

**CHARTER TOWNSHIP OF
BLOOMFIELD, MICHIGAN**

FINANCIAL REPORT WITH
SUPPLEMENTAL INFORMATION

Year ended March 31, 2018

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

TABLE OF CONTENTS

	Page
Independent Auditor's Report	3
Management's Discussion and Analysis	6
Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements	
Governmental Funds	
Balance Sheet	27
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	28
Statement of Revenues, Expenditures, and Changes in Fund Balances	29
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Proprietary Funds	
Statement of Net Position	31
Statement of Revenues, Expenses, and Changes in Net Position	32
Statement of Cash Flows	33-34
Fiduciary Funds	
Statement of Net Position	35
Statement of Changes in Fiduciary Net Position	36
Notes to Financial Statements	37
Required Supplemental Information	
Budgetary Comparison Schedule - General Fund	77
Budgetary Comparison Schedule – Road Fund	78
Budgetary Comparison Schedule – Public Safety Fund	79
Notes to Required Supplemental Information – Budgetary Information	80
Schedule of Changes in the Township Net Pension Liability and Related Ratios – Pension Trust	81
Schedule of Investment Returns – Pension Trust	82
Schedule of Township Contributions – Pension Trust	83
Schedule of Changes in Township Total OPEB Liability and Related Ratio's - Retired Employees Healthcare Plan	84
Schedule of Investment Returns – Retired Employees Healthcare Plan	85
Schedule of Township Contributions – Retired Employees Healthcare Plan	86
Other Supplemental Information	
Nonmajor Governmental Funds	
Combining Balance Sheet	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	89
Fiduciary Funds	
Combining Statement of Net Position	90
Combining Statement of Changes in Net Position	91
Statistical Information Required for Continuing Disclosure Certificate	92-96

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Charter Township of Bloomfield, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Charter Township of Bloomfield, Michigan (the "Township"), as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Township'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 did not audit the financial statements of the Bloomfield Township Public Library, which represents 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit is based solely on the report of the other auditors. 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, based on our audit and the report of other auditors, 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 Township as of and for the year ended March 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 16 to the financial statements, during the year ended March 31, 2018, the Township adopted the provisions of GASB Statement No. 75, *Accounting for Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB). As a result of implementing this pronouncement, the Township's net OPEB liability has been recognized on the government-wide and proprietary statements and, as discussed in Note 16 the 2017 financial statements have been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension trust and healthcare plan schedules as listed in the table of contents, be presented to supplement the basic financial statements. Additionally, accounting principles generally accepted in the United States of America require that certain information for the defined benefit pension plan also 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Township Board
Charter Township of Bloomfield, Michigan
Page Three

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

UHY LLP

Farmington Hills, Michigan
September 20, 2018

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

As management of the *Township*, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

- Change in net position for the primary government was \$(14,187,996), decreasing from \$18,217,943 to \$4,029,947. This balance consists of governmental net position of \$(55,506,280) and business-type net position of \$59,536,227 before the prior period adjustment for GASB 75. These amounts do not include fiduciary funds.
- Taxes and assessments revenue was \$38,630,949, an increase of \$187,690 when compared to the prior year of \$38,443,259. The taxable value increased from \$3,460,740,318 in 2016-17 to \$3,572,807,760 in 2017-18. Some millage rates are rolled back, some may remain the same, and the three debt millages will adjust annually to cover upcoming principal and interest payments.
- State shared revenues were \$3,522,572, an increase of \$247,835 when compared to the prior year of \$3,274,737. The majority of these revenues are based on state sales tax collections disbursed based upon population.
- Investment earnings were \$652,990, compared to the prior year earnings of \$652,697. Approximately 64% of the earnings came from invested funds, the other portions came from water and sewer interest collected and interest paid by residents in SAD's. The investments were held in a local government investment pool, and T-bills. The investment strategy changed during the fiscal year which contributed to the earnings.
- Total expenses for governmental activities were \$70,354,849, an increase of \$5,035,699 when compared to the prior year of \$65,319,150. This change is due to the annual adjustments for pension obligations and other post-employment benefits (OPEB).
- Total revenues for business-type activities were \$25,307,205 and expenses were \$23,904,324, with an increase to net position of \$1,402,881. The prior year revenues were \$26,469,928 and expenses were \$23,456,698, with an increase to net position of \$3,013,230.
- The governmental activities reported total net position of \$(55,506,280), (before the prior period adjustment) a decrease of \$(15,590,887) when compared to the previous fiscal year. The decrease is the result of surplus operations within the various operating funds included in this category offset by over \$16 million of adjustments for pension and other post-employment benefits.
- Unrestricted net position for governmental activities was \$(194,108,290), a decrease of \$(118,766,022) when compared to the prior year of \$(75,342,268). Unrestricted net position for the business-type activities was \$4,647,090 a decrease of \$(3,903,459) when compared to the prior year of \$8,550,549.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Township as a whole and present a long-term view of the Township's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide statements by providing information about the Township's most significant funds. Notes to the financial statements give even further detail on the current and future activities, policies, assets and obligations of the Township. Lastly, we have Required Supplemental Information and Other Supplemental Information including combining and individual fund financial statements and schedules.

Government-wide Financial Statements (Reporting the Township as a Whole)

One of the most important questions asked about the Township's finances remains, "Is the Township as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net position and changes to it. You can think of the Township's net position — the difference between assets and liabilities — as one way to measure the Township's financial health, or financial position. Over time, increases or decreases in the Township's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the property tax base and the condition of infrastructure, to assess the overall health of the Township.

Fund Financial Statements (Reporting the Township's Major Funds)

As stated previously, the government-wide financial statements are reported using the accrual basis of accounting. However, the governmental funds report on a modified accrual basis. The following summarizes the reconciliation between the government-wide and governmental statements:

- Capital outlay is not reported as an expense on the government-wide statements, but instead is reported as capital assets that are depreciated over their estimated useful life
- Depreciation expense is reported on the government-wide statements
- Principal payments on debt are reported as an expense on the governmental statements, but instead are reported as reductions of the outstanding liabilities on the government-wide statements

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Reporting the Township's Major Funds) (Continued)

- Long-term liabilities such as other post-employment benefits and compensated absences are reported on the government-wide statements
- Accruals such as interest expense are reported on the government-wide statements
- Government-wide statements report the net pension liability, and net OPEB liability, neither of which are shown on the governmental statements

A fund is an independent accounting entity with a self-balancing set of accounts, created for the purpose of carrying on a specific activity. It has accounts for assets, liabilities, equities, and revenue and expenditures. The Township uses fund accounting to demonstrate compliance with finance-related laws as is required of all state and local governments. All Township funds fall into one of three major categories: governmental funds, proprietary funds, or fiduciary funds.

- *Governmental Funds* – All of the Township's basic services are reported in the governmental funds. The funds included in this category are the general fund, special revenue funds, capital projects fund, and debt service funds. The general fund is used to account for revenue and expenditures for general Township government that would not fall under any other fund category. Revenues collected for a specific purpose and their corresponding expenditures are accounted for in special revenue funds. This sub-category of funds consists of the Road Fund, Public Safety Fund (police, fire/ems and dispatch), Senior Services Fund, Village Police Fund, Village Fire Fund, Lake Improvement Fund, Building Inspection Fund, Drug Law Enforcement Fund, Safety Path Fund, and Cable Studio Fund. There is currently one capital projects fund for road SAD's. Debt service funds are used to account for revenue collected for the purpose of retiring various bond issues for county drain projects, a major library renovation, major improvements to the Township campus and two off-campus fire stations, pension obligations, and road special assessment projects. There are five debt service funds reported in the debt service fund sub-category and two are considered major funds for reporting purposes. They are the Special Assessment Debt Fund and the Pension Obligation Bond Debt Fund. In all, the Township has seventeen individual governmental funds. Governmental funds are reported using the modified accrual basis of accounting.

These statements allow the reader to gain a much narrower focus on Township financial activity than the government-wide statements and make it possible to analyze short term financial decisions made by Township management.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Reporting the Township's Major Funds) (Continued)

- *Proprietary Funds* – The main feature distinguishing a proprietary fund from a governmental fund is the source of revenue. The governmental funds receive their primary funding from taxes and intergovernmental revenues, while the proprietary fund recovers all or a significant portion of its costs from user fees and charges (business-type activities).

The Township has two enterprise funds: the Water & Sewer Fund and Special Assessment District Fund. These two funds are combined and reported as a single proprietary fund. Proprietary funds are reported using the accrual basis of accounting, which is the same method used in the government-wide statements and in most private-sector businesses.

- *Fiduciary Funds* – These funds are used to account for resources held in trust by the Township for the benefit of parties other than the governmental entity. These funds are not available to be used for Township programs, and therefore are not included in the government-wide statements. The majority of the resources in this fund category are set aside to satisfy the defined benefit pension liability to Township employees and retirees.

The Township reports four fiduciary funds: the Trust & Agency Fund, Retiree Health Care Fund, Retirement System Pension Trust Fund, and the 401A Defined Contribution Plan Fund. Fiduciary funds are reported using the accrual basis of accounting.

Notes to the Financial Statements

The Notes provide additional detailed information that is essential for a reader to receive a complete understanding of the information presented in the government-wide and fund financial statements.

Required Supplementary Information

This section further explains and supports the information in the financial statements and includes a budgetary comparison schedule for the General Fund and major special revenue funds.

Other Supplementary Information

This section includes the Combining and Individual Fund Financial Statements and Schedules for non-major governmental and fiduciary funds.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net position is one indicator of a government's financial condition either at a given point in time or as compared over a period of time. Bloomfield Township's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources (net deficit) by \$(103,867,539). In particular, the net position of the governmental activities decreased by \$(117,040,972) and the business-type activities decreased by \$(5,044,510). For the purpose of this analysis, the fiduciary funds and the component unit are excluded as these resources are not available to support Township programs.

It is important to note that a large portion of the Township's net position (deficit) consists of investments in capital assets (land, buildings, vehicles, equipment and infrastructure) and not in cash or cash investments; therefore the majority of these assets are not available to be used for day-to-day operations. At the close of the most recent fiscal year, 59% of the Township's total assets consisted of capital assets with the remaining 41% consisting primarily of current assets (cash, marketable securities, receivables, prepaid expenses, and inventory) and long-term receivables. The deferred outflow is not considered an asset.

