

**Charter Township of White Lake
Oakland County, Michigan**

**Financial Report
with Supplemental Information
December 31, 2013**

Charter Township of White Lake

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Independent Auditor's Report

To the Board of Directors
Charter Township of White Lake

Report on the Financial Statements

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 White Lake (the "Township") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Charter Township of White Lake's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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 White Lake as of December 31, 2013 and the respective changes in its financial position and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Charter Township of White Lake

Emphasis of Matter

As discussed in Note 14 to the basic financial statements, during the year ended December 31, 2013, the Township adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

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

Other Information

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

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

Plante & Morse, PLLC

March 27, 2014

Charter Township of White Lake

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of White Lake's (the "Township") financial performance provides an overview of the Township's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the Township's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Charter Township of White Lake 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 operations of the Township 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 the government.

Governmental Activities

The following table shows, in a condensed format, the current year's net position and changes in net position, compared to the prior year (in thousands of dollars):

	2013	2012	Change	Percent Change
Assets				
Current assets	\$ 30,906	\$ 30,253	\$ 653	2.2%
Capital assets - Net	<u>18,892</u>	<u>19,161</u>	<u>(269)</u>	-1.4%
Total assets	49,798	49,414	384	0.8%
Liabilities				
Current liabilities	508	637	(129)	-20.3%
Long-term liabilities	<u>11,010</u>	<u>10,709</u>	<u>301</u>	2.8%
Total liabilities	<u>11,518</u>	<u>11,346</u>	<u>172</u>	1.5%
Deferred Inflows of Resources	<u>9,262</u>	<u>8,990</u>	<u>272</u>	3.0%
Net Position				
Net investment in capital assets	13,609	12,802	807	6.3%
Restricted	13,308	13,236	72	0.5%
Unrestricted	<u>2,101</u>	<u>3,040</u>	<u>(939)</u>	-30.9%
Total net position	<u>\$ 29,018</u>	<u>\$ 29,078</u>	<u>\$ (60)</u>	-0.2%

Charter Township of White Lake

Management's Discussion and Analysis (Continued)

The Township's governmental activities net position was \$29 million at the close of December 31, 2013, which was a decrease from December 31, 2012 of approximately \$60,000.

Business-type Activities - Financial Position

The following table shows, in a condensed format, the current year's net position (in thousands of dollars), compared to the prior year:

	2013	2012	Change	Percent Change
Assets				
Current assets	\$ 6,400	\$ 6,143	\$ 257	5.2%
Capital assets - Net	<u>6,154</u>	<u>6,356</u>	<u>(202)</u>	-3.2%
Total assets	12,554	12,499	55	0.4%
Liabilities				
Current liabilities	15	19	(4)	-21.1%
Long-term liabilities	<u>1,282</u>	<u>1,270</u>	<u>12</u>	0.9%
Total liabilities	<u>1,297</u>	<u>1,289</u>	<u>8</u>	0.6%
Net Position				
Net investment in capital assets	5,134	5,291	(157)	-3.0%
Restricted	4,904	4,662	242	5.2%
Unrestricted	<u>1,219</u>	<u>1,257</u>	<u>(38)</u>	-3.0%
Total net position	<u>\$ 11,257</u>	<u>\$ 11,210</u>	<u>\$ 47</u>	0.4%

The Township's business-type activity consists of the Water Fund. Net position increased approximately \$47,000 from December 31, 2012 reflecting continued growth in the water customer base.

Governmental Activities

Unrestricted net position is net position that can be used to finance day-to-day operations. Restricted net position has limitations on its use that may be the result of enabling legislation, grant, or bond covenants. The net investment in capital assets represents the Township's capital assets that provide services to citizens; accordingly, these assets are not available for future spending.

Charter Township of White Lake

Management's Discussion and Analysis (Continued)

Governmental Activities - Results of Operations

The following table shows, in a condensed format, the current year's changes in net position (in thousands of dollars) compared to the prior year:

	2013	2012	Change	Percent Change
Revenue				
Program revenue:				
Charges for services	\$ 2,660	\$ 2,544	\$ 116	4.6%
Operating grants	246	152	94	61.8%
Capital grants	279	1,215	(936)	-77.0%
General revenue:				
Property taxes	7,389	7,567	(178)	-2.4%
State-shared revenue	2,242	2,293	(51)	-2.2%
Unrestricted investment earnings	85	157	(72)	-45.9%
Franchise fees	457	434	23	5.3%
Other revenue	251	287	(36)	-12.5%
Total revenue	<u>13,609</u>	<u>14,649</u>	<u>(1,040)</u>	<u>-7.1%</u>
Program Expenses				
General government	2,659	2,898	(239)	-8.2%
Public safety	7,799	7,504	295	3.9%
Public works	2,289	2,195	94	4.3%
Health and welfare	123	125	(2)	-1.6%
Community and economic development	422	433	(11)	-2.5%
Recreation and cultural	281	281	-	0.0%
Interest on long-term debt	96	140	(44)	-31.4%
Total expenses	<u>13,669</u>	<u>13,576</u>	<u>93</u>	<u>0.7%</u>
Change in Net Position	<u>\$ (60)</u>	<u>\$ 1,073</u>	<u>\$ (1,133)</u>	-105.6%

Government activities revenue was approximately \$13.6 million for the year ended December 31, 2013. Of these revenues, 54 percent was obtained through property taxes, 20 percent for fees charged for services, and 16 percent from state-shared revenue. Total government activities expenditures were approximately \$14 million, an increase of approximately \$93,000 over 2012.

Charter Township of White Lake

Management's Discussion and Analysis (Continued)

Business-type Activities - Results of Operations

The following table shows, in a condensed format, changes in net position (in thousands of dollars), compared to the prior year:

	2013	2012	Change	Percent Change
Revenue				
Program revenue:				
Charges for services	\$ 767	\$ 918	\$ (151)	-16.4%
Capital grants and contributions	136	119	17	14.3%
General revenue - Unrestricted				
investment earnings	42	57	(15)	-26.3%
Other revenue	<u>-</u>	<u>2</u>	<u>(2)</u>	100.0%
Total revenue	945	1,096	(151)	-13.8%
Program Expenses	<u>898</u>	<u>934</u>	<u>(36)</u>	-3.9%
Change in Net Position	<u>\$ 47</u>	<u>\$ 162</u>	<u>\$ (115)</u>	-71.0%

Total revenue was approximately \$945 thousand for the year ended December 31, 2013. Charges for services represented 81 percent of total revenue. At December 31, 2013, the Township was providing water to 1,922 customers.

Township Funds

The analysis of the Township's major funds begins on page 12, following the government-wide financial statements. The fund financial statements provide detail 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 2013 include the General Fund, the Fire Fund, the Police Fund, and the Solid Waste Special Assessment Fund.

The General Fund is the main operating fund of the Township. Total revenue and other financing sources for the year were approximately \$4,248,000. Of this revenue, state-shared revenue accounted for 55 percent and property taxes accounted for 24 percent. Total expenditures and other financing uses for the year were approximately \$3,925,000, which included operating transfers of approximately \$710,000 to the Sewer Debt Fund (to subsidize operating shortfalls in that fund). At December 31, 2013, the unassigned fund balance of \$2,736,462 represented 120.7 percent of the total General Fund expenditures and other financing uses for the year.

Charter Township of White Lake

Management's Discussion and Analysis (Continued)

The Fire Fund is used to account for fire services to Township residents. Total revenue and other financing sources for the year were approximately \$2,386,000. Of this revenue, property taxes accounted for 97 percent. Total expenditures for the year were approximately \$2,315,000, of which 98 percent related to employee costs. The fund balance of \$6,923,867 is restricted for fire operating costs in 2014, future equipment acquisitions, and new personnel.

