West Bloomfield Township Parks and Recreation Commission

Financial Report
with Supplementary Information
December 31, 2023

West Bloomfield Township Parks and Recreation Commission

Contents

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Independent Auditor's Report

To the Commission
West Bloomfield Township Parks and
Recreation Commission

Opinions

We have audited the financial statements of the governmental activities, the General Fund, and the fiduciary fund of West Bloomfield Township Parks and Recreation Commission (the "Commission") as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, and the fiduciary fund of the Commission as of December 31, 2023 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Commission
West Bloomfield Township Parks and
Recreation Commission

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary 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.

Plante & Moran, PLLC

June 14, 2024

Our discussion and analysis of West Bloomfield Township Parks and Recreation Commission's (the "Commission") financial performance provides an overview of the Commission's financial activities for the year ended December 31, 2023. Please read it in conjunction with the Commission's financial statements.

West Bloomfield Township Parks and Recreation Commission as a Whole

	2023	2022
Assets		
Current and other assets	$ 12,675,241	$ 9,758,862
Noncurrent assets - Capital assets - Net	25,839,820	26,753,860
Total assets	38,515,061	36,512,722
Deferred Outflows of Resources	252,212	467,240
Liabilities		
Current liabilities	934,438	362,057
Long-term liabilities	1,382,190	1,081,445
Total liabilities	2,316,628	1,443,502
Deferred Inflows	6,669,264	6,419,357
Net Position		
Net investment in capital assets	25,303,016	26,753,860
Unrestricted	4,478,365	2,363,243
Total net position	**$ 29,781,381**	**$ 29,117,103**

Effective January 1, 2022, the Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which changed the accounting for leases. As a result, the Commission now has a lease receivable of $1,281,032 and a related deferred inflow of $1,277,238 as of December 31, 2023 and a lease receivable of $1,140,986 and a related deferred inflow of $1,110,288 as of December 31, 2022, which are related to cell tower leases. The Commission also entered into a new lease for building space for the Connect Senior Center, which resulted in a net right-of-use asset of $516,663 at year end and a recorded lease liability of $536,804.

	2023	2022
Revenue		
Property taxes	$ 4,804,147	$ 4,588,176
Intergovernmental	397,837	189,756
Charges for services	871,940	690,300
Interest	133,154	46,123
Other revenue:		
Lease revenue	193,899	181,817
Other revenue	37,379	87,491
Total revenue	6,438,356	5,783,663
Expenditures		
Commission	39,473	76,761
Administration	748,769	806,771
Recreation	1,655,561	1,363,140
Park operations	2,534,107	2,289,058
Transportation	208,657	176,264
Debt service	55,154	14,003
Park development and capital improvements	242,132	166,334
Total expenditures	5,483,853	4,892,331
Excess of Revenue Over Expenditures	954,503	891,332
Other Financing Uses - Loss on sale of fixed assets	(290,225)	(136,889)
Net Change in Fund Balance	664,278	754,443
Fund Balance/Net Position - Beginning of year	29,117,103	28,362,660
Fund Balance/Net Position - End of year	**$ 29,781,381**	**$ 29,117,103**

Governmental Activities

In 2023, the Charter Township of West Bloomfield’s (the "Township") taxable values increased, leading to higher property tax revenue. Recreation revenue, facility revenue, and other participant-based fee programs have returned to prepandemic levels, and the Commission received pass-through federal grants from Oakland County. The aggregate of all of these activities resulted in a total revenue increase of approximately $655,000.

Overall expenses increased in 2023 on a net basis of approximately $592,000. The increase was due to inflation, which included increased seasonal wages; the new monthly lease payment at Connect Senior Center; and the associated costs of operating the new facility, including staffing, utilities, and additional program expenses.

At the end of 2023, the Commission had approximately $25.8 million invested in capital assets, including land, buildings, and equipment. The Commission uses these assets to provide services to citizens. During the year, the Commission spent approximately $1.2 million on equipment, building and park improvements, and the addition of a building right-of-use asset related Connect Senior Center lease to comply with GASB 87.

A capital lease liability was entered into for the new Connect Senior Center totaling approximately $572,000. The Commission continued to make principal and interest payments on its long-term obligations. Principal and interest payments totaled approximately $65,000.

The Commission also continued to prefund retiree health care with a payment of approximately $18,000 to the MERS trust account in the current year. All other expenditures were consistent with the prior year.

General Fund Budgetary Highlights

Over the course of the year, the Commission amended the budget to take into account events that transpired during the year. Overall, the Commission stayed within budget. The Commission’s actual revenue was $80,000 more than the amended budget. Expenditures were less than the amended budget by approximately $603,000.

Economic Factors and Next Year's Budgets and Rates

The 2024 West Bloomfield Township Parks and Recreation Commission's budget continues to project similar property taxes being collected as in 2023.

Administrative expenses will remain higher as a result of hiring a full-time HR manager in 2023. Planned capital projects will cause a reduction in the fund balance at fiscal year end 2024 in order to complete necessary maintenance projects and updates. Due to upward trend in the cost and availability of goods and services, capital projects may be more expensive and delays may continue to be seen. These factors may influence future budgets. Although the Commission is currently in a sound financial position, management is committed to closely monitoring its revenue and expenditures.

The Commission continues to prefund its retiree health care obligation for 2024.

Contacting the Commission's Management

This financial report is intended to provide our citizens, customers, and investors with a general overview of the Commission’s finances and to show the Commission’s accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Commission’s office.

