

**Village of Beverly Hills, Michigan
Oakland County, Michigan**

**Financial Report
with Supplemental Information
June 30, 2015**

Village of Beverly Hills, Michigan

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Village of Beverly Hills, Michigan

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Independent Auditor's Report

To the Village Council
Village of Beverly Hills, Michigan

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 Village of Beverly Hills, Michigan (the "Village") as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Village of Beverly Hills, Michigan'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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Beverly Hills, Michigan as of June 30, 2015, 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 Village Council
Village of Beverly Hills, Michigan

Emphasis of Matter

As discussed in Notes 1 and 9 to the basic financial statements, in 2015 the Village adopted the new accounting guidance of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of governmental employers through pension plans. Our opinion is not modified with respect to this manner.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Village of Beverly Hills, Michigan'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 & Moran, PLLC

October 6, 2015

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

Our discussion and analysis of the Village of Beverly Hills, Michigan's (the "Village") financial performance provides an overview of the Village's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Village's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2015.

- **General Fund - Fund Balance** - The fund balance of the General Fund, excluding the Sick Pay Severance and Vacation Reserve Funds, at June 30, 2015 was \$1,827,951, or about 72 percent of the current 2014-2015 actual General Fund expenditures. This number is above the Village Council recommendation of a minimum of a 20 percent fund balance. This percentage change is significantly due to the new millage which separated the General Fund, Public Safety, and the Library into three funds.
- **State-shared Revenue** - The Village realized a 2.75 percent increase in total state revenue sharing from \$790,600 in fiscal year 2013-2014 to \$812,394 in the 2014-2015 fiscal year. Only minor fluctuations are anticipated in the next fiscal year at this time. State-shared revenue is divided between two sources. The first of these is generally referred to as "constitutional" revenue sharing. This is revenue generated through sales tax receipts throughout the state of Michigan and reapportioned to local units of government based upon a formula contained within the Michigan constitution. Increases or decreases in these revenue sources are almost wholly dependent upon increases or decreases in economic activity in the state in a given year. As the economy has suffered in recent years, these revenue sources have generally been declining or stagnant. The trend is that little to no growth in this form of state revenue sharing will likely continue.

The other form of state revenue sharing was generally referred to as "statutory" revenue sharing. The State of Michigan has revised the requirements for a community to receive these funds. The Economic Vitality Incentive Program (EVIP) allows a community to receive 1/3 of the maximum amount for each of the three categories that fulfill the specific requirements. The three categories are accountability and transparency, consolidation of services, and employee compensation. The community is required to file a certification form with the State of Michigan to qualify for the payment. The Village received \$26,842 in EVIP funding in fiscal year 2014-2015.

- **Retiree Health Care** - During the past 20 years, the Village has funded retiree health care. The Village has also required most full-time employees contribute 1.0 percent of their salary to fund the retiree healthcare program. The public safety officers are contributing 2.0 percent of their salary according to the terms of the new contract. The command officers started contributing 2.0 percent in the 2012-2013 fiscal year per their revised contract. Most of the investments are held by MERS as of June 30, 2015.

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

- **Infrastructure Improvements** - As of June 30, 2015, the Village used the balance of monies from the collection of the infrastructure millage in previous years. All major sewer work has already been completed. The remaining funds were utilized for water, sewer, and road work.
- **2015 Investment Report** - The Village's investment income in the fiscal year was once again lower in the current year. Interest rates have continued to decrease to historic lows of approximately .25 percent due to the Federal Reserve changes. Increases in interest rates are not anticipated for at least two more years.
- **Union Contracts** - All three union contracts are ratified. The public safety officers' contract was approved and expires on June 30, 2017. The command officers' contract was also approved and expires on December 31, 2017. The AFSCME contract expired on December 14, 2014 and was not renewed. The Village currently has no employees represented by AFSCME.
- **Significant Union Contract Change** - The public safety officers union and command officers union both agreed to transfer the pension assets to MERS. Effective after August 1, 2014, MERS is handling all pension payments and contributions for the Public Safety Department.
- **Dispatch Services** - Effective July 1, 2012, the Village entered into a contract for dispatch services with the City of Birmingham. This agreement has resulted in significant savings to the Public Safety Department.

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 Village as a whole and present a longer-term view of the Village'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 Village's operations in more detail than the government-wide financial statements by providing information about the Village's most significant funds. The fiduciary fund statements provide financial information about activities for which the Village acts solely as a trustee or agent for the benefit of those outside of the government.

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

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 two years (note that 2014 and 2013 exclude impact of the implementation of GASB Statement No. 68):

	Governmental Activities				Percent Change
	2013	2014	2015	Change	
Assets					
Other assets	\$ 4,317,069	\$ 4,807,069	\$ 4,673,099	\$ (133,970)	-3%
Capital assets	<u>10,750,854</u>	<u>10,568,708</u>	<u>11,225,634</u>	<u>656,926</u>	6%
Total assets	15,067,923	15,375,777	15,898,733	522,956	3%
Deferred Outflows					
	-	-	422,803	422,803	100%
Liabilities					
Current liabilities	780,770	709,109	1,078,728	369,619	52%
Long-term liabilities	<u>1,508,055</u>	<u>1,428,442</u>	<u>2,978,586</u>	<u>1,550,144</u>	109%
Total liabilities	<u>2,288,825</u>	<u>2,137,551</u>	<u>4,057,314</u>	<u>1,919,763</u>	90%
Net Position					
Net investment in capital assets	10,166,327	10,065,217	10,801,802	736,585	7%
Restricted	1,562,792	1,660,467	1,310,663	(349,804)	-21%
Unrestricted	<u>1,049,979</u>	<u>1,512,542</u>	<u>151,757</u>	<u>(1,360,785)</u>	-90%
Total net position*	<u>\$ 12,779,098</u>	<u>\$ 13,238,226</u>	<u>\$ 12,264,222</u>	<u>\$ (974,004)</u>	-7%

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

	Governmental Activities				Percent
	2013	2014	2015	Change	Change
Revenue					
Program revenue:					
Charges for services	\$ 981,618	\$ 957,375	\$ 923,498	\$ (33,877)	-4%
Operating grants	673,106	691,672	716,322	24,650	4%
Capital grants	113,702	440	9,000	8,560	100%
General revenue:					
Property taxes	5,925,841	6,052,159	6,307,165	255,006	4%
State-shared revenue	775,732	845,341	818,705	(26,636)	-3%
Investment earnings	10,598	7,634	8,097	463	6%
Other revenue	214,461	193,092	171,995	(21,097)	-11%
Total revenue	8,695,058	8,747,713	8,954,782	207,069	2%
Program Expenses					
General government	978,677	696,580	637,589	(58,991)	-8%
Public safety	4,560,630	4,763,206	4,990,756	227,550	5%
Public works	2,015,253	2,074,491	2,104,501	30,010	1%
Community and economic development	71,260	66,695	91,805	25,110	38%
Recreation and cultural	437,653	447,041	474,747	27,706	6%
Interest on long-term debt	-	-	15,971	15,971	-
Total expenses	8,063,473	8,048,013	8,315,369	267,356	3%
Transfers	(82,069)	(240,572)	-	240,572	-100%
Change in Net Position	\$ 549,516	\$ 459,128	\$ 639,413	\$ 180,285	39%

Unrestricted net position - the part of net position that can be used to finance day-to-day operations - decreased by approximately \$1,361,000 for the governmental activities. The current level of unrestricted net position for our governmental activities stands at \$151,757. This is a significant decrease in the unrestricted net position from previous years. This decrease is due to changes in reporting standards with unfunded pension liability being reported for the first time.

The Village's total governmental revenue increased by approximately \$207,000. The increase was primarily due to the third-year tax revenue collected from the millage approved on November 2, 2010, capital grants, and charges for services for the 2014 leaf collection program.

Expenses remained below the total revenues recognized. The Village administration implemented cost-cutting measures during the year which offset the increase in costs attributed to the rising costs of health care for both active employees and retirees and the continued advance funding of the Village's other postemployment benefit (OPEB) liability.