The Police Fund is used to account for police services to Township residents. Total revenue and other financing sources for the year were approximately \$4,325,000. Of this revenue, property taxes accounted for 94 percent. Total expenditures for the year were approximately \$4,140,000, of which 96 percent related to employee costs. The fund balance of \$1,487,239 is restricted for police operating costs for 2014-2015.

The Solid Waste Special Assessment Fund is used to account for the solid waste of the Township. Total revenue and other financing sources for the year were approximately \$1,667,000 and were earned through special assessment charges. The fund balance of \$5,258 is restricted for solid waste expenditures.

Capital Asset and Debt Administration

Capital Assets

At the end of 2013, the Township had \$25,046,255 invested in a broad range of capital assets (net of accumulated depreciation), including buildings, police and fire equipment, and water and sewer lines. In addition, the Township has invested significantly in roads and related infrastructure within the Township. Although these roads are the property of the Oakland County Road Commission (along with the responsibility to maintain them), the Township has invested significantly in their construction and maintenance.

Long-term Debt

The Township's total long-term indebtedness as of December 31, 2013 is \$6,303,893. Of this amount, \$5,147,000 represents governmental general obligation bonds, \$118,200 represents a loan from Oakland County, \$1,000 represents governmental special assessment bonds, \$1,020,000 represents a loan from the State of Michigan's Drinking Water Revolving Fund, and \$17,693 represents governmental capital leases.

Economic Factors and Next Year's Budgets

The Township's budget for 2014 is reflective of anticipated revenue and costs. The economic downturn and lowered home values have significantly impacted the revenue of the Township and, although the housing market is starting to rebound, property values and tax revenue will continue to be a major focus during the 2015 and 2016 budget processes. Three other items that will be of significant focus are first, the forecasted increases in healthcare insurance as the Federal Health Care Reform program continues to take effect, second, the funding issue of the sewer debt funds, and finally, the Township will be negotiating five union contracts that have expired at the end of 2013.

Charter Township of White Lake

Management's Discussion and Analysis (Continued)

Request for Information

This financial report is intended to provide 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 any questions or concerns about this report or need additional information, contact the clerk's office at the Township of White Lake, 7525 Highland Road, White Lake, Michigan 48383.

Charter Township of White Lake

Statement of Net Position December 31, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 23,842,041	\$ 904,365	\$ 24,746,406
Receivables:			
Property taxes receivable	3,196,164	72,963	3,269,127
Receivables from sales to customers on account	-	202,807	202,807
Accrued interest receivable	24,086	7,340	31,426
Other receivables	175,752	-	175,752
Due from other governmental units	518,822	-	518,822
Special assessments receivable	1,507,083	325,036	1,832,119
Internal balances	16,719	(16,719)	-
Prepaid expenses and other assets	1,625,574	-	1,625,574
Restricted assets	-	4,904,028	4,904,028
Capital assets (Note 5):			
Assets not subject to depreciation	2,029,607	256,981	2,286,588
Assets subject to depreciation	16,862,845	5,896,822	22,759,667
Total assets	49,798,693	12,553,623	62,352,316
Liabilities			
Accounts payable	309,394	7,822	317,216
Due to other governmental units	316	-	316
Accrued liabilities and other	198,318	7,685	206,003
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 7)	20,546	-	20,546
Current portion of long-term debt (Note 7)	820,578	50,000	870,578
Due in more than one year:			
Compensated absences (Note 7)	82,184	-	82,184
Net OPEB obligation (Note 11)	5,624,033	261,608	5,885,641
Long-term debt (Note 7)	4,463,315	970,000	5,433,315
Total liabilities	11,518,684	1,297,115	12,815,799
Deferred Inflows of Resources - Property taxes levied for the following year (Note 4)	9,261,978	-	9,261,978
Net Position			
Net investment in capital assets	13,608,559	5,133,803	18,742,362
Restricted for:			
Debt service	2,459,321	-	2,459,321
Capital projects	36,703	-	36,703
Fire	6,923,867	-	6,923,867
Police	1,487,239	-	1,487,239
Water debt and system improvements	-	4,904,028	4,904,028
Parks and recreation	922,115	-	922,115
Drug law enforcement	109,439	-	109,439
Building activity	689,556	-	689,556
Sewer	672,651	-	672,651
Public access programming	7,189	-	7,189
Unrestricted	2,101,392	1,218,677	3,320,069
Total net position	\$ 29,018,031	\$ 11,256,508	\$ 40,274,539

Charter Township of White Lake

	Program Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government:				
Governmental activities:				
General government	\$ 2,659,473	\$ 97,190	\$ 132,747	\$ 2,857
Public safety	7,798,863	602,113	26,131	-
Public works	2,289,229	1,949,538	7,127	235,967
Health and welfare	122,979	-	80,234	-
Community and economic development	422,445	4,924	-	-
Recreation and culture	280,772	6,925	-	40,687
Interest on long-term debt	95,478	-	-	-
Total governmental activities	13,669,239	2,660,690	246,239	279,511
Business-type activities	898,494	766,765	-	136,401
Total primary government	<u>\$ 14,567,733</u>	<u>\$ 3,427,455</u>	<u>\$ 246,239</u>	<u>\$ 415,912</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Cable franchise fees				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year				
Net Position - End of year				

Statement of Activities
Year Ended December 31, 2013

Net (Expense) Revenue and Changes in Net Assets

Primary Government

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
\$ (2,426,679)	\$ -	\$ (2,426,679)
(7,170,619)	-	(7,170,619)
(96,597)	-	(96,597)
(42,745)	-	(42,745)
(417,521)	-	(417,521)
(233,160)	-	(233,160)
(95,478)	-	(95,478)
(10,482,799)	-	(10,482,799)
-	4,672	4,672
(10,482,799)	4,672	(10,478,127)
7,388,708	-	7,388,708
2,242,146	-	2,242,146
84,591	41,807	126,398
456,519	-	456,519
240,185	-	240,185
10,784	-	10,784
10,422,933	41,807	10,464,740
(59,866)	46,479	(13,387)
29,077,897	11,210,029	40,287,926
\$ 29,018,031	\$ 11,256,508	\$ 40,274,539