West Bloomfield Township Parks and Recreation Commission

Statement of Net Position/Governmental Fund Balance Sheet

December 31, 2023

	Modified Accrual Basis General Fund	Adjustments (Note 2)	Statement of Net Position
Assets			
Cash and cash equivalents (Note 3)	$ 2,786,159	$ -	$ 2,786,159
Investments (Note 3)	3,682,760	-	3,682,760
Receivables:			
Property taxes	4,614,753	-	4,614,753
Grants	163,298	-	163,298
Other	94,899	-	94,899
Prepaid expenses and other assets	52,340	-	52,340
Leases receivable (Note 11)	1,281,032	-	1,281,032
Capital assets: (Note 4)			
Assets not subject to depreciation	-	11,920,002	11,920,002
Assets subject to depreciation - Net	-	13,919,818	13,919,818
Total assets	12,675,241	25,839,820	38,515,061
Deferred Outflows of Resources			
Deferred pension costs (Note 9)	-	77,886	77,886
Deferred OPEB costs (Note 10)	-	174,326	174,326
Total deferred outflows of resources	-	252,212	252,212
Total assets and deferred outflows of resources	**$ 12,675,241**	26,092,032	38,767,273
Liabilities			
Accounts payable	$ 394,277	1,694	395,971
Accrued payroll and related taxes	88,502	-	88,502
Unearned revenue	173,600	-	173,600
Noncurrent liabilities:			
Due within one year:			
Compensated absences due within one year (Note 6)	-	163,166	163,166
Current portion of long-term debt (Note 6)	-	113,199	113,199
Due in more than one year:			
Compensated absences (Note 6)	-	128,125	128,125
Net pension liability (Note 9)	-	124,928	124,928
Net OPEB liability (Note 10)	-	155,175	155,175
Long-term debt (Note 6)	-	973,962	973,962
Total liabilities	656,379	1,660,249	2,316,628
Deferred Inflows of Resources			
Unavailable revenue	62,500	(62,500)	-
Property taxes levied for the following year	5,134,217	-	5,134,217
Deferred inflows related to pensions (Note 9)	-	9,959	9,959
Deferred inflows related to OPEB (Note 10)	-	247,850	247,850
Deferred inflows from leases	1,277,238	-	1,277,238
Total deferred inflows of resources	6,473,955	195,309	6,669,264
Total liabilities and deferred inflows of resources	7,130,334	1,855,558	8,985,892
Equity			
Fund balance:			
Nonspendable - Prepaid expenses	52,340	(52,340)	-
Assigned - Subsequent year's budget	1,294,960	(1,294,960)	-
Unassigned	4,197,607	(4,197,607)	-
Total fund balance	5,544,907	(5,544,907)	-
Total liabilities, deferred inflows of resources, and fund balance	**$ 12,675,241**		
Net position:			
Net investment in capital assets		25,303,016	25,303,016
Unrestricted		4,478,365	4,478,365
Total net position		**$ 29,781,381**	**$ 29,781,381**

See notes to financial statements.

West Bloomfield Township Parks and Recreation Commission

Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance

Year Ended December 31, 2023

	Modified Accrual Basis		
	General Fund	Adjustments (Note 2)	Statement of Activities
Revenue			
Property taxes:			
General	$ 956,318	$ -	$ 956,318
Land	1,516,861	-	1,516,861
Active recreation	946,379	-	946,379
General restoration	1,384,589	-	1,384,589
Intergovernmental:			
Federal grants	189,466	-	189,466
SMART transportation grants	237,215	(28,844)	208,371
Charges for services:			
Recreation program fees	718,124	-	718,124
Facility rental revenue	153,816	-	153,816
Interest	133,154	-	133,154
Other revenue:			
Lease revenue	193,899	-	193,899
Other revenue	37,379	-	37,379
Total revenue	6,467,200	(28,844)	6,438,356
Expenditures			
Commission	39,473	-	39,473
Administration	872,364	(123,595)	748,769
Recreation	1,555,313	100,248	1,655,561
Park operations	1,539,692	994,415	2,534,107
Transportation	205,604	3,053	208,657
Debt service	100,669	(45,515)	55,154
Park development and capital improvements	1,436,237	(1,194,105)	242,132
Total expenditures	5,749,352	(265,499)	5,483,853
Excess of Revenue Over Expenditures	717,848	236,655	954,503
Other Financing Sources (Uses)			
Leases entered into	572,304	(572,304)	-
Gain (loss) on disposition of capital assets	708,473	(998,698)	(290,225)
Total other financing sources (uses)	1,280,777	(1,571,002)	(290,225)
Net Change in Fund Balance/Net Position	1,998,625	(1,334,347)	664,278
Fund Balance/Net Position - Beginning of year	3,546,282	25,570,821	29,117,103
Fund Balance/Net Position - End of year	**$ 5,544,907**	**$ 24,236,474**	**$ 29,781,381**

Statement of Fiduciary Net Position

December 31, 2023

		Other Postemployment Benefits Fund
Assets - Interest in pooled investment (Note 3)	$	2,798,669
Liabilities - Due to primary government		86,843
Net Position - Restricted postemployment benefits other than pension	**$**	**2,711,826**

Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2023

	Other Postemployment Benefits Fund
Additions	
Investment income	$ 296,581
Contributions - Employer	18,222
Total additions - Net	314,803
Deductions	
Benefit payments	171,991
Administrative fees	5,314
Total deductions	177,305
Net Increase in Fiduciary Net Position	137,498
Net Position - Beginning of year	2,574,328
Net Position - End of year	**$ 2,711,826**

See notes to financial statements.

Note 1 - Significant Accounting Policies

Reporting Entity

West Bloomfield Township Parks and Recreation Commission (the "Commission") is governed by an elected seven-member board. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Accounting and Reporting Principles

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

Fund Accounting

The Commission accounts for its various activities in two different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Commission to show the particular expenditures for which specific revenue was used.