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

Business-type Activities

The following tables show, in a condensed format, the current year's net position and changes in net position compared to the prior two years:

	Business-type Activities				Percent Change
	2013	2014	2015	Change	
Assets					
Other assets	\$ 2,019,597	\$ 1,682,796	\$ 1,156,887	\$ (525,909)	-31%
Capital assets	<u>22,433,610</u>	<u>21,963,478</u>	<u>21,420,784</u>	<u>(542,694)</u>	-2%
Total assets	24,453,207	23,646,274	22,577,671	(1,068,603)	-5%
Deferred Outflow	24,424	12,212	-	(12,212)	-100%
Liabilities					
Current liabilities	569,381	744,882	799,445	54,563	7%
Long-term liabilities	<u>4,076,976</u>	<u>3,421,141</u>	<u>2,783,225</u>	<u>(637,916)</u>	-19%
Total liabilities	<u>4,646,357</u>	<u>4,166,023</u>	<u>3,582,670</u>	<u>(583,353)</u>	-14%
Net Position					
Net investment in capital assets	18,368,846	18,554,549	18,637,559	83,010	0%
Unrestricted	<u>1,462,428</u>	<u>937,914</u>	<u>357,442</u>	<u>(580,472)</u>	-62%
Total net position	<u>\$ 19,831,274</u>	<u>\$ 19,492,463</u>	<u>\$ 18,995,001</u>	<u>\$ (497,462)</u>	-3%

	Business-type Activities				Percent Change
	2013	2014	2015	Change	
Operating revenue	\$ 3,452,287	\$ 3,225,847	\$ 3,148,341	\$ (77,506)	-2%
Operating expenses, other than depreciation	3,418,647	3,572,197	3,835,026	262,829	7%
Depreciation and amortization	<u>552,173</u>	<u>552,173</u>	<u>548,539</u>	<u>(3,634)</u>	-1%
Operating Loss	(518,533)	(898,523)	(1,235,224)	(336,701)	37%
Property tax revenue	413,138	426,235	325,585	(100,650)	-24%
Interest expense	99,243	107,137	88,425	(18,712)	-17%
Other	<u>54</u>	<u>42</u>	<u>5</u>	<u>(37)</u>	-88%
Loss - Before contributions and transfers	(204,584)	(579,383)	(998,059)	(418,676)	72%
Transfers and Contributions	<u>82,069</u>	<u>240,572</u>	<u>500,597</u>	<u>260,025</u>	108%
Change in Net Position	<u>\$ (122,515)</u>	<u>\$ (338,811)</u>	<u>\$ (497,462)</u>	<u>\$ (158,651)</u>	47%

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

Water units purchased by the Village from the Southeastern Oakland County Water Authority decreased approximately 11.3 percent from the previous fiscal year. Water units billed to customers of the Village decreased approximately 9.3 percent. This was due to low usage in the fall of 2014. The operating loss for the Water and Sewer Fund was \$1,235,224.

The Village's Funds

Our analysis of the Village's major funds begins on page 13, following the government-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Village as a whole. The Village Council 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 Village's major funds for 2015 include the General Fund, Major Streets Fund, Local Streets Fund, and the Public Safety Fund.

The General Fund pays for the Village's governmental services including all administrative departments (excluding public safety) and rubbish collection and disposal services. The Public Safety Fund covers all public safety department costs. This represents the largest cost group, which incurred expenses of approximately \$4.9 million in fiscal year 2014-2015.

General Fund Budgetary Highlights

Over the course of the year, the Village amended the budget to take into account events during the year. Village departments overall were slightly under budget, resulting in total expenditures of \$49,899 under the amended budget. Revenue was slightly below the amended budget. This allowed the General Fund's fund balance, excluding the Sick Pay Severance and Vacation Reserve Funds, to increase by \$141,345 to \$1,844,203.

Capital Asset and Debt Administration

At June 30, 2015, the Village had more than \$30 million invested in a broad range of capital assets, including buildings, furniture, equipment, roads and bridges, and water and sewer mains (see Note 5 for detail). During the current year, the Village added more than \$1 million of additional capital assets (net of disposals). The most significant additions related to infrastructure improvements.

Economic Factors and Next Year's Budgets and Rates

The Village's budget for next year will be similar to the current fiscal year. The General Fund covers the Village Council, Village manager, finance department, building and planning department, and the public services department and will charge a millage of 1.8100 mills in the 2014-2015 fiscal year. The Public Safety Fund will charge 9.8049 mills. The dispatch services contract will be included in this budget. Finally, the Library will be allocated .9095 mills.

Village of Beverly Hills, Michigan

Management's Discussion and Analysis (Continued)

The Village experienced an increase of taxable value from last year. The Village's taxable value increased from \$501,133,320 in the 2014-2015 fiscal year to \$519,161,240 in the 2015-2016 fiscal year. This trend is likely to continue for several years due to the turn-around in Michigan's economy.

The Village started collecting a service fee for rubbish collection and disposal in the 2009-2010 fiscal year. Each residential property was charged \$140 on its July 1, 2014 tax bill. This fee covers approximately 2/3 of the total cost of the service. This includes a new service of leaf collection beginning in the fall of 2014. The service and fee for leaf collection was discontinued for 2015. Rubbish fees for the 2014-2015 fiscal year were \$120 per residential property.

Water and sewer rates for fiscal year 2015-2016 were significantly altered. The Village implemented a fixed rate for infrastructure of \$65 per bill and debt service of \$20 per bill to ensure that revenue will be sufficient to cover debt service payments and necessary maintenance and capital repair costs. Although faced with a roughly 12 percent increase in water rates, the Village did not pass along significant increases in water or sewer rates.

Contacting the Village's Management

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

Village of Beverly Hills, Michigan

Statement of Net Position June 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 3)	\$ 3,955,335	\$ 241,225	\$ 4,196,560
Receivables - Net (Note 4)	574,346	893,852	1,468,198
Inventory	-	21,810	21,810
Prepaid expenses and other assets	143,418	-	143,418
Capital assets:			
Assets not subject to depreciation (Note 5)	209,936	-	209,936
Assets subject to depreciation (Note 5)	11,015,698	21,420,784	32,436,482
Total assets	15,898,733	22,577,671	38,476,404
Deferred Outflows of Resources (Notes 1 and 9)	422,803	-	422,803
Liabilities			
Accounts payable	373,241	664,826	1,038,067
Due to other governmental units	264,598	-	264,598
Due to pension trust funds	286,712	107,000	393,712
Accrued liabilities and other	154,177	27,619	181,796
Noncurrent liabilities:			
Due within one year:			
Compensated absences (Note 7)	188,754	-	188,754
Long-term debt (Note 7)	81,315	273,515	354,830
Due in more than one year:			
Compensated absences (Note 7)	125,836	-	125,836
Net retiree healthcare obligation (Note 10)	752,250	-	752,250
Net pension obligation (Note 9)	1,487,914	-	1,487,914
Long-term debt (Note 7)	342,517	2,509,710	2,852,227
Total liabilities	4,057,314	3,582,670	7,639,984
Net Position			
Net investment in capital assets	10,801,802	18,637,559	29,439,361
Restricted for:			
Streets and highways	280,939	-	280,939
Capital projects - Public safety	105,107	-	105,107
Capital projects	162,234	-	162,234
Drug law enforcement	49,402	-	49,402
Library	33	-	33
Public safety	712,948	-	712,948
Unrestricted	151,757	357,442	509,199
Total net position	<u>\$ 12,264,222</u>	<u>\$ 18,995,001</u>	<u>\$ 31,259,223</u>

Village of Beverly Hills, Michigan

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 637,589	\$ 204,129	\$ -	\$ -
Public safety	4,990,756	119,111	10,379	9,000
Public works	2,104,501	600,258	705,943	-
Community and economic development	91,805	-	-	-
Recreation and culture	474,747	-	-	-
Interest on long-term debt	15,971	-	-	-
Total governmental activities	8,315,369	923,498	716,322	9,000
Business-type activities - Water and sewer	4,471,990	3,148,341	-	500,597
Total primary government	<u>\$ 12,787,359</u>	<u>\$ 4,071,839</u>	<u>\$ 716,322</u>	<u>\$ 509,597</u>
General revenue:				
Property taxes				
State-shared revenue				
Investment income				
Other miscellaneous income				
Gain on sale of fixed assets				
Total general revenue				
Change in Net Position				
Net Position - Beginning of year (restated) (Note 1)				
Net Position - End of year				

**Statement of Activities
Year Ended June 30, 2015**

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (433,460)	\$ -	\$ (433,460)
(4,852,266)	-	(4,852,266)
(798,300)	-	(798,300)
(91,805)	-	(91,805)
(474,747)	-	(474,747)
(15,971)	-	(15,971)
(6,666,549)	-	(6,666,549)
-	(823,052)	(823,052)
(6,666,549)	(823,052)	(7,489,601)
6,307,165	325,585	6,632,750
818,705	-	818,705
8,097	5	8,102
160,041	-	160,041
11,954	-	11,954
7,305,962	325,590	7,631,552
639,413	(497,462)	141,951
11,624,809	19,492,463	31,117,272
\$ 12,264,222	\$ 18,995,001	\$ 31,259,223

