

Charter Township of West Bloomfield

**Financial Report
with Supplemental Information
December 31, 2008**

Charter Township of West Bloomfield

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Independent Auditor's Report

To the City Council
Charter Township of West Bloomfield

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of West Bloomfield's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield, as of December 31, 2008 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, pension system schedule of funding progress and employer's contributions, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the City Council
Charter Township of West Bloomfield

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 accompanying 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2009 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. 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 opinions 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* and should be considered in assessing the results of our audit.

Plante & Morse, PLLC

May 13, 2009

Charter Township of West Bloomfield

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of West Bloomfield's financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2008. Please read this in conjunction with the Township's financial statements.

Using this Annual Report

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

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements, by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Governmental Activities

The governmental activities represent all activities of the Township other than its Water and Sewer Fund (reported as business-type activities) and its fiduciary activities (funds held for the benefit of others, such as pension assets and retiree healthcare assets held for the payment of future employee benefits). The following table shows, in a condensed format, the net assets of the governmental activities as of December 31, 2008, and changes in net assets, compared to the prior two years:

	2006	2007	2008	Current Year	
				Change	Percent
Assets					
Capital assets	\$ 27,254,434	\$ 27,373,325	\$ 32,205,592	\$ 4,832,267	17.7
Other assets	49,257,041	53,410,782	66,629,792	13,219,010	24.7
Total assets	76,511,475	80,784,107	98,835,384	18,051,277	22.3
Liabilities					
Long-term liabilities	9,264,405	8,243,993	22,697,942	14,453,949	175.3
Unearned revenue	27,151,859	28,971,034	28,145,132	(825,902)	(2.9)
Other liabilities	3,403,985	3,761,246	5,134,941	1,373,695	36.5
Total liabilities	39,820,249	40,976,273	55,978,015	15,001,742	36.6
Net Assets					
Invested in capital assets - Net of related debt	23,803,043	24,171,435	24,253,061	81,626	0.3
Restricted	6,453,882	7,392,013	9,666,518	2,274,505	30.8
Unrestricted	6,434,301	8,244,386	8,937,790	693,404	8.4
Total net assets	\$ 36,691,226	\$ 39,807,834	\$ 42,857,369	\$ 3,049,535	7.7

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

	2006	2007	2008	Current Year	
				Change	Percent
Change in Net Assets					
Revenue:					
Program revenue:					
Charges for services	\$ 6,377,416	\$ 7,073,690	\$ 6,654,259	(419,431)	(5.9)
Operating grants and contributions	1,080,155	482,494	934,662	452,168	93.7
Capital grants and contributions	422,603	678,450	887,248	208,798	30.8
General revenue:					
Property taxes	25,879,358	26,881,130	28,028,874	1,147,744	4.3
State-shared revenue	4,868,862	4,898,517	4,787,942	(110,575)	(2.3)
Investment earnings	1,589,645	1,852,600	1,569,789	(282,811)	(15.3)
Franchise fees	1,221,327	1,321,835	1,444,687	122,852	9.3
Other miscellaneous income	400,702	389,252	360,113	(29,139)	(7.5)
Gain (loss) on sale of capital assets	39,999	55,170	(182,449)	(237,619)	(430.7)
Total revenue	41,880,067	43,633,138	44,485,125	851,987	2.0
Program expenses:					
General government	5,803,342	6,110,046	6,290,116	180,070	2.9
District Court	917,012	1,517,410	1,380,368	(137,042)	(9.0)
Public safety	28,543,120	29,975,825	30,342,554	366,729	1.2
Public works	450,382	598,435	639,876	41,441	6.9
Community and economic development	1,334,617	1,345,253	1,570,544	225,291	16.7
Recreation and culture	1,096,327	681,963	527,740	(154,223)	(22.6)
Interest on long-term debt	481,579	337,598	684,392	346,794	102.7
Total program expenses	38,626,379	40,566,530	41,435,590	869,060	2.1
Excess of Revenue Over Expenses	3,253,688	3,066,608	3,049,535	(17,073)	0.6
Transfers	-	50,000	-	(50,000)	
Change in Net Assets	\$ 3,253,688	\$ 3,116,608	\$ 3,049,535	(67,073)	2.2

The Township's governmental net assets increased approximately \$3,050,000 from a year ago - from \$39.8 million to \$42.9 million. As discussed below, this is attributable primarily to the Township successfully reducing costs. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) increased by approximately \$693,000. This is generally consistent with the cost-cutting measures successfully implemented within the Township.

The current level of unrestricted net assets for our governmental activities stands at approximately \$8.9 million, or about 24.3 percent of general revenues (excluding any extraordinary items).

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

During 2002, the Township's voters approved an extension of the Township's special-voted millage for police and fire services, as well as an increase in the amount of the levy from 1.90 mills to 3.22 mills. As a result of this millage, the Township has increased its police and fire staffing levels, improved the police department facility, and built fire station number 5. In addition, effective July 1, 2003, the Township began a joint venture with the cities of Keego Harbor, Orchard Lake Village, and Sylvan Lake that will provide substantially increased services to the Township's northeast section. This joint venture has been a significant component of the increased costs of the Public Safety Fund.

The two most significant expense categories, general government and public safety, saw modest increases of 2.9 percent and 1.2 percent, respectively. Interest on long-term debt significantly increased due to the issuance of new debt. The increase in long-term interest is primarily due to the issuance of bonds for special assessment districts and the safety paths within the Township. The Special Assessment Bond is identified as SAD No. 139 in the amount of \$655,000. The Safety Path Bond was in the amount of \$8,055,000. The increase in interest payments attributed to the SAD will be recaptured by the Township when payments for the improvements are received by the property owners that benefited by the project. Interest incurred from the Safety Path Bonds will be paid by a voter-approved millage that remains in effect until 2019.

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 assets of the business-type activities as of December 31, 2008 and changes in net assets compared to the prior two years:

	2006	2007	2008	Current Year	
				Change	Percent
Assets					
Capital assets	\$ 96,749,612	\$ 98,717,394	\$ 108,832,076	\$ 10,114,682	10.2
Other assets	23,061,981	24,147,198	23,565,980	(581,218)	(2.4)
Total assets	119,811,593	122,864,592	132,398,056	9,533,464	7.8
Liabilities					
Long-term liabilities	1,011,182	1,336,462	7,708,668	6,372,206	476.8
Other liabilities	2,940,132	3,178,540	5,978,776	2,800,236	88.1
Total liabilities	3,951,314	4,515,002	13,687,444	9,172,442	203.2
Net Assets					
Invested in capital assets - Net of related debt	95,285,784	96,871,068	100,166,911	3,295,843	3.4
Restricted	12,454,775	10,304,632	9,069,781	(1,234,851)	(12.0)
Unrestricted	8,119,720	11,173,890	9,473,920	(1,699,970)	(15.2)
Total net assets	<u>\$ 115,860,279</u>	<u>\$ 118,349,590</u>	<u>\$ 118,710,612</u>	<u>\$ 361,022</u>	0.3

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

	2006	2007	2008	Current Year	
				Change	Percent
Changes in Net Assets					
Charges for services	\$ 19,533,380	\$ 20,794,398	\$ 18,960,165	\$ (1,834,233)	(8.8)
Operating expenses exclusive of depreciation	16,980,782	17,572,699	17,465,142	(107,557)	(0.6)
Depreciation	<u>2,054,844</u>	<u>2,113,010</u>	<u>2,158,885</u>	<u>45,875</u>	2.2
Operating (Loss) Income	497,754	1,108,689	(663,862)	(1,772,551)	(159.9)
Nonoperating Income	701,989	909,542	515,027	(394,515)	(43.4)
Capital Contributions	<u>1,259,309</u>	<u>471,080</u>	<u>509,857</u>	<u>38,777</u>	8.2
Change in Net Assets	<u>\$ 2,459,052</u>	<u>\$ 2,489,311</u>	<u>\$ 361,022</u>	<u>\$ (2,128,289)</u>	(85.5)

Business-type net assets (the Water and Sewer Fund) increased approximately \$361,000 from the prior year. The unrestricted portion of net assets is approximately \$9.5 million, which is approximately \$1.7 million less than last year, and equal to the target established by the Township to operate and maintain the system efficiently. The costs spent reflect an investment for needed improvements to the Township's aging infrastructure and costs to provide for the integrity and security of the system for all West Bloomfield residents.

Usage fees were increased in 2008, consistent with increases from the Detroit Water and Sewer System. During 2008, water sold decreased approximately 15.1 percent. This is based on weather patterns, the economy, and water conservation initiatives.

The Township's Funds

Our analysis of the Township's major funds follows the government-wide financial statements. 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 2008 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 police and fire, followed by general government, building inspections, and the District Court. The police and fire costs are paid from a combination of the General Fund and the Public Safety Fund. This latter fund accounts for proceeds of a special public safety millage and is used solely to pay for facilities, equipment, and increased staffing since the initial millage was enacted.

The General Fund is supported primarily by general property taxes and state-shared revenue. The Public Safety Fund accounts for the collection of the special-voted millage for police and fire services. The Public Improvement and Building Fund accounts for funds set aside from the General Fund for future capital outlay. The purpose is to accumulate the necessary amounts to fund capital outlay on an even basis over the years, so as not to require unusual General Fund spending in any one year.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year.

In addition, there were appropriate reductions in most departments. As a result of these cost reductions, as well as greater than budgeted revenue, the General Fund experienced an increase of more than \$1,080,000 (as compared to the budgeted surplus of approximately \$36,000). Primarily, the increase in revenue was attributable to property taxes.

Capital Asset and Debt Administration

At the end of 2008, the Township had \$141 million invested in a broad range of capital assets, including buildings, bike paths, police and fire equipment, and water and sewer lines. During the current year, the Township continued several significant projects, including the construction of safety paths and the replacement, improvement, and maintenance of the water and sewer infrastructure.

Economic Factors and Next Year's Budgets and Rates

The Township's 2009 fiscal year budget calls for a continued freeze on hiring new employees except in public safety or specifically board-approved key positions. Additional reductions are anticipated with reductions of nonessential costs. This is necessary because of the continued shortfall in state-shared revenue, as well as the increases in employee healthcare coverage costs.