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. The Commission's only governmental fund is the General Fund, which is classified as a major fund. The General Fund accounts for all financial resources of the Commission. General Fund activities are financed by revenue from property taxes, program fees, and other sources. The General Fund is used for the acquisition, preservation, enhancement, and maintenance of land for parks, as well as for recreational purposes, operation of public parkland facilities, and the development of youth and community active recreation sites.

Fiduciary Funds

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 following:

- The Other Postemployment Benefits Fund accumulates resources for future retiree health care payments to retirees.

Basis of Accounting

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

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree 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.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Commission considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: property tax revenue and grant revenue associated with the current fiscal period. Conversely, certain grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow.

Note 1 - Significant Accounting Policies (Continued)

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The General Fund column presents the activities on the modified accrual basis of accounting, as discussed above, which demonstrates accountability for how the current resources have been spent. The government-wide column is presented on the economic resources measurement focus and the full accrual basis of accounting in order to measure the cost of providing government services and the extent to which constituents have paid the full cost of government services.

On 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. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and demand deposits.

Investments

Investments are reported at fair value or estimated fair value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, land improvements, buildings and structures, furniture and equipment, and vehicles, are reported in the statement of net position. Capital assets are defined by the Commission as assets with an initial individual cost of more than $2,500 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 acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and structures	25-40
Information technology	4-8
Land improvements	10-20
Machinery and equipment	5-10
Office furniture and fixtures	10-20
Vehicles	5-10
Leasehold improvements	3-5

Note 1 - Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond 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 other financing sources, as well as bond premiums and discounts. The General Fund is used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission reports deferred outflows related to pension and OPEB expenses.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Commission reports deferred inflows related to revenue. The inflows related to revenue are made up of grant revenue and other revenue that will be recognized as revenue in the period the amounts become available. In addition, the Commission reports property taxes that were received prior to the period they were levied for as a deferred inflow of resources on both the governmental fund balance sheet and the statement of net position. Those property taxes will be recognized as revenue next year, as those amounts were levied for the subsequent year's budgeted operations. The Commission also reports deferred inflows related to lease activity of the space on the Commission's cell phone towers that represents an inflow of resources (revenue) in a future period. Finally, the Commission reports deferred inflows related to the defined benefit pension plan and OPEB plan that represent an inflow of resources (revenue) in a future period.

Net Position

Net position of the Commission is classified in two components: (1) net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets, and (2) unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets.

Net Position Flow Assumption

The Commission will sometimes 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 1 - Significant Accounting Policies (Continued)

Fund Balance Flow Assumptions

The Commission will sometimes 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 Commission's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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.

Property Tax Revenue

Property taxes are levied on each December 1 and are based 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 Commission's 2023 property tax revenue was levied and collectible on December 1, 2022 and is recognized as revenue in the year ended December 31, 2023 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2022 taxable valuation of the Commission totaled $4.2 billion. Taxes were levied and revenue was collected as follows:

Purpose	Millage Rate	Revenue
General	0.2265	$ 956,318
Land	0.3598	1,516,861
Active recreation	0.2245	946,379
General restoration	0.3258	1,384,589
Total		$ 4,804,147

Pension

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

Other Postemployment Benefit Costs

The Commission offers retiree health care benefits to retirees. The Commission records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the net position of the OPEB plan and additions to/deductions from the OPEB plan's net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

It is the Commission's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All compensated absence pay is accrued when incurred in the government-wide statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. The General Fund is used to liquidate the obligations.

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.

Leases

The Commission is a lessee for a noncancelable lease for a building for the Connect Senior Center. The Commission recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the applicable governmental or business-type activities column in the government-wide financial statements. The Commission recognizes lease assets and liabilities with an initial value of $2,500 or more.

At the commencement of a lease, the Commission initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Commission determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Commission is reasonably certain to exercise.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The Commission is a lessor for noncancelable leases of cell phone towers. The Commission recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the Commission initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Note 1 - Significant Accounting Policies (Continued)

Key estimates and judgments include how the Commission determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The Commission uses the actual rate charged to lessees as the discount rate for leases. When the interest rate charged by the lessor is not provided, the Commission generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Upcoming Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Commission's financial statements for the year ending December 31, 2024.

In December 2023, the the Governmental Accounting Standards Board issued Statement No. 102, *Certain Risk Disclosures*, which requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The standard defines a concentration (a lack of diversity related to an aspect of significant inflow of resources or outflow of resources) and a constraint (a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority), both of which may limit a government’s ability to acquire resources or control spending. GASB 102 requires a government to disclose information about a concentration or constraint if certain criteria are met. The provisions of this statement are effective for the Commission's financial statements for the year ending December 31, 2025.

Note 2 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the individual fund column because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Fund Balance Reported in Governmental Funds	$ 5,544,907
Amounts reported for governmental activities are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	36,906,814
Accumulated depreciation	(11,066,994)
Net capital assets used in governmental activities	25,839,820
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	62,500
Bonds payable and lease liabilities are not due and payable in the current period and are not reported in the funds	(1,087,161)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,694)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(291,291)
Pension benefits	(57,001)
OPEB benefits	(228,699)
Net Position of Governmental Activities	$ 29,781,381

Note 2 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities (Continued)

The change in net position reported in the statement of activities column is different than the change in fund balance reported in the individual fund column because of the different measurements focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Net Change in Fund Balance Reported in Governmental Funds	$ 1,998,625
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures, but these costs are allocated over their estimated useful lives as depreciation in the statement of activities; the statement of activities also records the net book value of asset disposals:	
Capital outlay	1,194,105
Depreciation expense	(1,109,448)
Net book value of assets disposed of	(998,698)
Total	(914,041)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(28,844)
Issuing debt and entering into leases provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(572,304)
Repayment of bond principal and lease liability is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt)	45,507
Interest expense is recognized in the government-wide statements as it accrues	16
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	135,319
Change in Net Position of Governmental Activities	$ 664,278

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that 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 Other Postemployment Benefits Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed $250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

Note 3 - Deposits and Investments (Continued)

The investment policy adopted by the Commission in accordance with Public Act 196 of 1997 has authorized investment in all of the investments allowable by the state statutory authorities listed above. The Charter Township of West Bloomfield (the "Township") performs the investment function on behalf of the Commission. The Commission's deposits and investment policies are in accordance with statutory authority.