The unrestricted portion of net position is \$(189,461,200). This is the fourth year reporting a deficit. This trend will continue as it is a direct result of the net pension liability of over \$15M and net OPEB liability of over \$164M. This negative balance of net position will be the new normal for most municipalities as they are all now required to show their net pension liability and net OPEB obligation. The net investment in capital assets totaled \$78,511,056. At the fund level, which does not have these obligations reported, the Township has positive balances in all fund types and in each of the individual funds within the fund types.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

Table 1
Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$ 69,094	\$ 71,062	\$ 13,710	\$ 14,135	\$ 82,804	\$ 85,197
Capital assets	49,465	50,751	70,612	64,583	120,077	115,334
Total assets	118,559	121,813	84,322	78,718	202,881	200,531
Deferred outflows of resources	12,355	13,075	714	753	13,069	13,828
Total assets and deferred outflows of resources	130,914	134,888	85,036	79,471	215,950	214,359
Liabilities						
Other liabilities	9,701	9,186	2,962	2,695	12,663	11,881
Long-term liabilities	276,090	163,060	28,985	18,642	305,075	181,702
Total liabilities	285,791	172,246	31,947	21,337	317,738	193,583
Deferred inflows of resources	2,079	2,557	-	-	2,079	2,557
Total liabilities and deferred inflows of resources	287,870	174,803	31,947	21,337	319,817	196,140
Net Position						
Net investment in capital assets	30,069	30,047	48,442	49,583	78,511	79,630
Restricted	7,083	5,380	-	-	7,083	5,380
Unrestricted	(194,108)	(75,342)	4,647	8,551	(189,461)	(66,791)
Total net position (deficit)	\$ (156,956)	\$ (39,915)	\$ 53,089	\$ 58,134	\$ (103,867)	\$ 18,219

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)

Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 11,367	\$ 11,263	\$ 24,986	\$ 26,204	\$ 36,353	\$ 37,467
Operating grants and contributions	264	184	-	-	264	184
Capital grants and contributions	7	52	-	-	7	52
General revenues:						
Taxes and assessments	38,631	38,443	-	-	38,631	38,443
State-shared revenue	3,523	3,275	-	-	3,523	3,275
Investment earnings	582	525	71	128	653	653
Contributions from developers	-	-	235	134	235	134
Transfers and other revenue	36	165	16	4	52	169
Total revenues	<u>54,410</u>	<u>53,907</u>	<u>25,308</u>	<u>26,470</u>	<u>79,718</u>	<u>80,377</u>
Expenses						
Governmental activities:						
Legislative	23	25	-	-	23	25
Judicial	1,802	2,098	-	-	1,802	2,098
General government	12,660	10,643	-	-	12,660	10,643
Public works	7,807	8,173	-	-	7,807	8,173
Public safety	37,676	35,564	-	-	37,676	35,564
Community enrichment	5,591	4,245	-	-	5,591	4,245
Debt service	4,517	4,201	-	-	4,517	4,201
Other	279	370	-	-	279	370
Business-type activities:						
Water & Sewer	-	-	23,550	23,098	23,550	23,098
Total program expenses	<u>70,355</u>	<u>65,319</u>	<u>23,550</u>	<u>23,098</u>	<u>93,905</u>	<u>88,417</u>
Change in net position (deficit) before special items and transfers	(15,944)	(11,412)	1,758	3,372	(14,187)	(8,040)
Transfers	354	(642)	(354)	(358)	-	(1,000)
Change in net position	(15,590)	(12,054)	1,404	3,014	(14,187)	(9,040)
Net position (deficit) - beginning (restated)	(141,365)	(27,861)	51,685	55,120	(89,680)	27,259
Net position (deficit) - ending	<u>\$ (156,955)</u>	<u>\$ (39,915)</u>	<u>\$ 53,089</u>	<u>\$ 58,134</u>	<u>\$ (103,867)</u>	<u>\$ 18,219</u>

Governmental Activities

Net position decreased by \$(15.6) million as a result of activities within these funds. There was a deficit in total of the underlying governmental funds of \$1.6 million, which was further reduced by over \$14 million in pension and OPEB costs.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

Governmental Activities (Continued)

The Township's taxable value increased by approximately 3.2% compared to last fiscal year. Property tax millage rates remained the same or declined due to Proposal A and Headlee rollbacks. The three debt service millages change annually to cover the principal and interest coming due. Over the last four years the tax base has increased by 12%. The Township expects to see the tax revenue increase by between 3.5% and 4.0% next year as home values are expected to continue to increase going forward. In addition, there are multiple residential and commercial developments underway that will add to the tax base. Special assessments are also reported on this line of the government-wide statements.

Program revenues are divided into three categories: 1) Charges for services (includes fees, fines, forfeitures, and rents), 2) Operating grants and contributions, and 3) Capital grants and contributions. Program revenues are very comparable to the prior year. Charges for services for the current year and prior year were \$11.4 million and \$11.3 million, respectively. The charges for services category includes items such as 48th District Court revenues, passport fees, copies and FOIA requests, assessing services provided to City of Sylvan Lake, motor pool services, street lighting charges, PBT revenue (breathalyzer tests), police security services, EMS transport fees, adult day services at the senior center, and cable services charges.

The Township had investment earnings for the fiscal year of \$582,205, a positive sign when compared to the previous year's investment earnings of \$524,660. A change in investment strategy contributed to this increase in earnings. The Township keeps as much cash invested as possible at any given point in time in order to maximize the earnings potential, and does so without restraining the daily operations. Until this year, the Township primarily utilized a combination of short-term bond mutual funds along with laddered maturities of CD's to cover the cash needs of daily operations. More recently, we have utilized a local government investment pool and invested in T-bills.

Total expenses for the year were \$70.3 million compared to \$65.3 million the prior year. The difference isn't attributable to any one item; it's a combination of many items. The following summarizes what funds or departments are included in the various governmental activities functions:

- Legislative – Township Board
- Judicial – 48th District Court rent and operations
- General government – Township Supervisor, Accounting, Township Clerk, Audit & Legal fees, Information Technology, Board of Review, Township Treasurer, Assessing, Elections, Buildings & Grounds, Motor Pool, and Building Inspection
- Public works – Road Fund, Safety Path Fund, and Special Assessment Capital Projects Fund
- Public safety – Ordinance, Police, Fire, Dispatch, Village Police & Fire, and Drug Law Enforcement
- Community enrichment – Planning, Zoning, Senior Services Fund, Lake Improvement Fund, and Cable Studio
- Debt service – Campus Construction Debt Fund, Pension Obligation Bond Debt Fund, Library Debt Fund, Special Assessment Debt Fund, and Drain-at-Large Fund

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

Governmental Activities (Continued)

The Township has continued to be proactive in containing health care costs. Effective April 1, 2017, a group of pre-Medicare retirees was moved to the same health plan that covers the current employees.

In 2005, the Township closed the defined benefit pension plan to new hires, offering instead a defined contribution plan. This aided the efforts to stabilize a personnel cost that otherwise may fluctuate wildly from year to year. In November 2013, the Township sold pension obligation bonds to fully fund its defined benefit pension plan. Without this option, the Township would have seen its annual required contribution double. The significant increases to pension costs experienced in past years were mostly the result of extremely low interest rate fixed investment vehicles, coupled with actuarial assumption changes reflecting longer life expectancies of participants. With the sale of the bonds, the Township stabilized a significant budget item that had historically fluctuated year to year. The bonds were to be paid over 20 years and there are 15 years remaining.

This year's court expenditures decreased slightly from the prior year at \$1.8 million. The court operation revenues and expenditures will rise or decline as the Township case load fluctuates in comparison to the other three municipalities that share the court.

Even as the Township's taxable values have begun to slowly recover, it is imperative that management continue to pursue cost-cutting and cost containment strategies moving forward. Legal restrictions to property tax increases in the State of Michigan will not allow property tax revenues to be restored at anywhere near the pace at which they have previously declined.

It is important to focus on the three major governmental operating funds within this group when analyzing expenditures. See the section titled "Financial Analysis of the Township's Major Funds" for a more detailed analysis of these funds.

Public Safety, the largest fund, had expenditures of \$23.2 million before transfers, an increase from the prior year amount of \$22.7 million to provide police, fire, EMS and dispatch services. This fund receives a large transfer from the General Fund.

The second largest operating fund, the General Fund, had expenditures of \$9.4 million before transfers compared to \$9.3 million the prior year. The various underlying activities of the General Fund fluctuated as they do every year, but in total there was no significant movement from last year to this year.

The Road Fund, the third major governmental operating fund, had expenditures of \$4.5 million before transfers compared to \$4.0 million the prior year. For many years now, this fund has had to operate at a much smaller size and scope than prior due to the housing market decline. This fund receives a large transfer from the General Fund.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

Business-Type Activities

Net position increased by \$1,402,881 as compared to last year. There is total net position of \$53,088,836 as compared to \$58,133,346 last year, before the prior period adjustment.

The main sources of revenue to this fund are user fees to customers to cover the cost of water purchased from the Southeast Oakland County Water Authority (SOCWA) and sewage treatment charges paid to Oakland County. These fees also are used to cover the administrative expenses related to providing these services as well as costs to repair and maintain the water and sewer system. There is also some allowance made in the rates to provide resources for future capital improvements and major repair and maintenance of infrastructure. There are water and sewer debt charges to cover the cost of debt retirement payments payable each fiscal year on water and sewer system improvements financed by the sale of bonds in prior years.

Water sales finished the year slightly higher than what was budgeted. Historically though, the water volume is still about 25% lower than pre-2008 levels. This is the result of a combination of the effects of weather, water conservation in residential and commercial plumbing fixtures, and residents being more aware and cautious of their water use. Sewer sales finished the year at 93% of budget. The Township undercharged the sewer customers due to the complicated billing methodology for sewer services. In the past, sewage treatment was billed to the Township from Oakland County Water Resource Commissioner's office (WRC) based on water consumption, and then it was changed to be actually metered as it passes through the system. This method complicated our budgeting process. We cannot meter sewer consumption at the individual properties so we bill the sewer portion to our customer's based upon their water use. The Township was billed from Oakland County based upon a metered calculation of sewage. This new metering method brought the unpredictability of weather into the equation because rainfall and melting snow would leak into the sanitary sewer system and cause significant weather related fluctuations in the amount the Township is billed for sewage. During the 2014-15 fiscal year, Oakland County changed the billing method again. It went from a quarterly invoice based on actual metered flows for the quarter, to a monthly invoice which is a fixed fee based upon the Township's contribution of flow to the Evergreen-Farmington system. Currently, this is approximately 16%.

The Water & Sewer Fund is the most difficult fund to project, and contains the most estimates and assumptions of any of the funds. Volumes used by the residents must be estimated, and the Township never receives final rates from its two major suppliers until after the budget has been prepared and adopted. Therefore, calculations used in the adopted budget rarely match up to the actual rates that are then adopted by the Township Board and put in place for residents effective in April of each year.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

Business-Type Activities (Continued)

Fund expenses finished the year at about 103% of budget, with total revenues at about 99% of budget. The result was a net increase of \$1,402,881 for the year, compared to a net increase of \$3,013,230 the prior year. The Township continues to include depreciation expense with the annual water and sewer rates. Beginning with the 2015-16 fiscal year the rates also included a capital component as the depreciation rate is tied to volumes and is insufficient to keep up with the annual infrastructure demands. The water and sewer infrastructure continues to age and it is necessary to build up the reserves in order to fund projects while limiting the issuance of bonds, as well as maintain a balance for emergencies.

Overall, the water and sewer fund statement of net position is in an acceptable position. While the fund experienced an increase to net position of \$1,402,881 for the year, this does not translate to an increase in cash of the same amount. In fact, when comparing a snapshot picture of cash balances between the two years it shows that net cash decreased by \$(112,899). The basic explanation is that we continue to spend funds on the purchase of capital assets, as capital assets are not an expense when purchased.

Management understands it has a significant responsibility to maintain and replace aging infrastructure. As with any aging infrastructure, water supply piping becomes less reliable to provide adequate flows due to long-term wear on the internal pipe lining and operational valve components. The Township's sanitary sewer system has been designated as non-compliant per a 1989 Pollution Abatement Order from the Michigan Department of Environmental Quality (MDEQ) for exceeding the Township's allocated capacity contribution to the Evergreen-Farmington Sewage Disposal System's (EFSDS) sanitary sewer overflows. The MDEQ is requiring the Township to find and eliminate sources of inflow and infiltration by way of sewer metering, video inspection and pipe rehabilitation. The Township is well into this process and the successful elimination of such sources will potentially reduce the Township's contribution to the EFSDS regional improvements.

