,004
Sewage disposal charges	12,485,059
Interest and penalty charges	552,002
Installation fees	62,061
Other charges for services	36,773
Total operating revenue	<u>27,225,899</u>
Operating Expenses	
Cost of water	10,059,809
Cost of sewage treatment	7,539,558
Distribution and collection	3,347,830
Billing and administrative costs	1,123,794
Depreciation	2,597,354
Total operating expenses	<u>24,668,345</u>
Operating Income	2,557,554
Nonoperating Revenue (Expense)	
Investment income	288,230
Interest expense	(423,358)
Other nonoperating expenses	(16,798)
Total nonoperating expense	<u>(151,926)</u>
Loss - Before capital contributions	2,405,628
Capital Contributions	
Capital grants	162,897
Special assessments	290,666
Total capital contributions	<u>453,563</u>
Change in Net Position	2,859,191
Net Position - Beginning of year	<u>118,455,225</u>
Net Position - End of year	<u><u>\$ 121,314,416</u></u>

Charter Township of West Bloomfield

Proprietary Fund Statement of Cash Flows Year Ended December 31, 2016

	Enterprise Fund - Water and Sewer Fund
	Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 26,662,088
Payments for interfund services and reimbursements	20,536
Payments to suppliers	(18,429,918)
Payments to employees	(3,929,785)
Internal activity - Payments to other funds	(2,175)
Other payments	(103,578)
	4,217,168
Net cash provided by operating activities	4,217,168
Cash Flows from Capital and Related Financing Activities	
Receipt of capital grants	162,897
Special assessment collections	290,666
Benefit fees	43,750
Proceeds from sales of capital assets	14,234
Purchase of capital assets	(3,129,248)
Principal and interest paid on capital debt	(1,229,730)
	(3,847,431)
Net cash used in capital and related financing activities	(3,847,431)
Cash Flows from Investing Activities - Interest received on investments	288,815
Net Increase in Cash and Cash Equivalents	658,552
Cash and Cash Equivalents - Beginning of year	18,308,126
Cash and Cash Equivalents - End of year	\$ 18,966,678
Statement of Net Position Classification of Cash and Cash Equivalents	
Cash and investments	\$ 17,279,831
Restricted cash	1,686,847
	\$ 18,966,678
Total cash and cash equivalents	

Charter Township of West Bloomfield

Proprietary Fund Statement of Cash Flows (Continued) Year Ended December 31, 2016

	Enterprise Fund - Water and Sewer Fund
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 2,557,554
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	2,597,354
Changes in assets and liabilities:	
Receivables	(667,389)
Due from others	20,536
Inventories	(19,349)
Prepaid and other assets	(4,569)
Accounts payable	(480,993)
Due to others	(2,175)
Accrued and other liabilities	216,199
Net cash provided by operating activities	<u>\$ 4,217,168</u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2016, the Water and Sewer Fund drew down \$8,950,304 from Oakland County ESDS Middlebelt Transport & Storage Tunnel Bond for water and sewer lines.

Charter Township of West Bloomfield

Fiduciary Funds Statement of Fiduciary Net Position December 31, 2016

	Pension and Other Employee Benefits Trust Fund	Agency Funds
Assets		
Investments:		
Cash equivalents	\$ 9,048,004	\$ 4,864,604
Fixed income	51,950,623	-
Mutual funds	106,331,305	-
Real estate	22,237,486	-
Other investments	9,273,599	-
Receivables	40,958	-
Prepaid expenses and other assets	39,240	-
	198,921,215	\$ 4,864,604
Liabilities		
Accounts payable	271,621	\$ -
Due to other governmental units	-	4,107,153
Due to primary government	110,000	-
Refundable deposits, bonds, etc.	-	757,451
	381,621	\$ 4,864,604
Net Position Held in Trust for Pension and Other Employee Benefits	\$ 198,539,594	

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, 2016

Additions

Investment income:	
Interest and dividends	\$ 4,675,516
Net increase in fair value of investments	9,932,847
Investment-related expenses	<u>(1,067,216)</u>
Net investment income	13,541,147
Contributions:	
Employer	6,024,375
Employee	<u>697,808</u>
Total contributions	<u>6,722,183</u>
Total additions	20,263,330

Deductions

Benefit payments	9,056,489
Administrative expenses	<u>191,647</u>
Total deductions	<u>9,248,136</u>

Net Increase in Net Position Held in Trust 11,015,194

Net Position Held in Trust for Pension and Other Employee Benefits -
Beginning of year 187,524,400

Net Position Held in Trust for Pension and Other Employee Benefits -
End of year \$ 198,539,594

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

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 legally 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 nonfinancial 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, 2016

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's revenue based on relative case load levels. The Township's share of District Court expenditures totaled \$1,006,251 for the year ended December 31, 2016, and its share of revenue totaled \$1,007,458. 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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

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.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is 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 for which specific revenue was used.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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:

- 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.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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.

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 is 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.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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 acquisition value at the date of donation.

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 10 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 deferred outflows related to pension costs.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township has three transactions that are reported as deferred inflows: deferred inflows related to pension, 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. The Township also has deferred inflows related to changes in pension allocations between the Township and Parks and Recreation.

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).

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The 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.

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 2016 tax is levied and collectible on December 1, 2015 and is recognized as revenue in the year ended December 31, 2016, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2015 taxable valuation of the Township totaled \$3.3 billion, on which taxes levied consisted of 3.3056 mills for operating purposes, 5.9643 mills for police and fire services, 0.1226 mills for drains, and 0.1974 mills for a safety path. This resulted in \$10.8 million for operating, \$19.5 million for police and fire services, \$400,000 for drains, and \$645,000 for a safety path. These amounts are recognized in the respective General Fund and Special Revenue Fund financial statements as tax revenue.

The Township has no tax abatements outstanding (industrial facilities taxes, etc.). There are no other units of government that have abated Township taxes.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Pension - The Charter Township of West Bloomfield offers a defined benefit pension plan to its employees. The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Bloomfield Township Pension Plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs - The Township offers 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, 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.

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 revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue sources 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 revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The 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, 2016 is as follows:

Cumulative shortfall at January 1, 2016		\$ (4,441,753)
Current year permit revenue		1,416,989
Related expenses:		
Direct costs	\$ 930,563	
Estimated indirect costs	603,183	1,533,746
		<u> </u>
Current year shortfall		<u>(116,757)</u>
Cumulative shortfall at December 31, 2016		<u>\$ (4,558,510)</u>

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.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 3 - Deposits and Investments (Continued)

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, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. Each investment type is subject to its own limitations.

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.