It is anticipated that during 2009, the water and sewer system will require increased rates by approximately 8 percent. This is attributable directly to wholesale increases from the Detroit Water and Sewer Department, Oakland County, and debt service payments related to the loan from the Drinking Water Revolving Fund. Significant progress has been made to reduce water loss from the system which reduces costs to the overall operation of the system within the Township.

The Township board is seeking innovative and creative remedies to provide the residents, the community, and the environment with alternative methods of managing solid waste. The board approved a resolution to participate in an Oakland County C-CIRF feasibility study.

The Oakland County-sponsored, \$250,000 Capital and Cooperative Initiative Revolving Fund (C-CIRF) feasibility study is a collaborative initiative to improve the management of solid waste. The initiative is actively studying conversion technologies for efficiencies that may be gained by communities working together to increase recycling and waste diversion. The efficiencies will be measured on an environmental and financial basis. It is expected to create a new revenue stream (by converting all organic household and renewable waste to a commodity, such as a fuel source) for the seven townships participating in the collaborative effort and to eliminate the need for landfills.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

The participating communities are the Charter Township of West Bloomfield and the Townships of Brandon, Commerce, Groveland, Independence, Springfield, and Waterford.

The Township is also addressing foreclosures, abandoned property, and vacant commercial space through a Community Development Committee (CDC). The challenge of the CDC is monumental and multifaceted; the CDC is working proactively to protect home values and increase the revenue base for the Township.

The Township has adopted the SEMCOG efficiency model and has been working proactively in streamlining processes and reducing internal waste. Township employees have recently received Team Problem Solving and Value Stream Mapping training. On June 1, 2009, the board will evaluate a request for proposal for Lean Six Sigma consulting and subsequently begin implementing Lean Six Sigma tools and techniques that will achieve significant bottom-line benefits.

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 show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office.

Charter Township of West Bloomfield

Statement of Net Assets December 31, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	\$ 33,876,496	\$ 9,106,118	\$ 42,982,614
Receivables:			
Property taxes receivable	13,622,621	-	13,622,621
Customer receivables	-	4,648,427	4,648,427
Other receivables	1,643,688	4,128	1,647,816
Due from other governmental units	1,160,770	162,971	1,323,741
Lease receivable	8,700,000	-	8,700,000
Special assessments receivable	871,690	-	871,690
Internal balances	(256,538)	256,538	-
Prepaid expenses and other assets	291,630	19,923	311,553
Restricted assets	5,519,922	9,086,855	14,606,777
Capital assets:			
Assets not subject to depreciation	2,921,535	10,903,178	13,824,713
Assets subject to depreciation	29,284,057	97,928,898	127,212,955
Intangible assets	1,768	-	1,768
Inventory	-	281,020	281,020
Net pension and OPEB assets	1,197,745	-	1,197,745
Total assets	98,835,384	132,398,056	231,233,440
Liabilities			
Accounts payable	899,910	4,754,403	5,654,313
Due to other governmental units	4,858	18,362	23,220
Accrued liabilities and other	2,348,485	352,877	2,701,362
Deferred revenue	28,145,132	-	28,145,132
Deposits	37,515	-	37,515
Noncurrent liabilities:			
Due within one year:			
Compensated absences	100,000	-	100,000
Current portion of long-term debt	1,744,173	855,134	2,599,307
Due in more than one year:			
Compensated absences	1,686,563	-	1,686,563
Provision for claims	583,099	-	583,099
Long-term debt	20,428,280	7,706,668	28,134,948
Total liabilities	55,978,015	13,687,444	69,665,459
Net Assets			
Invested in capital assets - Net of related debt	24,253,061	100,166,911	124,419,972
Restricted for:			
Public safety	5,180,810	-	5,180,810
Drug enforcement	1,195,394	-	1,195,394
Drains at large	115,118	-	115,118
Special assessments	1,809,222	-	1,809,222
Safety path construction	1,365,974	-	1,365,974
Debt service and capital improvements	-	9,068,781	9,068,781
Benevolent uses	-	1,000	1,000
Unrestricted	8,937,790	9,473,920	18,411,710
Total net assets	\$ 42,857,369	\$ 118,710,612	\$ 161,567,981

Charter Township of West Bloomfield

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,290,116	\$ 2,101,404	\$ 113,833	\$ -
District court	1,380,368	1,562,831	-	-
Public safety:				
Police, fire, and EMS	28,710,543	1,398,189	820,829	-
Building inspections	853,088	1,148,338	-	-
Code enforcement	778,923	-	-	-
Public works:				
Streets	295,566	-	-	-
Drain projects	5,644	-	-	-
Bike paths/Safety paths	41,681	-	-	-
Street lighting	105,570	59,785	-	-
Special assessment projects	145,101	-	-	887,248
Hazardous waste, community assistance, and other	46,314	-	-	-
Community Development:				
Engineering	325,569	239,963	-	-
Planning and zoning	207,229	143,749	-	-
Development expenses	1,037,746	-	-	-
Recreation and culture:				
Parks and recreation	36,575	-	-	-
Cable television production	491,165	-	-	-
Interest on long-term debt	684,392	-	-	-
Total governmental activities	41,435,590	6,654,259	934,662	887,248
Business-type activities -				
Water and sewer	19,707,459	18,960,165	-	509,857
Total primary government	<u>\$ 61,143,049</u>	<u>\$ 25,614,424</u>	<u>\$ 934,662</u>	<u>\$ 1,397,105</u>

General revenues:
 Property taxes
 State-shared revenue
 Unrestricted investment income
 Cable franchise fees
 Other miscellaneous income
 Loss on sale of capital assets

Total general revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

Statement of Activities Year Ended December 31, 2008

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (4,074,879)	\$ -	\$ (4,074,879)
182,463	-	182,463
(26,491,525)	-	(26,491,525)
295,250	-	295,250
(778,923)	-	(778,923)
(295,566)	-	(295,566)
(5,644)	-	(5,644)
(41,681)	-	(41,681)
(45,785)	-	(45,785)
742,147	-	742,147
(46,314)	-	(46,314)
(85,606)	-	(85,606)
(63,480)	-	(63,480)
(1,037,746)	-	(1,037,746)
(36,575)	-	(36,575)
(491,165)	-	(491,165)
(684,392)	-	(684,392)
(32,959,421)	-	(32,959,421)
-	(237,437)	(237,437)
(32,959,421)	(237,437)	(33,196,858)
28,028,874	-	28,028,874
4,787,942	-	4,787,942
1,569,789	732,860	2,302,649
1,444,687	-	1,444,687
360,113	-	360,113
(182,449)	(134,401)	(316,850)
36,008,956	598,459	36,607,415
3,049,535	361,022	3,410,557
39,807,834	118,349,590	158,157,424
\$ 42,857,369	\$ 118,710,612	\$ 161,567,981

Charter Township of West Bloomfield

Governmental Funds Balance Sheet December 31, 2008

	General Fund	Public Safety Fund	Nonmajor Funds	Total
Assets				
Cash and investments	\$ 15,633,748	\$ 12,553,796	\$ 11,208,874	\$ 39,396,418
Receivables:				
Property taxes receivable	6,703,308	6,363,125	556,188	13,622,621
Special assessments receivable	-	-	871,690	871,690
Other receivables	1,193,197	143,840	306,651	1,643,688
Due from other governmental units	997,597	6,703	156,470	1,160,770
Due from other funds	23,171	141,099	165,223	329,493
Prepaid expenses and other assets	206,086	85,544	-	291,630
Total assets	\$ 24,757,107	\$ 19,294,107	\$ 13,265,096	\$ 57,316,310
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 526,877	\$ 60,542	\$ 312,491	\$ 899,910
Due to other governmental units	-	1,778	3,080	4,858
Due to other funds	236,884	4,915	344,232	586,031
Accrued liabilities and other	1,328,629	919,770	-	2,248,399
Deferred revenue	15,131,719	13,126,292	1,972,957	30,230,968
Deposits	24,715	-	12,800	37,515
Total liabilities	17,248,824	14,113,297	2,645,560	34,007,681
Fund Balances - Unreserved, reported in				
General Fund	7,508,283	-	-	7,508,283
Special Revenue Funds	-	5,180,810	9,460,531	14,641,341
Debt Service Funds	-	-	122,289	122,289
Capital Projects Funds	-	-	1,036,716	1,036,716
Total fund balances	7,508,283	5,180,810	10,619,536	23,308,629
Total liabilities and fund balances	\$ 24,757,107	\$ 19,294,107	\$ 13,265,096	\$ 57,316,310

Charter Township of West Bloomfield

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets December 31, 2008

Fund Balance Reported in Governmental Funds	\$ 23,308,629
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	32,205,592
Intangible assets do not represent financial resources and are not reported in the funds	1,768
Leases receivable are expected to be collected over several years and are not available to pay for current year expenditures	8,700,000
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures	729,396
Grants and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	1,356,440
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(22,172,453)
Accrued interest is not due and payable in the current period and is not reported in the funds	(100,086)
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	(1,786,563)
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	(583,099)
The net pension and other postemployment benefits assets are not a financial resource and are recorded only at the government-wide level	1,197,745
Net Assets of Governmental Activities	<u>\$ 42,857,369</u>