The water supply infrastructure concerns mentioned above have been prioritized and divided into several phase capital improvement programs designed to replace about \$43,000,000 of water & sewer infrastructure. The process to sell bonds for Phase I began early in fiscal 2005-06. These bonds amounting to \$4,470,000 were sold in May 2006. Phase II bonds amounting to \$4,750,000 were sold in March 2008 at the same time as a \$4,000,000 bond sale for sewer system improvements. An additional \$3,000,000 in bonds was sold in April 2011 for sewer system improvements. Phase III water system bonds of \$3,250,000 were sold in April 2013. These bonds are being repaid by flat rate debt service charges applied to customer bills. In 2012, after five years of operating losses, and upon urging from our auditors, the Township adjusted the water & sewer rates to include depreciation. Then in 2015-16, added an additional component for funding capital projects. The funds collected through the water & sewer rates for these items are intended to be used for water & sewer capital improvements. While we cannot show these amounts as restricted on the face of the financial statements, it is the intent of the Township to use these funds as indicated. At the end of the fiscal year, the department designated \$6 million for replacement and improvements, and emergencies compared to \$6.2 million the prior year.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

Governmental Accounting Standards Board (GASB) Statement No. 34 requires that funds designated as "major" be presented as a separate column on the face of the financial statements. Statement 34 defines a "major fund" as the General Fund, and any governmental or enterprise fund which has either total assets, total liabilities, total revenues or total expenditures/expenses that equal at least ten (10) percent of those categories for either the governmental funds or the enterprise funds and where the individual fund total also represents five (5) percent of those categories for governmental and enterprise funds combined.

The funds within this group provide information on near-term inflows, outflows and balances for the Township's main operating funds. The information contained in these funds is useful in determining the financing requirements of the Township, particularly as related to their major revenue source - property taxes. However, it is important to remember that these audited financial statements represent a snapshot as of one point in time and the financial picture changes constantly throughout a fiscal year. This is especially significant when analyzing the Township's financial data because property taxes are collected very late in the fiscal year (final due date is February 14th); meaning most of the cash and fund balances as of the fiscal year end exist because this major revenue source has just been collected. For this reason, a snapshot as of March 31st may be misleading as to the financial strength of this particular group of funds. Certainly small fund balances, although positive, would not necessarily represent a healthy financial position at this particular point in time. The cash on hand is necessary to meet expenses for the following nine months of operation before the next year's tax bills can be sent out. However, the current fund balances have been steadily improving in recent years and are considered to be sufficient and appropriate to meet the ongoing obligations of the funds.

General Fund

The general fund is a key operating fund of Bloomfield Township. Several major revenue sources flow through the general fund including property taxes, state revenue sharing, and investment earnings. At the end of the fiscal year, the total fund balance of the general fund was \$13,901,966, an increase of \$1,123,116 over the prior year balance of \$12,778,850. Most of the fund balance is unassigned with a balance of \$13,257,141, the remainder being nonspendable for inventory and prepaid items and for long-term receivables. Consequently, most of the balance is available for spending at the administration's discretion and that would include being used to transfer money to supplement other Township funds. It is recommended by the Government Finance Officers Association (GFOA) to have fund balance equivalent to 15-20% of annual expenditures as a minimum. As of the fiscal year end, this fund has fund balance equivalent to 147% of annual expenditures before transfers. As explained earlier, this calculation is as of a specific day in time and fluctuates greatly depending on the time of year it is calculated.

This fund is currently in very good to excellent financial shape. The fund recorded more in revenue this year as compared to last year with an increase in both property taxes and state revenue sharing. Investment earnings are making a comeback with a net gain of \$415,773 in this fiscal year. The Township expanded the investment vehicles it utilizes, and interest rate returns have been increasing.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

General Fund (Continued)

Revenues finished the year at 102% of budget with variations coming from a wide array of accounts, some coming in under budget and others over budget. The most notable discrepancies include state revenue sharing with a favorable variance of \$297,572, district court revenue with an unfavorable variance of \$(227,499), a higher than expected auto/property/liability insurance premium refund of \$327,754, and finally, investment earnings with a favorable variance of \$115,773.

Expenditures before transfers were \$9,415,154, an increase of \$69,569 when compared to the prior year of \$9,345,585. Transfers out of the general fund in the current year were \$6,652,194 and the prior year totaled \$7,134,264, with most of the funds transferred to the public safety fund both years. Effective beginning with fiscal year 2013-14 the Township started transferring funds to the Pension Obligation Bond Debt fund; the amount was \$852,193 this fiscal year and was \$859,263 last fiscal year. The general fund is transferring all of the 2010 millage tax dollars to the public safety fund and road fund to provide necessary support as these funds have been hit the hardest by the decreased property tax revenue. The fund also was able to make a transfer to the retiree health care trust fund in the prior year of \$500,000. To date, the general fund has cumulatively transferred \$4,000,000 into the retiree health care trust. Comparing actual expenditures between the current year and prior year shows an increase of 0.7%. Well aware of the economic situation, the departments that are reported in the general fund have maintained a status-quo attitude when it comes to maintaining their operations. Even though personnel costs continue to increase, management has been able to partially absorb that with savings in other areas.

Expenditures in this fund are not as dominated by personnel costs as some of the other major operating funds, but still play a major role. The fund is vulnerable to health care, pension and other fringe benefit costs that historically have increased at a greater pace than the fund's revenues. Major changes have taken place over the past decade, including requiring that all employees hired after 2005 are enrolled in a defined contribution pension plan rather than defined benefit plan. Effective January 2010, all active employees were enrolled in a high deductible consumer driven health care plan that in its first year reduced health care expenditures by over \$1.5 million. Effective May 1, 2011, any new hires are no longer offered a defined benefit retiree health care plan. Instead they are enrolled in a retirement health savings plan. The Township's administration remains committed to the education and involvement of all employees of the organization in an effort to contain fringe benefit costs. The Township's administration also regularly meets with its consultants and vendors involved in the employee benefit programs to explore present and future potential solutions to lower and/or contain these costs. In 2014, the Township formed a Financial Sustainability Committee. This committee meets regularly and is involved in reviewing and evaluating the Township's investments and advisers.

Expenditures and transfers finished the year at 96% of budget. The favorable budget variances were spread throughout many of the activities accounted for in this fund. The largest favorable variance was the judicial function which was under budget by \$318,803. The Township's management was able to follow the five-year strategic plan established in 2008 and used a combination of revenue replacement and reduced expenditures to maintain a balanced financial situation while maintaining services at the high level residents have come to expect.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

Road Fund

The road fund is the third largest operating fund in size and scope of the three major governmental operating funds. Bloomfield Township is the only township in the state with its own road department. It has an agreement with Oakland County to allow the Township to maintain most of the subdivision roads which remain owned by the County. At the end of the fiscal year, the fund balance was \$2,559,265. The overall fund balance increased by \$15,824 as compared to the prior fiscal year. Presently, this fund balance amount provides sufficient cash resources to meet operating expenses until the property tax revenue is received toward the end of the subsequent fiscal year. It is recommended by the GFOA to have fund balance equivalent to 15-20% of annual expenditures as a minimum. As of the fiscal year end, this fund has fund balance equivalent to 56% of annual expenditures before transfers.

In past years, fund revenues had consistently fallen short of expenditures requiring contracted maintenance work to be cut back or eliminated. This fiscal year was the fifth year of moving in the right direction of spending more on paving contract work, with an expense of \$625,477 compared to \$590,583 the prior year. Due to years of Headlee rollbacks to the road millage, the general fund must transfer funds to the road fund in order to maintain the current level of service. This fiscal year the transfer amounted to \$1,450,000 as compared to \$1,025,000 last year. Without the general fund support, the road fund cannot cover annual operating expenditures. If in the future general fund support is no longer possible, services will have to decrease or other revenue sources will have to be obtained.

Currently, the major revenue sources of the fund include property taxes of \$2,492,551, the general fund transfer of \$1,450,000 and Oakland County Road Commission contract repayments totaling \$681,613. Approximately 47% of the funds expenditures are related to personnel, the remainder are the operating costs of repairing and maintaining the roads. To help control costs, road department employees had agreed to the same health care and pension changes as the general fund employees. The combination of aging road conditions, dependence upon property tax revenue limited by Headlee, and the need for general fund support make this the most susceptible of the three major operating funds. Much of the local road replacement projects that will be necessary in future years will have to be funded by special assessments. As a last resort, the responsibility for maintaining the roadways could be returned to the Oakland County Road Commission. Management is committed to continue providing high quality road maintenance services to the Township residents.

Public Safety Fund

This special revenue fund is by far the largest within the governmental fund type category. The costs associated with providing police services, fire/EMS services and dispatch services are all paid from this fund. At the end of the fiscal year, the fund balance was \$13,769,384. The overall fund balance increased by \$121,508 compared to the prior year. It is recommended by the GFOA to have fund balance equivalent to 15-20% of annual expenditures as a minimum. As of the fiscal year end, this fund has fund balance equivalent to 59% of annual expenditures before transfers.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

Public Safety Fund (Continued)

Total revenues ended the year at 98% of budget. The public safety fund derives 94% of its revenue for operations from property taxes. This fund has taken a hard financial hit from the decline in taxable property values leading up to a much needed increase the past five years. The general fund transfer has gone from nothing in fiscal year 2010 to \$4,350,000 in fiscal year 2018, and we are projecting the fund to need a transfer of \$4,700,000 next year. If you exclude the transfer, the fund's total revenues were consistent with the prior year. Other than property taxes and a transfer from the general fund, the major revenue sources include approximately \$1,000,000 of EMS Transport Fees, and over \$300,000 in various charges for services. Total expenditures before transfers were \$519,912 more than the prior year. The majority of expenses for this fund are related to personnel and personnel costs continue to rise. The expenditures before transfers ended the year at 97% of budget.

The historical trend for this fund has seen fringe benefit expenditures increase at a greater rate than fund revenue that comes mostly from the four public safety property tax millages. Management must continue to be proactive to reverse this trend. This problem has been especially challenging given the previous lengthy decline in property values causing significant reduction in revenue to this fund. To offset some of the lost revenue a 1.30 mill proposal was passed in February of 2010. Currently, all of the tax collected from this millage is being used to maintain police and fire services as closely as possible to current levels. Despite this source of revenue, management must continue to take action to contain cost increases to this fund. Presently, the Township spends over \$5.7 million on life and health insurance for active and retired public safety personnel. This would be a significantly larger number if we hadn't made changes to the benefits. Public safety employees under union contracts were on pay freezes from fiscal years 2010 to 2013. Negotiated contracts have eliminated the defined benefit retiree health care for all new hires, replacing it with a defined contribution retirement health savings plan. The administration also implemented a new high deductible, consumer directed health care plan for all active Township employees eligible for medical benefits beginning in January 2010.

The legal restrictions on a local government's ability to increase property tax revenues in the state of Michigan makes it very difficult for this or any fund that relies almost exclusively on property tax revenue to absorb expenditure increases greater than the consumer price index for an extended period of time. Consequently, even though the present financial position of the public safety fund is very good and it appears that 2013 marked the bottom of property value declines, management must continue to find ways to permanently contain and/or reduce the rate at which fund expenditures increase. Failure to do so would almost certainly lead to a reduction in the work force hampering the department's ability to provide critical services in a timely manner.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

Pension Obligation Bond Debt Fund

This fund was established in 2013 to account for revenues and expenditures related to the sale of \$80,780,000 in bonds to fund the defined benefit pension plan. This was allowed under State of Michigan Public Act 329 of 2012. The taxable bonds are backed by the full faith and credit of the Township and will mature in May 2032. This fund accounts for contribution revenue in the form of transfers from the various Township funds, and in turn makes the principal and interest payments related to the bonds. Principal and interest payments for the year totaled \$6,223,355. After making the \$3,335,000 principal installment this year, the outstanding bond debt was \$66,080,000. The fund had a year end fund balance of \$2,694. The taxable bonds were sold at a 4.5% interest rate, but then were refunded in 2016 at a new rate of 3.1%. This created savings of \$1.4M dollars.