The Township has further restricted the types of securities and transactions eligible for investment by the investment officer or authorized township investment advisor as follows:

U.S. Treasury Obligations - Treasury Bills, Treasury Notes, and Treasury Bonds with a final maturity not exceeding five years from the date of trade settlement

Federal Instrumentality Securities - Debentures, discount notes, step-up, and callable securities with a final maturity not exceeding five years from the date of trade settlement

Repurchase Agreements - With a termination date of 90 days or less collateralized by U.S. Treasury obligations and federal instrumentality securities listed above with maturities not exceeding 10 years

Certificates of Deposit and Prime Commercial Paper - No more than 25 percent of the Township's total portfolio may be invested in certificates of deposit with no more than 5 percent held in any one issuer at the time of purchase.

Municipal Securities - No more than 25 percent of the portfolio may be invested in municipal securities with no more than 5 percent held in any one issuer at the time of purchase.

Eligible Bankers Acceptances - With maturities not exceeding 180 days from the date of settlement. No more than 25 percent of the Township's total portfolio may be invested in eligible bankers acceptances with no more than 5 percent held in any one issuer at the time of purchase.

Money Market Funds - No more than 25 percent of the Township's total portfolio may be invested in money market mutual funds at any one time

Investment Pools - No more than 25 percent of the Township's total portfolio may be invested in investment pools at any one time

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 3 - Deposits and Investments (Continued)

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 \$13,491,660 of bank deposits (certificates of deposit and checking and savings accounts) that was 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.

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 shall not directly invest in securities maturing more than five years from the date of trade settlement, unless authorized by the board. The weighted average final maturity of the Township's portfolio shall not exceed two and half years. The limitations on securities maturing more than five years from the settlement date and weighted average final maturity of the Township's portfolio do not include investment in debt obligations of the Township. Investments in commercial paper can only be purchased with a 270-day maturity.

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

Investment	Fair Value	Weighted Average Maturity (Years)
Primary Government		
Investment pools	\$ 21,076,915	0
U.S. government agency securities	22,052,864	2.01
Local government bonds	9,689,172	8.68
Total	<u>\$ 52,818,951</u>	
Fiduciary funds - Investment pools	<u>\$ 52,191,566</u>	4.39
U.S. government agency securities	<u>\$ 8,675,412</u>	N/A

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

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	\$ 21,076,915	NR	NR
U.S. agency obligations	22,052,864	AA+	S&P
Municipal bonds	9,689,172	AA+	S&P
Fiduciary Funds			
Investment pools	6,473,921	AAA-A3	S&P
	5,079,962	BBB	S&P
	790,216	BB	S&P
Corporate bond pools	29,664,424	AAA-A	S&P
	10,183,041	BBB-B	S&P
Government agency securities	8,675,412	Aaa	S&P

Concentration of Credit Risk - Investments shall be diversified by security type and institution. With the exception of U.S. Treasury obligations, federal instrumentality securities, and repurchase agreements, no more than 25 percent of the total investment portfolio shall be invested in a single security type or with a single depository financial institution and no more than 5 percent held in any one issuer at the time of purchase.

Note 4 - Fair Value Measurement

The Township categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Township's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 4 - Fair Value Measurement (Continued)

The Township has the following recurring fair value measurements as of December 31, 2016:

Assets Measured at Fair Value on a Recurring Basis

	Balance at December 31, 2016	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Treasury securities	\$ 48,682,836	\$ 48,647,362	\$ 35,474	\$ -
Domestic bonds	15,728,061	2,085,184	13,642,877	-
Foreign bonds	548,697	-	548,697	-
Total debt securities	64,959,594	50,732,546	14,227,048	-
Equity securities:				
Common stocks	49,253,254	49,253,254	-	-
Foreign stocks	1,503,939	1,503,939	-	-
Other	32,574,633	32,574,633	-	-
Total equity securities	83,331,826	83,331,826	-	-
Money market accounts	8,702,644	8,702,644	-	-
Real estate trust funds	2,932,686	2,932,686	-	-
Total investments by fair value level	159,926,750	\$ 145,699,702	\$ 14,227,048	\$ -
Investments measured at the net asset value (NAV):				
Comingled funds	23,058,687			
Multi-strategy hedge funds	9,273,599			
Real estate funds	19,304,800			
Total investments measured at the NAV	51,637,086			
Total investments measured at fair value	\$ 211,563,836			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of certain debt securities at December 31, 2016 was determined primarily based on Level 2 inputs. The Township estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 4 - Fair Value Measurement (Continued)

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table.

Investments in Entities that Calculate Net Asset Value per Share

The Township holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At December 31, 2016, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Comingled funds	\$ 23,058,687	\$ -	Monthly	5 days
Multi-strategy hedge funds	9,273,599	-	Quarterly	95 days
Real estate funds	<u>19,304,800</u>	<u>9,656,495</u>	None	None
Total investments measured at NAV	<u>\$ 51,637,086</u>	<u>\$ 9,656,495</u>		

The comingled funds invest in publicly traded domestic stocks. A total of 100 percent of the assets can be redeemed on a monthly basis with five days' notice. All of the underlying securities within the commingled fund carry a Level 1 or Level 2 valuation.

The multi-strategy hedge funds class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' composite portfolio for this type includes investments in approximately 62 percent global stocks, 10 percent global fixed income, and 28 percent balanced/global macro. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Investments in this category can be liquidated via a quarterly redemption queue requiring 95 days' notice.

The real estate funds class includes several real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investments in this class have been estimated using the net asset value (or its equivalent) of the Township's ownership interest in partners' capital. These investments can never be redeemed with the funds.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 5 - Deferred Inflows/Outflows of Resources

At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	Governmental Funds	Government- wide Statements
Property taxes levied for the next fiscal year	\$ 31,845,746	\$ 31,845,746
Special assessments - Unavailable	2,044,493	-
Grant revenue - Unavailable	84,729	-
District court - Unavailable	232,000	-
Ambulance transport fees - Unavailable	49,000	-
State-shared revenue	895,678	-
Pension - Difference between expected and actual experience	-	1,880,544
Pension - Changes in proportion	-	67,574
Total deferred inflows	<u>\$ 35,151,646</u>	<u>\$ 33,793,864</u>

At the end of the current fiscal year, the various components of deferred outflows of resources are as follows:

	Government- wide Statements
Pension - Difference between expected and actual experience	\$ 282,188
Pension - Changes in assumptions	1,047,322
Pension - Net difference between projected and actual earnings on pension plan investments	5,000,351
Pension - Changes in proportion	183,929
Total deferred outflows	<u>\$ 6,513,790</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 6 - Capital Assets