Charter Township of West Bloomfield

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2008

	General Fund	Public Safety Fund	Nonmajor Funds	Total
Revenue				
Property taxes	\$ 13,824,190	\$ 13,062,148	\$ 1,142,536	\$ 28,028,874
Licenses and permits	1,142,587	-	-	1,142,587
Federal grants	48,248	2,620	543,980	594,848
State-shared revenue and grants	4,811,020	-	219,945	5,030,965
Charges for services	3,206,006	-	-	3,206,006
Fines and forfeitures	1,800,152	-	-	1,800,152
Investment income	744,735	437,775	387,279	1,569,789
Rental income	261,038	-	-	261,038
Other revenue:				
Special assessments	-	-	427,761	427,761
Cable franchise fees	992,748	-	451,939	1,444,687
Other miscellaneous income	187,019	1,681	946,413	1,135,113
Total revenue	<u>27,017,743</u>	<u>13,504,224</u>	<u>4,119,853</u>	<u>44,641,820</u>
Expenditures - Current				
General government	5,652,650	-	-	5,652,650
District court	1,396,951	-	-	1,396,951
Public safety	15,261,888	13,331,610	725,542	29,319,040
Public works	124,115	-	877,918	1,002,033
Retiree health contribution	1,942,000	1,121,300	-	3,063,300
Community development	1,391,429	-	40,172	1,431,601
Recreation and culture	2,986	-	3,049,974	3,052,960
Debt service	-	94,966	1,463,440	1,558,406
Total expenditures	<u>25,772,019</u>	<u>14,547,876</u>	<u>6,157,046</u>	<u>46,476,941</u>
Excess of Revenue Over (Under)				
Expenditures	1,245,724	(1,043,652)	(2,037,193)	(1,835,121)
Other Financing Sources (Uses)				
Face value of debt issue	-	1,349,539	8,703,450	10,052,989
Sale of capital assets	31,160	1,232	(178)	32,214
Transfers in	48,396	135,334	259,400	443,130
Transfers out	(245,000)	-	(198,130)	(443,130)
Total other financing sources (uses)	<u>(165,444)</u>	<u>1,486,105</u>	<u>8,764,542</u>	<u>10,085,203</u>
Net Change in Fund Balances	1,080,280	442,453	6,727,349	8,250,082
Fund Balances - Beginning of year	<u>6,428,003</u>	<u>4,738,357</u>	<u>3,892,187</u>	<u>15,058,547</u>
Fund Balances - End of year	<u>\$ 7,508,283</u>	<u>\$ 5,180,810</u>	<u>\$10,619,536</u>	<u>\$23,308,629</u>

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

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, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ 8,250,082
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	6,759,059
Depreciation expense	(1,712,129)
Loss on disposal of capital assets	(214,663)
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 45 days of year end	(157,164)
Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 45 days of year end	519,272
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets	(10,599,361)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	1,103,798
Change in accrued interest payable and other	(104,537)
Employee sick and vacation pay is recorded in the statement of activities when earned, rather than when used	(30,607)
Collection of building authority lease receivable is considered a revenue of the governmental funds, but not at the government-wide level	(775,000)
Change in general liability claims	(22,420)
Change in net pension assets	33,205
Change in Net Assets of Governmental Activities	<u>\$ 3,049,535</u>

Charter Township of West Bloomfield

Proprietary Fund Statement of Net Assets December 31, 2008

	Enterprise Fund - Water and Sewer Fund
Assets	
Current assets:	
Cash and investments	\$ 9,106,118
Receivables	4,815,526
Due from other funds	256,538
Prepaid expenses and other assets	19,923
Total current assets	<u>14,198,105</u>
Noncurrent assets:	
Restricted assets	9,086,855
Capital assets	108,832,076
Inventory	281,020
Total noncurrent assets	<u>118,199,951</u>
Total assets	<u>132,398,056</u>
Liabilities	
Current liabilities:	
Accounts payable	4,754,403
Due to other governmental units	18,362
Accrued liabilities and other	352,877
Current portion of long-term debt	855,134
Total current liabilities	<u>5,980,776</u>
Noncurrent liability - Long-term debt	<u>7,706,668</u>
Total liabilities	<u>13,687,444</u>
Net Assets	
Invested in capital assets - Net of related debt	100,166,911
Restricted:	
Debt service and capital improvements	9,068,781
Benevolent uses	1,000
Unrestricted	9,473,920
Total net assets	<u><u>\$ 118,710,612</u></u>

Charter Township of West Bloomfield

Proprietary Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2008

	Enterprise Fund - Water and Sewer Fund
Operating Revenue	
Sale of water	\$ 10,137,022
Sewage disposal charges	8,251,213
Interest and penalty charges	453,544
Installation fees	44,091
Other charges for services	74,295
	<hr/>
Total operating revenue	18,960,165
Operating Expenses	
Cost of water purchased	6,736,266
Cost of sewage treatment	5,724,038
Distribution and collection	3,821,986
Billing and administrative costs	450,852
Municipal service charge	732,000
Depreciation	2,158,885
	<hr/>
Total operating expenses	19,624,027
Operating Loss	(663,862)
Nonoperating Revenue (Expense)	
Investment income	732,860
Interest expense	(83,432)
Loss on sale of assets	(134,401)
	<hr/>
Loss - Before capital contributions	(148,835)
Capital Contributions	
Customer assessments	199,556
Lines donated by developers	310,301
	<hr/>
Total capital contributions	509,857
Change in Net Assets	361,022
Net Assets - Beginning of year	118,349,590
	<hr/>
Net Assets - End of year	<u><u>\$ 118,710,612</u></u>

Charter Township of West Bloomfield

Proprietary Fund Statement of Cash Flows Year Ended December 31, 2008

	Enterprise Fund - Water and Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 18,878,454
Receipts from interfund services and reimbursements	46,176
Payments to suppliers	(12,883,176)
Payments to employees	(2,169,627)
Other receipts	78,968
	3,950,795
Cash Flows from Capital and Related Financing Activities	
Issuance of bonds	7,229,612
Special assessment collections	199,556
Benefit fees	72,335
Proceeds from sales of capital assets	80,757
Purchase of capital assets	(12,178,424)
Principal and interest paid on capital debt	(505,958)
	(5,102,122)
Cash Flows from Investment Activities - Interest received on investments	732,860
Net Decrease in Cash and Cash Equivalents	(418,467)
Cash and Cash Equivalents - Beginning of year	17,920,396
Cash and Cash Equivalents - End of year	\$ 17,501,929
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 9,106,118
Restricted cash	8,395,811
	\$ 17,501,929
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (663,862)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	2,158,885
Changes in assets and liabilities:	
Receivables	(2,743)
Due from others	46,176
Inventories	55,958
Prepaid and other assets	(8,975)
Accounts payable	2,346,151
Accrued and other liabilities	19,205
	\$ 3,950,795

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2008, the Water and Sewer Fund received \$310,301 of lines donated by developers.

Charter Township of West Bloomfield

Fiduciary Funds Statement of Fiduciary Net Assets December 31, 2008

	Pension and Other Employee Benefits Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments (Note 3):		
Cash equivalents	\$ 5,580,825	\$ 16,188,560
Stock	33,239,973	-
Real estate	4,028,687	-
Other investments	30,540,912	-
Receivables	22,386	247
Prepaid expenses and other assets	57,590	-
	<u> </u>	<u> </u>
Total assets	73,470,373	<u><u>\$ 16,188,807</u></u>
Liabilities		
Accounts payable	93,325	\$ 3,330
Due to other governmental units	-	14,035,001
Due to primary government	109,624	5,251
Refundable deposits, bonds, etc.	-	2,111,266
Accrued liabilities and other	-	33,959
	<u> </u>	<u> </u>
Total liabilities	202,949	<u><u>\$ 16,188,807</u></u>
Net Assets Held in Trust for Pension and Other Employee Benefits	<u><u>\$ 73,267,424</u></u>	

Charter Township of West Bloomfield

Fiduciary Funds Statement of Changes in Fiduciary Net Assets - Pension and Other Postretirement Healthcare Funds Year Ended December 31, 2008

Additions

Investment income (loss):	
Interest and dividends	\$ 2,597,402
Net decrease in fair value of investments	(25,451,080)
Investment-related expenses	<u>(346,040)</u>
Net investment loss	(23,199,718)
Contributions:	
Employer	7,601,994
Employee	<u>249,362</u>
Total contributions	<u>7,851,356</u>
Total additions	(15,348,362)

Deductions

Benefit payments	3,827,773
Administrative expenses	<u>136,192</u>
Total deductions	<u>3,963,965</u>

Net Decrease in Net Assets Held in Trust (19,312,327)

Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year 92,579,751

Net Assets Held in Trust for Pension and Other Employee Benefits - End of year \$73,267,424

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Jointly Governed Organization - The Township is a participant with Bloomfield Township, the City of Birmingham, and the City of Bloomfield Hills in the operations of the 48th District Court. The Township advances its allocated share of District Court expenditures and receives a share of the District Court revenue based on relative case load levels. The Township's share of District Court expenditures amounted to \$1,491,119 for the year ended December 31, 2008, and its share of revenue amounted to \$1,693,164. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete audited financial statements for the District Court can be obtained from the District Court's administrative offices at 4280 Telegraph Road in Bloomfield Township.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these financial statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note I - Summary of Significant Accounting Policies (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

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

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note I - Summary of Significant Accounting Policies (Continued)

The Township reports the following major governmental funds:

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

Public Safety Fund - The Public Safety Fund accounts for the levy of a special millage for police and fire services.

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

Additionally, the Township reports the following fund types:

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

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

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

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

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Township's policy is to first apply restricted resources.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note I - Summary of Significant Accounting Policies (Continued)

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

Property Tax Revenue

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

The Township's 2007 tax is levied and collectible on December 1, 2007 and is recognized as revenue in the year ended December 31, 2008, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2007 taxable valuation of the Township totaled \$4.18 billion, on which taxes levied consisted of 3.3816 mills for operating purposes, 3.1378 mills for police and fire services, and .1982 mills for the safety path. This resulted in \$14.1 million for operating, \$13.1 million for police and fire services, and \$830,000 for the safety path. These amounts are recognized in the respective General Fund and Special Revenue Fund financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

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

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

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.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note I - Summary of Significant Accounting Policies (Continued)

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

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$4,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note I - Summary of Significant Accounting Policies (Continued)

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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

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, 2008 is as follows:

Cumulative shortfall at January 1, 2008		\$ (1,924,400)
Current year permit revenue		1,142,587
Related expenses:		
Direct costs	\$ 964,808	
Estimated indirect costs	<u>877,410</u>	<u>1,842,218</u>
Current year shortfall		<u>(699,631)</u>
Cumulative shortfall at December 31, 2008		<u>\$ (2,624,031)</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 local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 3 - Deposits and Investments (Continued)

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

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. When selecting a bank, the following criteria are examined:

- Assets of at least \$100 million
- A Highline Data rating of at least 30, or primary capital as a percent of total assets as follows:
 - o 5.50 percent for >\$500 million total assets
 - o 7.00 percent for \$300 to \$499 million total assets
 - o 7.25 percent for \$100 to \$299 million total assets