The Commission'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 Commission's deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk.

The Commission's deposits, shown as cash on the statement of net position, are administered by the Township and are held in separate accounts in the name of the Township. The federal depository insurance coverage pertains to all the deposits of the Township; hence, the specific coverage pertaining to the Commission's deposits, if any, is not determinable. The Commission believes that, due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation (FDIC) insurance, it is impractical to insure all deposits.

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 Commission's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the Commission had the following investments and maturities:

Primary Government	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More Than 10 Years
Oakland County Local Government Investment Pool	$ 1,617,876	$ -	$ 1,617,876	$ -	$ -

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Commission has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Oakland County Local Government Investment Pool	$ 1,617,876	Not rated	Not rated
Michigan CLASS Investment Pool	2,064,884	Not rated	Not rated

Fair Value Measurements

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

Note 3 - Deposits and Investments (Continued)

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

Investments in Entities that Calculate Net Asset Value per Share

The Commission holds shares or interests in investment companies and an interest in the MERS ISP Total Market Portfolio where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investments as a practical expedient.

At December 31, 2023, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Oakland County Local Government Investment Pool	$ 1,617,876	$ -	N/A	N/A
Michigan CLASS Investment Pool	2,064,884	-	N/A	N/A
MERS ISP Total Market Portfolio	2,798,669	-	N/A	N/A

The Oakland County Local Government Investment Pool (LGIP) is not registered with the Securities and Exchange Commission (SEC) and does not issue a separate report. The pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs. Accordingly, the investment is reported at fair value. The fair value of the position in the pool is not the same as the value of the pool shares because the pool redeems shares at $1 per share, regardless of current fair value.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated A1 or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasurys and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

The MERS ISP Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. The Municipal Employees' Retirement System (MERS) manages the asset allocation and monitors the underlying investment managers of the MERS ISP Total Market Portfolio.

Note 4 - Capital Assets

Capital asset activity of the Commission's governmental activities was as follows:

	Balance January 1, 2023	Reclassifications	Additions	Disposals and Adjustments	Balance December 31, 2023
Capital assets not being depreciated:					
Land	$ 12,016,887	$ -	$ -	$ (355,804)	$ 11,661,083
Construction in progress	100,691	-	158,228	-	258,919
Subtotal	12,117,578	-	158,228	(355,804)	11,920,002
Capital assets being depreciated:					
Buildings and improvements	14,577,546	-	-	(1,296,834)	13,280,712
Information technology	193,083	-	28,343	(11,948)	209,478
Land improvements	8,850,186	-	22,800	(224,965)	8,648,021
Machinery and equipment	1,187,883	-	345,376	(154,375)	1,378,884
Office furniture and fixtures	96,533	-	24,809	(1,022)	120,320
Vehicles	755,806	-	42,245	(20,958)	777,093
Right-of-use assets	-	-	572,304	-	572,304
Subtotal	25,661,037	-	1,035,877	(1,710,102)	24,986,812
Accumulated depreciation:					
Buildings and improvements	6,250,297	-	526,952	(711,214)	6,066,035
Information technology	129,158	-	27,351	(11,948)	144,561
Land improvements	3,336,385	-	337,405	(175,453)	3,498,337
Machinery and equipment	863,429	-	89,718	(146,636)	806,511
Office furniture and fixtures	73,287	-	6,062	(998)	78,351
Vehicles	372,198	-	66,319	(20,959)	417,558
Right-of-use assets	-	-	55,641	-	55,641
Subtotal	11,024,754	-	1,109,448	(1,067,208)	11,066,994
Net capital assets being depreciated	14,636,283	-	(73,571)	(642,894)	13,919,818
Net governmental activities capital assets	$ 26,753,861	$ -	$ 84,657	$ (998,698)	$ 25,839,820

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

Governmental activities:	
Administration	$ 41,717
Recreation	88,805
Park operations	978,330
Transportation	596
Total governmental activities	$ 1,109,448

Note 4 - Capital Assets (Continued)

The Commission owns land in the Charter Township of West Bloomfield, as summarized below:

	Acres
Bloomer Park	36
Bloomfield Knolls	2
Keith Sports Park	15
Drake Sports Park	52
Karner Farm	33
Lockhaven parcel	32
Marshbank Park	108
Sylvan Manor Park	3
Lily Pad Springs	5
West Bloomfield Trail Network	48
West Bloomfield Woods Nature Preserve	167
Middlebelt Road	1
Drake Road	2
Total	504

The Commission has construction commitments related to the Arrowhead Restroom project. As of December 31, 2023, the Commission has spent $13,000, with a remaining $409,739 to spend, on signed contracts.

Note 5 - Budget Information

Budgetary Information

The annual budget is prepared by the finance committee, adopted by West Bloomfield Township Parks and Recreation Commission, and approved by the West Bloomfield Township board. Subsequent amendments are approved by the Commission. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at December 31, 2023 has not been calculated.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund. All annual appropriations lapse at fiscal year end.