Village of Beverly Hills, Michigan

	General Fund	Major Streets Fund	Local Streets Fund	Public Safety Fund
Assets				
Cash and cash equivalents (Note 3)	\$ 2,326,187	\$ 358,613	\$ 29,088	\$ 810,469
Receivables - Net (Note 4)	368,509	72,905	116,662	16,270
Due from other funds (Note 6)	240,945	-	-	-
Prepaid expenses and other assets	16,252	-	-	114,572
Total assets	<u>\$ 2,951,893</u>	<u>\$ 431,518</u>	<u>\$ 145,750</u>	<u>\$ 941,311</u>
Liabilities				
Accounts payable	\$ 209,179	\$ 4,360	\$ 37,312	\$ 122,133
Due to other governmental units	264,598	-	-	-
Due to other funds (Note 6)	134,539	53,698	200,959	24,516
Accrued and other liabilities	42,392	-	-	81,714
Total liabilities	650,708	58,058	238,271	228,363
Deferred Inflows of Resources				
(Note 1)	143,645	-	82,127	-
Fund Balances				
Nonspendable	16,252	-	-	114,572
Restricted:				
Roads	-	373,460	-	-
Public safety	-	-	-	598,376
Capital projects - Public safety	-	-	-	-
Capital projects	-	-	-	-
Drug law enforcement	-	-	-	-
Library	-	-	-	-
Assigned:				
Capital projects	-	-	-	-
Sick pay severance	187,388	-	-	-
Vacation reserve	125,949	-	-	-
Unassigned	1,827,951	-	(174,648)	-
Total fund balances	<u>2,157,540</u>	<u>373,460</u>	<u>(174,648)</u>	<u>712,948</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,951,893</u>	<u>\$ 431,518</u>	<u>\$ 145,750</u>	<u>\$ 941,311</u>

**Governmental Funds
Balance Sheet
June 30, 2015**

Nonmajor Governmental Funds	Total
<u> </u>	<u> </u>
\$ 430,978	\$ 3,955,335
-	574,346
-	240,945
-	130,824
<u>\$ 430,978</u>	<u>\$ 4,901,450</u>
\$ 257	\$ 373,241
-	264,598
113,945	527,657
-	124,106
<u>114,202</u>	<u>1,289,602</u>
-	225,772
-	130,824
-	373,460
-	598,376
105,107	105,107
113,060	113,060
49,402	49,402
33	33
49,174	49,174
-	187,388
-	125,949
-	1,653,303
<u>316,776</u>	<u>3,386,076</u>
<u>\$ 430,978</u>	<u>\$ 4,901,450</u>

Village of Beverly Hills, Michigan

Governmental Funds Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2015

Fund Balance Reported in Governmental Funds	\$ 3,386,076
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	11,225,634
Accrued interest is not due and payable in the current period and is not reported in the funds	(5,506)
Net pension liability is not due and payable in the current period and is not reported in the funds	(1,487,914)
Certain pension contributions and changes in pension plan net position are reported as deferred outflows of resources in the statement of net position, but are reported as expenses in the governmental funds	422,803
The funds defer recognition of revenue of any amounts not collected within 60 days of the end of the year	225,772
Installment purchase agreements are not due and payable in the current period and are not reported in the funds	(423,832)
Amounts on deposit with the insurance authority (MMRMA) are not reported as fund assets	12,594
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(314,590)
Net retiree healthcare obligations are not due and payable in the current period and are not reported in the funds	(752,250)
Other long-term liabilities, such as claims and judgments, do not present a claim on current financial resources and are not reported as fund liabilities	(24,565)
Net Position of Governmental Activities	\$ 12,264,222

Village of Beverly Hills, Michigan

	General Fund	Major Streets Fund	Local Streets Fund	Public Safety Fund
Revenue				
Property taxes and related fees	\$ 922,540	\$ -	\$ -	\$ 4,911,558
Licenses and permits	7,856	-	-	-
State-shared revenue and grants	812,394	446,930	259,013	7,279
Charges for services	812,120	-	-	51,555
Fines and forfeitures	-	-	-	62,956
Interest and rentals	4,378	674	122	2,365
Other revenue	379,657	-	13,961	14,827
Total revenue	<u>2,938,945</u>	<u>447,604</u>	<u>273,096</u>	<u>5,050,540</u>
Expenditures				
Current:				
General government	1,163,483	-	-	-
Public safety	-	-	-	4,779,419
Public works	1,120,851	471,308	1,202,278	-
Community and economic development	83,083	-	-	-
Library	-	-	-	-
Capital outlay	160,781	-	-	-
Debt service	-	-	-	90,125
Total expenditures	<u>2,528,198</u>	<u>471,308</u>	<u>1,202,278</u>	<u>4,869,544</u>
Excess of Revenue Over (Under) Expenditures	410,747	(23,704)	(929,182)	180,996
Other Financing Sources (Uses)				
Transfers in (Note 6)	-	19,436	508,191	-
Transfers out (Note 6)	(319,436)	(108,191)	-	(151,502)
Total other financing (uses) sources	<u>(319,436)</u>	<u>(88,755)</u>	<u>508,191</u>	<u>(151,502)</u>
Net Change in Fund Balances	91,311	(112,459)	(420,991)	29,494
Fund Balances - Beginning of year	<u>2,066,229</u>	<u>485,919</u>	<u>246,343</u>	<u>683,454</u>
Fund Balances - End of year	<u><u>\$ 2,157,540</u></u>	<u><u>\$ 373,460</u></u>	<u><u>\$ (174,648)</u></u>	<u><u>\$ 712,948</u></u>

Governmental Funds
Statement of Revenue, Expenditures, and Changes in
Fund Balances
Year Ended June 30, 2015

Nonmajor Governmental Funds	Total
\$ 455,576	\$ 6,289,674
-	7,856
-	1,525,616
-	863,675
3,100	66,056
558	8,097
11,954	420,399
471,188	9,181,373
-	1,163,483
-	4,779,419
-	2,794,437
-	83,083
455,781	455,781
139,244	300,025
-	90,125
595,025	9,666,353
(123,837)	(484,980)
151,502	679,129
(100,000)	(679,129)
51,502	-
(72,335)	(484,980)
389,111	3,871,056
\$ 316,776	\$ 3,386,076

Village of Beverly Hills, Michigan

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (484,980)
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	1,461,954
Depreciation expense	(805,028)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	(6,442)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	79,659
Increase in net retiree healthcare obligation reported in the statement of activities does not require the use of current resources and therefore is not reported in the fund statements until it comes due for payment	(238,481)
Pension-related expenses do not require the use of current resources, and therefore are not reported in the fund statements	548,306
Accrued interest on long-term debt is an expenditure in the statement of activities, but not in the governmental funds	(5,506)
Accrued insurance claims are not reported as a fund liability until the payment is due and payable	(7,021)
Decrease 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	<u>96,952</u>
Change in Net Position of Governmental Activities	<u>\$ 639,413</u>

Village of Beverly Hills, Michigan

Enterprise Fund - Water and Sewer Statement of Net Position June 30, 2015

Assets

Current assets:

Cash and cash equivalents (Note 3)	\$ 241,225
Receivables - Net (Note 4)	893,852
Inventory	21,810

Total current assets 1,156,887

Capital assets - Assets subject to depreciation (Note 5) 21,420,784

Total assets 22,577,671

Liabilities

Current liabilities:

Accounts payable	664,826
Due to other funds (Note 6)	107,000
Accrued liabilities and other	27,619
Current portion of long-term debt (Note 7)	273,515

Total current liabilities 1,072,960

Noncurrent liabilities - Long-term debt (Note 7) 2,509,710

Total liabilities 3,582,670

Net Position

Net investment in capital assets 18,637,559

Unrestricted 357,442

Total net position \$ 18,995,001

Village of Beverly Hills, Michigan

Enterprise Fund - Water and Sewer Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2015

Operating Revenue	
Sale of water	\$ 954,253
Sewage disposal charges	2,036,986
Interest and penalty charges	44,760
Meter charge	108,236
Rental income and other	4,106
Total operating revenue	<u>3,148,341</u>
Operating Expenses	
Cost of water	552,677
Cost of sewage treatment	1,843,917
Administration charge	214,000
Repairs and maintenance	1,157,712
Depreciation	548,539
Other expenses	66,720
Total operating expenses	<u>4,383,565</u>
Operating Loss	(1,235,224)
Nonoperating Revenue (Expense)	
Property taxes	325,585
Investment income	5
Interest expense	(88,425)
Total nonoperating revenue	<u>237,165</u>
Loss - Before contributions	(998,059)
Capital Contributions - Grants	<u>500,597</u>
Change in Net Position	(497,462)
Net Position - Beginning of year	<u>19,492,463</u>
Net Position - End of year	<u><u>\$ 18,995,001</u></u>