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

	Balance January 1, 2016	Reclassifications	Additions	Disposals	Balance December 31, 2016
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 2,089,486	\$ -	\$ -	\$ -	\$ 2,089,486
Construction in progress	3,047,586	(2,694,349)	2,946,843	-	3,300,080
Subtotal	5,137,072	(2,694,349)	2,946,843	-	5,389,566
Capital assets being depreciated:					
Bike paths	17,069,546	-	216,682	-	17,286,228
Investment in county roads and drains	11,246,213	2,694,349	83,333	-	14,023,895
Buildings and improvements	14,755,669	-	529,969	263,432	15,022,206
Machinery and equipment	13,124,365	-	884,641	528,727	13,480,279
Land improvements	2,490,841	-	-	-	2,490,841
Subtotal	58,686,634	2,694,349	1,714,625	792,159	62,303,449
Accumulated depreciation:					
Bike paths	10,150,842	-	377,824	-	10,528,666
Investment in county roads and drains	1,850,252	-	590,128	-	2,440,380
Buildings and improvements	6,014,737	-	323,856	133,259	6,205,334
Machinery and equipment	8,785,620	-	898,053	443,800	9,239,873
Land improvements	936,244	-	127,160	-	1,063,404
Subtotal	27,737,695	-	2,317,021	577,059	29,477,657
Net capital assets being depreciated	30,948,939	2,694,349	(602,396)	215,100	32,825,792
Net capital assets	\$ 36,086,011	\$ -	\$ 2,344,447	\$ 215,100	\$ 38,215,358
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 624,406	\$ -	\$ 7,500	\$ -	\$ 631,906
Construction in progress	4,557,477	(3,774,561)	11,767,787	-	12,550,703
Subtotal	5,181,883	(3,774,561)	11,775,287	-	13,182,609
Capital assets being depreciated:					
Water and sewer distribution systems	160,400,434	3,774,561	173,564	1,800	164,346,759
Buildings and improvements	1,745,232	(13,754)	-	-	1,731,478
Other tools and equipment	2,599,736	-	120,408	120,302	2,599,842
Other improvements	126,536	13,754	-	-	140,290
Subtotal	164,871,938	3,774,561	293,972	122,102	168,818,369
Accumulated depreciation:					
Water and sewer distribution systems	55,014,426	-	2,399,222	1,260	57,412,388
Buildings and improvements	1,048,716	-	45,565	-	1,094,281
Other tools and equipment	1,291,868	-	148,037	100,103	1,339,802
Other improvements	115,210	-	4,530	-	119,740
Subtotal	57,470,220	-	2,597,354	101,363	59,966,211
Net capital assets being depreciated	107,401,718	3,774,561	(2,303,382)	20,739	108,852,158
Net capital assets	\$ 112,583,601	\$ -	\$ 9,471,905	\$ 20,739	\$ 122,034,767

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 6 - Capital Assets (Continued)

Component Units	Balance January 1, 2016	Reclassifications	Additions	Disposals	Balance December 31, 2016
Capital assets not being depreciated - Construction in progress	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000
Capital assets being depreciated:					
Buildings and improvements	413,380	-	-	-	413,380
Machinery and equipment	716,936	-	16,299	-	733,235
Other assets - Intangibles	17,213	-	-	-	17,213
Subtotal	1,147,529	-	16,299	-	1,163,828
Accumulated depreciation:					
Buildings and improvements	38,365	-	13,084	-	51,449
Machinery and equipment	321,848	-	92,893	-	414,741
Other assets - Intangibles	3,813	-	1,702	-	5,515
Subtotal	364,026	-	107,679	-	471,705
Net capital assets being depreciated	783,503	-	(91,380)	-	692,123
Net capital assets	<u>\$ 783,503</u>	<u>\$ -</u>	<u>\$ (86,380)</u>	<u>\$ -</u>	<u>\$ 697,123</u>

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

Governmental activities:

General government	\$ 885,876
Public safety	980,681
Public works	271,016
Community and economic development	3,099
Recreation and culture	176,349
Total governmental activities	<u>\$ 2,317,021</u>

Construction Commitments - The Township has active construction projects at year end. The projects include the Middlebelt Tunnel project in conjunction with Oakland County. At year end, the Township's portion of the commitment contractors is approximately \$8,126,000.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 7 - 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	Nonmajor governmental funds	\$ 53,630
Public Safety Fund	General Fund	462,648
Nonmajor governmental funds	General Fund	67,561
Water and Sewer Fund	General Fund	8,217
	Total interfund balances	<u>\$ 592,056</u>

Receivable Fund	Payable Fund	Amount
Due to/from Primary Government and Component Units		
General Fund	Cable fund	<u>\$ 10,307</u>

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

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

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Public Safety Fund (1)	\$ 9,062,648
	Other nonmajor governmental funds (2):	
	Capital projects fund	3,002,100
	Other nonmajor funds	3,129
	Total General Fund	<u>12,067,877</u>
Other nonmajor governmental funds	General Fund (3)	19,062
	Capital Projects Fund (nonmajor fund) (2)	768
	Total other nonmajor governmental funds	<u>19,830</u>
Public Safety Fund	Capital Projects Fund (nonmajor fund) (2)	2,858,700
	Total	<u>\$ 14,946,407</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 7 - Interfund Receivables, Payables, and Transfers (Continued)

- (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

Note 8 - 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 re-assessment 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	
General obligations:	
2013 Capital Improvement Bond, with interest rate ranging from 2.00% to 3.60%, maturing in 2023	\$ 770,000
2013 Health Care Obligation Bond, with interest rate ranging 0.45% to 5.65%, maturing in 2033	18,206,397
2008 Bike Path Improvement Bond, with interest rate ranging from 3.0% to 4.0%, maturing in 2020	3,695,000
2008 Building Authority Bond for parks and recreation capital improvements, with interest rate ranging from 3.0% to 5.0%, maturing in 2021	2,690,000
2013 Pension Obligation Bond, with interest rate ranging from 0.45% to 5.65%, maturing in 2033	6,740,250
Subtotal	<u>\$ 32,101,647</u>
Special Assessment Bonds:	
2015 Special Assessment Bonds for SAD #150, with interest of 3.33%, maturing in 2024	\$ 1,070,000
2008 Special Assessment Bonds for SAD #139, with interest ranging from 5.0% to 5.75%, maturing in 2017	65,000
Subtotal	<u>\$ 1,135,000</u>
Jacobs Drain Bonds - 2013 Jacobs Drain Bonds - General obligation limited tax bonds, with interest ranging from 2.00% to 2.25%, maturing in 2025	<u>\$ 1,244,272</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 8 - Long-term Debt (Continued)