Special Assessment Debt Fund

This fund was established in fiscal year 2014 to account for bond debt taken on behalf of the Township to pay for subdivision road paving projects. The Township collects special assessments from the benefiting residents in the special assessment district in order to pay the debt. There have been multiple bond sales and projects since 2014. The bonds are backed by the full faith and credit of the Township. The fund had a year end fund balance of \$3,041,023.

CAPITAL ASSETS

The Township's total capital assets net of accumulated depreciation for its governmental activities amounted to \$49,464,996. This represents a decrease of \$1,286,423 from the prior year balance of \$50,751,419. The annual amount of depreciation was greater than the amount of new purchases of capital assets.

The business-type activities capital assets net of accumulated depreciation amounted to \$70,611,746, an increase of \$6,028,950 when compared to the prior year of \$64,582,796. Most of these assets are being depreciated over an estimated useful life of 50 years. As stated earlier in this report, this fund has been investing restricted cash and bond proceeds into both the water and sewer systems by replacing the aged existing infrastructure. During this fiscal year, the Township spent over \$3.2 million on improvements to the water and sewer systems, compared to over \$3.9 million the prior year.

The capital assets include land, buildings, improvements to properties other than buildings, machinery and equipment, furniture and fixtures, vehicles, infrastructure, water system, sewer system, and Township share of county sewers.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

CAPITAL ASSETS (Continued)

Some capital asset events that occurred during the current fiscal year included:

- Road Fund replaced a Dump Truck at a cost of \$298,021
- Police Department replaced 5 vehicles at a cost of \$137,585
- Fire Department replaced 4 vehicles at a cost of \$117,319
- Safety Path construction at a cost of \$1.4M
- Dispatch upgraded the 911 system at a cost of \$104,620
- W&S Fund replaced two pickup trucks at a total cost of \$69,311
- Improvements to water and sewer infrastructure of \$3.2M

LONG-TERM DEBT

At the end of the fiscal year, the Township had total governmental long-term debt outstanding, including amounts due within one year, of \$107,114,050. The majority of the governmental debt consists of bonded debt of \$10,940,000 to pay for the library addition and renovation, \$19,040,000 to pay for campus additions and renovations, and \$66,080,000 to fund the defined benefit pension plan. The pension debt payments are funded by the various departments or funds making transfers into a pension obligation bond debt fund which in turn makes the principal and interest payments. The fire department is three years into a six-year capital lease on a ladder truck with a balance of \$356,758. There is also \$4,805,000 outstanding to pay for eleven road special assessment districts. The Township sold bonds for these projects and will be repaid by the residents in those districts through annual special assessments. The remaining debt within the governmental funds reflects the Township's share of county debt for various storm sewer projects. Other than the pension debt and special assessment debt, all other governmental activity debt is being paid for via ad valorem property tax levies. There was a County bond refunding of the CSO debt.

The Township had total business-type debt outstanding, including amounts due within one year, of \$22,781,818. The bonded debt in the business-type activity fund consists of the Township share of county debt obligations for various sanitary sewer construction projects within the Township as well as debt issued by the Township related to the water and sewer system capital improvement programs. The water and sanitary sewer debt obligations are paid for using funds collected from customers on their monthly or quarterly bills.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its state equalized valuation. Special assessment bonds and County issued bonds do not count towards this limit. At the time of the last bond sale, August 2016, the Township's legal debt margin was 7% and has subsequently decreased.

As a result of bond sales over the last decade amounting to over \$70,000,000, much of the Township's major infrastructure and facility needs should be taken care of well into the future. However there are still roadway, and water and sewer infrastructure challenges ahead in the near term that may necessitate new debt issues.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

ECONOMIC FACTORS AND LOOKING FORWARD

The Township's present financial condition in both the governmental and the business-type funds is good. Both Moody's and Standard & Poor's reaffirmed the Township's AAA bond rating last year. In 2016, Bloomfield Township was ranked 18th Safest City in Michigan by Safewise. We have seen five consecutive years of property tax increases, along with double digit increases in building inspection fund activities since 2013. There are multiple residential and commercial developments in process which will increase the overall tax base.

Even though property values appear to be rising significantly, property tax increases will be limited to the rate of inflation or 5%, whichever is less. The consumer price index this year was .09%, an increase from .03% the prior year. It will take constant monitoring to ensure budget restraints and requirements are achieved.

In 2013, the Township addressed its pension liability by selling pension obligation bonds. The goal was to stabilize an annual expenditure that used to fluctuate year to year based upon an actuarial valuation. Selling the pension bonds kept the trust fully funded until 2018. Now the Township must reevaluate the situation as the distributions from the trust are continuing to exceed the earnings on the assets. In the near future, the Township will have to begin making annual contributions into the pension trust to keep it properly funded under state requirements.

As of this year, the government-wide Statement of Net Position shows the total OPEB liability of over \$164M. The Township has always been on a pay-as-you-go basis for this liability, and this is not only allowable by law but is practiced by many municipalities. The Township did analyze whether it would make sense to fund the OPEB liability with bonds similar to the pension. The conclusion at that time was that the debt would be unsustainable, meaning the annual debt costs would far exceed what the fund budgets could afford. This liability has always existed but GASB now requires entities to report this liability on the government-wide statements, which dramatically changes the financial picture of the Township when comparing the modified accrual statements to the full accrual statements. As of the end of the fiscal year, the Township had set aside \$11.7 million towards funding retiree health care. The Township had been working to address the issue by transferring most if not all of its surplus funds into the OPEB trust on an annual basis. Public Act 202 of 2017 has put additional pressure on municipalities requiring a minimum funding percentage of 40%. If a municipality is below that, it must annually issue a corrective action plan to the state.

The Township, under Governmental Accounting Standards (GAS), must, from an accounting perspective, recognize OPEB liabilities. However, under the current status of the law, the Township, based on the terms of its collective bargaining agreements and Employee Handbook, has no legal obligation to continue to provide any post-employment benefits, including retiree health care.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2018

ECONOMIC FACTORS AND LOOKING FORWARD (Continued)

Please refer to Table 1 presented earlier. As of March 31, 2017, the unrestricted net position was a negative \$(75.3) million and total net position was a negative \$(39.9) million. As of March 31, 2018, the unrestricted net position is a negative \$(194.1) million and total net position is a negative \$(156.9) million. This means at the government-wide level, which reports on a full accrual basis, the Township has total liabilities that are greater than total assets. This is due to the fact that 100% of the pension and OPEB liabilities are now shown on the Statement of Net Position. Keep in mind though, that these liabilities being reported remain long-term in nature. The Township has always addressed the OPEB liabilities on a pay-as-you-go basis. The credit rating agencies have been well aware of this for many years, and understand that the Township is operationally in a very strong position and reaffirmed the AAA rating. They also recognize that the OPEB liability would be much greater if the Township hadn't made all of the changes to health care benefits that were mentioned earlier. However, they do note concern of the size of the unfunded liability and as such have issued a negative outlook for the Township.

The condition of roads has been poor for many years, not only in the Township but throughout the entire state. Since 2013, the Township has assisted residents with the formation of eleven road special assessment districts (SAD), paving over 17 miles of subdivision roads at a cumulative cost of over \$8.6M. Road SAD's have become more popular with residents in recent years as a way to fix subdivision roads, yet be able to pay for the cost over 15 years. The state passed Public Act 429 of 2014 which amended prior legislation on treatment of special assessments to the benefit of the residents. If a resident is selling their property with an outstanding SAD balance, it no longer has to be paid off at the closing of the sale. The remaining balance owed can stay with the property and the new owner could assume the payments.

Management's ability to find ways to continue to contain expenditures and reduce liabilities will determine the long-term outlook for the Township's ability to provide services. Township management is committed to taking a proactive approach in the anticipation and resolution of each and every challenge we presently face. The ultimate goal is to continue to provide superior services in the public sector with as much local control and access as possible. Management remains confident that the employees and elected officials of Bloomfield Township possess the capability, foresight, and resolve necessary to successfully meet these challenges with the support of the residents.

REQUESTS FOR INFORMATION

Questions concerning any of the information contained in this report or requests for additional financial information should be addressed to the Bloomfield Township Finance Director, 4200 Telegraph Road, Bloomfield Township, MI 48302. The Township's comprehensive strategic plan and current budget information are available on the Township website: www.bloomfieldtp.org.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF NET POSITION
March 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,823,421	\$ 564,713	\$ 5,388,134	\$ 549,716
Marketable securities	42,138,641	7,818,254	49,956,895	12,987,658
Receivables	3,076,187	5,165,610	8,241,797	-
Due from component unit	298,239	-	298,239	-
Prepaid items	244,632	-	244,632	34,701
Inventory	487,936	161,886	649,822	-
Total current assets	51,069,056	13,710,463	64,779,519	13,572,075
NONCURRENT ASSETS				
Capital assets				
Nondepreciable assets:				
Land	828,648	-	828,648	131,015
Other	-	3,217,126	3,217,126	-
Depreciable assets:				
Land improvements	28,800,129	-	28,800,129	-
Building	45,390,832	-	45,390,832	26,869,649
Machinery, furniture and equipment	23,251,895	2,261,757	25,513,652	4,933,910
Library books and audiovisual materials	-	-	-	4,473,671
Investment in system	13,082,267	111,184,085	124,266,352	-
Less accumulated depreciation	(61,888,775)	(46,051,222)	(107,939,997)	(13,029,943)
Total capital assets	49,464,996	70,611,746	120,076,742	23,378,302
OTHER ASSETS - Long-term receivables	18,024,647	-	18,024,647	-
Total noncurrent assets	67,489,643	70,611,746	138,101,389	23,378,302
Total assets	118,558,699	84,322,209	202,880,908	36,950,377
DEFERRED OUTFLOWS OF RESOURCES				
Debt refunding	1,152,179	-	1,152,179	-
Pension	11,203,237	714,328	11,917,565	437,129
Total deferred outflows of resources	12,355,416	714,328	13,069,744	437,129
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	2,809,825	1,060,814	3,870,639	144,928
Accrued expenses and other liabilities	-	250,548	250,548	60,805
Due to primary government	-	-	-	298,239
Unearned revenue	-	386,926	386,926	-
Amount due within one year	6,891,230	1,263,734	8,154,964	181,537
Total current liabilities	9,701,055	2,962,022	12,663,077	685,509
NONCURRENT LIABILITIES				
Net post-employment benefits liability	157,603,092	6,447,391	164,050,483	6,328,395
Net pension liability	14,376,460	902,096	15,278,556	575,502
Compensated absences and sick pay	3,888,274	118,108	4,006,382	306,314
Capital lease	240,867	-	240,867	-
Bonds payable	99,981,953	21,518,084	121,500,037	-
Total noncurrent liabilities	276,090,646	28,985,679	305,076,325	7,210,211
Total liabilities	285,791,701	31,947,701	317,739,402	7,895,720
DEFERRED INFLOWS OF RESOURCES -				
Unearned revenue	2,078,789	-	2,078,789	-
NET POSITION (DEFICIT)				
Net investment in capital assets	30,069,310	48,441,746	78,511,056	23,378,302
Restricted for:				
Debt service	6,920,763	-	6,920,763	-
Community enrichment	161,842	-	161,842	-
Gifts	-	-	-	178,428
Unrestricted	(194,108,290)	4,647,090	(189,461,200)	5,935,056
Total net position (deficit)	\$ (156,956,375)	\$ 53,088,836	\$ (103,867,539)	\$ 29,491,786