Village of Beverly Hills, Michigan

Enterprise Fund - Water and Sewer Statement of Cash Flows Year Ended June 30, 2015

Cash Flows from Operating Activities	
Receipts from customers	\$ 2,976,680
Payments to suppliers	(3,601,646)
Internal activity - Payments to other funds	(107,000)
Other receipts	(24,797)
	<u>(756,763)</u>
Net cash used in operating activities	(756,763)
Cash Flows from Capital and Related Financing Activities	
Receipt of capital grants	500,597
Proceeds from property tax levy	325,585
Purchase of capital assets	(5,845)
Principal and interest paid on capital debt	(726,760)
	<u>93,577</u>
Net cash used in capital and related financing activities	93,577
Cash Flows from Investing Activities - Interest income	<u>5</u>
Net Decrease in Cash and Cash Equivalents	(663,181)
Cash and Cash Equivalents - Beginning of year	<u>904,406</u>
Cash and Cash Equivalents - End of year	<u><u>\$ 241,225</u></u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (1,235,224)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	548,539
Changes in assets and liabilities:	
Receivables	(132,059)
Prepaid and other assets	(5,213)
Accounts payable	(39,806)
Due to others	107,000
	<u>107,000</u>
Net cash used in operating activities	<u><u>\$ (756,763)</u></u>

Village of Beverly Hills, Michigan

Fiduciary Funds Statement of Fiduciary Net Position June 30, 2015

	Pension and Other Employee Benefits - Retiree Healthcare	Agency Funds
Assets		
Cash and cash equivalents (Note 3)	\$ 239,790	\$ 19,149
Due from other funds (Note 6)	393,712	-
Total assets	633,502	<u>\$ 19,149</u>
Liabilities - Accrued and other	-	<u>\$ 19,149</u>
Net Position Held in Trust for Pension and Other Employee Benefits	<u>\$ 633,502</u>	

Village of Beverly Hills, Michigan

Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2015

	Pension and Other Employee Benefits - Retiree Healthcare
Additions	
Investment income - Interest and dividends	\$ 382
Contributions:	
Employer	1,089,342
Employee	35,767
Total contributions	<u>1,125,109</u>
Total additions	1,125,491
Deductions	
Benefit payments	708,782
Transfer to MERS (Note 10)	416,018
Net Decrease in Net Position Held in Trust	<u>691</u>
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	<u>632,811</u>
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u><u>\$ 633,502</u></u>

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Village of Beverly Hills, Michigan:

Reporting Entity

The Village of Beverly Hills, Michigan (the "Village") is governed by an elected seven-member council. There are no component units for which the Village is considered to be financially accountable.

Jointly governed organizations are discussed in Note 12.

Accounting and Reporting Principles

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

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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.

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

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note I - Summary of Significant Accounting Policies (Continued)

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

Fund Accounting

The Village accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenues were used. 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 projects funds, and permanent funds. The Village 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 Major Streets Fund accounts for the resources of state gas and weight tax revenue that are restricted for use on major streets.
- The Local Streets Fund accounts for the resources of state gas and weight tax revenue that are restricted for use on local streets.
- The Public Safety Fund accounts for the resources of property tax revenue that are restricted for use on public safety.

Proprietary Funds - The Village reports one major proprietary fund. The Water and Sewer Fund accounts for the activities of the water distribution system and sewage collection system. The fund is financed primarily by a user charge for the provided service.

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 Pension and Other Employee Benefits Trust Fund accounts for resources accumulated for pension benefit payments to qualified employees and for accumulated resources which have been set aside in a trust to fund postretirement healthcare costs.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note I - Summary of Significant Accounting Policies (Continued)

- The Agency Fund accounts for assets held by the Village in a trustee capacity, consisting primarily of tax withholdings. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

Interfund activity: During the course of operations, the Village 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 the 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 the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in the 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.

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

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note I - Summary of Significant Accounting Policies (Continued)

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 Village considers amounts collected within two months of year end to be available for recognition. The following major revenue sources meet the availability criterion: property taxes and related fees, licenses and permits, federal grants, charges for services, fines and forfeitures, and interest associated with the current fiscal period. Conversely, special assessments and state-shared revenue will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow."

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

Specific Balances and Transactions

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

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets - Capital assets, which include property, plant, equipment, intangible assets, and infrastructure assets (e.g., roads, bridges, sidewalks, 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 Village as assets with an initial individual cost of more than \$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 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:

<u>Capital Asset Class</u>	<u>Lives</u>
Building and improvements other than buildings	50 years
Furniture and equipment	5-10 years
Vehicles	5-20 years
Roads and bridges	10-50 years
Water mains and sewers	50 years
Meters	20 years

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note I - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net 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 Capital Projects Fund are generally 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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village has one item that qualifies for reporting in this category, which is the deferred outflows of resources related to the defined benefit pension plan. The deferred outflows of resources related to the defined benefit pension plan are reported in the government-wide financial statements. The deferred outflows of resources result from two transactions: contributions to the defined benefit pension plan subsequent to the plan's year end through the Village's fiscal year end and the variance between the plan's actual investment earnings compared to the plan's assumed investment earnings.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from two sources: state-shared revenue and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. At year end, the Village reported deferred inflows of \$143,645 in the General Fund related to unavailable state-shared revenue, and deferred inflows of \$82,127 in the Local Streets Fund for unavailable special assessments revenue.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note I - Summary of Significant Accounting Policies (Continued)

Net Position Flow Assumption

Sometimes the Village 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 Village's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Village 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 Village's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

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

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note I - Summary of Significant Accounting Policies (Continued)

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

Property Tax Revenue

Property taxes are levied and become a lien on each July 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on September 14 of the following year, at which time penalties and interest are assessed. Taxes unpaid on February 28 of the following year are added to the county tax rolls.

The Village's 2014 tax is levied and collectible on July 1, 2014 and is recognized as revenue in the year ended June 30, 2015, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2014 taxable valuation of the Village totaled \$501.1 million, on which taxes levied consisted of 1.8100 mills for operating purposes, 0.65 mills for debt service, 0.9095 mills for the library, and 9.8049 mills for public safety. The ad valorem taxes levied raised approximately \$908,000 for operating, \$326,000 for debt service, \$456,000 for the library, and \$4,912,000 for public safety. These amounts are recognized in the General, Water and Sewer, Library, and Public Safety Funds financial statements as taxes receivable or tax revenue, net of delinquent tax revenue and administrative fees. Personal property taxes that are still unpaid as of June 30, 2015 will be recognized as revenue in the future as they are collected.

Pension and Other Postemployment Benefit Costs - The Village offers a defined benefit pension plan to its employees. The Village 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 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.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note I - Summary of Significant Accounting Policies (Continued)

The Village also offers retiree healthcare benefits to retirees. The Village receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements, the Village 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.

Compensated Absences (Vacation and Sick Leave) - It is the Village's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the Village does not have a policy to pay any amounts when employees separate from service with the Village. All vacation 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. All other accrued compensated absences are reported in the government-wide financial statements; generally the funds that report each employee's compensation (the General Fund and Public Safety Fund, primarily) are used to liquidate obligation.

Proprietary Fund Operating Classification - Proprietary fund distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Water and Sewer Fund is charges to customers for sales and services. The 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 includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

New Accounting Standard - In the current year, the Village implemented Governmental Accounting Standards Board Statement (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

As a result of implementing this statement, the beginning net position of governmental activities was restated to \$11,624,809, a reduction of \$1,613,417.

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Village oversaw building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation, to ensure compliance with the building codes, through February of the current year. The Village charged fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since July 1, 2014 is as follows:

Shortfall at July 1, 2014		\$	(866,687)
Current year building permit revenue			24,070
Related expenses:			
Direct costs	\$	91,888	
Estimated indirect costs		9,848	101,736
			<u> </u>
Current year shortfall			<u>(77,666)</u>
Cumulative shortfall at June 30, 2015		\$	<u>(944,353)</u>

In 2014, the Village entered into a contract with the City of Royal Oak to have the City of Royal Oak oversee building construction in accordance with the State's Construction Code Act on behalf of the Village. The City of Royal Oak charged fees for these services beginning in March of 2014, and fees are not reported in the financial statements of the Village.