Charter Township of White Lake

Governmental Funds Balance Sheet December 31, 2013

	General Fund	Fire Fund	Police Fund	Solid Waste Special Assessment Fund	Nonmajor Funds	Total
Assets						
Cash and cash equivalents	\$ 5,484,900	\$ 6,701,475	\$ 3,972,768	\$ 1,307,853	\$ 6,375,045	\$ 23,842,041
Receivables:						
Property taxes receivable	416,748	1,010,092	1,769,324	-	-	3,196,164
Special assessments receivable	-	-	-	630,294	876,789	1,507,083
Accrued interest receivable	-	-	-	-	24,086	24,086
Other receivables	150,006	10,424	14,951	-	371	175,752
Due from other governmental units	487,017	-	9,979	-	21,826	518,822
Due from other funds (Note 6)	38,767	-	-	35,000	704,842	778,609
Prepaid expenses and other assets	-	1,625,574	-	-	-	1,625,574
Total assets	\$ 6,577,438	\$ 9,347,565	\$ 5,767,022	\$ 1,973,147	\$ 8,002,959	\$ 31,668,131
Liabilities						
Accounts payable	\$ 62,672	\$ 29,228	\$ 78,294	\$ 138,134	\$ 1,066	\$ 309,394
Due to other governmental units	316	-	-	-	-	316
Due to other funds (Note 6)	739,842	-	-	-	22,048	761,890
Accrued liabilities and other	26,756	47,945	89,147	-	2,996	166,844
Total liabilities	829,586	77,173	167,441	138,134	26,110	1,238,444
Deferred Inflows of Resources (Note 4)						
Unavailable revenue	30,845	-	-	-	-	30,845
Unavailable special assessment revenue	-	-	-	-	831,410	831,410
Property taxes levied for the following year	973,356	2,346,525	4,112,342	1,829,755	-	9,261,978
Total deferred inflows of resources	1,004,201	2,346,525	4,112,342	1,829,755	831,410	10,124,233
Fund Balances						
Nonspendable - Prepaids	-	1,625,574	-	-	-	1,625,574
Restricted:						
Police	-	-	1,487,239	-	-	1,487,239
Fire	-	5,298,293	-	-	-	5,298,293
Debt service	-	-	-	-	1,785,282	1,785,282
Capital projects	-	-	-	-	36,703	36,703
Sewer	-	-	-	5,258	667,393	672,651
Drug law enforcement	-	-	-	-	109,439	109,439
Building activity	-	-	-	-	689,556	689,556
Parks and recreation	-	-	-	-	922,115	922,115
Public access programming	7,189	-	-	-	-	7,189
Assigned:						
Sewer debt service	500,000	-	-	-	203,116	703,116
Capital projects	1,000,000	-	-	-	2,731,835	3,731,835
OPEB	500,000	-	-	-	-	500,000
Unassigned	2,736,462	-	-	-	-	2,736,462
Total fund balances	4,743,651	6,923,867	1,487,239	5,258	7,145,439	20,305,454
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,577,438	\$ 9,347,565	\$ 5,767,022	\$ 1,973,147	\$ 8,002,959	\$ 31,668,131

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

Charter Township of White Lake

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position December 31, 2013

Fund Balance Reported in Governmental Funds	\$	20,305,454
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		18,892,452
Special assessments 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		862,255
Net other postemployment benefit obligations are not reported as fund liabilities		(5,624,033)
Long-term liabilities are not due and payable in the current period and are not reported in the funds		(5,283,893)
Accrued interest is not due and payable in the current period and is not reported in the funds		(31,474)
Compensated absences are not due and payable in the current period and are not reported in the funds		(102,730)
Net Position of Governmental Activities	\$	<u>29,018,031</u>

Charter Township of White Lake

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended December 31, 2013

	General Fund	Fire Fund	Police Fund	Solid Waste Special Assessment Fund	Nonmajor Funds	Total
Revenue						
Property taxes	\$ 1,028,458	\$ 2,310,555	\$ 4,048,794	\$ -	\$ 901	\$ 7,388,708
Licenses and permits	28,436	2,575	12,671	-	363,060	406,742
Federal grants	5,729	5,108	-	-	77,089	87,926
State-shared revenue and grants	2,362,906	-	4,295	-	329,077	2,696,278
Charges for services	189,793	1,981	14,550	-	559,976	766,300
Fines and forfeitures	-	-	118,092	-	55,221	173,313
Investment income	26,529	28,399	13,942	2,201	63,738	134,809
Rental income	25,132	-	-	-	-	25,132
Other revenue:						
Special assessments	21,377	-	-	1,644,755	203,545	1,869,677
Cable franchise fees	456,519	-	-	-	-	456,519
Other miscellaneous income	103,163	37,516	105,838	-	605	247,122
Total revenue	4,248,042	2,386,134	4,318,182	1,646,956	1,653,212	14,252,526
Expenditures						
Current:						
General government	2,118,831	2,532	2,335	-	-	2,123,698
Public safety	-	2,261,402	3,960,819	-	357,209	6,579,430
Public works	291,253	-	-	1,665,513	121,026	2,077,792
Health and welfare	122,979	-	-	-	-	122,979
Community and economic development	345,356	-	-	-	77,089	422,445
Recreation and culture	204,079	-	-	-	31,913	235,992
Capital outlay	125,990	51,386	146,238	-	111,586	435,200
Debt service	6,372	-	31,129	-	1,200,325	1,237,826
Total expenditures	3,214,860	2,315,320	4,140,521	1,665,513	1,899,148	13,235,362
Excess of Revenue Over (Under) Expenditures	1,033,182	70,814	177,661	(18,557)	(245,936)	1,017,164
Other Financing Sources (Uses)						
Face value of debt issue	17,693	-	-	-	-	17,693
Proceeds from sale of capital assets	3,500	-	7,284	-	-	10,784
Transfers in	-	-	-	20,000	690,909	710,909
Transfers out	(710,000)	-	-	-	(909)	(710,909)
Total other financing (uses) sources	(688,807)	-	7,284	20,000	690,000	28,477
Net Change in Fund Balances	344,375	70,814	184,945	1,443	444,064	1,045,641
Fund Balances - Beginning of year	4,399,276	6,853,053	1,302,294	3,815	6,701,375	19,259,813
Fund Balances - End of year	\$ 4,743,651	\$ 6,923,867	\$ 1,487,239	\$ 5,258	\$ 7,145,439	\$ 20,305,454

Charter Township of White Lake

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, 2013

Net Change in Fund Balances - Total Governmental Funds	\$	1,045,641
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		487,600
Depreciation expense		(754,704)
Revenues are recorded in the statement of activities when earned; they are not reported in the funds until collected or collectible within 60 days of year end		
		(544,423)
Change in accrued interest payable and other		
		8,896
Bond proceeds provide financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position		
		(17,693)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)		
		1,091,714
Decreases in accumulated employee sick and vacation pay and other similar expenses reported in the statement of activities do not require the use of current resources and therefore are not reported in the fund statements until they come due for payment		
		5,047
Increases in net other postemployment benefit obligations are not reported as fund liabilities		
		(1,381,944)
Change in Net Position of Governmental Activities	\$	(59,866)

Charter Township of White Lake

Proprietary Funds Statement of Net Position December 31, 2013

	Enterprise Fund - Water Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 904,365
Receivables:	
Taxes receivable	72,963
Special assessments receivable	105,712
Receivables from sales to customers on account	202,807
Accrued interest receivable	7,340
Total current assets	<u>1,293,187</u>
Noncurrent assets:	
Restricted assets	4,904,028
Special assessment receivables - Greater than one year	219,324
Capital assets:	
Assets not subject to depreciation	256,981
Assets subject to depreciation	5,896,822
Total noncurrent assets	<u>11,277,155</u>
Total assets	<u>12,570,342</u>
Liabilities	
Current liabilities:	
Accounts payable	7,822
Due to other funds (Note 6)	16,719
Accrued liabilities and other	7,685
Current portion of long-term debt	50,000
Total current liabilities	<u>82,226</u>
Noncurrent liabilities:	
Net OPEB obligation	261,608
Long-term debt	970,000
Total noncurrent liabilities	<u>1,231,608</u>
Total liabilities	<u>1,313,834</u>
Net Position	
Net investment in capital assets	5,133,803
Restricted - Water debt and system improvements	4,904,028
Unrestricted	1,218,677
Total net position	<u>\$ 11,256,508</u>

Charter Township of White Lake

Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended December 31, 2013

	Enterprise Fund - Water Fund
Operating Revenue	
Sale of water	\$ 753,548
Interest and penalty charges	11,417
Installation fees	1,800
Total operating revenue	<u>766,765</u>
Operating Expenses	
Salaries and wages	175,309
Fringe benefits	154,571
Workers' compensation and general liability insurance	35,211
Other operating expenses	20,255
Utilities	69,787
Tools and supplies	76,421
Repairs and maintenance	75,104
Depreciation	266,055
Total operating expenses	<u>872,713</u>
Operating Loss	(105,948)
Nonoperating Revenue (Expense)	
Investment income	41,807
Interest expense	(25,781)
Total nonoperating revenue	<u>16,026</u>
Loss - Before contributions	(89,922)
Capital Contributions - Tap-in and recovery fees	<u>136,401</u>
Change in Net Position	46,479
Net Position - Beginning of year	<u>11,210,029</u>
Net Position - End of year	<u><u>\$ 11,256,508</u></u>