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2018

	<u>General</u>	<u>Road</u>	<u>Public Safety</u>	<u>Special Assessment Debt Service</u>	<u>Pension Obligation Bond Debt Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 63,477	\$ 12,809	\$ 106,260	\$ 1,193,205	\$ 2,694	\$ 3,430,463	\$ 4,808,908
Marketable securities	10,475,961	2,522,823	14,062,866	-	-	12,763,987	39,825,637
Receivables (net):							
Delinquent taxes	1,285,781	-	-	-	-	-	1,285,781
Component unit	298,239	-	-	-	-	-	298,239
Special assessment	-	-	-	3,890,879	-	-	3,890,879
Other	1,562,974	32,302	65,948	-	-	265,076	1,926,300
Prepaid items	244,632	-	-	-	-	-	244,632
Inventory	313,943	173,993	-	-	-	-	487,936
Total assets	<u>\$ 14,245,007</u>	<u>\$ 2,741,927</u>	<u>\$ 14,235,074</u>	<u>\$ 5,084,084</u>	<u>\$ 2,694</u>	<u>\$ 16,459,526</u>	<u>\$ 52,768,312</u>
LIABILITIES - Accounts payable and accrued expenses							
	<u>\$ 343,041</u>	<u>\$ 182,662</u>	<u>\$ 465,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,202</u>	<u>\$ 1,107,595</u>
DEFERRED INFLOW OF RESOURCES -							
Special assessments	-	-	-	2,043,061	-	-	2,043,061
FUND BALANCES							
Nonspendable:							
Inventory and prepaid items	558,575	173,993	-	-	-	-	732,568
Long-term advances receivable	86,250	-	-	-	-	-	86,250
Restricted:							
Debt service	-	-	-	3,041,023	2,694	3,877,046	6,920,763
Roads and safety paths	-	2,385,272	-	-	-	3,494,312	5,879,584
Public safety	-	-	13,769,384	-	-	1,099,891	14,869,275
Community enrichment	-	-	-	-	-	161,842	161,842
Assigned:							
Community enrichment	-	-	-	-	-	6,402,791	6,402,791
Building inspection	-	-	-	-	-	1,307,442	1,307,442
Unassigned	13,257,141	-	-	-	-	-	13,257,141
Total fund balances	<u>13,901,966</u>	<u>2,559,265</u>	<u>13,769,384</u>	<u>3,041,023</u>	<u>2,694</u>	<u>16,343,324</u>	<u>49,617,656</u>
Total liabilities and fund balances	<u>\$ 14,245,007</u>	<u>\$ 2,741,927</u>	<u>\$ 14,235,074</u>	<u>\$ 5,084,084</u>	<u>\$ 2,694</u>	<u>\$ 16,459,526</u>	<u>\$ 52,768,312</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
Reconciliation of the Balance Sheet of Governmental Funds to the Statement
of Net Position
March 31, 2018

FUND BALANCE REPORTED IN GOVERNMENTAL FUNDS	\$ 49,617,656
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 therefore are not reported in the funds.	
Cost of capital assets	111,353,771
Less accumulated depreciation	(61,888,775)
Governmental funds do not report a liability for accrued interest until due and payable.	(1,698,640)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities include:	
Bonds payable and capital lease obligations	(107,114,050)
Other post employment benefit obligations	(157,603,092)
Net pension liability	(14,376,460)
Compensated absences	(1,560,757)
Deferred outflows of resources - refunding	1,152,179
Deferred outflows of resources - pension	11,203,237
Accounts payable and other accrued liabilities	(39,318)
Some revenues in the governmental funds are not collected within the prescribed time period after year end and therefore, are considered unavailable. These revenues are recognized on the full accrual basis in the government-wide financial statements.	
Service receivable	3,549
Special assessment receivable	13,994,325
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (156,956,375)</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2018

	<u>General</u>	<u>Road</u>	<u>Public Safety</u>	<u>Special Assessment Debt Service</u>	<u>Pension Obligation Bond Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE							
Taxes and assessments	\$ 8,053,867	\$ 2,492,551	\$ 21,663,948	\$ 483,464	\$ -	\$ 7,567,724	\$ 40,261,554
Grants	7,489	-	172,613	-	-	91,823	271,925
Road fund repayments	-	749,676	-	-	-	-	749,676
State shared revenues	3,522,572	-	-	-	-	-	3,522,572
Charges for services	621,928	45,772	1,279,574	-	-	2,536,234	4,483,508
Licenses, permits and fees	1,135,767	-	17,427	-	-	815,444	1,968,638
Investment earnings	415,773	-	-	166,432	-	-	582,205
Fines and forfeitures	1,680,971	-	-	-	-	53,542	1,734,513
Rent	1,203,521	-	-	-	-	-	1,203,521
Reimbursements	183,619	43,603	42,600	-	-	40,721	310,543
Miscellaneous	364,957	52,840	57,405	-	225,899	281,567	982,668
Total revenue	<u>17,190,464</u>	<u>3,384,442</u>	<u>23,233,567</u>	<u>649,896</u>	<u>225,899</u>	<u>11,387,055</u>	<u>56,071,323</u>
EXPENDITURES							
Operating:							
Legislative	23,342	-	-	-	-	-	23,342
Judicial	1,802,197	-	-	-	-	-	1,802,197
General government	6,222,510	-	-	-	-	3,093,617	9,316,127
Public works	-	4,184,318	-	-	-	157,907	4,342,225
Public safety	277,913	-	22,585,644	-	-	506,198	23,369,755
Community enrichment and development	596,167	-	-	-	-	4,449,055	5,045,222
Debt service	-	-	-	-	-	407,372	407,372
Other	267,813	-	-	-	-	-	267,813
Capital outlay	225,212	334,969	479,122	-	-	1,506,487	2,545,790
Debt service:							
Principal retirement	-	-	112,965	400,000	3,335,000	2,876,167	6,724,132
Interest and fiscal changes	-	-	12,168	141,056	2,888,355	1,196,200	4,237,779
Total expenditures	<u>9,415,154</u>	<u>4,519,287</u>	<u>23,189,899</u>	<u>541,056</u>	<u>6,223,355</u>	<u>14,193,003</u>	<u>58,081,754</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>7,775,310</u>	<u>(1,134,845)</u>	<u>43,668</u>	<u>108,840</u>	<u>(5,997,456)</u>	<u>(2,805,948)</u>	<u>(2,010,431)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	1,450,000	4,350,000	-	5,997,456	-	11,797,456
Transfers out	(6,652,194)	(299,331)	(4,272,160)	-	-	(219,676)	(11,443,361)
Total other financing sources (uses)	<u>(6,652,194)</u>	<u>1,150,669</u>	<u>77,840</u>	<u>-</u>	<u>5,997,456</u>	<u>(219,676)</u>	<u>354,095</u>
NET CHANGE IN FUND BALANCES	<u>1,123,116</u>	<u>15,824</u>	<u>121,508</u>	<u>108,840</u>	<u>-</u>	<u>(3,025,624)</u>	<u>(1,656,336)</u>
FUND BALANCES, Beginning of year	<u>12,778,850</u>	<u>2,543,441</u>	<u>13,647,876</u>	<u>2,932,183</u>	<u>2,694</u>	<u>19,368,948</u>	<u>51,273,992</u>
FUND BALANCES, End of year	<u>\$ 13,901,966</u>	<u>\$ 2,559,265</u>	<u>\$ 13,769,384</u>	<u>\$ 3,041,023</u>	<u>\$ 2,694</u>	<u>\$ 16,343,324</u>	<u>\$ 49,617,656</u>

The accompanying notes are an integral part of these financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended March 31, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (1,656,336)

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, the cost of those assets is capitalized and depreciated over their estimated useful lives and reported as depreciation expense.

Capital outlay	2,545,790
Gain or loss on sale of assets	(36,750)
Depreciation expense	(3,795,463)

The issuance of long-term debt (e.g. bonds payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Debt issued, net of discount/premium	71,466
Principal paid	6,724,132

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Accrued interest	(68,258)
Compensated absences	17,807
Other post-employment benefit obligations	(7,874,539)
Pension obligations	(9,265,146)
Deferred outflows - pension	6,467,568
Amortization of deferred outflows/inflows	(7,085,146)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Service receivables	778
Special assessment receivable	(1,631,247)
Deferred revenue	(5,533)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (15,590,877)

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUND
March 31, 2018

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Proprietary Internal Service Fund</u>
ASSETS		
CURRENT ASSETS		
Cash, cash equivalents and investments:		
Unrestricted	\$ 11,208	\$ 14,513
Restricted	553,505	-
Marketable securities - unrestricted	7,818,254	2,313,004
Receivables (net):		
Customers	5,056,093	-
Other	109,517	-
Inventory	161,886	-
	<u>13,710,463</u>	<u>2,327,517</u>
Total current assets		
	<u>13,710,463</u>	<u>2,327,517</u>
NONCURRENT ASSETS		
Capital assets		
Machinery and equipment	2,261,756	-
Investment in system	114,401,212	-
	<u>116,662,968</u>	<u>-</u>
Less accumulated depreciation	46,051,222	-
	<u>70,611,746</u>	<u>-</u>
Net capital assets		
	<u>70,611,746</u>	<u>-</u>
Total assets	<u>84,322,209</u>	<u>2,327,517</u>
	<u>84,322,209</u>	<u>2,327,517</u>
DEFERRED OUTFLOWS OF RESOURCES - Pension	714,328	-
	<u>714,328</u>	<u>-</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,060,814	-
Accrued expenses and other liabilities	250,548	-
Amounts due within one year	1,263,734	-
Unearned revenue	386,926	-
	<u>2,962,022</u>	<u>-</u>
Total current liabilities		
	<u>2,962,022</u>	<u>-</u>
NONCURRENT LIABILITIES		
Net post-employment benefits liability	6,447,391	-
Net pension liability	902,096	-
Compensated absences	118,108	-
Amounts due in more than one year	21,518,084	2,327,517
	<u>28,985,679</u>	<u>2,327,517</u>
Total noncurrent liabilities		
	<u>28,985,679</u>	<u>2,327,517</u>
Total liabilities	<u>31,947,701</u>	<u>2,327,517</u>
	<u>31,947,701</u>	<u>2,327,517</u>
NET POSITION		
Net invested in capital assets	48,441,746	-
Unrestricted	4,647,090	-
	<u>53,088,836</u>	<u>-</u>
Total net position	<u>\$ 53,088,836</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended March 31, 2018

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Proprietary Internal Service Fund</u>
OPERATING REVENUES		
Water sales	\$ 11,587,762	\$ -
Sewer usage	10,702,206	-
Debt service charges	1,883,699	-
Privilege fees	245,700	-
Tap sales	47,165	-
Meter material and service sales	170,984	-
Water capital charges	22,390	-
Late payment penalties	264,290	-
	<u>24,924,196</u>	<u>-</u>
DIRECT COSTS		
Water purchased	7,497,307	-
Treatment charges	7,527,052	-
Depreciation	2,194,923	-
Tap costs	23,464	-
Meters, materials and service costs	62,363	-
Sick pay	-	140,780
	<u>17,305,109</u>	<u>140,780</u>
OPERATING AND ADMINISTRATIVE EXPENSES		
	<u>5,169,502</u>	<u>-</u>
Operating profit (loss)	<u>2,449,585</u>	<u>(140,780)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	70,785	-
Interest expense	(1,075,618)	-
Reimbursements	54,638	-
Miscellaneous	22,893	-
	<u>(927,302)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(927,302)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>1,522,283</u>	<u>(140,780)</u>
CONTRIBUTIONS AND TRANSFERS		
Township contributions	-	140,780
Transfer out to Pension Obligation Bond Debt Fund	(354,095)	-
Capital contributions	234,693	-
	<u>(119,402)</u>	<u>140,780</u>
Total contributions and transfers	<u>(119,402)</u>	<u>140,780</u>
Change in net position	1,402,881	-
NET POSITION, Beginning of year - As restated (Note 16)	<u>51,685,955</u>	<u>-</u>
NET POSITION, End of year	<u>\$ 53,088,836</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended March 31, 2018