At year end, the Township had \$29,501,968 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 3 - Deposits and Investments (Continued)

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

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

At year end, the Township had approximately \$10,197,000 invested in U.S. governmental or agency bonds or notes with a weighted average maturity of approximately 1.3 years. The Township also had approximately \$3,119,000 invested in commercial paper with a weighted average maturity of approximately four months.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

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 Township had fixed investments with the following credit ratings:

Type of Investment	Amount	Rating	Agency
Investment pools	\$ 3,076,180	AAA	Fitch
	16,658,145	NR	NR
	1,012,114	AAA	Moody's
	756,819	AAAM	Moody's
	549,327	NR	NR
	2,177,806	AI	Moody's
	11,493,088	A	S&P
	410,583	AAA	S&P
	8,144,961	AAA	S&P
	2,341,195	AAAm	S&P
	1,567,497	AAA	S&P
Commercial paper	3,118,609	AI	S&P
U.S. agency obligations	10,197,285	AAA	S&P

Note 4 - Receivables and Deferred Revenue

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

	General Fund	Public Safety Fund	Nonmajor Funds	Total
Receivables:				
Property taxes receivable	\$ 6,703,308	\$ 6,363,125	\$ 556,188	\$ 13,622,621
Special assessments receivable	-	-	871,690	871,690
Other receivables	1,193,197	143,840	306,651	1,643,688
Due from other governmental units	997,597	6,703	156,470	1,160,770
Net receivables	<u>\$ 8,894,102</u>	<u>\$ 6,513,668</u>	<u>\$ 1,890,999</u>	<u>\$ 17,298,769</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 4 - Receivables and Deferred Revenue (Continued)

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Governmental Funds	
	Unavailable	Unearned
Property taxes levied for 2009 budget	\$ -	\$ 28,098,076
District court	309,495	-
Ambulance fees	101,000	-
Cell phone tower lease	-	47,056
State-shared revenue	826,076	-
Special assessments	729,396	-
Grants	119,869	-
Total	<u>\$ 2,085,836</u>	<u>\$ 28,145,132</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 5 - Capital Assets

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

	Balance January 1, 2008	Additions	Disposals	Balance December 31, 2008
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,605,280	\$ 75,772	\$ -	\$ 1,681,052
Construction in progress	346,678	1,157,319	263,514	1,240,483
Subtotal	1,951,958	1,233,091	263,514	2,921,535
Capital assets being depreciated:				
Bike paths	12,399,692	2,302,826	-	14,702,518
Investment in county roads and drains	3,602,502	718,515	-	4,321,017
Buildings and improvements	13,693,258	101,026	22,742	13,771,542
Machinery and equipment	11,024,702	2,620,966	844,292	12,801,376
Land improvements	2,740,588	122,275	42,080	2,820,783
Subtotal	43,460,742	5,865,608	909,114	48,417,236
Accumulated depreciation:				
Bike paths	6,744,343	360,684	-	7,105,027
Investment in county roads and drains	78,822	104,738	-	183,560
Buildings and improvements	3,927,953	252,745	20,235	4,160,463
Machinery and equipment	6,269,600	895,821	566,250	6,599,171
Land improvements	1,018,657	98,141	31,840	1,084,958
Subtotal	18,039,375	1,712,129	618,325	19,133,179
Net capital assets being depreciated	25,421,367	4,153,479	290,789	29,284,057
Net capital assets	<u>\$ 27,373,325</u>	<u>\$ 5,386,570</u>	<u>\$ 554,303</u>	<u>\$ 32,205,592</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 5 - Capital Assets (Continued)

Business-type Activities	Balance	Reclassifications	Additions	Disposals	Balance
	January 1, 2008				December 31, 2008
Capital assets not being depreciated:					
Land	\$ 485,460	\$ 8,113	\$ 81,907	\$ -	\$ 575,480
Construction in progress	2,215,899	(3,141,960)	11,253,759	-	10,327,698
Subtotal	2,701,359	(3,133,847)	11,335,666	-	10,903,178
Capital assets being depreciated:					
Water and sewer distribution systems	132,910,825	3,328,751	474,441	414,924	136,299,093
Buildings and improvements	1,491,142	40,742	44,567	-	1,576,451
Other tools and equipment	2,795,257	(236,069)	634,050	396,017	2,797,221
Other improvements	139,866	423	-	-	140,289
Subtotal	137,337,090	3,133,847	1,153,058	810,941	140,813,054
Accumulated depreciation:					
Water and sewer distribution systems	38,592,546	(18,006)	1,964,588	254,806	40,284,322
Buildings and improvements	731,851	-	36,299	-	768,150
Other tools and equipment	1,918,734	18,006	153,265	340,977	1,749,028
Other improvements	77,924	-	4,732	-	82,656
Subtotal	41,321,055	-	2,158,884	595,783	42,884,156
Net capital assets being depreciated	96,016,035	3,133,847	(1,005,826)	215,158	97,928,898
Net capital assets	\$ 98,717,394	\$ -	\$ 10,329,840	\$ 215,158	\$ 108,832,076

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

Governmental activities:	
General government	\$ 239,810
Public safety:	
Police	382,891
Fire	561,036
Building inspection	10,491
Code enforcement	3,951
Public works	452,668
Community and economic development	10,874
Recreation and culture	50,408
Total governmental activities	\$ 1,712,129

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Due to/from Other Funds		
General Fund	Nonmajor governmental funds	\$ 23,171
Public Safety Fund	General Fund	5,765
	Nonmajor governmental funds	<u>135,334</u>
	Total Public Safety Fund	141,099
Nonmajor governmental funds	Nonmajor governmental funds	1,372
	General Fund	<u>163,851</u>
	Total nonmajor governmental funds	165,223
Enterprise Fund - Water and Sewer Fund	General Fund	67,268
	Public Safety Fund	4,915
	Nonmajor governmental funds	<u>184,355</u>
	Total Enterprise Fund - Water and Sewer Fund	<u>256,538</u>
	Total interfund balances	<u><u>\$ 586,031</u></u>

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

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

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Other nonmajor governmental funds (1)	\$ 245,000
Other nonmajor governmental funds	General Fund (2)	48,396
	Public Safety Fund (3)	135,334
	Other nonmajor governmental funds (2)	<u>14,400</u>
	Total other nonmajor governmental funds	<u>198,130</u>
	Total	<u>\$ 443,130</u>

(1) Transfers were for capital improvement projects and community assistance.

(2) Transfers were for reimbursed expenditures.

(3) Transfers were for police overtime expenditures.

Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a 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:	
<u>General Obligations:</u>	
1997 Building Authority Bond for library improvements, with interest ranging from 4.4% to 4.8%, maturing in 2012	\$ 3,200,000
2008 Bike Path Improvement Bond for capital improvements, with interest ranging from 3.0% to 4.0%, maturing in 2020	8,055,000
2008 Building Authority Bond for parks and recreation capital improvements with interest ranging from 3.0% to 5.0%, maturing in 2021	<u>5,500,000</u>
Subtotal	16,755,000

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 7 - Long-term Debt (Continued)

Description	Amount
<u>Special Assessment Bonds:</u>	
2000 Special Assessment Bonds for SAD #127, with interest of 4.9%, maturing in 2009	\$ 60,000
2001 Special Assessment Bonds for SAD #129, with interest ranging from 4.85% to 5.1%, maturing in 2015	300,000
2008 Special Assessment Bonds for SAD #139 with interest ranging from 5.0% to 5.75%, maturing in 2017	655,000
<u>Jacobs Drain Bonds:</u>	
2005 Jacobs Drain Bonds, series 2005A - General obligation limited tax bonds, with interest ranging from 3.5% to 4.40%, maturing in 2025	2,013,756
<u>Tenhill and Wallbrook Drain Bonds:</u>	
2006 Franklin Subwatershed Drain Drainage District Bonds, with interest ranging from 3.35% to 4.5%, maturing in 2026	575,105
2008 Franklin Subwatershed Drain Drainage District Bonds, with interest ranging from 5.5% to 5.75%, maturing in 2028	539,822
Subtotal	1,114,927
<u>Installment Purchase Agreements</u>	
2008 Master Lease Purchase Agreement, with interest of 4.62%, maturing in 2015	1,273,770
Total governmental activities	<u>\$ 22,172,453</u>
Description	Amount
Business-type Activities:	
<u>General Obligations:</u>	
2007 Segment I Drinking Water Revolving Fund - General obligation limited tax, interest at 2.125%	\$ 841,670
2008 Segment II Drinking Water Revolving Fund - General obligation limited tax, interest at 2.5% - Project 7218-1	6,458,755
2008 Segment II Drinking Water Revolving Fund - General obligation limited tax, interest at 2.5% - Project 7254-1	724,332
Subtotal	8,024,757
<u>County Contractual Obligations:</u>	
1992 Oakland County contract obligation for the Evergreen-Farmington sewage disposal system, with interest ranging from 3.5% to 4.85%, maturing in 2009	121,627
2001 Oakland County contract obligation for the Evergreen-Farmington sewage disposal system, with interest at 5.1%, maturing in 2009	415,438
Subtotal	537,065
Total business-type activity debt	<u>\$ 8,561,822</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Building Authority bonds	\$ 3,975,000	\$ 5,500,000	\$ 775,000	\$ 8,700,000	\$ 800,000
Special Assessment bonds	510,000	655,000	150,000	1,015,000	185,000
Capital Improvement bonds	-	8,055,000	-	8,055,000	425,000
Jacobs Drain bonds	2,095,615	-	81,860	2,013,755	81,860
Drain District bonds	596,275	539,822	21,169	1,114,928	38,811
Installment purchase agreement	-	1,349,539	75,769	1,273,770	213,502
Total governmental activities	7,176,890	16,099,361	1,103,798	22,172,453	1,744,173
Accumulated compensated absences	1,755,956	30,607	-	1,786,563	100,000
Estimated insurance claims	560,679	620,838	598,418	583,099	-
Total governmental activities	<u>\$ 9,493,525</u>	<u>\$ 16,750,806</u>	<u>\$ 1,702,216</u>	<u>\$ 24,542,115</u>	<u>\$ 1,844,173</u>
Business-type Activities					
State of Michigan Revolving Fund loan	\$ 835,145	\$ 7,229,612	\$ 40,000	\$ 8,024,757	\$ 380,000
County contract obligations	1,011,181	-	474,136	537,045	475,134
Total bonds payable	<u>\$ 1,846,326</u>	<u>\$ 7,229,612</u>	<u>\$ 514,136</u>	<u>\$ 8,561,802</u>	<u>\$ 855,134</u>