Charter Township of White Lake

Proprietary Funds Statement of Cash Flows Year Ended December 31, 2013

	Enterprise Fund - Water Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 792,328
Payments to suppliers	(371,454)
Payments to employees	(181,767)
Internal activity - Payments to other funds	(5,326)
Other receipts	17,337
	251,118
Cash Flows from Noncapital Financing Activities - Receipt of loan repayments from other funds	12,293
Cash Flows from Capital and Related Financing Activities	
Special assessment collections	104,374
Tap-in and other capital contributions	136,401
Purchase of capital assets	(63,432)
Principal and interest paid on capital debt	(71,063)
	106,280
Cash Flows from Investing Activities - Interest received on investments	47,512
Net Increase in Cash and Cash Equivalents	417,203
Cash and Cash Equivalents - Beginning of year	5,391,190
Cash and Cash Equivalents - End of year	\$ 5,808,393
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 904,365
Restricted cash	4,904,028
	\$ 5,808,393
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (105,948)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	266,055
Changes in assets and liabilities:	
Receivables	42,900
Accounts payable	2,842
Due to others	(5,326)
Accrued and other liabilities	50,595
	\$ 251,118

Charter Township of White Lake

Fiduciary Fund Statement of Fiduciary Net Position December 31, 2013

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 1,902,455
Receivables	<u>1,080</u>
Total assets	<u>\$ 1,903,535</u>
Liabilities	
Refundable deposits, bonds, etc.	\$ 1,268,257
Unremitted tax collections	<u>635,278</u>
Total liabilities	<u>\$ 1,903,535</u>

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note I - Nature of Business and Significant Accounting Policies

Reporting Entity

The Charter Township of White Lake (the "Township") 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 Charter Township of White Lake Building Authority is governed by a board appointed by the Township's governing body. Although it is legally separate from the Township, the Building Authority 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.

Accounting and Reporting Principles

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

Fund Accounting

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

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide general government services, other than those specifically assigned to another fund.
- The Fire Fund is used by the Township to account for the assets and operating of the fire department that are financed primarily by dedicated property taxes.
- The Police Fund is used by the Township to account for the assets and operation of the police department that are financed primarily by dedicated property taxes.
- The Solid Waste Special Assessment Fund is a special revenue fund used to account for the collection of special assessments and the payment for the disposal of the Township's solid waste.

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Proprietary Funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the Township). The Township reports the following fund as a “major” enterprise fund:

- The Water Fund accounts for the operation, maintenance, and distribution of the water system.

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

- The Trust and Agency Fund accounts for the assets held by the Township in a trustee capacity.
- The Tax Collection Fund, which collects taxes on behalf of all the taxing authorities (State, County, School District, Township, and the various smaller authorities) and remits the taxes to each authority.

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

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

Basis of Accounting

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

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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

Revenues are not recognized until they are collected, or collected soon enough after the end of the year that they are available to pay for obligations outstanding at the end of the year. For this purpose, the Township considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state-shared revenue, state gas and weight tax revenue, district court fines, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with "deferred inflows."

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

Report Presentation

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

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

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

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

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.

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 2013 tax revenue is levied and collectible on December 1, 2012 and is recognized as revenue in the year ended December 31, 2013, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2012 taxable valuation of the Township totaled \$936 million, on which taxes levied consisted of .9948 mills for operating purposes, 4.3301 mills for police services, and 2.4699 mills for fire service. This resulted in \$931 thousand for operating, \$4.0 million for police services, and \$2.3 million for fire service. These amounts are recognized in the respective General Fund and Special Revenue Fund financial statements as property tax revenue.

A provision has been recorded for potential refunds related to disputed taxable values and potential chargebacks from Oakland County, Michigan.

Specific Balances and Transactions

Cash, Cash Equivalents, and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from the General Fund is generally allocated to each fund using a weighted average.

Receivables and Payables - In general, outstanding balances between funds are reported as "due 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." All trade and property tax receivables are considered fully collectible by the Township. No provision has been made in the financial statements for noncollection.

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note I - Nature of Business and Significant Accounting Policies (Continued)

Restricted Assets - Certain Township ordinances require amounts to be set aside for debt service principal and interest, operations and maintenance, and improvements and replacement of the water system. These amounts, which consist of cash and investments, have been classified as restricted assets and net assets have been restricted.

Capital Assets - Capital assets, which include property, equipment, and infrastructure assets (e.g., roads, drains, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$5,000 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.

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

Water system	50 years
Vehicles	5-12 years
Machinery, furniture, and equipment	5-20 years
Buildings and improvements	5-50 years
Sewer system	50 years

Compensated Absences (Sick Leave) - It is the Township's policy to permit police employees to accumulate earned but unused sick pay benefits. Upon meeting all requirements for full retirement, an employee will be entitled to 50 percent with a 100-day cap (maximum payment of 50 days) of his or her sick day bank. Upon favorable separation, with a minimum of 10 years of service, an employee is entitled to a 30 percent payout with a 100-day cap (maximum payment of 30 days). A liability for these amounts is reported in governmental funds only when they have matured or come due for payment - generally when an individual's employment has terminated as of year end.

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 1 - Nature of Business and 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method; bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as an "other financing source," as well as bond premiums and discounts. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note I - Nature of Business and Significant Accounting Policies (Continued)

Fund Balance Flow Assumption

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

Pension and Other Postemployment Benefit Costs - The Township offers both pension and retiree health care benefits to retirees. The Township receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the Township reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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

- Nonspendable - Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- Restricted - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- Committed - Amounts that have been formally set aside by the Township board of trustees for use for specific purposes. Commitments are made and can be rescinded only via resolution of the board of trustees.
- Assigned - Intent to spend resources on specific purposes expressed by the Township board as a whole or the supervisor, treasurer, and clerk, who are authorized by resolution approved by the Township board to make assignments

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

- Unassigned - Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purposes.

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

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

Comparative Data/Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 2 - Deposits and Investments

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

The Township has designated six banks 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 all of the allowable vehicles mentioned above, except repurchase agreements.

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

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$6,004,207 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 White Lake

Notes to Financial Statements December 31, 2013

Note 2 - 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 restricts investment maturities as follows:

1. Commercial paper, which can only be purchased with a 270-day maturity
2. Unless matched to specific cash flow, the Township will not directly invest in securities maturing more than two years from the date of purchase.
3. Reserve funds and capital improvement funds may be invested in securities exceeding two but not more than five years if the maturity of such investments is made to coincide as nearly practicable with expected use of funds.
4. Investment maturities for operating funds shall coincide with projected cash flow needs, taking into account routine needs as well as considering anticipated revenue.