Description	Amount
Governmental Activities (Continued)	
Tenhill and Walbrook Drain Bonds:	
2006 Franklin Subwatershed Drain Drainage District Bonds, with interest ranging from 3.35% to 4.5%, maturing in 2026	\$ 370,466
2008 Franklin Subwatershed Drain Drainage District Bonds, with interest ranging from 6.0% to 7.0%, maturing in 2028	179,941
Subtotal	<u>\$ 550,407</u>
Donahue Drain Bonds - 2010 Donahue Drain Drainage District Bonds, with interest ranging from 2.0% to 4.4%, maturing in 2030	<u>\$ 642,816</u>
Installment purchase agreements:	
2014 Government Equipment Lease - Purchase agreement, with 2.75% interest rate, maturing in 2017	\$ 25,244
2016 Governmental equipment lease - Purchase agreement, with 3.34% interest rate, maturing in 2019	120,891
2016 Government Equipment Lease - Purchase agreement, with 38.46% interest rate, maturing in 2019	9,004
Subtotal	<u>\$ 155,139</u>
Total governmental activity debt	<u>\$ 35,829,281</u>
Description	Amount
Business-type Activities	
General obligations:	
2007 Segment I Drinking Water Revolving Fund - General Obligation limited tax, interest at 2.125%	\$ 521,670
2008 Segment II Drinking Water Revolving Fund - General Obligation limited tax, interest at 2.5% - Project 7218-I	5,229,958
2008 Segment II Drinking Water Revolving Fund - General Obligation limited tax, interest at 2.5% - Project 7254-I	498,224
2013 Pension Obligation Bond, with interest ranging from 0.45% to 5.65%, maturing in 2033	1,429,750
2013 Health Care Obligation Bond, with interest ranging from 0.45% to 5.65%, maturing in 2033	1,263,603
2010 Water Supply Sewage Disposal State Revolving Fund - General Obligation limited tax, interest at 2.5% - Project 5409-I	3,043,610
Subtotal	<u>\$ 11,986,815</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 8 - Long-term Debt (Continued)

Description	Amount
Business-type Activities (Continued)	
County contractual obligations:	
Oakland-Macomb Interceptor Drain Bonds 2010A, State Revolving Fund, interest at 2.5% - Project #5358-01, maturing in 2031	\$ 381,299
Oakland-Macomb Interceptor Drain Bonds 2011, State Revolving Fund, interest at 2.5% - Project #5368-01, maturing in 2033	507,221
Oakland-Macomb Interceptor Drain Bonds 2013A, State Revolving Fund, interest at 2.0%, maturing in May 2034	1,152,926
Oakland-Macomb Middlebelt Transport and Storage Tunnel Project Bond 2014, State Revolving Fund, interest at 2.5%, maturing in 2036	10,392,913
Oakland-Macomb Interceptor Drain Bonds 2010B, Economic Development Bonds, interest ranging from 1.45% to 5.90%, maturing in 2030	97,602
Subtotal	<u>\$ 12,531,961</u>
Total business-type activity debt	<u>\$ 24,518,776</u>

Long-term debt activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Building Authority bonds	\$ 3,155,000	\$ -	\$ 465,000	\$ 2,690,000	\$ 485,000
Bike paths	4,415,000	-	720,000	3,695,000	795,000
Special assessment bonds	1,340,000	-	205,000	1,135,000	200,000
Drain District bonds	2,636,642	-	199,147	2,437,495	219,047
Capital improvement bond	870,000	-	100,000	770,000	100,000
Installment purchases	112,002	154,502	111,365	155,139	75,314
Healthcare obligation bond	18,959,152	-	752,755	18,206,397	766,782
Pension obligation bond	7,020,750	-	280,500	6,740,250	284,625
Total bonds payable	<u>38,508,546</u>	<u>154,502</u>	<u>2,833,767</u>	<u>35,829,281</u>	<u>2,925,768</u>
Accumulated compensated absences	1,439,443	1,594,090	1,518,358	1,515,175	200,854
Unamortized bond premiums	43,794	-	8,763	35,031	-
Provision for general liability claims	457,302	890,044	779,747	567,599	-
Total governmental activities	<u>\$ 40,449,085</u>	<u>\$ 2,638,636</u>	<u>\$ 5,140,635</u>	<u>\$ 40,449,084</u>	<u>\$ 3,126,622</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 8 - Long-term Debt (Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
State of Michigan Drinking Water Revolving Fund Loan	\$ 6,699,852	\$ -	\$ 450,000	\$ 6,249,852	\$ 465,000
State of Michigan State Revolving Fund Loan	3,228,610	-	185,000	3,043,610	190,000
County contractual obligations	3,683,690	8,950,304	102,033	12,531,961	705,518
Healthcare obligation bond	1,315,849	-	52,246	1,263,603	53,218
Pension obligation bond	1,489,250	-	59,500	1,429,750	60,375
Total bonds payable	16,417,251	8,950,304	848,779	24,518,776	1,474,111
Accumulated compensated absences	83,232	120,660	116,638	87,254	12,861
Total business-type activities	<u>\$ 16,500,483</u>	<u>\$ 9,070,964</u>	<u>\$ 965,417</u>	<u>\$ 24,606,030</u>	<u>\$ 1,486,972</u>

Total interest expense for the year was approximately \$2,020,000. 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
2017	\$ 2,925,768	\$ 1,534,680	\$ 4,460,448	\$ 1,474,111	\$ 641,379	\$ 2,115,490
2018	2,966,619	1,439,593	4,406,212	1,507,903	622,197	2,130,100
2019	3,095,944	1,331,801	4,427,745	1,543,291	584,434	2,127,725
2020	3,233,413	1,213,091	4,446,504	1,581,935	545,162	2,127,097
2021	2,269,857	1,106,313	3,376,170	1,618,181	504,420	2,122,601
2022-2026	8,388,137	4,447,166	12,835,303	8,770,178	1,858,552	10,628,730
2027-2031	8,797,269	2,422,672	11,219,941	7,283,078	682,763	7,965,841
2032-2036	4,152,274	237,657	4,389,931	740,099	37,193	777,292
Total	<u>\$ 35,829,281</u>	<u>\$ 13,732,973</u>	<u>\$ 49,562,254</u>	<u>\$ 24,518,776</u>	<u>\$ 5,476,100</u>	<u>\$ 29,994,876</u>

Note 9 - Restricted Assets

The Township's water and sewer ordinances require the proceeds from certain revenue to be segregated and used for capital improvements, replacements, and debt financing (principal and interest debt service). Restricted assets are composed of the following:

	Business-type Activities
Cash and investments	\$ 1,686,847
Customer assessments receivable	255,330
Due from other governmental units	13,585
Assets held by Oakland County	6,346
Total restricted assets	<u>\$ 1,962,108</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 10 - 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>2016</u>	<u>2015</u>
Unpaid claims - Beginning of year	\$ 457,302	\$ 467,443
Incurred claims, including claims incurred but not reported, and changes in estimates	890,044	715,204
Claim payments	<u>(779,747)</u>	<u>(725,345)</u>
Unpaid claims - End of year	<u>\$ 567,599</u>	<u>\$ 457,302</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 11 - Pension Plan

Pension Plan Description

Plan Description - The Charter Township of West Bloomfield Employee's Pension System pension board administers the Charter Township of West Bloomfield's Pension Plan - a multiemployer, cost-sharing, defined benefit pension plan that provides pensions for permanent full-time general office employees hired prior to October 10, 2003 and to all public safety employees of the Charter Township of West Bloomfield and the West Bloomfield Township Parks and Recreation 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.