Total interest expense for the year was approximately \$787,000. Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 1,744,173	\$ 851,482	\$ 2,595,655	\$ 855,134	\$ 215,819	\$ 1,070,953
2010	2,048,041	825,583	2,873,624	451,912	184,009	635,921
2011	2,098,824	741,258	2,840,082	395,000	173,354	568,354
2012	2,159,618	653,434	2,813,052	410,000	163,594	573,594
2013	1,339,569	580,548	1,920,117	420,000	93,164	513,164
2014-2018	7,433,041	2,021,989	9,455,030	2,240,000	606,229	2,846,229
2019-2023	4,723,472	498,237	5,221,709	2,535,000	312,377	2,847,377
2024-2028	625,715	56,217	681,932	1,254,756	39,378	1,294,134
Total	<u>\$ 22,172,453</u>	<u>\$ 6,228,748</u>	<u>\$ 28,401,201</u>	<u>\$ 8,561,802</u>	<u>\$ 1,787,924</u>	<u>\$ 10,349,726</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 8 - Restricted Assets

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

Cash and investments	\$ 8,395,811
Customer assessments receivable	550,143
Due from other governmental units	7,879
Accrued interest and other receivables	114,948
Assets held by Oakland County	<u>18,074</u>
Total restricted assets	<u>\$ 9,086,855</u>

These assets are restricted for the following purposes:

Bond interest and redemption, capital improvements	\$ 9,068,781
Assets held at Oakland County	<u>18,074</u>
Total restricted assets	<u>\$ 9,086,855</u>

Note 9 - Risk Management

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

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 9 - Risk Management (Continued)

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>2008</u>	<u>2007</u>
Unpaid claims - Beginning of year	\$ 560,679	\$ 553,062
Incurred claims, including claims incurred but not reported, and changes in estimates	620,838	668,684
Claim payments	<u>(598,418)</u>	<u>(661,067)</u>
Unpaid claims - End of year	<u>\$ 583,099</u>	<u>\$ 560,679</u>

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township contributes to a single-employer defined benefit pension plan that covers police and fire employees and the general office, water and sewer, and parks and recreation department employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2007, the date of the most recent actuarial valuation, membership consisted of 166 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 300 current active employees. The plan does not issue a separate financial report.

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

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's collective bargaining units and requires a contribution from police and fire employees of 2 percent (there is no contribution requirement from the other employees). The funding policy provides for periodic employer contributions at actuarially determined rates,

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 10 - Defined Benefit Pension Plan (Continued)

Annual Pension Cost and Net Pension Asset

Annual required contribution	\$ 4,362,177
Interest on net pension obligation (asset)	(87,341)
Adjustment to annual required contribution	<u>109,685</u>
Annual pension cost (APC)	4,384,521
Contributions made	<u>4,362,180</u>
Decrease in net pension asset	(22,341)
Net pension asset - Beginning of year	<u>1,164,540</u>
Net pension asset - End of year	<u>\$ 1,142,199</u>

Annual Pension Cost - For the year ended December 31, 2008, the Township's annual pension cost of \$4,384,521 for the plan was equal to the Township's required and actual contribution.

Funding Status and Funding Progress - As of December 31, 2007, the most recent actuarial valuation date, the plan was 80.7 percent funded. The actuarial accrued liability for benefits was \$92,361,656, and the actuarial value of assets was \$74,516,861, resulting in an unfunded actuarial accrued liability of \$17,844,795. The covered payroll (annual payroll for active employees covered by the plan) was \$19,301,675, and the ratio for the unfunded actuarial accrued liability to the covered payroll was 92.5 percent.

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

Actuarial Methods and Assumptions - The annual required contribution was determined as part of an actuarial valuation at December 31, 2007, using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 investment rate of return, (b) projected salary increases of 4.5 percent to 17.5 percent per year, and (c) 3 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 4.5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a five-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 22 years.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 11 - Defined Contribution Pension Plan

The Township provides additional pension benefits to most employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by Township board resolution, for general office, general office supervisory, and water and sewer employees 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 5 percent for those employees (all union and nonunion) hired prior to October 10, 2003 covered under the defined benefit plan. Employees contribute 1 percent to 10 percent of their gross earnings to the plan. In accordance with these requirements, the Township contributed approximately \$1,0278,000 and the employees contributed \$243,274 for the year ended December 31, 2008.

Note 12 - Other Postemployment Benefits

Plan Description - The Township provides retiree healthcare benefits to full-time employees upon retirement, in accordance with labor contracts. The Township includes pre-Medicare retirees and their dependents in its insured healthcare plan, with no contribution required by the participant. Currently, 72 retirees are eligible for postemployment health benefits. For the fiscal year ended December 31, 2008, the Township made payments for postemployment health benefit premiums of \$997,366. 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. The plan does not issue a separate stand-alone financial statement.

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. In the current year, the Township contributed \$3,239,814 into the prefunded Post Retirement Healthcare Fund, which is reported in this financial statements as a pension and other employee benefit trust fund type. The Fund paid postemployment healthcare premiums of \$997,366.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 12 - Other Postemployment Benefits (Continued)

Funding Progress - For the year ended December 31, 2008, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2007. 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 30 years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	<u>\$ 3,211,400</u>
Annual OPEB cost	3,211,400
Amounts contributed:	
Payments of current premiums	(27,132)
Advance funding	<u>(3,239,814)</u>
Decrease in net OPEB obligation	<u>(55,546)</u>
OPEB obligation/(asset) - End of year	<u>\$ (55,546)</u>

The schedule of employer contributions and the net OPEB obligation is as follows:

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution *</u>	<u>Percentage Contributed</u>	<u>Net OPEB Asset</u>
12/31/08	12/31/07	\$ 3,211,400	101.7	\$ 55,546

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

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	\$ 19,628,740	160.6

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.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2008

Note 12 - Other Postemployment Benefits (Continued)

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

In the December 31, 2007 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included an 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The assumed rate of increase for healthcare costs was 10 percent for medical and prescription drugs for 2009, with this rate of increase declining each year through the year 2018.. Thereafter it is assumed to be 4.5 percent per year. The UAAL is being amortized as a level percentage of projected payroll over 26 years.

Note 13 - Subsequent Event

Long-term Debt - In January 2009, the Township drew down an additional \$693,121 from the State of Michigan Drinking Water Revolving Fund as part of water construction project 7218-01.

Declines in Investment Values - Subsequent to year end, the Township's defined benefit pension plan and the postemployment healthcare plan have incurred a significant decline in fair value, consistent with the general decline in investment markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

Required Supplemental Information

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 13,802,000	\$ 13,820,000	\$ 13,824,190	\$ 4,190
Licenses and permits	1,460,000	1,203,800	1,142,587	(61,213)
Federal grants	57,500	32,954	48,248	15,294
State-shared revenue and grants	4,800,000	4,776,800	4,811,020	34,220
Charges for services:				
Charges to other funds	717,191	795,191	829,911	34,720
Other charges for services	2,360,636	2,337,430	2,376,095	38,665
Fines and forfeitures - District court fines and fees	1,623,000	1,797,190	1,800,152	2,962
Investment income	990,500	800,000	744,735	(55,265)
Rental income	227,600	260,600	261,038	438
Other revenue:				
Cable franchise fees	995,000	961,900	992,748	30,848
Other miscellaneous income	112,751	157,753	187,019	29,266
Total revenue	27,146,178	26,943,618	27,017,743	74,125
Expenditures - Current				
General government:				
Township board	42,280	74,313	65,334	8,979
Supervisor	244,406	245,889	239,682	6,207
Finance	693,065	684,593	660,514	24,079
Information technology	864,710	867,521	809,578	57,943
Treasurer	693,065	695,109	683,043	12,066
Assessing	1,181,991	1,143,239	1,148,105	(4,866)
Clerk	982,470	988,625	975,918	12,707
Elections	136,504	100,106	87,141	12,965
Buildings and grounds	206,220	193,500	214,634	(21,134)
Personnel	281,337	287,673	280,164	7,509
Pension board	1,979	4,959	3,880	1,079
Insurance and other functions	520,480	513,654	484,657	28,997
Total general government	5,848,507	5,799,181	5,652,650	146,531
District court	1,367,367	1,485,409	1,396,951	88,458
Public safety:				
Police	7,018,486	6,947,940	6,614,707	333,233
Fire	7,224,110	7,325,568	7,012,335	313,233
Building inspections	1,004,877	873,912	853,599	20,313
Code enforcement	814,162	798,027	781,247	16,780
Total public safety	16,061,635	15,945,447	15,261,888	683,559
Public works:				
Community assistance	78,617	83,450	75,592	7,858
Street lighting	39,600	40,300	48,523	(8,223)
Total public works	118,217	123,750	124,115	(365)

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Expenditures - Current (Continued)				
Retiree health contribution	\$ 2,044,000	\$ 1,942,000	\$ 1,942,000	\$ -
Community development:				
Engineering	353,510	343,167	325,569	17,598
Planning and zoning	228,098	222,298	207,229	15,069
Development expenses	930,308	876,700	858,631	18,069
Total community development	1,511,916	1,442,165	1,391,429	50,736
Recreation and culture	2,950	2,950	2,986	(36)
Total expenditures	26,954,592	26,740,902	25,772,019	968,883
Excess of Revenue Over Expenditures	191,586	202,716	1,245,724	1,043,008
Other Financing Sources (Uses)				
Sale of capital assets	20,000	29,910	31,160	1,250
Transfers in	47,950	47,950	48,396	446
Transfers out	(245,000)	(245,000)	(245,000)	-
Total other financing uses	(177,050)	(167,140)	(165,444)	1,696
Net Change in Fund Balance	14,536	35,576	1,080,280	1,044,704
Fund Balance - Beginning of year	6,428,003	6,428,003	6,428,003	-
Fund Balance - End of year	<u>\$ 6,442,539</u>	<u>\$ 6,463,579</u>	<u>\$ 7,508,283</u>	<u>\$ 1,044,704</u>