Fund Deficits - For the year ended June 30, 2015, the Local Streets Fund has a deficit in unassigned fund balance of \$174,648. Management believes that this deficit will be eliminated in the 2015-2016 fiscal year through transfers from other funds, and through the collection of receivables which are currently reported in deferred inflows of resources.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 3 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	Primary Government		Fiduciary Funds
	Governmental Activities	Business-type Activities	
Deposits with financial institutions	\$ 2,842,231	\$ 241,225	\$ 207,386
Investments - Short-term investments	1,113,104	-	51,553
Total	<u>\$ 3,955,335</u>	<u>\$ 241,225</u>	<u>\$ 258,939</u>

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

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

The Village has designated seven 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 bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Village's deposits and investment policies are in accordance with statutory authority. The Village has not adopted an investment policy for the retiree healthcare funds.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 3 - Deposits and Investments (Continued)

The Village'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 Village's deposits may not be returned to it. The Village's investment policy restricts bank deposits to Michigan-based banks (in accordance with state law); there are no further restrictions on custodianship of bank deposits. At year end, the Village had \$2,056,994 of bank deposits (certificates of deposit, checking, and savings accounts) that were uninsured and uncollateralized. The Village 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 Village 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. The federal depository insurance coverage pertains to all the deposits of the Village.

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 Village'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 Village does not have any investments subject to interest rate risk.

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

	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Primary Government			
Bank investment pool	\$ 1,020,491	Not rated	N/A
Comerica - J Fund	<u>648,172</u>	PI	Moody's
Total	<u>\$ 1,668,663</u>		

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 4 - Receivables

Receivables as of year end for the Village's individual major funds, the nonmajor fund, and business-type activities, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Major Streets Fund	Local Streets Fund	Public Safety Fund	Nonmajor Funds	Total Governmental Funds	Business - type Activities
Receivables:							
Property taxes	\$ 855	\$ -	\$ -	\$ -	\$ -	\$ 855	\$ -
Special assessment	-	-	82,127	-	-	82,127	-
Customer billings	-	-	-	-	-	-	739,092
Other receivables	77,133	-	-	16,270	-	93,403	71,716
Intergovernmental	290,521	72,905	34,535	-	-	397,961	83,044
Net receivables	<u>\$ 368,509</u>	<u>\$ 72,905</u>	<u>\$ 116,662</u>	<u>\$ 16,270</u>	<u>\$ -</u>	<u>\$ 574,346</u>	<u>\$ 893,852</u>

Note 5 - Capital Assets

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

	Balance July 1, 2014	Additions	Disposals and Adjustments	Balance June 30, 2015
Governmental Activities				
Capital assets not being depreciated - Land	\$ 209,936	\$ -	\$ -	\$ 209,936
Capital assets being depreciated:				
Buildings and improvements	2,256,698	-	-	2,256,698
Roads and bridges	13,439,627	1,093,607	-	14,533,234
Equipment	2,906,106	349,690	(230,878)	3,024,918
Improvements other than buildings	1,494,962	18,657	-	1,513,619
Subtotal	20,097,393	1,461,954	(230,878)	21,328,469
Accumulated depreciation:				
Buildings and improvements	1,284,661	46,032	-	1,330,693
Infrastructure (excludes water mains and sewers)	5,631,217	474,669	-	6,105,886
Equipment	1,941,542	211,238	(230,878)	1,921,902
Improvements other than buildings	881,201	73,089	-	954,290
Subtotal	9,738,621	805,028	(230,878)	10,312,771
Net capital assets being depreciated	<u>10,358,772</u>	<u>656,926</u>	<u>-</u>	<u>11,015,698</u>
Net capital assets	<u>\$ 10,568,708</u>	<u>\$ 656,926</u>	<u>\$ -</u>	<u>\$ 11,225,634</u>

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 5 - Capital Assets (Continued)

	Balance July 1, 2014	Additions	Disposals and Adjustments	Balance June 30, 2015
Business-type Activities				
Capital assets being depreciated:				
Water mains	\$ 7,046,210	\$ -	\$ -	\$ 7,046,210
Sanitary sewers and drains	22,213,848	3,000	-	22,216,848
Service buildings	42,163	-	-	42,163
Meters	823,041	-	-	823,041
Motor vehicles	83,552	-	-	83,552
Furniture and equipment	139,104	2,845	-	141,949
Subtotal	30,347,918	5,845	-	30,353,763
Accumulated depreciation:				
Water mains	1,141,706	70,283	-	1,211,989
Sanitary sewers and drains	6,718,898	438,596	-	7,157,494
Service buildings	42,163	-	-	42,163
Meters	259,012	39,092	-	298,104
Motor vehicles	83,552	-	-	83,552
Furniture and equipment	139,109	568	-	139,677
Subtotal	8,384,440	548,539	-	8,932,979
Net capital assets	\$ 21,963,478	\$ (542,694)	\$ -	\$ 21,420,784

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

Governmental activities:

General government	\$ 132,933
Public safety	197,426
Public works	474,669
Total governmental activities	\$ 805,028
Business-type activities - Water and sewer	\$ 548,539

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 107,000
	Public Safety Fund	20,000
	Library Fund	113,945
	Total General Fund	240,945
Pension Fund (a fiduciary fund)	General Fund	134,539
	Major Streets Fund	53,698
	Local Streets Fund	200,959
	Public Safety Fund	4,516
	Total Pension Fund (a fiduciary fund)	393,712
	Total	\$ 634,657

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

Fund Transferred From	Fund Transferred To	Amount
General Fund	Major Streets Fund	\$ 19,436
	Local Streets Fund	300,000
	Total General Fund	319,436
Major Streets Fund	Local Streets Fund	108,191
Public Safety Fund	Capital Projects Infrastructure Fund (a nonmajor governmental fund)	151,502
Capital Projects Infrastructure Fund (a nonmajor governmental fund)	Local Streets Fund	100,000
	Total	\$ 679,129

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

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

The transfers from the General Fund to the Major and Local Streets Funds were used for roads, infrastructure, and other capital improvements. The transfer from the Major Streets Fund to the Local Streets Fund was for repairs and maintenance of local roads. The transfer from the Capital Projects Infrastructure Fund to the Local Streets Fund was used to subsidize Local Streets Fund operations and other capital improvements. The transfer from the Public Safety Fund to the Capital Projects Infrastructure Fund was for capital purchases.

Note 7 - Long-term Debt

The Village 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 Village. County contractual agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Village is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the Village) are received.

Long-term debt activity can be summarized as follows:

	Beginning Balance July 1, 2014	Additions	Reductions	Ending Balance June 30, 2015	Due Within One Year
Governmental Activities					
2013 Fire truck installment purchase agreement, maturing through November 2019 with interest rate of 2.06%	\$ 503,491	\$ -	\$ 79,659	\$ 423,832	\$ 81,315
Accumulated compensated absences	411,182	253,636	350,228	314,590	188,754
Total governmental activities	<u>\$ 914,673</u>	<u>\$ 253,636</u>	<u>\$ 429,887</u>	<u>\$ 738,422</u>	<u>\$ 270,069</u>

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 7 - Long-term Debt (Continued)

	Beginning Balance July 1, 2014	Additions	Reductions	Ending Balance June 30, 2015	Due Within One Year
Business-type Activities					
1997 John Garfield Drain Bonds, maturing through November 2017 with interest ranging from 3.87% to 4.97%	\$ 29,389	\$ -	\$ 6,822	\$ 22,567	\$ 7,085
1998 North Arm Relief Drain Contract with City of Royal Oak (to support the Village's portion of Royal Oak bonds), maturing through September 2020 with interest at 2.25%	145,439	-	19,578	125,861	19,842
2000 George W. Kuhn Drain Bond Series A, maturing through April 2022 with interest at 2.5%	66,805	-	7,635	59,170	7,838
2001 George W. Kuhn Drain Bond Series C, maturing through April 2024 with interest at 2.5%	374,835	-	33,463	341,372	34,316
2001 George W. Kuhn Drain Bond Series D, maturing through April 2024 with interest at 2.5%	9,931	-	894	9,037	934
1994 CSO Drain Bonds - Series 1994A, with interest at 2%	61,344	-	61,344	-	-
1999 CSO Drain Bonds - Series 1999, with interest ranging from 3.5% to 4.6%	51,120	-	51,120	-	-
2003 Rummel Relief Drainage District Drain Bonds - Series 2003, maturing through May 2023 with interest ranging from 2.6% to 4.7%	145,979	-	16,779	129,200	16,779
2003 CSO Drain Refunding Bonds - Series 2003, maturing through October 2014 with interest ranging from 1% to 3%	259,007	-	259,007	-	-
2003 Drinking Water Revolving Fund Loan, maturing through April 2025 with interest at 2.125%	2,132,055	-	170,000	1,962,055	175,000
2005 George W. Kuhn Drain Bond Series 2005, maturing through April 2026 with interest at 1.625%	7,914	-	619	7,295	619
2007 George W. Kuhn Drain Bond Series G, maturing through April 2028 with interest at 1.625%	10,684	-	701	9,983	701
2007 George W. Kuhn Drain Bond Series 2007, maturing through April 2024, refunding 2000B and 2001E (August 2007) with interest ranging from 4.25% to 4.375%	76,268	-	7,149	69,119	7,513
2008 George W. Kuhn Drain Bond Series 2008H, maturing through April 2029 with interest at 2.50%	50,371	-	2,805	47,566	2,888
Total bonds payable	\$ 3,421,141	\$ -	\$ 637,916	\$ 2,783,225	\$ 273,515