The financial statements of the plan are included in these financial statements as a pension and other employee benefit trust fund (a fiduciary fund).

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 plan, and the Township's finance director, who serve as ex-officio members.

Employees Covered by Benefit Terms - At the December 31, 2016, the following employees were covered by the benefit terms:

Active plan members or beneficiaries currently receiving benefits	221
Inactive plan members entitled to but not yet receiving benefits	48
Active plan members	<u>214</u>
Total employees covered by the plan	<u><u>483</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.

Benefit terms provide for annual cost of living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are determined by the annual increase or decrease in the consumer price index, not to exceed 3 percent.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 11 - Pension Plan (Continued)

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, 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 the board of trustees in accordance with the plan charter, union contracts, and plan provisions. For the year ended December 31, 2016, the average active member contribution rate was 4.0 percent of annual payroll and the plan's average contribution rate was 23.4 percent of annual payroll.

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 pension board's adopted asset allocation policy as of December 31, 2016:

Asset Class	Target Allocation
Domestic equity	35 %
International equity	15 %
Domestic bonds	25 %
Alternative investments	5 %
Real estate	20 %

Rate of Return - For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.03 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 11 - Pension Plan (Continued)

Pension Plan Reserves

In accordance with plan provisions, the following reserves are required to be 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, his or her 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.

The balances of the reserve accounts at December 31, 2016 are as follows:

	Required Reserve	Amount Funded
Retiree reserve	\$ 75,790,220	\$ 75,790,220
Employee reserve	5,382,715	5,382,715
Employer reserve	N/A	46,210,483

Net Pension Liability

The components of the net pension liability of the plan at December 31, 2016 were as follows:

Total pension liability	\$ 149,454,148
Plan fiduciary net position	<u>(127,383,418)</u>
Net pension liability	<u>\$ 22,070,730</u>

Plan fiduciary net position as a percentage of the total pension liability 85.2 %

At December 31, 2016, the Township reported a liability of \$21,869,212 for its proportionate share of the net pension liability.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 11 - Pension Plan (Continued)

The plan has chosen to use December 31, 2016 as its measurement date for the net pension liability. The December 31, 2016 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 total pension liability was determined by an actuarial valuation performed as of December 31, 2015, which used update procedures to roll forward the estimated liability to December 31, 2016.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2015	\$ 143,168,959	\$ 120,618,404	\$ 22,550,555
Service cost	2,927,232	-	2,927,232
Interest	10,706,666	-	10,706,666
Differences between expected and actual experience	(2,332,615)	-	(2,332,615)
Changes in assumptions	1,299,091	-	1,299,091
Contributions - Employer	-	4,061,305	(4,061,305)
Contributions - Employee	-	697,808	(697,808)
Net investment income	-	8,455,664	(8,455,664)
Benefit payments, including refunds	(6,315,185)	(6,315,185)	-
Administrative expenses	-	(134,578)	134,578
Net changes	<u>6,285,189</u>	<u>6,765,014</u>	<u>(479,825)</u>
Balance at December 31, 2016	<u>\$ 149,454,148</u>	<u>\$ 127,383,418</u>	<u>\$ 22,070,730</u>

Assumption Changes - From the time of the last measurement date at December 31, 2015 to December 31, 2016, the Township modified significant assumptions that affect the measurement of total pension liability. The assumed annual rate of return has been changed from 7.5 percent to 7.00 percent. The mortality tables were updated from the RP-2000 Mortality Table to the RP-2014 tables.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 11 - Pension Plan (Continued)

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

For the year ended December 31, 2016, the Township recognized pension expense of \$5,577,944. At December 31, 2016, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 282,188	\$ (1,880,544)
Changes in assumptions	1,047,322	-
Net difference between projected and actual earnings on pension plan investments	5,000,351	-
Difference in allocations	<u>183,929</u>	<u>(67,574)</u>
Total	<u>\$ 6,513,790</u>	<u>\$ (1,948,118)</u>

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

<u>Years Ending June 30</u>	<u>Amount</u>
2017	\$ 1,555,045
2018	1,555,045
2019	1,555,045
2020	(56,314)
2021	(43,149)

Actuarial Assumptions - The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5	
Salary increases	3.5	Average, including inflation
Investment rate of return	7.0	Net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Mortality Table, projected with scale MP-2015.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 11 - Pension Plan (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.0 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 plan 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 real 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 (10-15 year 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 geometric real rates of return as of December 31, 2016 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 large cap equity	5.58 %
Domestic small/mid cap equity	5.92 %
International equity	5.71 %
Global fixed income	2.27 %
Alternative investments	3.85 %
Real estate	4.44 %

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 11 - Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the plan, calculated using the discount rate of 7.0 percent, as well as what the plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1 Percent Decrease (6.0%)	Current Discount Rate (7.0%)	1 Percent Increase (8.0%)
Net pension liability of the plan	\$ 42,529,781	\$ 22,070,370	\$ 5,175,844

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

Note 12 - Defined Contribution Pension Plan

The Township provides additional pension benefits to most employees through a defined contribution plan administered by ICMA-RC. 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 10 percent to 12 percent of employees' gross earnings for those employees not eligible for the defined benefit plan, and 2 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 can contribute up to 25 percent of their gross earnings to the plan. In accordance with these provisions, the Township contributed \$1,076,792 and employees contributed \$223,235 for the year ended December 31, 2016.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 13 - Other Postemployment Benefits

Plan Description - The Township provides retiree healthcare benefits to full-time employees upon retirement in accordance with labor contracts. As of March 1, 2010, the plan has been closed to general office new hires. The plan closed January 1, 2011 for public safety employees. The Township includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. Currently, 151 retirees are eligible for postemployment health benefits. The benefits are paid annually from the Postretirement Health Care Fund. The funding policy provides for periodic discretionary employer contributions to the Postretirement Health Care Fund. The Township obtains healthcare coverage through private insurers. This is a single-employer defined benefit plan administered by the Township. The benefits are provided under collective bargaining agreements.

Funding Policy - Retiree healthcare costs are recognized when paid by the Township on a "pay-as-you-go" basis. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment; however, the Township has been making prefunding contributions since 2000. In 2016, the Township contributed \$1,963,070 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 \$2,730,413.