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Public Safety Fund Year Ended December 31, 2008

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 13,079,000	\$ 13,059,000	\$ 13,062,148	\$ 3,148
Federal grants	26,000	25,500	2,620	(22,880)
Investment income	425,200	435,200	437,775	2,575
Other revenue	-	-	1,681	1,681
Total revenue	13,530,200	13,519,700	13,504,224	(15,476)
Expenditures - Current				
Public safety:				
Police salaries, fringe benefits, and supplies	5,897,379	6,013,870	5,754,313	259,557
Fire salaries, fringe benefits, and supplies	5,801,173	5,764,335	5,613,791	150,544
Police equipment	330,188	303,884	251,739	52,145
Fire equipment	335,146	1,609,485	1,603,187	6,298
Police and fire facilities	115,000	115,000	108,580	6,420
Total public safety	12,478,886	13,806,574	13,331,610	474,964
Retiree health contribution	1,180,000	1,121,300	1,121,300	-
Debt service	-	94,966	94,966	-
Total expenditures	13,658,886	15,022,840	14,547,876	474,964
Excess of Expenditures Over Revenue	(128,686)	(1,503,140)	(1,043,652)	459,488
Other Financing Sources				
Face value of debt issue	-	1,349,539	1,349,539	-
Gain on sale of capital assets	-	-	1,232	1,232
Transfers in	173,200	135,334	135,334	-
Total other financing sources	173,200	1,484,873	1,486,105	1,232
Net Change in Fund Balance	44,514	(18,267)	442,453	460,720
Fund Balance - Beginning of year	4,738,357	4,738,357	4,738,357	-
Fund Balance - End of year	<u>\$ 4,782,871</u>	<u>\$ 4,720,090</u>	<u>\$ 5,180,810</u>	<u>\$ 460,720</u>

Charter Township of West Bloomfield

Note to Required Supplemental Information Year Ended December 31, 2008

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 fiscal 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. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds - As reported in the budgetary comparison schedules, the Township expended in excess of budget appropriations in the following General Fund categories: Town Hall building and grounds, street lighting, and assessing.

Charter Township of West Bloomfield

Required Supplemental Information Pension System Schedule Year Ended December 31, 2008

The schedule of funding progress is as follows:

Actuarial Valuation as of	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/02	\$ 49,074,431	\$ 59,794,263	\$ 10,719,832	82.1	\$ 15,784,191	67.9
12/31/03	51,622,204	64,597,088	12,974,884	79.9	17,106,766	75.8
12/31/04	54,912,591	73,201,404	18,288,813	75.0	19,162,317	95.4
12/31/05	59,493,069	79,692,787	20,199,718	74.7	18,681,528	108.1
12/31/06	66,642,760	86,516,666	19,873,906	77.0	18,850,496	105.4
12/31/07	74,516,861	92,361,656	17,844,795	80.7	19,301,675	92.5

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Pension Cost	Percentage Contributed	Net Pension Asset
12/31/03	12/31/02	\$ 2,713,000	108.0	\$ 1,169,000
12/31/04	12/31/03	3,162,000	99.0	1,113,000
12/31/05	12/31/04	3,751,000	100.0	1,065,400
12/31/06	12/31/05	4,567,741	100.0	1,014,200
12/31/07	12/31/06	4,285,116	100.0	1,165,000
12/31/08	12/31/07	4,384,521	100.0	1,142,000

* 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, 2008, the latest actuarial valuation, follows:

Amortization method	Level percent
Amortization period (perpetual)	22 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.5% - 17.5%
*Includes inflation at	4.5%
Cost of living adjustments	3%

Other Supplemental Information

Charter Township of West Bloomfield

	Special Revenue Funds					
	Safety Paths	Grant Fund	Public Improvement and Building	Drug Enforcement	Special Assessment Districts	Cable
Assets						
Cash and investments	\$ 7,350,617	\$ 27,489	\$ 326,148	\$ 1,225,629	\$ 54,220	\$ 816,174
Receivables:						
Property taxes receivable	401,998	-	-	-	-	-
Special assessments receivable	-	-	-	-	-	-
Other receivables	42,952	-	3,224	148,089	-	112,386
Due from other governmental units	-	70,894	1,026	46,527	15,568	-
Due from other funds	-	-	163,851	-	-	-
Total assets	\$ 7,795,567	\$ 98,383	\$ 494,249	\$ 1,420,245	\$ 69,788	\$ 928,560
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 80,649	\$ 24,484	\$ 35,162	\$ 89,517	\$ 26,077	\$ 24,397
Due to other governmental units	-	-	-	-	-	-
Due to other funds	-	-	-	135,334	1,001	3,968
Accrued liabilities and other:						
Deferred revenue	829,022	50,123	-	46,527	-	-
Deposits	-	-	-	-	-	-
Total liabilities	909,671	74,607	35,162	271,378	27,078	28,365
Fund Balances - Unreserved, reported in						
Special Revenue Funds	6,885,896	23,776	459,087	1,148,867	42,710	900,195
Debt Service Funds	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-
Total fund balances	6,885,896	23,776	459,087	1,148,867	42,710	900,195
Total liabilities and fund balances	\$ 7,795,567	\$ 98,383	\$ 494,249	\$ 1,420,245	\$ 69,788	\$ 928,560

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008**

Debt Service Funds		Capital Projects Fund		Total Nonmajor Governmental Funds
Building Authority Debt	Drains at Large	Special Assessment Districts	Special Assessment District	
\$ 9,851	\$ 295,492	\$ 10,077	\$ 1,093,177	\$ 11,208,874
-	154,190	-	-	556,188
-	-	-	871,690	871,690
-	-	-	-	306,651
-	-	-	22,455	156,470
-	-	1,372	-	165,223
<u>\$ 9,851</u>	<u>\$ 449,682</u>	<u>\$ 11,449</u>	<u>\$ 1,987,322</u>	<u>\$ 13,265,096</u>
\$ -	\$ 2,225	\$ -	\$ 29,980	\$ 312,491
3,080	-	-	-	3,080
-	1,650	11,049	191,230	344,232
-	317,889	-	729,396	1,972,957
-	12,800	-	-	12,800
3,080	334,564	11,049	950,606	2,645,560
-	-	-	-	9,460,531
6,771	115,118	400	-	122,289
-	-	-	1,036,716	1,036,716
6,771	115,118	400	1,036,716	10,619,536
<u>\$ 9,851</u>	<u>\$ 449,682</u>	<u>\$ 11,449</u>	<u>\$ 1,987,322</u>	<u>\$ 13,265,096</u>

Charter Township of West Bloomfield

	Special Revenue Funds					
	Safety Paths	Grant Fund	Public Improvement and Building	Drug Enforcement	Special Assessment Districts	Cable
Revenue						
Property taxes	\$ 826,113	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants	-	229,983	-	313,997	-	-
State-shared revenue and grants	-	-	-	219,945	-	-
Investment income	263,369	-	12,682	44,980	228	26,395
Other revenue:						
Special assessments	-	-	-	-	59,785	-
Cable franchise fees	-	-	-	-	-	451,939
Other miscellaneous income	-	-	-	-	-	-
Total revenue	1,089,482	229,983	12,682	578,922	60,013	478,334
Expenditures - Current						
Public safety	-	184,491	-	541,051	-	-
Public works	-	-	261,562	-	57,694	-
Community development	-	40,172	-	-	-	-
Recreation and culture	2,558,809	-	-	-	-	491,165
Debt service	85,741	-	-	-	-	-
Total expenditures	2,644,550	224,663	261,562	541,051	57,694	491,165
Excess of Revenue Over (Under) Expenditures	(1,555,068)	5,320	(248,880)	37,871	2,319	(12,831)
Other Financing Sources (Uses)						
Debt issue	8,055,000	-	-	-	-	-
Sale of capital assets	-	-	-	(178)	-	-
Transfers in	-	45,000	200,000	-	-	-
Transfers out	-	(45,003)	-	(135,334)	-	(3,393)
Total other financing sources (uses)	8,055,000	(3)	200,000	(135,512)	-	(3,393)
Net Change in Fund Balances	6,499,932	5,317	(48,880)	(97,641)	2,319	(16,224)
Fund Balances - Beginning of year	385,964	18,459	507,967	1,246,508	40,391	916,419
Fund Balances - End of year	\$ 6,885,896	\$ 23,776	\$ 459,087	\$ 1,148,867	\$ 42,710	\$ 900,195

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2008

Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
Building Authority Debt	Drains at Large	Special Assessment Districts	Special Assessment District	
\$ -	\$ 316,423	\$ -	\$ -	\$ 1,142,536
-	-	-	-	543,980
-	-	-	-	219,945
961	3,719	2,091	32,854	387,279
-	-	16,348	351,628	427,761
-	-	-	-	451,939
946,413	-	-	-	946,413
947,374	320,142	18,439	384,482	4,119,853
-	-	-	-	725,542
-	5,644	126,114	426,904	877,918
-	-	-	-	40,172
-	-	-	-	3,049,974
946,413	234,308	51,250	145,728	1,463,440
946,413	239,952	177,364	572,632	6,157,046
961	80,190	(158,925)	(188,150)	(2,037,193)
-	-	-	648,450	8,703,450
-	-	-	-	(178)
-	14,400	-	-	259,400
-	-	(14,400)	-	(198,130)
-	14,400	(14,400)	648,450	8,764,542
961	94,590	(173,325)	460,300	6,727,349
5,810	20,528	173,725	576,416	3,892,187
\$ 6,771	\$ 115,118	\$ 400	\$ 1,036,716	\$ 10,619,536