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Proprietary Internal Service Fund</u>
Cash Flows from Operating Activities		
Receipts from customers	\$ 25,080,468	\$ -
Receipts from miscellaneous	78,966	-
Payments to employees	(2,123,771)	-
Payments to suppliers	(17,455,567)	-
Sick pay	-	(129,715)
	<u>5,580,096</u>	<u>(129,715)</u>
Net cash provided by (used in) operating activities		
Cash Flows from Noncapital Financing Activities		
Receipts from other governments	54,638	-
Transfer to other funds	(354,095)	-
Transfers from Township	-	140,780
	<u>(299,457)</u>	<u>140,780</u>
Net cash provided by (used in) noncapital financing activities		
Cash Flows from Capital and Related Financing Activities		
General obligation contracts with County		
Principal payments	(1,253,734)	-
Interest and fiscal charges	(1,049,301)	-
Proceeds from sale of capital assets	15,463	-
Purchase of capital assets	(3,184,179)	-
	<u>(5,471,751)</u>	<u>-</u>
Net cash used in capital and related financing activities		
Cash Flows from Investing Activities		
Investment income	70,785	-
Miscellaneous	7,428	-
	<u>78,213</u>	<u>-</u>
Net cash provided by investing activities		
Net increase (decrease) in cash, cash equivalents, investments and marketable securities	(112,899)	11,065
Cash, Cash Equivalents, Investments, and Marketable securities, Beginning of year	<u>8,495,866</u>	<u>2,316,452</u>
Cash, Cash Equivalents, Investments, and Marketable securities, End of year	<u>\$ 8,382,967</u>	<u>\$ 2,327,517</u>
Statement of net position classification of cash and cash equivalents		
Unrestricted	\$ 11,208	\$ 14,513
Restricted	553,505	-
Marketable securities	7,818,254	2,313,004
Totals	<u>\$ 8,382,967</u>	<u>\$ 2,327,517</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended March 31, 2018

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
		<u>Proprietary Internal Service Fund</u>
	<u>Water & Sewer</u>	<u>Fund</u>
Reconciliation of operating profit (loss) to net cash provided by operating activities		
Operating profit (loss)	\$ 2,449,585	\$ (140,780)
Adjustments to reconcile operating profit (loss) to net cash from operating activities:		
Depreciation	2,194,923	-
(Increase) decrease in:		
Receivables from customers	166,427	-
Receivables from others	78,966	-
Inventory	65,822	-
Deferred outflow of resources - pension	38,751	-
Increase (decrease) in:		
Accounts payable	52,487	-
Accrued expenses and other liabilities	(1,333)	11,065
Unearned revenue	(10,155)	-
Net pension liability	579,859	-
Employee compensated absences	(35,236)	-
	<u>\$ 5,580,096</u>	<u>\$ (129,715)</u>
Net cash provided by (used in) operating activities	<u>\$ 5,580,096</u>	<u>\$ (129,715)</u>

Noncash capital and financing activities

Capital assets of \$234,693 were acquired through contributions from others.

Capital assets of \$4,805,000 were acquired from bond proceeds.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
March 31, 2018

	Pension & Other Employee Benefit Trust Funds	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ -	\$ 580,300
Investments:		
Mutual funds	82,138,237	-
Guaranteed deposit account fixed income fund	<u>154,139,697</u>	<u>-</u>
Total assets	236,277,934	<u>\$ 580,300</u>
LIABILITIES		
Accounts payable and withholdings	-	\$ 50,629
Deposits and other liabilities:		
Escrow deposits	-	333,023
Refundable deposits	-	144,050
Other	<u>-</u>	<u>52,598</u>
Total liabilities	<u>-</u>	<u>\$ 580,300</u>
NET POSITION - Held in trust for pension and other employee benefits	<u>\$ 236,277,934</u>	

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended March 31, 2018

	Pension & Other Employee Benefit Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 7,844,758
Employee	438,335
	<hr/>
Total contributions	8,283,093
	<hr/>
Investment income:	
Net change in fair value of investments	9,609,215
Interest	5,551,334
Dividends	2,796,384
	<hr/>
Total investment income	17,956,933
	<hr/>
Total additions	26,240,026
	<hr/>
DEDUCTIONS	
Distributions	14,959,901
Administrative fees	203,272
	<hr/>
Total deductions	15,163,173
	<hr/>
Change in net position	11,076,853
	<hr/>
NET POSITION, Beginning of year	225,201,081
	<hr/>
NET POSITION, End of year	<u>\$ 236,277,934</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF Significant Accounting Policies

The financial statements of the Charter Township of Bloomfield, County of Oakland, State of Michigan (the "Township") are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

Financial Reporting Entity

Description of Reporting Entity

The Charter Township of Bloomfield, County of Oakland, State of Michigan was organized in 1827 as a common law township and was known as Bloomfield Township until October 14, 1993. On October 15, 1993, the State of Michigan recognized the incorporation of the Township and it is now known as the Charter Township of Bloomfield, Michigan.

The Township covers an area of approximately 25 square miles. Operations are governed by an elected board of seven trustees, including a full time supervisor, clerk and treasurer. The Township's government provides legislative, judicial, public safety, public works, community enrichment and development and general government services to approximately 41,000 residents.

In accordance with GAAP and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Township (the primary government) and its component unit, an entity for which the Township is considered to be financially accountable. The Component unit discussed below is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Township.

Discretely Presented Component Unit — Bloomfield Township Public Library

The Bloomfield Township Public Library (the "Library") was organized in 1963. The Library operates under an autonomous library board and provides library services to the residents of the Township. The Library Board is required to report to the Township Board of Trustees regarding the expenditures of funds and other information about Library operations. The Library may not issue debt or levy a tax without the approval of the Township's Board of Trustees. If approval is granted, the Library taxes are levied under the taxing authority of the Township, as approved by the Township's electors, and would be included as part of the Township's total tax levy, as well as reported in a Library revenue fund. Financial statements of the Library may be obtained from the Library.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bloomfield Village Association

Bloomfield Village Association (the "Association") (presented as "Bloomfield Village" in the financial statements) is a subdivision association located within the Township. Residents who live within the Association's boundaries have consented to be a special assessment district within the Township. The special assessment is to provide extra police and fire services to the residents of the Association over and above the Township's general public safety services. This assessment activity is shown as special revenue funds of the Township. This Association is not considered a component unit of the Township.

Government-Wide and Fund Financial Statements

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

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

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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

The government reports the following major governmental funds:

General

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

Road

The *Road fund* is a special revenue fund to account for a tax levy for the purpose of providing street improvement and maintenance services to the Township's residents.

Public Safety

The *Public Safety fund* is a special revenue fund to account for a tax levy for the purpose of providing police and fire protection services to the Township's residents.

Pension Obligation Bond Debt Fund

The *Pension Obligation Bond Debt* fund is a debt service fund used to collect transfers from other governmental and enterprise funds to pay the annual principal and interest due on the pension obligation bonds.

Special Assessment Debt Service

The *Special Assessment Debt Service fund* is a debt service fund used to account for the payment of interest and principal on long-term special assessment debt funded by special assessment districts.

The government reports the following major proprietary fund:

Water and Sewer

The *Water and Sewer fund* accounts for the activities of the government's water distribution, sewage disposal and related treatment systems.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Additionally, the government reports the following other fund types:

The *Special Revenue funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes, not including major capital projects.

The *Retirement System Pension Trust* is used to account for pension assets reserved for future pension obligations.

The *Retiree Health Care fund* is used to account for assets reserved for future health care costs of retirees.

The *Library Debt Retirement fund* is a debt service fund used to account for the collection of a special voted property tax millage restricted for retirement of debt related to library construction bonds.

The *Campus Construction Debt Retirement fund* is a debt service fund used to collect funds for retirement of debt related to campus construction bonds.

The *Drain-at-Large fund* is a debt service fund used to collect funds for retirement of debt related to construction, repair, and maintenance of drains.

The *Special Assessment Capital Projects fund* is a capital project fund used to account for the construction of capital assets funded in whole or part by long-term special assessment debt.

The *401(a) Defined Contribution Plan fund* is used to account for future retirement benefits for eligible employees.

The *Agency funds* account for assets held for other governments in an agency capacity.

The *Internal Service fund* is used to account for and collect funds from various departments for accumulated employee sick pay.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants, franchise fees and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenues 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 revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

For purposes of the statement of cash flows, demand deposits and short-term investments with an original maturity of three months or less are considered to be cash equivalents. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents.

Investments are stated at fair value based on quoted market prices.

Investment income from cash and cash equivalents is assigned to the water and sewer fund based on the average amount invested by this fund during the year. The remainder of the investment income is assigned to the general fund. Income is recorded when received which is not materially different from the modified accrual basis.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Inventory

Inventory is recorded at the lower of cost or net realizable value, with cost determined on a first-in, first-out basis. Inventory, which consists of materials and supplies, is recorded as expenditures (in the governmental fund types) and expenses (in the proprietary fund type) when used.

Prepaid Items

Prepaid items are costs incurred during the current fiscal year for which benefit will be received in a future fiscal year and are recorded in both the government-wide and fund financial statements.

Restricted Assets

In the Water and Sewer Fund, certain resources set aside for the repayment of bonds are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Also, certain resources of the Water and Sewer Fund have been set aside to fund capital asset replacements.

Capital Assets

Capital assets of all funds and the component unit are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets, which include property, plant equipment and infrastructure assets (e.g., sidewalks and drains) are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized.

Interest costs are incurred by the proprietary fund when debt proceeds are used to finance the construction of assets. It is the Township's policy that such costs be expensed rather than capitalized as part of the cost of the assets constructed.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Capital Assets (Continued)

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land improvements	15
Buildings	40
Vehicles	3-20
Machinery & equipment	10
Infrastructure & water and sewer system improvements	15-50

Long term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long term debt and other non-current obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences and Sick Pay Funding

Full-time permanent employees are granted vacation and sick pay benefits in varying amounts up to specified maximums. Township employees have the option of accumulating earned and unused sick and vacation pay. There are certain limits on the amount of sick and vacation pay which can be accumulated; these limits vary and depend on tenure and/or department. Employees are entitled to their accrued vacation leave and, in certain circumstances, a portion of their sick pay upon termination. Employees are entitled to a portion of their sick pay balance upon retirement.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Compensated Absences and Sick Pay Funding (Continued)

Sick pay is reconciled quarterly and cash is transferred to the Internal Service Fund for accumulated sick pay on a quarterly basis. The estimated sick pay liability is reported as a liability in the fund.

As of March 31, 2018, accrued payroll taxes on sick pay and accrued vacation pay were not funded. Consequently, these unfunded amounts are shown as a liability for employees' compensated absences and are included in long term liabilities on the government-wide financial statements.