Funding Progress - For the year ended December 31, 2016, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2015. 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)	\$ 1,963,068
Interest on the prior year's net OPEB obligation (asset)	(1,572,650)
Less adjustment to the annual required contribution	<u>2,056,862</u>
Annual OPEB cost	2,447,280
Amounts contributed	<u>(1,963,070)</u>
Decrease in net OPEB asset	484,210
OPEB asset - Beginning of year	<u>20,968,664</u>
OPEB asset - End of year	<u>\$ 20,484,454</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 13 - Other Postemployment Benefits (Continued)

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

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Asset (Obligation)</u>
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
12/31/15	12/31/13	1,979,432	100.0	20,968,664
12/31/16	12/31/15	1,963,068	100.0	20,484,454

The funding progress of the plan is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (Percent) (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll</u>
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
12/31/15	70,864,393	76,791,648	5,927,255	92.3	14,080,049	42.1

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.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 13 - Other Postemployment Benefits (Continued)

In the December 31, 2015 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 7.0 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 2015, reduced by decrements to an ultimate rate of 3.5 percent after 10 years. The UAAL is being amortized as a level percentage of projected contributions for all members over 18 years.

Note 14 - 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	\$ 127,479,353	\$ 71,361,664
Other assets	-	80,198
Liabilities	<u>95,935</u>	<u>285,686</u>
Net position	<u>\$ 127,383,418</u>	<u>\$ 71,156,176</u>
<u>Statement of Changes in Net Position</u>		
Investment income	\$ 8,455,664	\$ 5,085,483
Contributions	4,759,113	1,963,070
Benefit payments	6,311,855	2,744,634
Other deductions	<u>137,908</u>	<u>53,739</u>
Net change in net position	<u>\$ 6,765,014</u>	<u>\$ 4,250,180</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2016

Note 15 - Upcoming Accounting Pronouncements

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

Required Supplemental Information

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 11,130,800	\$ 11,117,100	\$ 11,109,251	\$ (7,849)
Licenses and permits	1,294,600	1,357,800	1,418,352	60,552
State-shared revenue and grants	5,393,000	5,091,000	5,173,848	82,848
Charges for services:				
Charges to other funds	10,000	21,000	27,137	6,137
Charges for services to external parties	451,800	632,100	663,051	30,951
Fines and forfeitures - District Court fines and fees	993,500	1,041,958	1,042,356	398
Investment income	191,400	280,000	335,640	55,640
Rental income	265,000	309,200	249,157	(60,043)
Other revenue:				
Cable franchise fees	1,330,000	1,340,000	1,396,082	56,082
Other miscellaneous income	153,700	166,850	177,136	10,286
Total revenue	21,213,800	21,357,008	21,592,010	235,002
Expenditures - Current				
General government:				
Township board	39,900	31,100	22,128	8,972
Supervisor	493,800	502,385	476,441	25,944
Finance	721,600	725,500	703,533	21,967
Information technology	947,700	955,057	887,592	67,465
Treasurer	708,300	709,489	691,613	17,876
Assessing	961,700	981,345	896,022	85,323
Clerk	785,300	770,216	745,252	24,964
Elections	374,300	296,560	268,709	27,851
Buildings and grounds	165,900	265,300	193,752	71,548
Attorney	450,000	620,000	556,486	63,514
Personnel	389,100	388,650	355,802	32,848
Pension board	1,100	900	430	470
General services	277,100	365,683	305,383	60,300
Total general government	6,315,800	6,612,185	6,103,143	509,042
District Court	1,200,000	1,006,251	1,006,251	-
Public safety:				
Building inspections	1,086,800	1,014,475	930,561	83,914
Code enforcement	525,300	528,630	496,935	31,695
Total public safety	1,612,100	1,543,105	1,427,496	115,609

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2016

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Expenditures - Current (Continued)				
Public works:				
Community assistance	\$ 147,300	\$ 115,300	\$ 117,898	\$ (2,598)
Household hazardous waste/recycling/environmental	<u>86,000</u>	<u>62,500</u>	<u>58,947</u>	<u>3,553</u>
Total public works	233,300	177,800	176,845	955
Community development:				
Engineering	251,600	234,500	203,008	31,492
Planning and zoning	358,100	365,650	325,227	40,423
Economic development opportunities	166,200	159,600	145,854	13,746
Development services	<u>672,400</u>	<u>626,900</u>	<u>600,652</u>	<u>26,248</u>
Total community development	1,448,300	1,386,650	1,274,741	111,909
Debt service	<u>704,500</u>	<u>954,709</u>	<u>805,620</u>	<u>149,089</u>
Total expenditures	<u>11,514,000</u>	<u>11,680,700</u>	<u>10,794,096</u>	<u>886,604</u>
Excess of Revenue Over Expenditures	9,699,800	9,676,308	10,797,914	1,121,606
Other Financing Sources (Uses)				
Face value of debt issue	-	144,083	144,083	-
Proceeds from sale of capital assets	-	92,600	125,468	32,868
Transfers in	26,300	22,191	22,191	-
Transfers out	<u>(12,581,150)</u>	<u>(13,946,448)</u>	<u>(12,067,877)</u>	<u>1,878,571</u>
Total other financing uses	<u>(12,554,850)</u>	<u>(13,687,574)</u>	<u>(11,776,135)</u>	<u>1,911,439</u>
Net Change in Fund Balance	(2,855,050)	(4,011,266)	(978,221)	3,033,045
Fund Balance - Beginning of year	<u>18,959,284</u>	<u>18,959,284</u>	<u>18,959,284</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 16,104,234</u>	<u>\$ 14,948,018</u>	<u>\$ 17,981,063</u>	<u>\$ 3,033,045</u>

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Fund Public Safety Fund Year Ended December 31, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 20,036,300	\$ 19,991,900	\$ 19,949,480	\$ (42,420)
Licenses and permits	32,000	32,400	31,847	(553)
Federal grants	5,000	5,000	1,893	(3,107)
State-shared revenue and grants	40,900	33,700	92,624	58,924
Charges for services	2,306,800	2,371,800	2,524,035	152,235
Fines and forfeitures	15,000	15,000	11,916	(3,084)
Investment income	43,300	49,000	47,967	(1,033)
Other revenue - Other miscellaneous income	255,200	256,948	296,669	39,721
Total revenue	22,734,500	22,755,748	22,956,431	200,683
Expenditures				
Current - Public safety:				
Police operations	12,700,550	12,748,042	12,002,653	745,389
Dispatch	1,284,900	1,063,277	977,167	86,110
Fire operations	15,362,100	15,336,137	14,394,607	941,530
Task force activities	79,500	60,700	46,197	14,503
Liquor law enforcement	32,200	30,000	28,756	1,244
Attorney	185,000	185,000	158,933	26,067
IT and administrative	40,500	70,400	59,416	10,984
Total public safety	29,684,750	29,493,556	27,667,729	1,825,827
Debt service	1,490,400	1,490,400	1,490,216	184
Total expenditures	31,175,150	30,983,956	29,157,945	1,826,011
Excess of Expenses Over Revenue	(8,440,650)	(8,228,208)	(6,201,514)	2,026,694
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	9,500	65,800	96,896	31,096
Transfers in	10,481,150	11,018,665	9,062,648	(1,956,017)
Transfers out	(2,100,000)	(2,858,700)	(2,858,700)	-
Total other financing sources	8,390,650	8,225,765	6,300,844	(1,924,921)
Net Change in Fund Balance	(50,000)	(2,443)	99,330	101,773
Fund Balance - Beginning of year	132,441	132,441	132,441	-
Fund Balance - End of year	<u>\$ 82,441</u>	<u>\$ 129,998</u>	<u>\$ 231,771</u>	<u>\$ 101,773</u>