Investment	Fair Value	Weighted Average Maturity
Oakland County Local Government Investment Pool	<u>\$ 8,499,394</u>	118 days

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

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Oakland County Local Government Investment Pool	<u>\$ 8,499,394</u>	Not rated	N/A

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 3 - Accounts Receivable

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

	General Fund	Fire Fund	Police Fund	Solid Waste Special Assessment Fund	Nonmajor Funds	Water Fund	Total
Receivables:							
Property taxes receivable	\$ 416,748	\$ 1,010,092	\$ 1,769,324	\$ -	\$ -	\$ 72,963	\$ 3,269,127
Special assessments receivable	-	-	-	630,294	876,789	325,036	1,832,119
Receivables from sales to customers on account	-	-	-	-	-	202,807	202,807
Other receivables	150,006	10,424	14,951	-	371	-	175,752
Due from other governmental units	487,017	-	9,979	-	21,826	-	518,822
Accrued interest receivable	-	-	-	-	24,086	7,340	31,426
Net receivables	<u>\$ 1,053,771</u>	<u>\$ 1,020,516</u>	<u>\$ 1,794,254</u>	<u>\$ 630,294</u>	<u>\$ 923,072</u>	<u>\$ 608,146</u>	<u>\$ 6,030,053</u>

Note 4 - Deferred Inflows/Outflows of Resources

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

	Governmental Funds	Governmental Activities
Property taxes levied for the next fiscal year	\$ 9,261,978	\$ 9,261,978
Special assessments - Unavailable	831,410	-
Grant revenue - Unavailable	30,845	-
Total deferred inflows	<u>\$ 10,124,233</u>	<u>\$ 9,261,978</u>

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 5 - Capital Assets

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

	Balance January 1, 2013	Reclassifications	Additions	Disposals	Balance December 31, 2013
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 1,985,999	\$ -	\$ -	\$ -	\$ 1,985,999
Construction in progress	401,876	(390,876)	32,608	-	43,608
Subtotal	2,387,875	(390,876)	32,608	-	2,029,607
Capital assets being depreciated:					
Stormwater drains	15,415,625	-	-	-	15,415,625
Buildings and improvements	5,019,354	390,876	180,432	6,630	5,584,032
Vehicles	3,426,891	-	119,156	42,826	3,503,221
Office furnishings	1,664,331	-	155,404	93,228	1,726,507
Subtotal	25,526,201	390,876	454,992	142,684	26,229,385
Accumulated depreciation:					
Stormwater drains	2,681,066	-	308,312	-	2,989,378
Buildings and improvements	1,902,435	-	144,643	6,630	2,040,448
Vehicles	2,948,121	-	161,580	42,826	3,066,875
Machinery and equipment	1,221,510	-	140,169	91,840	1,269,839
Subtotal	8,753,132	-	754,704	141,296	9,366,540
Net capital assets being depreciated	16,773,069	390,876	(299,712)	1,388	16,862,845
Net capital assets	\$ 19,160,944	\$ -	\$ (267,104)	\$ 1,388	\$ 18,892,452
Business-type Activities					
Capital assets not being depreciated:					
Land	\$ 253,080	\$ -	\$ -	\$ -	\$ 253,080
Construction in progress	-	-	3,901	-	3,901
Subtotal	253,080	-	3,901	-	256,981
Capital assets being depreciated:					
Water and sewer lines	12,051,908	-	59,531	-	12,111,439
Machinery and equipment	178,971	-	-	3,500	175,471
Subtotal	12,230,879	-	59,531	3,500	12,286,910
Accumulated depreciation:					
Water and sewer lines	5,976,939	-	257,652	-	6,234,591
Machinery and equipment	150,594	-	8,403	3,500	155,497
Subtotal	6,127,533	-	266,055	3,500	6,390,088
Net capital assets being depreciated	6,103,346	-	(206,524)	-	5,896,822
Net capital assets	\$ 6,356,426	\$ -	\$ (202,623)	\$ -	\$ 6,153,803

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 5 - Capital Assets (Continued)

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

Governmental activities:

General government	\$ 74,844
Public safety	299,156
Public works	329,260
Recreation and culture	51,444
Total governmental activities	<u>\$ 754,704</u>
Business-type activities - Water	<u>\$ 266,055</u>

Construction Commitments - At year end, the Township's active construction project relates to construction on the Township bathrooms for a total project cost of \$56,740 and a well house rehabilitation project at Twin Lakes for a total project cost of \$21,900.

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from Other Funds		
General Fund	Water Fund	\$ 16,719
	Nonmajor governmental funds	22,048
	Total General Fund	38,767
Solid Waste Special Assessment Fund	General Fund	35,000
Nonmajor governmental funds	General Fund	704,842
	Total	<u>\$ 778,609</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. In addition, several funds do not have separate bank accounts and therefore the General Fund holds their respective cash and investments.

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

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

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

Transfers In	Transfers Out	Amount
Solid Waste Special Assessment Fund	General Fund	\$ 20,000
Nonmajor governmental funds	Other nonmajor governmental funds	909
	General Fund	<u>690,000</u>
	Total nonmajor governmental funds	<u>690,909</u>
	Total	<u>\$ 710,909</u>

The transfers from the General Fund to the Solid Waste Special Assessment Fund represent the use of unrestricted resources to finance that program, in accordance with budgetary authorizations; transfers from the other nonmajor governmental funds to the Improvement Revolving Fund represents excess funds left over after the completion of capital projects. The transfers from the General Fund to the Sewer Fund occurred in order to make the 2013 sewer debt principal payments for 2013.

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. 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 re-assessment of the district) are received.

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 7 - Long-term Debt (Continued)

Long-term debt activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
Oakland County Revolving Fund: Amount of issue - \$197,000 Maturing through 2016	1.12%	\$39,400	\$ 157,600	\$ -	\$ 39,400	\$ 118,200	\$ 39,400
Special assessment bonds - Village Lakes: Amount of issue - \$178,000 Maturing through 2014	5.13%	\$38,000	38,000	-	37,000	1,000	1,000
General obligation bonds: 2010 Sewage Disposal Bonds: Amount of issue - \$275,000 Maturing through 2020 Discount on bonds payable	4.02%	\$25,000	225,000 (3,375)	-	25,000 (375)	200,000 (3,000)	30,000 (450)
1995 Sewage Disposal System Bonds: Amount of issue - \$725,000 Maturing through 2016	4.80% - 6.00%	\$40,000 - \$60,000	225,000	-	225,000	-	-
1996-1998 Sewage Disposal Bonds: Amount of issue - \$9,350,000 Maturing through 2018	2.25%	\$490,000 - \$575,000	3,260,000	-	515,000	2,745,000	525,000
2002 Pontiac Lake Sanitary System: Amount of issue - \$4,121,112 Maturing through 2022	2.50%	\$205,000 - \$270,000	2,420,000	-	215,000	2,205,000	220,000
Capital lease obligations: Amount of issue - \$17,693 Maturing through 2016	5.12%	\$36,700	36,700	17,693	36,700	17,693	5,628
Total bond and capital lease obligations			6,358,925	17,693	1,092,725	5,283,893	820,578
Accumulated compensated absences			107,776	10,719	15,765	102,730	20,546
Total governmental activities			\$ 6,466,701	\$ 28,412	\$ 1,108,490	\$ 5,386,623	\$ 841,124
Business-type Activities							
Drinking Water Revolving Fund - Maturing through 2030	2.5%	\$45,000- \$75,000	\$ 1,065,000	\$ -	\$ 45,000	\$ 1,020,000	\$ 50,000
Total bonds payable			\$ 1,065,000	\$ -	\$ 45,000	\$ 1,020,000	\$ 50,000

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

Years Ending December 31	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 820,578	\$ 117,160	\$ 937,738	\$ 50,000	\$ 24,875	\$ 74,875
2015	834,843	98,300	933,143	50,000	23,625	73,625
2016	860,122	78,834	938,956	50,000	22,375	72,375
2017	834,475	59,368	893,843	50,000	21,125	71,125
2018	854,475	39,131	893,606	55,000	19,813	74,813
2019-2023	1,079,400	54,796	1,134,196	290,000	77,875	367,875
2024-2028	-	-	-	330,000	39,000	369,000
2029-2030	-	-	-	145,000	3,688	148,688
Total	\$ 5,283,893	\$ 447,589	\$ 5,731,482	\$ 1,020,000	\$ 232,376	\$ 1,252,376

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 8 - 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 benefits provided to employees, participates in the Michigan Municipal League risk pool for claims relating to workers' compensation, and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, and errors and omissions. 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.