Deferred Outflow and Inflow 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 government-wide statements and proprietary funds report deferred outflows from the differences between projected and actual investment earnings, differences between expected and actual experience and changes in assumptions of the pension plan. In addition, the government-wide statements also report deferred outflows from bond refunding.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Township has only one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the Township's fiscal year) under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, deferred special assessment revenues are reported in the governmental funds balance sheet and the government-wide statement of net position.

Pension

The Township offers pension benefits to retirees. The Township records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes 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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Other Postemployment Benefit Liability

The Township offers healthcare benefits to retirees. The other post-employment benefits liability is deemed to be a non-current liability and is recognized on the Township's government-wide and proprietary funds financial statements.

Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net positions are divided into three components:

Net investment in capital assets-consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position-consist of assets that are restricted by the Township's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted-all other net position is reported in this category.

Fund Balance Flow Assumptions

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

Fund Balance/Net Position Policies

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Fund Balance/Net Position Policies (Continued)

The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the Township's highest level of decision making authority. The Township's Board of Trustees (the Board) is the highest level of decision-making authority for the Township 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 (adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the Finance Director to assign fund balance. The Board 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 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 the assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain amounts in the Library's (Component Unit) financial statements have been reclassified in order to conform to the presentation of the Township's (Reporting Entity) financial statements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 2 –DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated thirteen banks for the deposit of Township funds. The investment policy adopted by the board has authorized investment in the certificates of deposit of local banks, bonds, securities, and other direct obligations of the United States, certain fixed income securities, and United States Treasury bills, but not the remainder of the State statutory authority as listed above.

The Township's retirement system investments are held in trust by the investment fiduciary. Michigan Compiled Laws, Section 38.1132, authorizes the Township's retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contract obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system. However, all of the Township's retirement system investments are in mutual funds, insurance mutual funds or in insurance company separate accounts, and therefore, are uncategoryed as to risk.

At year-end, the Township's deposits and investments, excluding pension and other employee trust funds, were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-Type Activities	Agency Fund	Total Primary Government	Component Unit
Cash and cash equivalents	\$ 4,823,421	\$ 564,713	\$ 580,300	\$ 5,968,434	\$ 549,716
Marketable securities	42,138,641	7,818,254	-	49,956,895	12,987,658
Total	<u>\$ 46,962,062</u>	<u>\$ 8,382,967</u>	<u>\$ 580,300</u>	<u>\$ 55,925,329</u>	<u>\$ 13,537,374</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 2 –DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. The bank balance of the primary government's deposits is \$6,235,245 of which \$250,000 is covered by federal depository insurance. The component unit had no such amounts that were exposed to custodial credit risk.

Credit Risk

State law limits investments in commercial paper to the two highest classifications rated by the two standard rating agencies. Furthermore, the Township's investment policy states that investments in fixed income securities must be AAA rated by Standard & Poor's, have maturities of five years or less, be readily marketable issues, and have significant trading volume within a continuous market and are within the parameters of MCL 41.77 and MCL 129.91. As of year-end, the credit quality ratings of debt securities are as follows:

<u>Primary Government Investment</u>		
Money market funds	\$ 49,608	Not Rated
U.S. Treasury notes	\$ 14,522,572	AAA
Local government investment pool	\$ 35,384,715	Not Rated
<u>Component Unit Investment</u>		
U.S. Treasury notes	\$ 3,369,696	AAA
Fixed income mutual funds	\$ 9,617,962	Not Rated

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. As a means of limiting its exposure to fair value losses arising from interest rates, the Township's investment policy restricts investment maturities of fixed income securities to five years or less. At year end, the Township had the following investments and maturities.

<u>Investment Maturities (in Years)</u>			
<u>Primary Government Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>
Money market funds	\$ 49,608	\$ 49,608	\$ -
U.S. Treasury notes	\$ 14,522,572	\$ 14,522,572	\$ -
Local government investment pool	\$ 35,384,715	\$ 35,384,715	\$ -
 <u>Component Unit Investment Type</u>			
U.S. Treasury notes	\$ 3,369,696	\$ 3,369,696	\$ -
Fixed income mutual funds*	\$ 9,617,962	\$ -	\$ 9,617,962

* Determined based on the average weighted duration of the mutual fund

Fair Value Measurements

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

The Township has the following recurring fair value measurements as of March 31, 2018: Investments classified as Level 1 are valued using prices quoted in active markets for those securities.

	Balance at March 31, 2018	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary government:				
Mutual funds - Money market	\$ 49,608	\$ 49,608	\$ -	\$ -
U.S. Treasury funds	14,522,572	14,522,572	-	-
Total primary government	14,572,180	14,572,180	-	-
Fiduciary funds:				
Mutual funds - Equities	72,628,485	72,628,485	-	-
Mutual funds - Money market	273,661	273,661	-	-
Mutual funds - Fixed income	7,445,039	7,445,039	-	-
Mutual funds - REIT	1,791,052	1,791,052	-	-
Stable value - Guaranteed deposit	154,139,697	-	-	-
Total fiduciary funds	236,277,934	82,138,237	-	-
Total investments by fair value level	250,850,114	\$ 96,710,417	\$ -	\$ -
Investments measured at net asset value (NAV) - Primary government				
Oakland County local government investment pool	35,384,715			
Total investments measured at fair value	\$ 286,234,829			

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments in Entities that Calculate Net Asset Value per Share

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

At March 31, 2018, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
NAV - Oakland County Government Investment Pool	\$ 35,384,715	\$ -	No restrictions	None

NOTE 3 – RECEIVABLES

Receivables as of year-end for the government's individual major, non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, if any, are as follows:

	General Fund	Road Fund	Public Safety	Drain at Large	Library Debt Retirement	Special Assessment Debt Service	Nonmajor & Other	Water & Sewer	Total
Delinquent taxes	\$ 1,285,781	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,285,781
Accounts receivable	1,468,889	-	65,948	-	-	-	-	5,165,610	6,700,447
Component unit Special	298,239	-	-	-	-	-	-	-	298,239
assessment	-	-	-	3,054,325	10,940,000	3,890,879	-	-	17,885,204
Interest & other receivables	94,085	32,302	-	-	-	-	265,076	-	391,463
Net receivables	<u>\$ 3,146,994</u>	<u>\$ 32,302</u>	<u>\$ 65,948</u>	<u>\$ 3,054,325</u>	<u>\$ 10,940,000</u>	<u>\$ 3,890,879</u>	<u>\$ 265,076</u>	<u>\$ 5,165,610</u>	<u>\$ 26,561,134</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Special assessments	<u>\$ 10,940,000</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 4 – CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Balance April 1, 2017	Additions	Disposals	Balance March 31, 2018
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 828,648	\$ -	\$ -	\$ 828,648
Capital assets being depreciated:				
Buildings	45,390,832	-	-	45,390,832
Improvements other than buildings	27,354,210	1,445,919	-	28,800,129
Machinery and equipment	22,505,395	1,099,871	(353,371)	23,251,895
Infrastructure	13,082,267	-	-	13,082,267
Subtotal	<u>108,332,704</u>	<u>2,545,790</u>	<u>(353,371)</u>	<u>110,525,123</u>
Less accumulated depreciation:				
Buildings	15,589,511	1,105,929	-	16,695,440
Improvements other than buildings	16,755,288	1,361,141	-	18,116,429
Machinery and equipment	18,186,055	1,066,594	(316,621)	18,936,028
Infrastructure	7,879,079	261,799	-	8,140,878
Subtotal	<u>58,409,933</u>	<u>3,795,463</u>	<u>(316,621)</u>	<u>61,888,775</u>
Net capital assets being depreciated	<u>49,922,771</u>	<u>(1,249,673)</u>	<u>(36,750)</u>	<u>48,636,348</u>
Net capital assets	<u>\$ 50,751,419</u>	<u>\$ (1,249,673)</u>	<u>\$ (36,750)</u>	<u>\$ 49,464,996</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 4 – CAPITAL ASSETS (Continued)

Capital asset activity of the enterprise activities for the current year was as follows:

	Balance April 1, 2017	Additions	Disposals	Balance March 31, 2018
Business-Type Activities				
Capital assets not being depreciated - Improvements to systems	\$ 3,137,813	\$ 79,313	\$ -	\$ 3,217,126
Capital assets being depreciated:				
Improvements to systems	71,230,534	3,268,514	-	74,499,048
Machinery and equipment	2,243,971	71,046	(53,260)	2,261,757
Township share of county sewers	31,880,037	4,805,000	-	36,685,037
Subtotal	<u>105,354,542</u>	<u>8,144,560</u>	<u>(53,260)</u>	<u>113,445,842</u>
Less accumulated depreciation:				
Improvements to systems	26,299,489	1,469,086	-	27,768,575
Machinery and equipment	1,652,637	140,207	(53,260)	1,739,584
Township share of county sewers	15,957,433	585,630	-	16,543,063
Subtotal	<u>43,909,559</u>	<u>2,194,923</u>	<u>(53,260)</u>	<u>46,051,222</u>
Net capital assets being depreciated	<u>61,444,983</u>	<u>5,949,637</u>	<u>-</u>	<u>67,394,620</u>
Net capital assets	<u>\$ 64,582,796</u>	<u>\$ 6,028,950</u>	<u>\$ -</u>	<u>\$ 70,611,746</u>

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

Governmental activities

General government	\$ 499,012
Public safety	750,264
Community enrichment and development	234,091
Public works	<u>2,312,096</u>
Total governmental activities	<u>\$ 3,795,463</u>
Business-type activities	
Water & sewer	<u>\$ 2,194,923</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 4 – CAPITAL ASSETS (Continued)

Capital asset activity of the Component Unit was as follows:

	Balance April 1, 2017	Additions	Disposals	Balance March 31, 2018
Capital assets not being depreciated:				
Land	\$ 131,015	\$ -	\$ -	\$ 131,015
Capital assets being depreciated:				
Buildings	26,855,265	14,384	-	26,869,649
Furniture and equipment	4,575,212	358,698	-	4,933,910
Library books and audiovisual materials	4,609,967	521,764	(658,060)	4,473,671
Subtotal	<u>36,040,444</u>	<u>894,846</u>	<u>(658,060)</u>	<u>36,277,230</u>
Less accumulated depreciation:				
Buildings	5,719,008	456,604	-	6,175,612
Furniture and equipment	3,908,555	275,083	-	4,183,638
Library books and audiovisual materials	2,771,171	557,582	(658,060)	2,670,693
Subtotal	<u>12,398,734</u>	<u>1,289,269</u>	<u>(658,060)</u>	<u>13,029,943</u>
Net capital assets being depreciated	<u>23,641,710</u>	<u>(394,423)</u>	<u>-</u>	<u>23,247,287</u>
Net capital assets	<u>\$ 23,772,725</u>	<u>\$ (394,423)</u>	<u>\$ -</u>	<u>\$ 23,378,302</u>

Capital assets including library books are recorded at cost. Depreciation expense was \$1,289,269 for the year ended March 31, 2018.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Township reports interfund balances between many of its funds. The sum of all balances presented in the tables below agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

	<u>Transfers In</u>	<u>Transfer Out</u>
Interfund Transfers		
General Fund	\$ -	\$ 6,652,194
Road Fund	1,450,000	299,331
Public Safety Fund	4,350,000	4,272,160
Pension Obligation Bond Debt Fund	5,997,456	-
Non-major Governmental Funds	-	219,676
Water & Sewer Fund	-	354,095
	<u>\$ 11,797,456</u>	<u>\$ 11,797,456</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 – LONG TERM DEBT

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 6 – LONG TERM DEBT (Continued)