Charter Township of West Bloomfield

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds December 31, 2008

	Pension Trust Funds			Agency Funds					Total Agency Funds
	Pension Fund	Post-retirement Healthcare Fund	Total Pension Trust Funds	Trust and Agency	O.C.P.T.A	Bond Refund	Zoo Tax	Escrow	
Assets									
Investments:									
Cash equivalents	\$ 2,177,808	\$ 3,403,017	\$ 5,580,825	\$ 11,182,858	\$ 2,467,826	\$ 461,615	\$ 418,276	\$ 1,657,985	\$ 16,188,560
Stock	27,586,868	5,653,105	33,239,973	-	-	-	-	-	-
Real estate	3,232,044	796,643	4,028,687	-	-	-	-	-	-
Other investments	23,684,421	6,856,491	30,540,912	-	-	-	-	-	-
Receivables	-	22,386	22,386	-	-	-	-	247	247
Prepaid expenses and other assets	7,650	49,940	57,590	-	-	-	-	-	-
Total assets	56,688,791	16,781,582	73,470,373	\$ 11,182,858	\$ 2,467,826	\$ 461,615	\$ 418,276	\$ 1,658,232	\$ 16,188,807
Liabilities									
Accounts payable	68,050	25,275	93,325	\$ -	\$ -	\$ -	\$ -	\$ 3,330	\$ 3,330
Due to other governmental units	-	-	-	11,148,899	2,467,826	-	418,276	-	14,035,001
Due to primary government	-	109,624	109,624	-	-	-	-	5,251	5,251
Refundable deposits, bonds, etc.	-	-	-	-	-	461,615	-	1,649,651	2,111,266
Accrued liabilities and other	-	-	-	33,959	-	-	-	-	33,959
Total liabilities	68,050	134,899	202,949	\$ 11,182,858	\$ 2,467,826	\$ 461,615	\$ 418,276	\$ 1,658,232	\$ 16,188,807
Net Assets Held in Trust for Pension and Other Employee Benefits	\$ 56,620,741	\$ 16,646,683	\$ 73,267,424						

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Changes in Fiduciary Net Asset Fiduciary Funds Year Ended December 31, 2008

	Pension Fund	Post- retirement Healthcare Fund	Total
Additions			
Investment income (loss):			
Interest and dividends	\$ 1,911,220	\$ 686,182	\$ 2,597,402
Net decrease in fair value of investments	(21,140,133)	(4,310,947)	(25,451,080)
Investment-related expenses	(309,692)	(36,348)	(346,040)
Net investment loss	(19,538,605)	(3,661,113)	(23,199,718)
Contributions:			
Employer	4,362,180	3,239,814	7,601,994
Employee	249,362	-	249,362
Net contributions	4,611,542	3,239,814	7,851,356
Total additions	(14,927,063)	(421,299)	(15,348,362)
Deductions			
Benefit payments	2,830,407	997,366	3,827,773
Administrative expenses	86,347	49,845	136,192
Total deductions	2,916,754	1,047,211	3,963,965
Net Decrease in Net Assets Held in Trust	(17,843,817)	(1,468,510)	(19,312,327)
Net Assets Held in Trust for Pension and Other Employee Benefits - Beginning of year	74,464,558	18,115,193	92,579,751
Net Assets Held in Trust for Pension and Other Employee Benefits - End of year	\$ 56,620,741	\$ 16,646,683	\$ 73,267,424

Charter Township of West Bloomfield Oakland County, Michigan

**Federal Awards
Supplemental Information
December 31, 2008**

Charter Township of West Bloomfield

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Independent Auditor's Report

To the Board of Trustees
Charter Township of West Bloomfield

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield (the "Charter Township") as of and for the year ended December 31, 2008, which collectively comprise the Charter Township's basic financial statements, and have issued our report thereon dated May 13, 2009. These basic financial statements are the responsibility of the Charter Township's management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

May 13, 2009

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Charter Township of West Bloomfield

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield (the "Charter Township") as of and for the year ended December 31, 2008, which collectively comprise the Charter Township's basic financial statements, and have issued our report thereon dated May 13, 2009. We have 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Charter Township of West Bloomfield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and another that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the control deficiencies described in the accompanying schedule of findings and questioned costs as findings 2008-1 and 2008-2 to be significant deficiencies in internal control over financial reporting.

To the Board of Trustees
Charter Township of West Bloomfield

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter Township of West Bloomfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Charter Township of West Bloomfield's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Charter Township of West Bloomfield's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the board of trustees, the Charter Township of West Bloomfield, others within the entity, regulatory bodies, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

May 13, 2009

Report on Compliance with Requirements Applicable to the Major Program and on Internal Control Over Compliance with OMB Circular A-133

To the Board of Trustees
Charter Township of West Bloomfield

Compliance

We have audited the compliance of the Charter Township of West Bloomfield with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2008. The major federal program of the Charter Township of West Bloomfield is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Charter Township of West Bloomfield's management. Our responsibility is to express an opinion on the Charter Township of West Bloomfield's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Charter Township of West Bloomfield's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Charter Township of West Bloomfield's compliance with those requirements.

In our opinion, the Charter Township of West Bloomfield complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

To the Board of Trustees
Charter Township of West Bloomfield

Internal Control Over Compliance

The management of the Charter Township of West Bloomfield is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Charter Township of West Bloomfield's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of trustees, the Charter Township of West Bloomfield, others within the entity, regulatory bodies, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

May 13, 2009

Charter Township of West Bloomfield

Schedule of Expenditures of Federal Awards Year Ended December 31, 2008

Federal Agency/Pass-through Agency/ Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Award Amount	Federal Expenditures
U.S. Department of Homeland Security:				
Passed through the Michigan Department of State Police - Passed through Oakland County, Michigan 2006 State Homeland Security Grant	97.067	FY 2006 HSGP	\$ 3,126	\$ 3,126
Passed through the Michigan Department of State Police, Emergency Management and Homeland Security Division - 2006 Buffer Zone Protection Program (BZPP)	97.078		189,000	<u>125,677</u>
Total U.S. Department of Homeland Security				128,803
U.S. Department of Housing and Urban Development - Michigan Urban County - Community Development Block Grant - Passed through Oakland County, Michigan - Entitlement Grant:				
	14.218			
Program year 2006-2007#		731665	5,115	2,313
Program year 2007-2008#		730535	2,500	1,385
		731360	23,879	22,459
		731665	6,000	2,128
		731712	39,124	35,645
Program year 2008-2009#		730535	2,500	200
		731360	22,892	<u>17,036</u>
Total U.S. Department of Housing and Urban Development				81,166
U.S. Department of Justice:				
COPS Technological Grant	16.710		587,368	184,491
Federal Equitable Sharing Program	16.unknown		337,473	337,473
Joint Terrorism Task Force - FBI	16.unknown		11,464	11,464
HIDTA-overtime reimbursement	16.unknown		5,785	5,785
Drug Enforcement Administration Task Force	16.unknown		15,854	15,854
Drug Enforcement Administration Task Force - SONIC 19	16.unknown		10,151	10,151
Drug Enforcement Administration Task Force - NET	16.unknown		6,000	<u>6,000</u>
Total U.S. Department of Justice				571,218
U.S. Environmental Protection Agency - Passed through State of Michigan Department of Environmental Quality:				
Safe Drinking Water Revolving Fund - Phase I	66.468	7203-01	881,670	1,707
Safe Drinking Water Revolving Fund - Phase II	66.468	7218-01	7,975,000	5,302,484
Safe Drinking Water Revolving Fund - Phase II	66.468	7254-01	790,000	<u>584,661</u>
Total U.S. Environmental Protection Agency				<u>5,888,852</u>
Total federal expenditures				<u>\$ 6,670,039</u>

Charter Township of West Bloomfield

Note to Schedule of Expenditures of Federal Awards Year Ended December 31, 2008

Note - Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter Township of West Bloomfield and is presented on the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Charter Township of West Bloomfield

Schedule of Findings and Questioned Costs Year Ended December 31, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major program(s):

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
66.468	Safe Drinking Water Revolving Fund

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

Charter Township of West Bloomfield

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2008

Section II - Financial Statement Audit Findings

Reference Number	Findings
2008-1	<p>Finding Type - Material weakness</p> <p>Criteria - The Charter Township of West Bloomfield (the “Charter Township”) should be able to close its accounting records completely at the end of each year.</p> <p>Condition - During the financial statement audit, significant errors were identified by the audit team and required correction.</p> <p>Context - During the audit process, we discovered significant adjustments to district court receivables, special assessment revenue, and long-term debt. These adjustments were corrections to balances previously evaluated and adjusted by Charter Township personnel.</p> <p>Cause - It would appear that accounting adjustments made by Charter Township personnel are not reviewed by another Charter Township employee prior to the audit. We believe that the Charter Township of West Bloomfield’s accounting function is large and complex enough to warrant a process to be put into place to supervise and review the employees and work products.</p> <p>Effect - The Charter Township is relying on the audit process to identify potential errors in the general ledger. Because an audit involves investigating only a sample of transactions and balances, errors might be made and not caught by either the Charter Township or the auditors.</p> <p>Recommendation - The Charter Township should consider a process for human resource development within the accounting function that would include training, supervision, and review of work products. You might also consider quarterly closings of certain balances and a second review of all manual journal entries.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Charter Township recognizes there is a problem and will evaluate procedures and make necessary changes in order to correct the problem.</p>

Charter Township of West Bloomfield

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2008

Section II - Financial Statement Audit Findings (Continued)

Reference Number	Findings
2008-02	<p>Finding Type - Significant deficiency - Information technology access controls</p> <p>Criteria - Information technology access controls should prevent personnel with administrative access from having access to posting transactions to the general ledger.</p> <p>Condition - Our audit procedures indicate that individuals in the finance department, who regularly post transactions to the general ledger, also have administrative access.</p> <p>Context - Although our procedures indicate personnel who have administrative access also have the ability to post transactions, testing showed there were no unusual transactions posted to the general ledger.</p> <p>Cause - Due to a misunderstanding between the auditors and the Charter Township's IT department, changes were implemented following the 2007 audit that resulted in the Charter Township's IT system not appropriately restricting access to general ledger systems.</p> <p>Effect - The possibility exists for personnel to post transactions to the accounting system via their administrative access without review. It should be noted that the results of our audit identified no unusual transactions that were posted by accounting personnel during the year.</p> <p>Recommendation - Administrative access should be removed from finance department personnel. Activity in the general ledger should be restricted to only personnel without administrative access.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The Charter Township agrees to remove administrative access from the finance department.</p>

Section III - Federal Program Audit Findings

None

Charter Township of West Bloomfield

Report to the Township Board

December 31, 2008

May 13, 2009

To the Township Board of Trustees
Charter Township of West Bloomfield

We have recently completed our audit of the basic financial statements of the Charter Township of West Bloomfield (the "Township") for the year ended December 31, 2008. In addition to our audit report, we are providing the following results of the audit, other recommendations for improvements, and informational/legislative comments which impact the Township:

	<u>Page</u>
Results of the Audit	2-5
Other Recommendations for Improvements	6-7
Informational/ Legislative Comments	8-11

We are grateful for the opportunity to be of service to the Charter Township of West Bloomfield. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Very truly yours,

Plante & Moran, PLLC



Joseph C. Heffernan

Results of the Audit

To the Township Board of Trustees
Charter Township of West Bloomfield

We have audited the financial statements of the Charter Township of West Bloomfield for the year ended December 31, 2008 and have issued our report thereon dated May 13, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 4, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. We are responsible for planning and performing the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the Charter Township of West Bloomfield. Our consideration of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

Our audit of the Charter Township of West Bloomfield's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we have made some assessments of the Charter Township of West Bloomfield's compliance with certain provisions of laws, regulations, contracts, and grant agreements. While those assessments are not sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we are required to communicate all noncompliance conditions that come to our attention. We have communicated those conditions in a separate letter dated May 13, 2009 regarding 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.