Note 9 - Defined Contribution Pension Plan

The Township provides pension benefits to all paid on-call fire fighters through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from six months after the date of employment. As established by the Township board, contributions are calculated on employee base salary at a rate of 10 percent. The employee is also allowed to make voluntary after-tax contributions through payroll withholding, in amounts ranging from 1 percent to 10 percent of base wages.

The Township's total payroll during the current year was \$5,475,686. The current year contribution was calculated based on covered payroll of \$123,749, resulting in an employer contribution of \$12,375 and employee contributions of \$1,677.

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township participates in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty related death, and postretirement adjustments to plan members and their beneficiaries.

All Township full-time employees are eligible to participate in the system.

All members hired after January 1, 2010 to the police MAP union and to the fire MAFF union, who retire after age 55 with 25 years of service, are entitled to a retirement benefit, payable for life, based on a 2.25 percent multiplier and their three-year final average compensation (FAC) calculated with base salary only, excluding any payouts of compensated time. The maximum benefit is 80 percent of FAC.

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 10 - Defined Benefit Pension Plan (Continued)

All members of the Teamster union and nonunion general employees hired after October 1, 2008, who retire after age 55 with 25 years of service or after age 60 with 10 years of service, are entitled to a retirement benefit, payable for life, based on a 1.5 percent multiplier and their three-year final average compensation (FAC). The maximum benefit is 80 percent of FAC.

The system also provides disability benefits to a member who becomes totally and permanently disabled while employed by the Township and after acquiring 10 or more years of credited service. The service requirement is waived if the disability is from service-connected causes. If a member or vested former member with 10 or more years of service dies in a nonduty related death before retirement, a monthly survivor allowance may be payable. The service requirement is waived in a duty related death. The most recent period for which actuarial data was available was for the year ended December 31, 2013.

The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, MI 48917.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established primarily by negotiation by the Township's collective bargaining units and requires a contribution from the employees ranging from 5 percent to 9.6 percent of gross wages.

Annual Pension Cost - For the year ended December 31, 2013, the Township's annual pension cost of \$562,907 for the plan, exclusive of employee contributions, was equal to the Township's required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at December 31, 2012, using the entry age normal cost funding method. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, including 4.5 percent per year, compounded annually, for inflation, (b) projected salary increases of 4.5 percent per year, compounded annually, attributable to inflation, (c) additional projected salary increases of 0 percent to 13.0 percent per year, attributable to seniority/merit, and (d) the assumption that benefits will not increase after retirement. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll over 26 years. The amortization period is open.

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 10 - Defined Benefit Pension Plan (Continued)

Three-year Trend Information

	Fiscal Year Ended December 31		
	2011	2012	2013
Annual pension cost (APC)	\$ 511,038	\$ 581,430	\$ 562,907
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
	Actuarial Valuation as of December 31		
	2010	2011	2012
Actuarial value of assets	\$ 16,739,933	\$ 17,804,414	\$ 18,734,342
Actuarial accrued liability (AAL) (entry age)	\$ 20,667,229	\$ 21,812,292	\$ 22,855,458
Unfunded AAL (UAAL)	\$ 3,927,296	\$ 4,007,878	\$ 4,121,116
Funded ratio	81.0 %	81.6 %	82.0 %
Covered payroll	\$ 5,204,989	\$ 5,197,037	\$ 4,974,704
UAAL as a percentage of covered payroll	75.5 %	77.1 %	82.8 %

Note 11 - Other Postemployment Benefits

Plan Description - The Township provides postemployment healthcare benefits to all eligible employees hired prior to October 1, 2008 or January 1, 2010 as indicated below. To be eligible, employees must have attained the age of 50 with 25 years of service or the age of 60 with 10 years of service for general employees or age 60 with eight years of service for elected officials, police chief, fire chief, and deputy positions. The Township includes pre-Medicare retirees and only provides spousal coverage for qualifying elected officials, MAP, MAFF, and POLC members in its insured healthcare plan. Once the retiree is entitled to Medicare coverage, the Township shall provide the difference in coverage between coverage provided by Medicare and the retired employee's Township-provided insurance coverage. Currently, 29 retirees are eligible for healthcare benefits and there are 73 active employees that are expected to retire and receive benefits in the future.

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 11 - Other Postemployment Benefits (Continued)

For all employees who are members of the police MAP and fire MAFF unions hired after January 1, 2010 and for all employees who are members of the Teamster union and nonunion employees hired after October 1, 2008, retiree health insurance has been eliminated. In its place, the Township contributes \$40 per employee per month to a health savings account. The vesting period is seven years for MAP and MAFF members and 10 years for Teamsters and nonunion general employees. Township contributions to the health savings accounts stop upon the employee's separation from the Township. As such, these employees are excluded from the calculation of the annual required contribution and net other postemployment benefit obligation described below.

Funding Policy - Currently, retiree healthcare costs are funded on a "pay-as-you-go" basis. Payments for postemployment healthcare benefits totaled \$291,388 for the current year. The retired employee and spouse must apply for Medicare when eligible. The Township's annual contribution rate to prefund postretirement health benefits is computed at 21 percent of active employee payroll; this would be approximately \$1,630,000 in 2013, based on the most recent valuation performed in 2012, which was based on the current active annual payroll for 2012. The Township has not yet started to prefund the postemployment retiree healthcare liability.

Annual OPEB Costs and Net OPEB Obligation - In fiscal year 2008, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement was implemented prospectively. The Township's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the component of the Township's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Township's net OPEB obligation.

Annual required contribution (recommended)	\$ 1,630,254
Interest on the prior year's net OPEB obligation	177,889
Less adjustment to the annual required contribution	<u>(78,341)</u>
Annual OPEB cost	1,729,802
Amounts contributed - Payments of current premiums	<u>(291,388)</u>
Increase in net OPEB obligation	1,438,414
OPEB obligation - Beginning of year	<u>4,447,227</u>
OPEB obligation - End of year	<u>\$ 5,885,641</u>

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 11 - Other Postemployment Benefits (Continued)

Funding Status and Funding Progress - For the year ended December 31, 2013, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of January 1, 2012. 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 cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and prior year are as follows:

<u>Fiscal Year Ended</u>	<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
12/31/13	1/1/12	\$ 1,729,802	16.8 %	\$ 5,885,641
12/31/12	1/1/12	1,682,914	15.4	4,447,227
12/31/11	1/1/09	1,098,500	18.5	3,024,002

The funding progress of the plan as of the most recent valuation dates 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>
1/1/12	\$ -	\$ 16,300,794	\$ 16,300,794	-	\$ -	-
1/1/09	-	9,251,244	9,251,244	-	-	-

* Significant increase in the actuarial accrued liability due to increase in premiums.

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

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 11 - 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 January 1, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 4 percent after eight years. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2012 was 30 years.

Note 12 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Township is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending December 31, 2015.

Note 13 - Subsequent Events

On February 7, 2014, the board approved the Village Acres Water Treatment Facility, Iron Removal Project. Design and construction engineering services for the project will have an estimated total cost of \$191,000. The project will begin in 2014.

Charter Township of White Lake

Notes to Financial Statements December 31, 2013

Note 14 - Change in Accounting

During the current year, the Township adopted GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead to classify them as deferred inflows of resources, deferred outflows of resources, or as outflows of resources.