The budget document presents information by activity. The legal level of budgetary control adopted by the Commission (i.e., the level at which expenditures may not legally exceed appropriations) is the activity level. State law requires the Commission to have its budget in place by January 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. During the year, the budget was amended in a legally permissible manner.

Excess of Expenditures Over Appropriations in Budgeted Funds

The Commission did not have significant expenditure budget variances.

Note 6 - Long-term Debt

Long-term debt activity for the year ended December 31, 2023 can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable - Direct borrowings and direct placements:							
General obligation limited tax pension obligation bonds - Amount of issue - $880,096, maturing through 2033	4.20% - 5.65%	$50,986 - $60,039	$ 560,364	$ -	$ (10,007)	$ 550,357	$ 50,985
Leases payable			-	572,304	(35,500)	536,804	62,214
Total direct borrowings and direct placements principal outstanding			560,364	572,304	(45,507)	1,087,161	113,199
Compensated absences			259,614	46,341	(14,664)	291,291	163,166
Total governmental activities long-term debt			$ 819,978	$ 618,645	$ (60,171)	$ 1,378,452	$ 276,365

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds, note obligations, and lease liabilities are as follows:

	Governmental Activities		
	Direct Borrowings and Direct Placements		
Years Ending December 31	Principal	Interest	Total
2024	$ 119,850	$ 20,058	$ 139,908
2025	133,826	17,989	151,815
2026	148,552	15,470	164,022
2027	163,557	12,558	176,115
2028	178,368	9,297	187,665
2029-2033	343,008	16,990	359,998
Total	$ 1,087,161	$ 92,362	$ 1,179,523

Note 7 - Defined Contribution Retirement Plan

The Commission provides a defined contribution retirement plan for all full-time and qualifying part-time employees. The plan is administered by the Charter Township of West Bloomfield's pension board. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by a resolution, the Commission contributes 5 percent of each employee's gross earnings for employees hired prior to October 31, 2003.

Note 7 - Defined Contribution Retirement Plan (Continued)

Effective November 1, 2003, an amendment to the defined contribution retirement plan was made resolving that the Commission will contribute 10 percent of each employee's gross earnings for employees hired on or after the effective date. However, these employees will not be able to participate in the defined benefit pension plan (as described in Note 9 below).

The Commission's contributions for each employee hired prior to October 31, 2003 are fully vested after eight years of service. Employees hired after October 31, 2003 are fully vested after six years of service. In accordance with these requirements, the Commission contributed approximately $148,500 for the year ended December 31, 2023.

Note 8 - Risk Management

The Commission 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 Commission has purchased commercial insurance for medical claims. The Commission participates in the Michigan Municipal Risk Management Authority (the "Authority") (state pool member) for claims relating to property, torts, and errors and omissions and participates in the Michigan Municipal League risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

Note 9 - Pension Plan

Plan Description

The Commission participates in the Charter Township of West Bloomfield Employees' Retirement System, which covers all full-time and qualified part-time employees of the Commission hired prior to November 1, 2003. The plan is a cost-sharing, multiple-employer defined benefit pension plan administered by the Charter Township of West Bloomfield. The pension system issues a publicly available financial report that can be obtained at Township Hall, located at 4550 Walnut Lake Road, West Bloomfield, MI 48325.

Benefits Provided

The plan provides retirement, disability, and death benefits. Benefit terms are established and amended by state legislative action.

Retirement benefits for employees are calculated as 2.0 percent of the employee's final average earnings multiplied by the employee's completed years of service. Final average earnings are calculated as the average of the highest four consecutive years of wages within the last 10 years of employment before retirement. The normal retirement age is 60, and the vesting period is 6 years. Death benefit pensions are paid to the spouse equal to 50 percent of the accrued pension. An employee who leaves service may withdraw his or her contributions.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 3 percent per year compounded.

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. The Commission's contractually required contribution rate for the year ended December 31, 2023 was 12.5 percent of annual payroll. Contributions to the plan from the Commission were $31,448 for the year ended December 31, 2023.

Note 9 - Pension Plan (Continued)

Net Pension Liability

At December 31, 2023, the Commission reported a liability (NPL) of $124,928, which was a decrease of $54,997 from its December 31, 2022 proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which used update procedures to roll forward the estimated liability to December 31, 2023. The Commission's proportion of the net pension liability was based on the Commission's actuarially required contribution for the year ended December 31, 2023, relative to all other contributing employers. At December 31, 2023, the Commission’s proportion was 0.5794 percent.

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

For the year ended December 31, 2023, the Commission recognized pension expense of $21,391.

At December 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 12,203	$ (1,520)
Changes in assumptions	6,898	(690)
Net difference between projected and actual earnings on pension plan investments	54,427	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	4,358	(7,749)
Total	$ 77,886	$ (9,959)

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

Years Ending December 31	Amount
2024	$ 15,047
2025	23,736
2026	38,110
2027	(8,966)

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using a wage inflation assumption of 3.0 percent; assumed salary increases (including inflation) of 3.7 percent; a price inflation of 2.25 percent; an investment rate of return (net of investment expenses) of 6.75 percent; and the Pub-2010 General Healthy Retiree Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2020 projection scale.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Note 9 - Pension Plan (Continued)

Projected Cash Flows

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

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The expected inflation used for 2022 was 2.44 percent. The target allocation and best estimates of geometric real rates of return as of December 31, 2023 for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic large-cap equity	24.00 %	4.91 %
Domestic small-/mid-cap equity	10.00	5.29
International equity	22.00	5.32
Domestic bonds	16.00	2.30
Private debt	8.00	5.78
Private equity	5.00	7.67
Real estate	10.00	3.79
Hedge funds	5.00	3.72

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Commission, calculated using the discount rate of 6.75 percent, as well as what the Commission's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net pension liability (asset)	$ 279,357	$ 124,928	$ (3,123)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report available at Township Hall, located at 4550 Walnut Lake Road, West Bloomfield, MI 48325. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Assumption Changes

The December 31, 2022 valuation used assumed salary increases of 3.7 percent

Note 10 - Other Postemployment Benefit Plan

Plan Description

The Commission provides health care benefits to all full-time employees hired prior to January 1, 2006 upon retirement, in accordance with the personnel policy. Currently, eight retirees are receiving benefits. The Commission includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant. This is a multiple-employer cost-sharing defined benefit plan administered by the Township. The Township obtains health coverage through private insurers. The plan does not issue a separate stand-alone financial statement.