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above obligations (excluding employee benefits) are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 81,315	\$ 8,810	\$ 90,125	\$ 273,515	\$ 66,513	\$ 340,028
2017	83,005	7,120	90,125	281,073	59,771	340,844
2018	84,730	5,395	90,125	289,832	52,831	342,663
2019	86,492	3,633	90,125	283,871	45,855	329,726
2020	88,290	1,835	90,125	290,944	39,015	329,959
2021-2025	-	-	-	1,345,472	91,123	1,436,595
2026-2029	-	-	-	18,518	546	19,064
Total	<u>\$ 423,832</u>	<u>\$ 26,793</u>	<u>\$ 450,625</u>	<u>\$ 2,783,225</u>	<u>\$ 355,654</u>	<u>\$ 3,138,879</u>

County Contractual Obligations - The above contractual obligations to Oakland County are the result of the County's issuance of bonds on the Village's behalf. The Village has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations. Proceeds from the County bonds provided financing for the construction of the George W. Kuhn Drain. The remaining principal and interest to be paid on the bonds total \$618,719. During the current year, net expenses of the system, excluding depreciation, were \$363,644 compared to the annual debt requirements of \$69,274.

Note 8 - Risk Management

The Village 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 Village has purchased commercial insurance for medical claims and participates in the Michigan Municipal League Workers' Compensation for claims relating to workers' compensation and the Michigan Municipal Risk Management Authority for general liability claims.

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. Settled claims relating to commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 8 - Risk Management (Continued)

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Village. The Authority assists the Village in estimating claims for additional liabilities that may be paid beyond the balance sheet date. It is estimated that any such claims are insignificant for each of the last two years. Therefore, no liability has been recorded.

The Village is self-insured for a portion of its healthcare reimbursement for the drug program. All active employees, except employees in the Cops Trust program, and retirees are eligible. Each employee and retiree pays a co-pay and the Village pays the difference up to a maximum of \$60 per prescription. As of June 30, 2015, all related claims have been accrued.

Note 9 - Agent Defined Benefit Pension Plan

Plan Description - The Village participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS), that covers the administrative staff and public safety officers (see below) of the Village. MERS was established as a statewide public employee pension plan by the Michigan legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Prior to August, 2013, all full-time public safety employees of the Village were covered by the Village of Beverly Hills Public Safety Officers' Retirement System (the "single-employer plan"), a single-employer defined benefit pension plan that was administered by a board of trustees consisting of the Village president, a Village Council member, a citizen, and two public safety officers. During August 2013, the Village closed out the single-employer plan and transferred approximately \$15.7 million of assets to the Michigan Municipal Employees' Retirement System, with the exception of approximately \$32,000 that is held within the pension trust fund as of June 30, 2015.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Agent Defined Benefit Pension Plan (Continued)

Deferred Retirement Option Plan (DROP) - The Village offers a DROP to command officers who meet regular retirement eligibility. Once a member elects to enter the DROP, monthly additions of 100 percent of the regular retirement benefit are credited to the participant's ICMA DROP account. The participant's DROP account is maintained and managed by ICMA. The maximum period of participation in the DROP is five years. The DROP employees continue working at their current salary level, but for pension plan purposes, they stop accruing benefits. During fiscal year 2015, the Village made contributions of \$71,108 into DROP accounts of participants.

Benefits Provided - The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers general employees (closed to new hires), command and public safety officers (closed to new hires), general nonunion employees, and AFSCME employees.

Retirement benefits for employees are calculated as 2.50 percent of the employee's final two-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 50 with 25 years of service (reduced benefits), or at 55 with 15 years of service (reduced benefits). Vesting period is 10 years. Employees are eligible for non-duty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal 80 percent times the employee's final full-year salary. An employees who leaves service may withdraw his or her contributions, plus any accumulated interest.

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 three percent, non-compounding.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the city council, generally after negotiations of these terms with the affected unions. Police and fire employees' benefit terms may be subject to binding arbitration in certain circumstances.

Employees Covered by Benefit Terms - At the December 31, 2014 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	45
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	<u>30</u>
Total employees covered by MERS	<u><u>88</u></u>

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Agent Defined Benefit Pension Plan (Continued)

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2015, the average active employee contribution rate was 3.0 percent of annual pay and the Village's average contribution rate was 11.1 of annual payroll.

Net Pension Liability

The net pension liability reported at June 30, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2013	\$ 21,650,533	\$ 19,911,319	\$ 1,739,214
Service cost	410,029		410,029
Interest	1,756,681		1,756,681
Contributions - Employer		364,160	(364,160)
Contributions - Employee		826,364	(826,364)
Net investment income		1,274,423	(1,274,423)
Benefit payments, including refunds	(1,124,891)	(1,124,891)	-
Administrative expenses	-	(46,937)	46,937
Net changes	1,041,819	1,293,119	(251,300)
Balance at December 31, 2014	\$ 22,692,352	\$ 21,204,438	\$ 1,487,914

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Agent Defined Benefit Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended June 30, 2015, the Village recognized pension expense of \$316,365. At June 30, 2015, the Village reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 295,226
Employer contributions to the plan subsequent to the measurement date	<u>127,577</u>
Total	<u>\$ 422,803</u>

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

Years Ending <u>June 30</u>	
2016	\$ 201,382
2017	73,807
2018	73,807
2019	73,807

Actuarial Assumptions - The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 %
Salary increases	4.5 % In the long term, 1 percent, 2 percent, and 3 percent for calendar years 2014, 2015, and 2016, respectively, including inflation
Investment rate of return	8.0 % Net of pension plan investment expense, including inflation

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Agent Defined Benefit Pension Plan (Continued)

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study in 2008. The MERS retirement board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes 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.

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.

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model 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 target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	58 %	5.0 %
Global fixed income	20 %	2.2 %
Real assets	12 %	4.2 %
Diversifying strategies	10 %	6.6 %

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 9 - Agent Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the Village, calculated using the discount rate of 8.25 percent, as well as what the Village's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.25 percent) or 1 percentage point higher (9.25 percent) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Net pension liability of the Village	\$ 3,834,882	\$ 1,487,914	\$ (504,383)

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

Note 10 - Other Postemployment Benefits

Plan Description - The Village provides retiree healthcare benefits to eligible employees and their spouses. Benefits are provided to public safety and general employees. Currently, the plan has 52 members, including employees in active service, terminated employees not yet receiving benefits, and retired employees and beneficiaries currently receiving benefits.

During 2015, the Village transferred approximately \$416,000 of assets from the single-employer benefit plan administered by the Village to the Michigan Municipal Employees' Retirement System Retiree Health Funding Vehicle.

This is a single-employer defined benefit healthcare plan administered by the Village. The benefits are provided under collective bargaining agreements. The Village has set aside advanced funding of this obligation in the Municipal Employees' Retirement System (MERS) Retiree Health Funding Vehicle (RHFV) which is held in a separate reserve but invested on a pooled basis by MERS with other governmental units. The balance as of June 30, 2015 in this restricted plan is \$4,315,896. Administrative costs are paid by the Village. 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.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 10 - Other Postemployment Benefits (Continued)

Funding Policy - The Village has required most full-time municipal employees to contribute 1.0 percent of their salary and public safety employees to contribute 2.0 percent of their salary to fund the retiree healthcare program. Retiree healthcare costs are recognized when paid by the Village on a "pay-as-you-go" basis. The Village has no obligation to make contributions in advance of when the insurance premiums are due for payment. However, as shown below, the Village made contributions of \$1,089,342 into the plan to advance-fund these benefits, as determined by the Village Council through annual budget resolutions.