As a result of implementing this statement, the following assets and liabilities have been reclassified, as indicated:

<u>Item</u>	<u>Amount</u>	<u>Prior Reporting Classification/Treatment</u>	<u>New Classification After Adoption of GASB 65</u>
Property taxes billed, but which were levied for next year's budget	\$ 9,261,978	Liability	Deferred inflow of resources
Unavailable revenue	862,255	Liability	Deferred inflow of resources

Required Supplemental Information

Charter Township of White Lake

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Tax collections	\$ 969,498	\$ 973,998	\$ 978,724	\$ 4,726
Other license and permits	1,000	1,000	4,536	3,536
Transportation	113,560	118,560	181,629	63,069
Planning and development revenue	21,900	21,900	36,388	14,488
State-shared	2,100,000	2,100,000	2,235,888	135,888
Fees for service	605,550	621,100	717,609	96,509
Ordinance fees	400	400	1,614	1,214
Rents	23,080	23,080	25,132	2,052
Miscellaneous	63,750	69,550	64,527	(5,023)
Sale of capital assets	-	-	3,500	3,500
Total revenue	<u>3,898,738</u>	<u>3,929,588</u>	<u>4,249,547</u>	<u>319,959</u>
Expenditures				
Township board	99,505	105,505	93,455	12,050
Supervisor	205,391	205,391	196,583	8,808
Elections	18,000	18,000	11,300	6,700
Accounting department	176,057	176,057	172,410	3,647
Assessing	318,091	318,091	295,815	22,276
Legal fees	120,000	120,000	91,524	28,476
Clerk	332,345	335,345	303,505	31,840
Board of review	3,600	3,600	1,970	1,630
Postage and mailing	22,100	28,800	29,448	(648)
Office supplies	25,000	25,000	25,015	(15)
Treasurer	353,296	353,296	344,065	9,231
Township hall and grounds	798,851	814,351	452,085	362,266
Cemetery	49,725	62,725	36,333	26,392
Other Township properties	27,375	41,075	37,079	3,996
Health and welfare	6,000	11,800	7,395	4,405
Unallocated miscellaneous	20,000	20,000	9,181	10,819
Planning and community development	409,060	409,060	345,356	63,704
Highway and streets	133,000	153,200	144,780	8,420
Storm and sewer	111,192	153,192	146,473	6,719
Transportation services	128,291	129,291	122,979	6,312
Senior/Community center	205,928	212,653	204,079	8,574
Long-term sick pay/retiree healthcare	138,000	136,700	121,442	15,258
Payroll services	13,000	14,300	14,221	79
Other general services	184,931	917,431	698,679	218,752
Total expenditures	<u>3,898,738</u>	<u>4,764,863</u>	<u>3,905,172</u>	<u>859,691</u>
Net Change in Fund Balance	-	(835,275)	344,375	1,179,650
Fund Balance - January 1, 2013	<u>4,399,276</u>	<u>4,399,276</u>	<u>4,399,276</u>	-
Fund Balance - December 31, 2013	<u>\$ 4,399,276</u>	<u>\$ 3,564,001</u>	<u>\$ 4,743,651</u>	<u>\$ 1,179,650</u>

Charter Township of White Lake

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Fire Fund Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Fire revenue	\$ 2,339,514	\$ 2,339,514	\$ 2,382,597	\$ 43,083
Expenditures				
Civil Service	-	3,215	2,532	683
Salaries	1,469,205	1,465,555	1,319,676	145,879
Payroll related benefits	707,650	709,110	604,214	104,896
Other	385,290	431,565	326,776	104,789
Acquisitions	<u>125,850</u>	<u>125,850</u>	<u>58,585</u>	<u>67,265</u>
Total expenditures	<u>2,687,995</u>	<u>2,735,295</u>	<u>2,311,783</u>	<u>423,512</u>
Net Change in Fund Balance	(348,481)	(395,781)	70,814	466,595
Fund Balance - January 1, 2013	<u>6,853,053</u>	<u>6,853,053</u>	<u>6,853,053</u>	<u>-</u>
Fund Balance - December 31, 2013	<u><u>\$ 6,504,572</u></u>	<u><u>\$ 6,457,272</u></u>	<u><u>\$ 6,923,867</u></u>	<u><u>\$ 466,595</u></u>

Charter Township of White Lake

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Police Fund Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Police revenue	\$ 4,265,463	\$ 4,265,463	\$ 4,319,821	\$ 54,358
Expenditures				
Civil service	3,099	3,099	2,335	764
Salaries	2,303,706	2,289,656	2,192,292	97,364
Payroll and related benefits	1,410,100	1,424,150	1,278,956	145,194
Other	811,507	811,507	652,199	159,308
Crossing guards	13,601	13,601	9,094	4,507
Total expenditures	<u>4,542,013</u>	<u>4,542,013</u>	<u>4,134,876</u>	<u>407,137</u>
Net Change in Fund Balance	(276,550)	(276,550)	184,945	461,495
Fund Balance - January 1, 2013	<u>1,302,294</u>	<u>1,302,294</u>	<u>1,302,294</u>	<u>-</u>
Fund Balance - December 31, 2013	<u><u>\$ 1,025,744</u></u>	<u><u>\$ 1,025,744</u></u>	<u><u>\$ 1,487,239</u></u>	<u><u>\$ 461,495</u></u>

Charter Township of White Lake

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Solid Waste Special Assessment Fund Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue - Special assessments	\$ 1,651,353	\$ 1,671,353	\$ 1,666,956	\$ (4,397)
Expenditures	<u>1,651,155</u>	<u>1,671,155</u>	<u>1,665,513</u>	<u>5,642</u>
Net Change in Fund Balance	198	198	1,443	1,245
Fund Balance - January 1, 2013	<u>3,815</u>	<u>3,815</u>	<u>3,815</u>	<u>-</u>
Fund Balance - December 31, 2013	<u><u>\$ 4,013</u></u>	<u><u>\$ 4,013</u></u>	<u><u>\$ 5,258</u></u>	<u><u>\$ 1,245</u></u>

Charter Township of White Lake

Required Supplemental Information Defined Benefit Pension Plan Schedules Year Ended December 31, 2013

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/12	\$ 18,734,342	\$ 22,855,458	\$ 4,121,116	82.0	\$ 4,974,704	82.8
12/31/11	17,804,414	21,812,292	4,007,878	81.6	5,197,037	77.1
12/31/10	16,739,933	20,667,229	3,927,296	81.0	5,204,989	75.5

Charter Township of White Lake

Required Supplemental Information Other Postemployment Benefit Plan Schedules Year Ended December 31, 2013

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
1/1/12	\$ -	\$ 16,300,794	\$ 16,300,794	-	\$ -	-
1/1/09	-	9,251,244	9,251,244	-	-	-

Charter Township of White Lake

Note to Required Supplemental Information Year Ended December 31, 2013

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except for operating transfers and the issuance of debt which have been included as revenue and expenditures, rather than as other financing sources (uses), and proceeds from the sale of capital assets and accruals for potential property tax liabilities that are budgeted as revenue and expenditures, for the General Fund and all special revenue funds. The annual budget is prepared by the Township supervisor; subsequent amendments are approved by the Township board. During the year, the budget was amended in a legally permissible manner.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity basis.

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. A comparison of actual results of operations to the General Fund and major special revenue funds budgets as adopted by the Township board is included in the required supplemental information.