Benefits Provided

The Commission has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis). However, as shown below, the Commission has made contributions to advance-fund these benefits, as determined by the Commission through annual budget resolutions.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	9
Active plan members	22
Total plan members	31

Contributions

The Commission adopts a budget annually via a commission resolution, which includes the contributions for OPEB costs for the year. The Commission establishes contribution rates based on an actuarially determined rate per a funding valuation. For the year ended December 31, 2023, the Commission's average contribution rate was 7.27 percent of covered payroll. Employees are not required to contribute to the plan.

Net OPEB Liability

The Commission has chosen to use the December 31 measurement date as its measurement date for the net OPEB liability. The December 31, 2023 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the December 31, 2023 measurement date. The December 31, 2023 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2021, which used update procedures to roll forward the estimated liability to December 31, 2023.

Note 10 - Other Postemployment Benefit Plan (Continued)

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

	Increase (Decrease)		
Changes in Net OPEB Liability	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at January 1, 2023	$ 2,804,121	$ 2,574,328	$ 229,793
Changes for the year:			
Service cost	13,564	-	13,564
Interest	183,931	-	183,931
Differences between expected and actual experience	37,376	-	37,376
Contributions - Employer	-	18,222	(18,222)
Net investment income	-	296,581	(296,581)
Benefit payments - Including refunds	(171,991)	(171,991)	-
Administrative expenses	-	(5,314)	5,314
Net changes	62,880	137,498	(74,618)
Balance at December 31, 2023	$ 2,867,001	$ 2,711,826	$ 155,175

The plan's fiduciary net position represents 94.6 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, the Commission recognized OPEB recovery of $138,717. At December 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 26,512	$ (207,076)
Changes in assumptions	52,192	(40,774)
Net difference between projected and actual earnings on OPEB plan investments	95,622	-
Total	$ 174,326	$ (247,850)

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

Years Ending December 31	Amount
2024	$ (135,744)
2025	7,838
2026	80,018
2027	(25,636)
Total	$ (73,524)

Note 10 - Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using an inflation assumption of 2.25 percent; assumed salary increases (including wage inflation plus merit and longevity) of 3.7 percent; an investment rate of return (net of investment expenses) of 6.75 percent; a health care cost trend rate of 7.25 percent for 2023 decreasing 0.25 percent per year to an ultimate rate of 4.5 percent for 2034 and later years; and the Pub-2010 Mortality Tables with the MP-2020 improvement scale. These assumptions were applied to all periods included in the measurement date.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that commission contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the December 31, 2023 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment note, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private assets	20.00	7.00

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Commission, calculated using the discount rate of 6.75 percent, as well as what the Commission's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net OPEB liability (asset)	$ 524,161	$ 155,175	$ (151,923)

Note 10 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the Commission, calculated using the health care cost trend rate of 7.25 percent, as well as what the Commission's net OPEB (asset) liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Health Care Cost Trend Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net OPEB (asset) liability	$ (202,620)	$ 155,175	$ 589,260

OPEB Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan’s fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Defined Contribution Health Care Savings Plan

In 2007, the Commission entered into an agreement with MERS to participate in a health care savings plan (HCSP) for all full-time employees hired on or after January 1, 2006. In accordance with the plan agreement, employer contributions will begin for employees six months from their hire date. The Commission will contribute $50 per pay period, per employee. A total of $25,650 was contributed to the plan by the employer, and $2,600 was contributed by the employees during the current year.

The Commission also entered into an additional HCSP with MERS during 2007 for all full-time employees hired on or before December 31, 2005. The plan is funded solely by employees under the plan provisions, and, in the current year, employee contributions to the plan totaled $385.

Note 11 - Leases

The Commission leases building space from a third party. Payments are fixed monthly payments based on the lease agreement.

Lease asset activity of the Commission is included in Note 4

Future principal and interest payment requirements related to the Commission’s lease liability are included in the debt service requirement table in Note 6.

The Commission leases cell phone tower space to various third parties. Payments are fixed monthly payments.

During the year ended December 31, 2023, the Commission recognized the following related to its lessor agreements:

Lease revenue	$ 193,899
Interest income related to its leases	21,990

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended December 31, 2023

	Original Budget	Amended Budget	Actual	Over (Under) Final Budget
Revenue				
Property taxes:				
General	$ 893,000	$ 949,000	$ 956,318	$ 7,318
Land	1,426,000	1,516,000	1,516,861	861
Active recreation	890,000	946,000	946,379	379
General restoration	1,290,000	1,383,900	1,384,589	689
Intergovernmental:				
Federal grants	100,000	256,400	189,466	(66,934)
SMART transportation grants	199,600	199,600	237,215	37,615
Charges for services:				
Recreation program fees	668,000	668,000	718,124	50,124
Facility rental revenue	91,000	91,000	153,816	62,816
Interest	14,000	70,000	133,154	63,154
Other revenue:				
Lease revenue	174,300	215,800	193,899	(21,901)
Other revenue	73,500	91,500	37,379	(54,121)
Total revenue	5,819,400	6,387,200	6,467,200	80,000
Expenditures				
Commission	45,050	54,050	39,473	(14,577)
Administration	1,140,630	1,136,930	939,317	(197,613)
Recreation	1,607,940	1,699,640	1,555,313	(144,327)
Park operations	1,888,100	2,069,850	1,895,352	(174,498)
Transportation	207,600	208,100	205,604	(2,496)
Debt service	61,100	101,100	100,669	(431)
Capital projects	820,000	510,406	441,320	(69,086)
Total expenditures	5,770,420	5,780,076	5,177,048	(603,028)
Excess of Revenue Over Expenditures	48,980	607,124	1,290,152	683,028
Other Financing Sources	-	708,000	708,473	473
Net Change in Fund Balance	48,980	1,315,124	1,998,625	683,501
Fund Balance - Beginning of year	3,546,282	3,546,282	3,546,282	-
Fund Balance - End of year	**$ 3,595,262**	**$ 4,861,406**	**$ 5,544,907**	**$ 683,501**

See notes to required supplementary information.

Required Supplementary Information
Schedule of the Commission's Proportionate Share of the Net Pension Liability (Asset)
Charter Township of West Bloomfield Employees' Retirement System

Last Ten Fiscal Years

Plan Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Commission's proportion of the net pension liability (asset)	0.57944 %	0.62622 %	0.54284 %	0.57498 %	0.61624 %	0.61829 %	0.80000 %	0.90000 %	1.10000 %	2.00000 %
Commission's proportionate share of the net pension liability (asset)	$ 124,928	$ 179,925	$ (49,880)	$ 38,361	$ 75,788	$ 186,625	$ 145,044	$ 201,506	$ 248,733	$ 299,977
Commission's covered payroll	$ 251,339	$ 303,971	$ 373,904	$ 349,382	$ 342,437	$ 343,600	$ 323,304	$ 395,656	$ 552,358	$ 791,456
Commission's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.70 %	59.19 %	(13.34)%	10.98 %	22.13 %	54.31 %	44.86 %	50.93 %	45.03 %	37.90 %

Prior to 2014, the Commission's proportion of the net pension liability was not determined. The complete schedule of the net pension liability is included in the Charter Township of West Bloomfield's financial report. This report is available at Township Hall, located at 4550 Walnut Lake Road, West Bloomfield, MI 48325.

Required Supplementary Information
Schedule of Pension Contributions
Charter Township of West Bloomfield Employees' Retirement System

Last Ten Fiscal Years

Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	$ 31,448	$ 32,681	$ 28,620	$ 28,516	$ 26,801	$ 26,689	$ 32,785	$ 37,073	$ 41,924	$ 90,780
Contributions in relation to the contractually required contribution	31,448	32,681	28,620	28,516	26,801	26,689	32,785	37,073	41,924	90,780
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Commission's Covered Payroll	$ 251,339	$ 303,971	$ 373,904	$ 349,382	$ 342,437	$ 343,600	$ 323,304	$ 395,656	$ 552,358	$ 791,456
Contributions as a Percentage of Covered Payroll	12.51 %	10.75 %	7.65 %	8.16 %	7.83 %	7.77 %	10.14 %	9.37 %	7.59 %	11.47 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Seven Plan Years

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	$ 13,564	$ 15,734	$ 15,582	$ 16,244	$ 25,557	$ 24,046	$ 37,046
Interest	183,931	209,277	204,344	208,702	210,617	202,400	196,761
Differences between expected and actual experience	37,376	(370,363)	(14,024)	(229,502)	(50,258)	(362,054)	(28,240)
Changes in assumptions	-	(70,328)	109,579	62,996	(89,997)	372,335	-
Benefit payments - Including refunds	(171,991)	(145,462)	(123,290)	(117,410)	(119,822)	(120,362)	(116,684)
Net Change in Total OPEB Liability	62,880	(361,142)	192,191	(58,970)	(23,903)	116,365	88,883
Total OPEB Liability - Beginning of year	2,804,121	3,165,263	2,973,072	3,032,042	3,055,945	2,939,580	2,850,697
Total OPEB Liability - End of year	**$ 2,867,001**	**$ 2,804,121**	**$ 3,165,263**	**$ 2,973,072**	**$ 3,032,042**	**$ 3,055,945**	**$ 2,939,580**
Plan Fiduciary Net Position							
Contributions - Employer	$ 18,222	$ 76,382	$ 77,334	$ 129,220	$ 126,667	$ 150,032	$ 154,250
Net investment income (loss)	296,581	(307,573)	371,771	308,019	278,002	(78,254)	243,678
Administrative expenses	(5,314)	(4,890)	(5,137)	(4,138)	(3,942)	(5,124)	(4,667)
Benefit payments - Including refunds	(171,991)	(145,462)	(123,290)	(117,410)	(119,822)	(120,362)	(116,684)
Other	-	7,237	(20,558)	-	-	-	-
Net Change in Plan Fiduciary Net Position	137,498	(374,306)	300,120	315,691	280,905	(53,708)	276,577
Plan Fiduciary Net Position - Beginning of year	2,574,328	2,948,634	2,648,514	2,332,823	2,051,918	2,105,626	1,829,049
Plan Fiduciary Net Position - End of year	**$ 2,711,826**	**$ 2,574,328**	**$ 2,948,634**	**$ 2,648,514**	**$ 2,332,823**	**$ 2,051,918**	**$ 2,105,626**
Net OPEB Liability - Ending	**$ 155,175**	**$ 229,793**	**$ 216,629**	**$ 324,558**	**$ 699,219**	**$ 1,004,027**	**$ 833,954**
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	94.59 %	91.81 %	93.16 %	89.08 %	76.94 %	67.15 %	71.63 %
Covered Payroll	$ 250,814	$ 235,938	$ 330,402	$ 313,686	$ 337,037	$ 373,613	$ 352,687
Net OPEB Liability as a Percentage of Covered Payroll	61.87 %	97.40 %	65.57 %	103.47 %	207.46 %	268.73 %	236.46 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of OPEB Contributions