Funding Progress - The Village's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The Village has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members. 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 components of the Village's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the net OPEB obligation:

Annual required contribution (recommended)	\$ 1,319,382
Interest on the prior year's net OPEB obligation	35,963
Less adjustment to the annual required contribution	<u>(27,522)</u>
Annual OPEB cost	1,327,823
Amounts contributed:	
Payments of current premiums	-
Advance funding	<u>(1,089,342)</u>
Increase in net OPEB obligation	238,481
OPEB obligation - Beginning of year	<u>513,769</u>
OPEB obligation - End of year	<u>\$ 752,250</u>

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 10 - Other Postemployment Benefits (Continued)

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and preceding year were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/11	6/30/11	\$ 1,218,260	59.4 %	\$ 825,584
6/30/12	6/30/12	886,588	137.0	498,160
6/30/13	6/30/12	881,208	99.1	505,901
6/30/14	6/30/12	880,890	99.1	513,769
6/30/15	12/31/12	1,327,823	82.0	752,250

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Annual Covered Payroll (c)	Ratio of UAAL to Covered Payroll
12/31/07	\$ 1,477,211	\$ 15,970,399	\$ 14,493,188	9.2 %	\$ 2,466,105	587.7 %
6/30/11	2,037,029	14,639,936	12,602,907	13.9	2,476,185	509.0
6/30/12	2,700,830	13,340,700	10,639,870	20.2	2,296,226	463.4
12/31/12	2,882,497	15,266,042	12,383,545	18.9	2,154,252	574.8

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

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

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 10 - Other Postemployment Benefits (Continued)

The following simplifying assumptions were made:

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

Marital Status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend for municipal employees, and the RP-2000 Combined Healthy Mortality Table for public safety employees.

Turnover - Nongroup-specific age-based turnover data from GASB Statement No. 45 was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - For the expected rate of increase in healthcare insurance premiums, a rate of 9 percent initially in 2014 was used, grading to an ultimate rate of 4.5 percent in 2023.

Health Insurance Premiums - 2012 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation Rate - Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Payroll Growth Rate - The expected long-term payroll growth rate was assumed to be 4.5 percent for municipal employees and 4.0 percent for public safety employees.

Investment Rate of Return - Based on the historical and expected returns of the Village's short-term investment portfolio, a discount rate of 7.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar method on a closed basis. The remaining amortization period at June 30, 2015 was 29 years.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 11 - Pension and Other Employee Benefit Trust Funds

The following are condensed financial statements for the individual pension plans and postemployment healthcare plans:

	Pension and Other Employee Benefits	Retiree Health Care	Total
Statement of Net Position			
Investments	\$ 32,404	\$ 207,386	\$ 239,790
Due from other funds	393,712	-	393,712
Net position	<u>\$ 426,116</u>	<u>\$ 207,386</u>	<u>\$ 633,502</u>
Statement of Changes in Net Position			
Investment income	\$ 147	\$ 235	\$ 382
Contributions	-	1,125,109	1,125,109
Benefit payments	71,108	637,674	708,782
Transfer to MERS	-	416,018	416,018
Net change in net position	<u>\$ (70,961)</u>	<u>\$ 71,652</u>	<u>\$ 691</u>

Note 12 - Joint Venture

Birmingham Area Cablecasting Board

The Village is a member of the Birmingham Area Cablecasting Board (BACB), which provides cable program-coordinating services to the residents of Birmingham, Bingham Farms, Beverly Hills, and Franklin Village. The Village has no explicit and measurable equity interest in the joint venture. The Village is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the BACB can be obtained from the administrative offices at P.O. Box 165, Birmingham, MI 48012.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 12 - Joint Venture (Continued)

Southeastern Oakland County Water Authority

The Village is a member of the Southeastern Oakland County Water Authority (the "Water Authority"), which provides a water supply system serving 11 member municipalities in Oakland County. The Village appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2015, the Village expensed \$541,154 of payments made to the Water Authority. The Village has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Water Authority's operations are financially independent of the Village. The Village is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. The Southeastern Oakland County Water Authority has a debt issue with a total balance outstanding as of June 30, 2015 of \$700,000, of which the Village has guaranteed \$20,820. Complete financial statements for the Southeastern Oakland County Water Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

Southeastern Oakland County Resource Recovery Authority

The Village is a member of the Southeastern Oakland County Resource Recovery Authority (the "Authority"), which consists of 12 municipalities in Oakland County and provides refuse disposal services for the benefit of member municipalities. The Village appoints one member of the joint venture's governing board, which approves the annual budget. The participating communities provide funding for its operations. During the year ended June 30, 2015, the Village expensed \$620,544 of payments to the Authority. The Village has no explicit and measurable equity interest in the joint venture. The Southeastern Oakland County Resource Recovery Authority's operations are financially independent of the Village. The Village is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete financial statements for the Southeastern Oakland County Resource Recovery Authority can be obtained from the administrative offices at 3910 Webster Road, Royal Oak, MI 48073.

Village of Beverly Hills, Michigan

Notes to Financial Statements June 30, 2015

Note 13 - Upcoming Accounting Pronouncements

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

Required Supplemental Information

Village of Beverly Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 927,056	\$ 927,056	\$ 922,540	\$ (4,516)
Licenses and permits	3,500	3,500	7,856	4,356
Federal grants	13,693	13,693	-	(13,693)
State-shared revenue and grants	804,112	804,112	812,394	8,282
Charges for services	788,000	788,000	788,120	120
Fines and forfeitures	21,000	21,000	-	(21,000)
Investment income	4,000	4,000	3,710	(290)
Other revenue	221,818	221,818	379,657	157,839
Total revenue	2,783,179	2,783,179	2,914,277	131,098
Expenditures - Current				
General government:				
Village Council	54,065	54,065	28,880	25,185
Manager/Clerk	244,146	263,346	238,919	24,427
Finance director	262,995	287,995	285,579	2,416
Buildings and grounds	39,644	39,644	39,390	254
General administration	471,805	471,805	496,013	(24,208)
Total general government	1,072,655	1,116,855	1,088,781	28,074
Public works:				
Public services	888,464	892,964	879,521	13,443
Building and planning	212,821	251,321	241,330	9,991
Total public works	1,101,285	1,144,285	1,120,851	23,434
Community and economic development				
Capital outlay	93,393	93,393	83,083	10,310
Transfers to other funds	84,500	68,500	160,781	(92,281)
Total expenditures	2,734,833	2,723,033	2,772,932	(49,899)
Net Change in Fund Balance	48,346	60,146	141,345	81,199
Fund Balance - Beginning of year	1,702,858	1,702,858	1,702,858	-
Fund Balance - End of year	<u>\$ 1,751,204</u>	<u>\$ 1,763,004</u>	<u>\$ 1,844,203</u>	<u>\$ 81,199</u>

Village of Beverly Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Major Streets Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 432,764	\$ 422,764	\$ 446,930	\$ 24,166
Investment income	500	500	674	174
Other revenue	11,435	11,435	-	(11,435)
Total revenue	444,699	434,699	447,604	12,905
Expenditures - Current - Public works	336,508	548,008	471,308	76,700
Excess of Revenue Over (Under)				
Expenditures	108,191	(113,309)	(23,704)	89,605
Other Financing Sources -				
Transfers in	-	-	19,436	19,436
Transfers Out	(108,191)	(108,191)	(108,191)	-
Net Change in Fund Balance	-	(221,500)	(112,459)	109,041
Fund Balance - Beginning of year	485,919	485,919	485,919	-
Fund Balance - End of year	<u>\$ 485,919</u>	<u>\$ 264,419</u>	<u>\$ 373,460</u>	<u>\$ 109,041</u>

Village of Beverly Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Local Streets Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
State-shared revenue and grants	\$ 208,684	\$ 208,684	\$ 259,013	\$ 50,329
Special assessments and other	1,838	1,838	14,083	12,245
Total revenue	210,522	210,522	273,096	62,574
Expenditures - Current - Public works	618,713	1,030,613	1,202,278	(171,665)
Other Financing Sources -				
Transfers in	408,191	508,191	508,191	-
Net Change in Fund Balance	-	(311,900)	(420,991)	(109,091)
Fund Balance - Beginning of year	246,343	246,343	246,343	-
Fund Balance - End of year	\$ 246,343	\$ (65,557)	\$ (174,648)	\$ (109,091)

Village of Beverly Hills, Michigan

Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Public Safety Fund Year Ended June 30, 2015

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,913,562	\$ 4,913,562	\$ 4,911,558	\$ (2,004)
State-shared revenue and grants	5,200	5,200	7,279	2,079
Charges for services	117,776	117,776	51,555	(66,221)
Fines and forfeitures	90,000	90,000	62,956	(27,044)
Investment income	3,000	3,000	2,365	(635)
Other revenue	24,000	24,000	14,827	(9,173)
Total revenue	5,153,538	5,153,538	5,050,540	(102,998)
Expenditures - Current				
Public safety	4,962,498	4,962,498	4,779,419	183,079
Debt service	90,125	90,125	90,125	-
Total expenditures	5,052,623	5,052,623	4,869,544	183,079
Transfers Out	(50,000)	(151,502)	(151,502)	-
Net Change in Fund Balance	50,915	(50,587)	29,494	80,081
Fund Balance - Beginning of year	683,454	683,454	683,454	-
Fund Balance - End of year	\$ 734,369	\$ 632,867	\$ 712,948	\$ 80,081