	Total Total Revenue	Total Expenditures
General Fund - Amounts per operating statement	\$ 4,248,042	\$ 3,214,860
Proceeds from sale of capital assets	3,500	-
Transfers out	-	710,000
Debt issue	-	(17,693)
Accrued property tax refunds	(1,995)	(1,995)
Amounts per budget statement	<u>\$ 4,249,547</u>	<u>\$ 3,905,172</u>
Fire Fund:		
Amounts per operating statement	\$ 2,386,134	\$ 2,315,320
Accrued property tax refunds	(3,537)	(3,537)
Amounts per budget statement	<u>\$ 2,382,597</u>	<u>\$ 2,311,783</u>
Police Fund:		
Amounts per operating statement	\$ 4,318,182	\$ 4,140,521
Proceeds from sale of capital assets	7,284	-
Accrued property tax refunds	(5,645)	(5,645)
Amounts per budget statement	<u>\$ 4,319,821</u>	<u>\$ 4,134,876</u>
Solid Waste Special Assessment Fund:		
Amounts per operating statement	\$ 1,646,956	\$ 1,665,513
Transfers in	20,000	-
Amounts per budget statement	<u>\$ 1,666,956</u>	<u>\$ 1,665,513</u>

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, there were no significant budget overruns.

Other Supplemental Information

Charter Township of White Lake

	Special Revenue Funds				
	Drug Forfeiture Fund	Building Fund	Parks and Recreation Fund	Community Development Block Grant Fund	General Sewer Fund
Assets					
Cash and investments	\$ 109,439	\$ -	\$ 924,368	\$ -	\$ 653,767
Receivables:					
Special assessments receivable	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-
Other receivables	-	195	176	-	-
Due from other governmental units	-	-	-	21,826	-
Due from other funds	-	691,216	-	-	13,626
Total assets	\$ 109,439	\$ 691,411	\$ 924,544	\$ 21,826	\$ 667,393
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 942	\$ 124	\$ -	\$ -
Due to other funds	-	-	222	21,826	-
Accrued liabilities and other	-	913	2,083	-	-
Total liabilities	-	1,855	2,429	21,826	-
Deferred Inflows of Resources -					
Unavailable revenue	-	-	-	-	-
Fund Balances					
Restricted:					
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Sewer	-	-	-	-	667,393
Drug law enforcement	109,439	-	-	-	-
Building activity	-	689,556	-	-	-
Parks and recreation	-	-	922,115	-	-
Assigned:					
Sewer debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total fund balances	109,439	689,556	922,115	-	667,393
Total liabilities, deferred inflows of resources, and fund balances	\$ 109,439	\$ 691,411	\$ 924,544	\$ 21,826	\$ 667,393

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013**

Debt Service Funds		Capital Projects Funds			Total
Sewer Debt Fund	SAD Sewer Debt Fund	Improvement Revolving Fund	Public Act 188 Fund	Sewer Construction Fund	Nonmajor Governmental Funds
\$ 203,116	\$ 1,746,005	\$ 2,308,104	\$ 430,246	\$ -	\$ 6,375,045
-	689,230	-	187,559	-	876,789
-	24,086	-	-	-	24,086
-	-	-	-	-	371
-	-	-	-	-	21,826
-	-	-	-	-	704,842
\$ 203,116	\$2,459,321	\$ 2,308,104	\$ 617,805	\$ -	\$ 8,002,959
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,066
-	-	-	-	-	22,048
-	-	-	-	-	2,996
-	-	-	-	-	26,110
-	674,039	-	157,371	-	831,410
-	1,785,282	-	-	-	1,785,282
-	-	-	36,703	-	36,703
-	-	-	-	-	667,393
-	-	-	-	-	109,439
-	-	-	-	-	689,556
-	-	-	-	-	922,115
203,116	-	-	-	-	203,116
-	-	2,308,104	423,731	-	2,731,835
203,116	1,785,282	2,308,104	460,434	-	7,145,439
\$ 203,116	\$2,459,321	\$ 2,308,104	\$ 617,805	\$ -	\$ 8,002,959

Charter Township of White Lake

	Special Revenue Funds				
	Drug Forfeiture Fund	Building Fund	Parks and Recreation Fund	Community Development Block Grant Fund	General Sewer Fund
Revenue					
Property taxes	\$ -	\$ -	\$ 901	\$ -	\$ -
Licenses and permits	-	363,060	-	-	-
Federal grants	-	-	-	77,089	-
State-shared revenue and grants	-	-	329,077	-	-
Charges for services	-	53,152	6,925	-	221,652
Fines and forfeitures	55,221	-	-	-	-
Investment income	169	2,195	5,751	-	1,013
Other revenue:					
Special assessments	-	-	-	-	-
Other miscellaneous income	-	429	176	-	-
Total revenue	55,390	418,836	342,830	77,089	222,665
Expenditures					
Current:					
Public safety	104,105	253,104	-	-	-
Public works	-	-	-	-	120,770
Community and economic development	-	-	-	77,089	-
Recreation and culture	-	-	31,913	-	-
Capital outlay	-	-	111,566	-	-
Debt service	-	-	-	-	-
Total expenditures	104,105	253,104	143,479	77,089	120,770
Excess of Revenue (Under) Over Expenditures	(48,715)	165,732	199,351	-	101,895
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net Change in Fund Balances	(48,715)	165,732	199,351	-	101,895
Fund Balances - Beginning of year	158,154	523,824	722,764	-	565,498
Fund Balances - End of year	\$ 109,439	\$ 689,556	\$ 922,115	\$ -	\$ 667,393

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2013

Debt Service Funds		Capital Projects Fund			Total
Sewer Debt Fund	SAD Sewer Debt Fund	Improvement Revolving Fund	Public Act 188 Fund	Sewer Construction Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 901
-	-	-	-	-	363,060
-	-	-	-	-	77,089
-	-	-	-	-	329,077
240,647	31,824	5,776	-	-	559,976
-	-	-	-	-	55,221
209	39,831	5,715	8,855	-	63,738
-	180,904	-	22,641	-	203,545
-	-	-	-	-	605
<u>240,856</u>	<u>252,559</u>	<u>11,491</u>	<u>31,496</u>	<u>-</u>	<u>1,653,212</u>
-	-	-	-	-	357,209
-	256	-	-	-	121,026
-	-	-	-	-	77,089
-	-	-	-	-	31,913
-	-	-	20	-	111,586
<u>814,507</u>	<u>344,082</u>	<u>-</u>	<u>41,736</u>	<u>-</u>	<u>1,200,325</u>
<u>814,507</u>	<u>344,338</u>	<u>-</u>	<u>41,756</u>	<u>-</u>	<u>1,899,148</u>
(573,651)	(91,779)	11,491	(10,260)	-	(245,936)
690,000	-	909	-	-	690,909
-	-	-	-	(909)	(909)
<u>690,000</u>	<u>-</u>	<u>909</u>	<u>-</u>	<u>(909)</u>	<u>690,000</u>
116,349	(91,779)	12,400	(10,260)	(909)	444,064
<u>86,767</u>	<u>1,877,061</u>	<u>2,295,704</u>	<u>470,694</u>	<u>909</u>	<u>6,701,375</u>
<u>\$ 203,116</u>	<u>\$ 1,785,282</u>	<u>\$ 2,308,104</u>	<u>\$ 460,434</u>	<u>\$ -</u>	<u>\$ 7,145,439</u>

Charter Township of White Lake

Other Supplemental Information Statement of Assets and Liabilities Fiduciary Funds December 31, 2013

	Agency Funds		
	Trust and Agency Fund	Tax Collection Fund	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 1,261,412	\$ 641,043	\$ 1,902,455
Receivables	1,080	-	1,080
Total assets	<u>\$ 1,262,492</u>	<u>\$ 641,043</u>	<u>\$ 1,903,535</u>
Liabilities			
Refundable deposits, bonds, etc.	\$ 1,262,492	\$ 5,765	\$ 1,268,257
Unremitted tax collections	-	635,278	635,278
Total liabilities	<u>\$ 1,262,492</u>	<u>\$ 641,043</u>	<u>\$ 1,903,535</u>