Charter Township of West Bloomfield

Note to Required Supplemental Information Year Ended December 31, 2016

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 - Community assistance	\$ 115,300	\$ 117,898	\$ (2,598)

Charter Township of West Bloomfield

Required Supplemental Information OPEB System Schedule Year Ended December 31, 2016

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/07	\$ 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
12/31/15	70,864,393	76,791,648	5,927,255	92.3	14,080,049	42.1

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
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
12/31/15	12/31/13	1,979,432	100.0
12/31/16	12/31/15	1,963,068	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, 2015, the latest actuarial valuation, is as follows:

Amortization method	Level percent
Amortization period (perpetual)	18 years
Asset valuation method	5-year asset smoothed
Actuarial assumptions:	
Investment rate of return	7.0%
Projected healthcare increases	3.5%-9%

Charter Township of West Bloomfield

Required Supplemental Information Schedule of Pension Investment Returns Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Annual money-weighted rate of return - Net of investment expense	7.0 %	2.3 %	6.7 %	16.1 %	12.7 %	1.8 %	14.0 %	19.2 %	(24.7)%	5.1 %

Charter Township of West Bloomfield

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

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 2,927,232	\$ 2,913,582	\$ 2,841,389
Interest	10,706,666	10,142,570	9,606,831
Changes in benefit terms	-	-	80,840
Differences between expected and actual experience	(2,332,615)	459,365	-
Benefit payments, including refunds	(6,315,185)	(5,784,740)	(5,162,252)
Net Change in Total Pension Liability	6,285,189	7,730,777	7,366,808
Total Pension Liability - Beginning of year	143,168,959	135,438,182	128,071,374
Total Pension Liability - End of year	\$ 149,454,148	\$ 143,168,959	\$ 135,438,182
Plan Fiduciary Net Position			
Contributions - Employer	\$ 4,061,305	\$ 3,801,652	\$ 4,369,783
Contributions - Member	697,808	695,578	852,131
Net investment income	8,455,664	1,293,267	6,697,640
Administrative expenses	(134,578)	(85,901)	(5,162,252)
Benefit payments, including refunds	(6,315,185)	(5,784,740)	(117,966)
Net Change in Plan Fiduciary Net Position	6,765,014	(80,144)	6,639,336
Plan Fiduciary Net Position - Beginning of year	120,618,404	120,698,548	114,059,212
Plan Fiduciary Net Position - End of year	\$ 127,383,418	\$ 120,618,404	\$ 120,698,548
Plan's Net Pension Liability - Ending	\$ 22,070,730	\$ 22,550,555	\$ 14,739,634
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.23 %	84.25 %	89.12 %
Covered Employee Payroll	\$ 20,134,438	\$ 17,684,557	\$ 18,705,021
Township's Net Pension Liability as a Percentage of Covered Employee Payroll	109.6 %	127.5 %	78.8 %

Charter Township of West Bloomfield

Required Supplemental Information Schedule of Pension Contributions Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 4,061,305	\$ 3,801,652	\$ 4,369,780	\$ 4,858,125	\$ 4,626,265	\$ 4,956,805	\$ 4,520,316	\$ 4,208,281	\$ 4,362,177	\$ 4,264,331
Contributions in relation to the actuarially determined contribution	4,061,305	3,801,652	4,369,780	14,025,656	4,626,265	4,956,805	4,520,316	4,208,281	4,362,177	4,264,331
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (9,167,531)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 20,134,438	\$ 17,684,557	\$ 18,705,021	\$ 16,624,883	\$ 17,630,710	\$ 17,578,321	\$ 17,791,586	\$ 19,022,414	\$ 19,110,184	\$ 19,301,675
Contributions as a percentage of covered employee payroll	20.2 %	21.5 %	23.4 %	84.4 %	26.2 %	28.2 %	25.4 %	22.1 %	22.8 %	22.1 %

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution amounts for fiscal year 2015 are calculated based upon the results of the December 31, 2013 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	16 years
Asset valuation method	Five-year smoothed market
Inflation	4.0 percent
Salary increases	4.0 percent including inflation plus merit and longevity
Investment rate of return	7.5 percent 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 percent 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	\$ 3,449,658	\$ -	\$ 1,041,649	\$ 26,035	\$ -	\$ 285,759
Receivables:						
Property taxes receivable	444,876	-	-	-	-	349,638
Special assessments receivable	-	-	-	28,092	-	-
Accrued interest receivable	6,838	-	1,462	-	-	-
Other receivables	10,372	-	1,609	-	-	1,195
Due from other governmental units	-	77,434	-	-	-	-
Due from other funds	-	67,561	-	-	-	-
Total assets	\$ 3,911,744	\$ 144,995	\$ 1,044,720	\$ 54,127	\$ -	\$ 636,592
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable	\$ 13,889	\$ 67,561	\$ 35,233	\$ 5,969	\$ -	\$ 700
Due to other funds	-	-	-	-	-	-
Accrued liabilities and other	2,000	-	374	-	-	2,000
Unearned revenue	-	-	-	45,013	-	-
Total liabilities	15,889	67,561	35,607	50,982	-	2,700
Deferred Inflows of Resources						
Unavailable revenue	-	77,434	-	-	-	-
Property taxes levied for the following year	651,522	-	-	-	-	511,817
Total deferred inflows of resources	651,522	77,434	-	-	-	511,817
Fund Balances						
Restricted:						
Public safety	-	-	-	-	-	-
Debt service	-	-	-	-	-	122,075
Safety paths	3,244,333	-	-	-	-	-
Drug enforcement	-	-	1,009,113	-	-	-
Special assessments	-	-	-	3,145	-	-
Assigned - Capital projects	-	-	-	-	-	-
Total fund balances	3,244,333	-	1,009,113	3,145	-	122,075
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,911,744	\$ 144,995	\$ 1,044,720	\$ 54,127	\$ -	\$ 636,592