Last Ten Fiscal Years

Years Ended December 31

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 18,222	$ 76,382	$ 77,334	$ 124,022	$ 126,667	$ 150,032	$ 154,250	$ 230,217	$ 231,404	$ 146,734
Contributions in relation to the actuarially determined contribution	18,222	76,382	77,334	129,220	126,667	150,032	154,250	230,217	231,404	146,734
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ 5,198**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Payroll	$ 250,814	$ 235,938	$ 330,402	$ 313,686	$ 337,037	$ 373,613	$ 352,687	$ 454,198	$ 488,285	$ 710,472
Contributions as a Percentage of Covered Payroll	7.27 %	32.37 %	23.41 %	41.19 %	37.58 %	40.16 %	43.74 %	50.69 %	47.39 %	20.65 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution amounts for fiscal year 2023 are calculated based upon the results of the December 31, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed period
Remaining amortization period	12 years
Asset valuation method	5-year smoothed market
Price inflation	2.75 percent
Salary increase	3.50 wage inflation plus merit and longevity
Investment rate of return	6.75 percent, net of plan investment expenses
Retirement age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 General Mortality Tables, amount-weighted, and projected with mortality improvements using the fully generational MP-2020 projection scale from a base year of 2010.
Health care trend rates	Non-Medicare: initial rate of 7.25 percent decreasing 0.25 percent per year to a 4.50 percent long-term rate Medicare: initial rate of 5.50 percent decreasing 0.25 percent per year to a 4.50 percent long-term rate
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"

Budgetary Information

The Commission records park development and capital improvement expenditures in the fund-based statement of revenue, expenditures, and changes in fund balance but as an activity line item in the budget. The Commission also records the proceeds from the lease issuance as an other financing source and the capital outlay related to the building lease as capital outlay expenditures within the fund-based statement of revenue, expenditures, and changes in fund balance but as one combine activity line item in the budget. The following schedule reconciles the differences:

	Other Financing Sources Reported in the Statement of Revenue, Expenditures, and Changes in Fund Balance	Expenditures Reported in the Statement of Revenue, Expenditures, and Changes in Fund Balance	Capital Items Budgeted as Activity Expenses	Proceeds from Lease Budgeted with Recreation Expenses	Expenditures Reported in the Budgetary Schedule
Leases entered into (other financing source)	$ (572,304)	$ -	$ -	$ 572,304	$ -
Commission	-	39,473	-	-	39,473
Administration	-	872,364	66,953	-	939,317
Recreation	-	1,555,313	-	-	1,555,313
Park operations	-	1,539,692	355,660	-	1,895,352
Transportation	-	205,604	-	-	205,604
Debt service	-	100,669	-	-	100,669
Capital projects	-	1,436,237	(422,613)	(572,304)	441,320

Pension Information

<u>Changes in Assumptions</u>

Amounts reported in 2016 reflect a change in inflation rates from 3.50 percent in 2015 to 4.00 percent in 2016. In addition, assumed salary increases also changed from 4.70 percent in 2015 to 4.00 percent in 2016.

Amounts in 2017 reflect a change in assumed investment rate of return from 7.50 percent in 2016 to 7.00 percent in 2017. In addition, inflation rates changed from 4.00 percent in 2016 to 3.50 percent in 2017, while assumed salary increases also changed from 4.00 percent in 2016 to 3.50 percent in 2017. Lastly, the 2016 mortality rates were based on the RP-2000 Mortality Tables, projected 20 years. In 2017, the mortality rates were updated to RP-2014 Generational Mortality Tables with a blue collar adjustment and projected with scale MP-2015.

Amounts in 2021 reflect a change in inflation rates from 3.50 percent in 2020 to 3.00 percent in 2021. In addition, assumed salary increases also changed from 3.50 percent in 2020 to 3.00 percent in 2021. The assumed investment rate of return went from 7.00 percent in 2020 to 6.75 percent in 2021. Lastly, the 2020 mortality rates were based on the RP-2014 Generational Mortality Tables with a blue collar adjustment and projected with scale MP-2015. In 2021, the mortality rates were updated to Pub-2010 General Healthy Retiree Tables projected with mortality improvements using the fully generational MP-2020 projection scale.

Amounts in 2022 reflect a change in assumed salary increases from 3.00 percent in 2021 to 3.70 percent in 2022.

OPEB Information

<u>Changes in Assumptions</u>

Beginning with amounts reported in 2019, the ultimate health care trend rate increased from 3.5 percent to 4.5 percent.

Beginning with amounts reported in 2020, mortality tables were updated from RP-2014 Mortality Tables with the MP-2015 improvement scale to the Pub-2010 Mortality Tables with the MP-2020 improvement scale.

Beginning with amounts reported in 2021, inflation rates decreased from 2.75 percent to 2.25 percent, and assumed salary increases changed from 3.5 percent to 3.7 percent. In addition, the assumed investment rate of return decreased from 7.00 percent to 6.75 percent.

Beginning with amounts reported in 2022, assumed health care cost trend changed from an assumed stating rate increase of 8.25 percent decreasing by 0.25 percent to an ultimate rate of 4.50 percent in 2036 and later to a trend of starting at 7.25 percent and decreasing by 0.25 percent to an ultimate rate of 4.5 percent in 2034 and later years.