Village of Beverly Hills, Michigan

Note to Required Supplemental Information Year Ended June 30, 2015

Budgetary Information - The annual budget is prepared by Village management and adopted by the Village Council; subsequent amendments are approved by the Village Council. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2015 has not been calculated. During the current year, the budget was amended in a legally permissible manner. The budget process begins in January when each department head calculates its appropriation request. This is due by the first Monday in March. The budget is submitted to the Village Council at the first meeting in April. During the next month, the Village Council reviews the budget and considers any changes. After a public hearing, the final budget is adopted by resolution no later than the second regular meeting in May.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, except that operating transfers have been included in the "revenue" and "expenditures" categories, rather than as "other financing sources (uses)" and the budgetary schedules include the use of fund balance as a revenue. Also, in accordance with Governmental Accounting Standards Board Statement No. 54, the Sick Pay Severance and Vacation Reserve Funds are presented within the General Fund for financial reporting purposes but are not budgeted in that manner.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the Village Council is at the department level. If any department exceeds budget appropriations, the Village Council may, by resolution, amend the department's appropriation. 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 reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Net Change in Fund Balance</u>
General Fund:			
Amounts per operating statement	\$ 2,938,945	\$ 2,528,198	\$ 410,747
Operating transfers budgeted as revenue and expenditures	-	319,436	(319,436)
Sick Pay Severance Fund	(405)	(23,669)	23,264
Vacation Reserve Fund	(24,263)	(51,033)	26,770
Amounts per budget statement	<u>\$ 2,914,277</u>	<u>\$ 2,772,932</u>	<u>\$ 141,345</u>

Village of Beverly Hills, Michigan

Note to Required Supplemental Information (Continued) Year Ended June 30, 2015

Excess of Expenditures Over Appropriations in Budgeted Funds - During the year, the Village incurred expenditures that were in excess of the amounts budgeted, as follows:

	Budget	Actual	Variance
General administration	\$ 471,805	\$ 496,013	\$ (24,208)
Capital outlay	68,500	160,781	(92,281)
Transfers out	300,000	319,436	(19,436)
Local Streets Fund - Public works	1,030,613	1,202,278	(171,665)

The variance in the General Fund for general administration relates to required pension payments being higher than originally anticipated. The variance in the capital outlay relates to a computer software purchase that was budgeted in the prior year and expensed in the current year. The variance in the transfers out relates to additional funding that was needed for the operations of the Major Streets Fund.

The variance in the Local Streets Fund relates to the funding of capital projects as a result of timing of payments.

Village of Beverly Hills, Michigan

Required Supplemental Information OPEB System Schedule of Funding Progress Year Ended June 30, 2015

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/07	\$ 1,477,211	\$ 15,970,399	\$ 14,493,188	9.2	\$ 2,466,105	587.7
6/30/11	2,037,029	14,639,936	12,602,907	13.9	2,476,185	509.0
6/30/12	2,700,830	13,340,700	10,639,870	20.2	2,296,226	463.4
12/31/12	2,882,497	15,266,042	12,383,545	18.9	2,154,252	574.8

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Percentage Contributed
6/30/11	6/30/11	\$ 1,212,817	59.4
6/30/12	6/30/12	873,022	137.0
6/30/13	6/30/12	873,022	99.1
6/30/14	6/30/12	873,022	99.1
6/30/15	12/31/12	1,319,382	82.6

Village of Beverly Hills, Michigan

Required Supplemental Information Schedule of Changes in the Village Net Pension Liability and Related Ratios

	2015
Total Pension Liability	
Service cost	\$ 410,029
Interest	1,756,681
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds	(1,124,891)
Net Change in Total Pension Liability	1,041,819
Total Pension Liability - Beginning of year	21,650,533
Total Pension Liability - End of year	\$ 22,692,352
Plan Fiduciary Net Position	
Contributions - Employer	\$ 364,160
Contributions - Member	826,364
Net investment income	1,274,423
Administrative expenses	(46,937)
Benefit payments, including refunds	(1,124,891)
Other	-
Net Change in Plan Fiduciary Net Position	1,293,119
Plan Fiduciary Net Position - Beginning of year	19,911,319
Plan Fiduciary Net Position - End of year	\$ 21,204,438
Village's Net Pension Liability - Ending	\$ 1,487,914
Plan Fiduciary Net Position as a Percent of Total Pension Liability	93.44 %
Covered Employee Payroll	\$ 2,309,827
Village's Net Pension Liability as a Percent of Covered Employee Payroll	64.4 %

Other Supplemental Information

Village of Beverly Hills, Michigan

	<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>
Assets	<u>Drug Law Enforcement</u>	<u>Library</u>	<u>Capital Projects Fund</u>
Assets - Cash and investments	\$ 49,402	\$ 113,978	\$ 167,956
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ 257
Due to other funds	-	113,945	-
Fund Balances			
Restricted:			
Capital projects - Public safety	-	-	105,107
Capital projects	-	-	62,592
Drug law enforcement	49,402	-	-
Library	-	33	-
Assigned - Capital projects	-	-	-
Total fund balances	<u>49,402</u>	<u>33</u>	<u>167,699</u>
Total liabilities and fund balances	<u>\$ 49,402</u>	<u>\$ 113,978</u>	<u>\$ 167,956</u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015**

Capital Projects Funds			Total Nonmajor Governmental Funds
Capital Projects Infrastructure	Coryell/Hummel SAD	Special Park Millage Fund	
\$ 29,751	\$ 49,174	\$ 20,717	\$ 430,978
-	-	-	257
-	-	-	113,945
-	-	-	105,107
29,751	-	20,717	113,060
-	-	-	49,402
-	-	-	33
-	49,174	-	49,174
29,751	49,174	20,717	316,776
\$ 29,751	\$ 49,174	\$ 20,717	\$ 430,978

Village of Beverly Hills, Michigan

	Special Revenue Funds		Capital Projects Funds	
	Drug Law Enforcement	Library	Capital Projects Fund	Capital Projects Infrastructure
Revenue				
Property taxes	\$ -	\$ 455,576	\$ -	\$ -
Fines and forfeitures	3,100	-	-	-
Interest income	95	65	320	9
Other	-	-	11,954	-
Total revenue	3,195	455,641	12,274	9
Expenditures - Current				
Library	-	455,781	-	-
Capital outlay	-	-	128,951	-
Total expenditures	-	455,781	128,951	-
Excess of Revenue Over (Under) Expenditures	3,195	(140)	(116,677)	9
Other Financing Sources				
Transfers in	-	-	151,502	-
Transfers out	-	-	(100,000)	-
Net Change in Fund Balances	3,195	(140)	(65,175)	9
Fund Balances - Beginning of year	46,207	173	232,874	29,742
Fund Balances - End of year	\$ 49,402	\$ 33	\$ 167,699	\$ 29,751

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in
Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2015

Capital Projects Funds		Total Nonmajor Governmental Funds
Coryell/Hummel SAD	Special Park Millage Fund	
\$ -	\$ -	\$ 455,576
-	-	3,100
15	54	558
-	-	11,954
15	54	471,188
-	-	455,781
-	10,293	139,244
-	10,293	595,025
15	(10,239)	(123,837)
-	-	151,502
-	-	(100,000)
15	(10,239)	(72,335)
49,159	30,956	389,111
\$ 49,174	\$ 20,717	\$ 316,776

Village of Beverly Hills, Michigan

Other Supplemental Information Combining Statement of Net Position Fiduciary Funds June 30, 2015

	Pension Trust Funds		
	Pension and Other Employee Benefits	Retiree Health Care	Total Pension Trust Funds
Assets			
Cash and cash equivalents	\$ 32,404	\$ 207,386	\$ 239,790
Due from other funds	393,712	-	393,712
Net Position Held in Trust for Pension and Other Employee Benefits - Total assets	\$ 426,116	\$ 207,386	\$ 633,502

Village of Beverly Hills, Michigan

Other Supplemental Information Combining Statement of Changes in Net Position Fiduciary Funds Year Ended June 30, 2015

	Pension and Other Employee Benefits	Retiree Health Care	Total
Additions			
Investment income - Interest and dividends	\$ 147	\$ 235	\$ 382
Contributions:			
Employer	-	1,089,342	1,089,342
Employee	-	35,767	35,767
Net contributions	-	1,125,109	1,125,109
Total additions	147	1,125,344	1,125,491
Deductions			
Benefit payments	71,108	637,674	708,782
Transfer to MERS	-	416,018	416,018
Net Decrease in Net Position Held in Trust	(70,961)	71,652	691
Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year	497,077	135,734	632,811
Net Position Held in Trust for Pension and Other Employee Benefits - End of year	<u>\$ 426,116</u>	<u>\$ 207,386</u>	<u>\$ 633,502</u>