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016**

Debt Service			
Funds	Capital Projects Funds		Total
Special Assessment Districts	Capital Projects Fund	Improvement Revolving Funds	Nonmajor Governmental Funds
\$ 524,797	\$ 7,342,660	\$ 1,191,728	\$ 13,862,286
-	-	-	794,514
707,739	-	1,422,768	2,158,599
-	3,480	-	11,780
-	-	-	13,176
30,961	-	55,337	163,732
-	-	-	67,561
\$ 1,263,497	\$ 7,346,140	\$ 2,669,833	\$ 17,071,648
\$ 470	\$ 96,637	\$ 20,225	\$ 240,684
53,630	-	-	53,630
-	-	-	4,374
-	-	-	45,013
54,100	96,637	20,225	343,701
658,179	-	1,386,314	2,121,927
-	-	-	1,163,339
658,179	-	1,386,314	3,285,266
-	3,619,452	-	3,619,452
551,218	-	-	673,293
-	-	-	3,244,333
-	-	-	1,009,113
-	-	-	3,145
-	3,630,051	1,263,294	4,893,345
551,218	7,249,503	1,263,294	13,442,681
\$ 1,263,497	\$ 7,346,140	\$ 2,669,833	\$ 17,071,648

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
Revenue						
Property taxes	\$ 643,685	\$ -	\$ -	\$ -	\$ -	\$ 397,668
Federal grants	-	363,854	77,238	-	-	-
State-shared revenue and grants	2,059	-	85,908	-	-	1,195
Charges for services	-	-	-	-	-	-
Investment income	66,846	-	8,633	-	-	1,500
Other revenue:						
Special assessments	-	-	-	39,150	-	-
Other miscellaneous income	-	-	-	-	603,425	-
Total revenue	712,590	363,854	171,779	39,150	603,425	400,363
Expenditures						
Current:						
Public safety	-	-	550,368	-	-	-
Public works	219,510	372,990	-	39,506	-	149,965
Recreation and culture	66,060	-	-	-	750	-
Debt service	881,300	-	-	-	602,675	281,697
Total expenditures	1,166,870	372,990	550,368	39,506	603,425	431,662
Excess of Revenue (Under) Over Expenditures	(454,280)	(9,136)	(378,589)	(356)	-	(31,299)
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	18,258	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	(19,830)	-	-	-	-
Total other financing (uses) sources	-	(19,830)	18,258	-	-	-
Net Change in Fund Balances	(454,280)	(28,966)	(360,331)	(356)	-	(31,299)
Fund Balances - Beginning of year	3,698,613	28,966	1,369,444	3,501	-	153,374
Fund Balances - End of year	\$ 3,244,333	\$ -	\$ 1,009,113	\$ 3,145	\$ -	\$ 122,075

**Other Supplemental Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2016**

Debt Service			
Funds	Capital Projects Funds		
Special Assessment Districts	Capital Projects Fund	Improvement Revolving Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,041,353
-	-	-	441,092
-	-	-	89,162
2,218	-	60,614	62,832
2,393	62,184	6,846	148,402
361,492	-	557,598	958,240
-	-	-	603,425
<u>366,103</u>	<u>62,184</u>	<u>625,058</u>	<u>3,344,506</u>
-	727,711	-	1,278,079
37,685	2,116,232	867,607	3,803,495
-	-	-	66,810
<u>248,541</u>	<u>122,740</u>	<u>-</u>	<u>2,136,953</u>
<u>286,226</u>	<u>2,966,683</u>	<u>867,607</u>	<u>7,285,337</u>
79,877	(2,904,499)	(242,549)	(3,940,831)
-	-	-	18,258
-	5,861,568	-	5,861,568
-	-	-	(19,830)
<u>-</u>	<u>5,861,568</u>	<u>-</u>	<u>5,859,996</u>
79,877	2,957,069	(242,549)	1,919,165
471,341	4,292,434	1,505,843	11,523,516
<u>\$ 551,218</u>	<u>\$ 7,249,503</u>	<u>\$ 1,263,294</u>	<u>\$ 13,442,681</u>

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Assets and Liabilities Fiduciary Funds December 31, 2016

	Pension Trust Funds			Agency Funds		
	Pension Fund	Postretirement Healthcare Fund	Total Pension Trust Funds	Trust and Agency	Escrow	Total Agency Funds
Assets						
Investments:						
Cash equivalents	\$ 7,369,300	\$ 1,678,704	\$ 9,048,004	\$ 4,110,318	\$ 754,286	\$ 4,864,604
Fixed income	31,420,430	20,530,193	51,950,623	-	-	-
Mutual funds	65,903,343	40,427,962	106,331,305	-	-	-
Real estate	16,979,992	5,257,494	22,237,486	-	-	-
Other	5,806,288	3,467,311	9,273,599	-	-	-
Receivables - Other receivables	-	40,958	40,958	-	-	-
Prepaid expenses and other assets	-	39,240	39,240	-	-	-
Total assets	<u>127,479,353</u>	<u>71,441,862</u>	<u>198,921,215</u>	<u>\$ 4,110,318</u>	<u>\$ 754,286</u>	<u>\$ 4,864,604</u>
Liabilities						
Accounts payable	95,935	175,686	271,621	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	4,107,153	-	4,107,153
Due to primary government	-	110,000	110,000	-	-	-
Refundable deposits, bonds, etc.	-	-	-	3,165	754,286	757,451
Total liabilities	<u>95,935</u>	<u>285,686</u>	<u>381,621</u>	<u>\$ 4,110,318</u>	<u>\$ 754,286</u>	<u>\$ 4,864,604</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 127,383,418</u>	<u>\$ 71,156,176</u>	<u>\$ 198,539,594</u>			

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended December 31, 2016

	Pension Fund	Postretirement Healthcare Fund	Total
Additions			
Investment income:			
Interest and dividends	\$ 3,272,353	\$ 1,403,163	\$ 4,675,516
Net increase in fair value of investments	5,921,611	4,011,236	9,932,847
Investment-related expenses	(738,300)	(328,916)	(1,067,216)
Net investment income	8,455,664	5,085,483	13,541,147
Contributions:			
Employer	4,061,305	1,963,070	6,024,375
Employee	697,808	-	697,808
Total contributions	4,759,113	1,963,070	6,722,183
Total additions	13,214,777	7,048,553	20,263,330
Deductions			
Benefit payments	6,311,855	2,744,634	9,056,489
Administrative expenses	137,908	53,739	191,647
Total deductions	6,449,763	2,798,373	9,248,136
Net Increase in Net Position Held in Trust	6,765,014	4,250,180	11,015,194
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	120,618,404	66,905,996	187,524,400
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	\$ 127,383,418	\$ 71,156,176	\$ 198,539,594