To the Township Board of Trustees
Charter Township of West Bloomfield

We also are obligated to communicate certain matters related to our audit to those responsible for the governance of the Charter Township of West Bloomfield, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, *Government Auditing Standards* require disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. No such disclosures were required.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on March 4, 2009.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Charter Township of West Bloomfield are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008, except for the adoption of Governmental Accounting Standards Board Statement No. 45.

We noted no transactions entered into by the Township during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. One example would be depreciation expense, which is dependent on estimating the remaining useful lives of capital assets. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Other than those assumptions related to the Pension and Postretirement Health Care Trust Funds, we became aware of no accounting estimates used by the Township that are particularly sensitive to subjective estimates or assumptions.

We believe that the disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements are related to the actuarial accrued liabilities of the defined benefit pension plan and other postemployment benefits. These disclosures and the assumptions used in formulating the disclosures are included in Notes 10 and 12 of the financial statements.

To the Township Board of Trustees
Charter Township of West Bloomfield

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. As discussed in the federal awards supplemental information, there were approximately 15 adjustments made to the accounting records during the audit process; approximately half of those were identified by the auditors. Adjustments of a material amount included a correction to long-term debt in the Water and Sewer Fund and the recording of proceeds from debt and capital outlay expenditure in the Public Safety Fund. Neither entry affected the funds' fund balances as of December 31, 2008. Management has corrected all potential errors identified in the audit process.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management's Representations

We have requested certain representations from management that are included in the management representation letter dated May 13, 2009.

Management's Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

In the normal course of our professional association with the Township, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Township, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the Township's auditors.

To the Township Board of Trustees
Charter Township of West Bloomfield

In addition to the comments and recommendations in this letter, our observations and comments regarding the Charter Township of West Bloomfield's internal controls, including any significant deficiencies or material weaknesses that we identified, have been reported to you in the accompanying report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. This report is included in the supplementary schedule of federal financial assistance (the single audit report), and we recommend that the matters we have noted there receive your careful consideration.

This information is intended solely for the use of the supervisor and Township board of the Charter Township of West Bloomfield and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

May 13, 2009

Other Recommendations for Improvements

Charter Township of West Bloomfield

Other Recommendations for Improvement

Our observations and comments regarding the Township's internal controls, including any significant deficiencies and material weaknesses that we identified, have been reported to you in the report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*. That report is included in the federal awards supplemental information (the single audit report), and we recommend that the matters we have noted there receive your careful consideration. In addition to those comments, we also offer the following recommendations for further improvements to Township operations:

Manual Journal Entries

During the course of the audit, we noted that manual journal entries posted by finance department staff are not kept in one centralized location, nor is the supporting detail for the entry kept with the entry's documentation. In addition, manual entries are not reviewed by another person within the department.

We recommend keeping all manual journal entries in one location, with all supporting detail attached to the entry. We also recommend developing procedures where each entry is reviewed and initialed by another staff person. This will improve the audit trail and also catch mistakes prior to the audit.

Township Budget

In general, governmental budgets should be prepared in accordance with generally accepted accounting principles. The Township has varied from that in a few respects, for several years now. Specifically:

- Compensation received from the Tri-Cities Fire Department is reported as "other financing sources" rather than as revenue.
- Contributions to the Retiree Health Care Fund are reported as "other uses," rather than as expenditures, allocated to the various departments (similar to pension contributions).

While justification can certainly be found for continuing to follow the Township's past practice of budgeting these two items as you have, we believe that following a basis other than GAAP has sometimes led to confusion. We believe that it would be possible to follow GAAP and still achieve your goal of highlighting these two important transactions in your budget.

Informational/Legislative Comments

Charter Township of West Bloomfield

Informational/Legislative Comments

Property Tax Developments

Many communities in Michigan are continuing to face the challenges inherent in the real estate market decline given the effects of Proposal A. Some communities are seeing a decline in overall taxable value this year - many will see similar or greater declines in future years. The impact on each community and over what period of time will vary. The one constant, however, is that there will be an impact that each community will need to consider come budget time.

Many of the bills related to property taxes pending at the end of the 2008 Michigan legislative session have subsequently died with the changeover in the legislature after the November 2008 election. However, a few of those bills have been reintroduced. One series of bills that is worthy of specific mention is the reintroduction of the concept of the "supercap" legislation from last year.

Many property owners continue to struggle with the concept that their individual taxable values actually increased during a time that overall property values - and even their individual property values - have fallen. As we all have been reminded, that is a constitutional requirement that changed with Proposal A in 1994. It may be helpful to remember the principle behind Proposal A - its purpose was to disconnect taxable values from market value increases, and instead limit the growth in taxable values to the lesser of 5 percent or inflation, until that point that the property transfers ownership. Now that the market values are declining in many areas, Proposal A continues to stay disconnected, and allows the taxable value to increase by the lesser of 5 percent or inflation (up until the point that it reconnects with market values).

Because many property owners feel it is unfair to see their taxable value increase in a declining market, a third variable, called "change in market value," was proposed last year to be added to the Proposal A formula.

Under the legislation introduced last year, the Proposal A formula to determine annual increases in taxable value (if property is not sold or transferred) would have been changed to the lesser of three components: inflation, change in market value, or 5 percent. Therefore, if the market value of the parcel was either flat or declining - even if the taxable value of the particular parcel was less than state equalized value - there would be no annual increase. This measure passed the House in 2008 but did not advance further.

In January 2009, several versions of this legislation were introduced which reinstate a similar constitutional amendment. Such a change would ultimately need to be approved by the voters before it can be enacted.

Charter Township of West Bloomfield

Informational/Legislative Comments (Continued)

Revenue Sharing

There was some relief when the governor, in mid-February 2009, released her proposed budget for FY 2010. State-shared revenue has been spared any additional cuts from prior year levels, at least for now. According to the governor's budget, local units of government should anticipate receiving the same amount of state-shared revenue for 2009-2010 that they received in 2008-2009. Approximately \$1.1 billion is projected to be distributed to cities, villages, and townships through both constitutional and statutory revenue sharing, and no unit is expected to see a change in total dollars received. This is a positive development given the cuts to K-12 schools, universities, prisons, and even the state government itself proposed as part of the governor's budget.

On May 5, 2009, the governor announced an executive order reducing many state programs, including \$41.4 million from state-shared revenue. The impact to the Township is expected to be \$218,000 for the 2009 fiscal year. It is possible that 2010 will see further reductions, given the State's growing shortfall for the 2009 and 2010 fiscal years.

Other Legislative Items

- PA 307 and 308 of 2008 make changes to investment laws governing Michigan communities and schools. More specifically, this legislation allows governmental units in Michigan to invest in CDARS - Certifications of Deposit Account Registry Service. The CDARS program is a deposit placement service designed to allow FDIC-insured depository institutions to accept deposits of more than \$100,000 (\$250,000 for 2009) and obtain full coverage for the depositor by spreading the funds among as many separate FDIC-insured institutions as necessary in order to ensure full FDIC coverage.
- PA 379 of 2008 was passed in late 2008, providing for an extension of 9-1-1 funding from the previous sunset date of February 28, 2009 until December 31, 2014. The bill continues to allow counties to assess a 9-1-1 charge, but the amount is limited to 42 cents per month, unless approved by county voters, in which case the maximum is \$3 per month. Counties with current monthly charges over \$.42 could maintain that assessment, but any future increases would be subject to the voter approval requirement.

SEC Disclosure Filings

The SEC announced late last year an amendment to Rule 15c2-12 that will, among other things, replace the existing four nationally recognized Municipal Securities Information Repositories (NRMSIRs) with one central NRMSIR at the Municipal Securities Rulemaking Board (MSRB), called the Electronic Municipal Market Access (EMMA) system.

Charter Township of West Bloomfield

Informational/Legislative Comments (Continued)

This system, available on the internet at emma.msrb.org, will be the means by which issuers, or their agents, will submit continuing disclosure documents free of charge. Unlike investors in corporate securities who have direct access to free company information through the SEC's EDGAR system, average investors in municipal securities have had no free and convenient way to get important information about the municipal bonds in which they invest. After the implementation of EMMA, these documents will be made available electronically to the general public at no cost.

This change to using EMMA is required beginning July 1, 2009. All continuing disclosure documents submitted to MSRB will need to be made electronically in portable document format (PDF) to facilitate this. Additionally, the MSRB has indicated that the submissions will need to be made in word-searchable PDF beginning January 1, 2010. Until July 1, 2009, issuers should submit continuing disclosures as they have been doing as required by their outstanding continuing disclosure agreements. The amended SEC rule does not, however, remove an obligation to provide continuing disclosure documents to a SID if required by applicable state law or by an outstanding continuing disclosure agreement in effect prior to July 1, 2009.

Closing

We would like to thank the Township board for the opportunity to serve as auditors for the Township. We would also like to express our appreciation for the courtesy and cooperation extended to us by the administration during the audit. If you would like to discuss any of these matters, or would like assistance in their implementation, please contact us.