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
County drain contracts	1.00-6.5%	2018-2031	\$ 2,275,411	\$ 3,178,513	\$ (1,980,815)	\$ 3,473,109	\$ 292,259
Library construction bond	1.25-3%	2024	12,355,000	-	(1,415,000)	10,940,000	1,450,000
General construction bond	4-5.00%	2032	20,235,000	-	(1,195,000)	19,040,000	1,065,000
Pension obligation bond	.51-5.37%	2032	69,415,000	-	(3,335,000)	66,080,000	3,395,000
Capital lease obligation	2.59%	2020	469,723	-	(112,965)	356,758	115,891
Special assessment bond	2-4.75%	2031	5,205,000	-	(400,000)	4,805,000	400,000
Unamortized bond premium			2,795,363	-	(186,061)	2,609,302	185,420
Unamortized bond discount			(202,459)	-	12,340	(190,119)	(12,340)
Total bonds payable			112,548,038	3,178,513	(8,612,501)	107,114,050	6,891,230
Employee compensated absences and sick pay	-	NA	3,895,016	11,065	(17,807)	3,888,274	-
Total governmental activities			<u>\$ 116,443,054</u>	<u>\$ 3,189,578</u>	<u>\$ (8,630,308)</u>	<u>\$ 111,002,324</u>	<u>\$ 6,891,230</u>
Business-Type Activities							
County water & sewer contracts	2-4.50%	2026-2037	\$ 18,550,000	\$ 4,805,000	\$ (1,185,000)	\$ 22,170,000	\$ 1,195,000
Unamortized bond discount			(20,596)	-	1,575	(19,021)	(1,574)
Unamortized bond premium			701,149	-	(70,310)	630,839	70,308
Total bonds payable			19,230,553	4,805,000	(1,253,735)	22,781,818	1,263,734
Employee compensated absences	-	NA	153,344	-	(35,236)	118,108	-
Total business-type activities			<u>\$ 19,383,897</u>	<u>\$ 4,805,000</u>	<u>\$ (1,288,971)</u>	<u>\$ 22,899,926</u>	<u>\$ 1,263,734</u>

Annual debt service requirements to maturity for the installment debt are as follows:

Year Ending March 31,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 6,718,150	\$ 4,220,290	\$ 1,195,000	\$ 700,072
2020	6,978,070	4,032,920	1,295,000	664,352
2021	7,151,894	3,822,293	1,330,000	627,257
2022	6,929,507	3,600,609	1,475,000	587,602
2023	7,098,645	3,370,828	1,485,000	545,357
2024-2028	34,188,293	12,770,203	8,660,000	1,922,011
2029-2033	35,630,308	4,794,922	4,835,000	687,335
2034-2037	-	-	1,895,000	127,303
	104,694,867	<u>\$ 36,612,065</u>	22,170,000	<u>\$ 5,861,289</u>
Less: Unamortized discount	(190,119)		(19,021)	
Plus: Unamortized premium	2,609,302		630,839	
	<u>\$ 107,114,050</u>		<u>\$ 22,781,818</u>	

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 7 – AGREEMENTS

Franchise Agreements

The Township has entered into an agreement with Comcast under which it granted that company a nonexclusive franchise to provide cable television services in the Township. This agreement expires on August 20, 2019, provided that the cable provider pay an annual franchise fee of 5% of gross annual revenues to the Township.

The Township has also entered into an agreement with AT&T Michigan which it granted that company a non-exclusive franchise to construct, operate and maintain a cable television system within the Township. This agreement, which expires April 25, 2022, provides for a franchise fee of 5% of gross annual revenues.

Total franchise fees recognized under these agreements during the current year were \$1,040,893.

Lessor Agreements

The General Fund rents the use of the Courthouse under a lease expiring October 31, 2036 to the State of Michigan 48th Judicial District Court. Rent income for the year was \$584,310.

The General Fund leases land for mobile telecommunications broadcast towers under three separate agreements. The leases expired in 2017 and new contracts are in negotiations. Lease income under the agreements was \$79,211 for the year ended March 31, 2018.

Interfund Lease Agreements

The Cable Studio Special Revenue Fund uses a Township owned building and the Building Department Fund uses Township owned office space. The Water and Sewer Fund uses office and other space owned by the Township. The General Fund is reimbursed for the use. The agreements are cancelable at any time. Rental income related to the agreements was \$540,000 for the year ended March 31, 2018.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 8 – CAPITAL LEASE

The Township entered into a lease agreement for equipment with a cost of \$687,167. Accumulated amortization at March 31, 2018 was \$111,664 and amortization expense for the year ended March 31, 2018 was \$34,358. The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date. The future debt and interest expense obligations have been included in Note 6. The future minimum lease obligations and the net present value are as follows:

Year Ending March 31,	Amount
2019	\$ 125,133
2020	125,133
2021	125,133
	<hr/>
Total minimum lease payments	375,399
Less amount representing interest	(18,641)
	<hr/>
Present value	<u>\$ 356,758</u>

NOTE 9 – RETIREMENT PLAN - PENSION TRUST

Plan Description

The Township contributes to the Township of Bloomfield Retirement Income Plan (the "Plan"), which is a single-employer defined benefit plan. It is the responsibility of the Township pension employees' retirement system (PERS) to function as the investment and administrative agent for the Township with respect to the pension plan. A stand-alone financial report of the plan has not been issued. Information shown for the plan is as of January 1, 2018, the date of the plan's latest actuarial valuation.

Based on state statutes, all full-time employees must be allowed to participate in township or municipal pension plans. However, as a defined contribution plan was created and effective April 1, 2005, new hires are no longer allowed to participate in the defined benefit plan. Under the provision of the Township's pension plan, pension benefits vest after eight years of full-time employment, except for the Township's police officers who vest after ten years of service. The plan pays upon retirement a benefit (depending on department) of 2.1 to 3.0% of final yearly earnings multiplied by years of credited service. Maximum benefits vary by department and tenure and range from 80 to 90% of final earnings. Retirement ages also vary by department and range from age 50 to age 62. Employees are also eligible for early retirement at reduced benefits. Retirement plan benefits for some departments are negotiated as part of collective bargaining agreements and may vary pursuant to these agreements.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Plan Description (Continued)

Membership in the Plan consisted of the following at January 1, 2018, the latest actuarial valuation:

Active plan members	150
Retirees and beneficiaries receiving benefits	270
Terminated and inactive plan members entitled to but not yet receiving benefits	<u>18</u>
Total plan members	<u><u>438</u></u>

Basis of Accounting

The Plan's financial statements are prepared using information as of December 31, 2017, which approximates the date of the plan's latest actuarial report. The Plan's financial statements include contributions received and benefits paid through that date.

Contributions

Total contributions to the Plan for the plan year beginning January 1, 2017, amounted to \$302,840 of which 100% were made by the Township employees on covered payroll of \$10,941,904 for the 2017 calendar year.

There were no employer contributions to the plan for the fiscal year ending March 31, 2018.

Significant actuarial assumptions used to compute pension contribution requirements are the same as those used to determine the standardized measure of the pension obligation.

Funding Policy

The obligation to contribute to and maintain the Plan for the Township's employees was established by Board resolution.

Under provisions of the Plan, Library and Bloomfield Village Police Department employees contribute 5% of their gross earnings to the Plan. All other employees contribute between 1% and 3.5% of their gross earnings to the Plan. In addition, the Township must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by the Plan.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Investment Policy

The plan’s policy in regard to the allocation of invested assets is established and may be amended by the Township Board of Trustees by a majority vote. It is the policy of the Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The Plan's investments are in the general accounts or mutual funds of a life insurance company and are reported at stated contract value or market value. Administrative fees are paid from investment earnings. The Township’s other pension investments are stated at fair value.

The Board adopted the following recommended asset allocation of equity holdings of which the equity holdings shall not exceed 50% of the whole of the total investments:

Asset allocation of equity holdings:

Asset Class	Minimum	Target Maximum
Large Cap	30%	40% - 50%
Mid Cap	16.5%	22% - 27.5%
Small Cap	16.5%	22% - 27.5%
International	28.5%	38% - 47.5%
Cash Account	0.0%	1%

Rate of Return

For the year ended March 31, 2018, the annual money-weighted rate of return on plan investments, net of pension plan investment expense was 4.7%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Net Pension Liability (Continued)

The components of the net pension liability of the Township at March 31, 2018 were as follows:

Total pension liability	\$ 224,208,817
Plan fiduciary net position	<u>208,930,261</u>
Net pension liability	<u><u>\$ 15,278,556</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 93.19%

The Township has chosen to use March 31, 2018 as its measurement date for the net pension liability. The March 31, 2018 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of March 31, 2018.

The March 31, 2018 total pension liability was determined by an actuarial valuation performed as of January 1, 2018.

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

<u>Changes in Net Pension Liability</u>	<u>Total Pension Liability</u>	<u>Increase (Decrease) Plan Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance at April 1, 2017	\$ 215,308,703	\$ 209,875,152	\$ 5,433,551
Service cost	2,880,877	-	2,880,877
Interest	12,583,951	-	12,583,951
Differences between expected and actual experience including assumption changes	4,250,290	-	4,250,290
Contributions - Employer	-	-	-
Contributions - Employee	-	302,840	(302,840)
Net investment income	-	9,648,546	(9,648,546)
Benefit payments, including refunds	(10,815,004)	(10,815,004)	-
Administrative expenses	-	(81,273)	81,273
Net changes	<u>8,900,114</u>	<u>(944,891)</u>	<u>9,845,005</u>
Balance at March 31, 2018	<u><u>\$ 224,208,817</u></u>	<u><u>\$ 208,930,261</u></u>	<u><u>\$ 15,278,556</u></u>

Assumption Changes

The investment return assumption was changed from 5.75% to 6.0% to better anticipate future investment performance. The assumed retirement age has also changed to better anticipate demographic experience.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

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

For the year ended March 31, 2018, the Township recognized pension expense of \$2,567,292. At March 31, 2018, the Township reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,640,570	\$ -
Changes in assumptions	3,698,471	-
Net difference between projected and actual earnings on pension plan investments	<u>6,578,524</u>	<u>-</u>
Total	<u><u>\$ 11,917,565</u></u>	<u><u>\$ -</u></u>

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

Years Ending March 31,	Amount
2019	\$ 6,580,146
2020	\$ 4,394,588
2021	\$ 406,870
2022	\$ 535,961

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of March 31, 2018. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Salary Increases	4%	including wage inflation of 1%
Investment rate of return	6.00%	

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with Scale MP-2014 for general employees.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Township contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

The target allocation and best estimates of arithmetic real rates of return as of January 1, 2018, the measurement date, for each major class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap Equity	20.00%	7.75%
Small Cap Equity	5.00%	8.50%
Mid Cap Equity	6.00%	8.25%
International Equity	19.00%	7.25%
Stable Value	50.00%	4.45%
Real Estate	0.00%	6.85%
Total	<u>100.00%</u>	

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

The following presents the net pension liability of the Township, calculated using the discount rate of 6.00%, as well as what the Township’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

Discount rate	1% Decrease 5.00%	Discount Rate 6.00%	1% Increase 7.00%
Net pension liability of the Township	<u>\$ 60,652,576</u>	<u>\$ 15,278,556</u>	<u>\$ 5,817,796</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 10 – RETIREMENT PLAN - DEFINED CONTRIBUTION PLAN

Plan Description — Defined Contribution Plan

The Charter Township of Bloomfield 401(a) Plan is a defined contribution pension plan established by the Township to provide benefits at retirement for eligible employees. The plan was effective April 1, 2005 for new Township hires and effective on or after April 2, 2011 for Bloomfield Township Library eligible employees. At March 31, 2018, there were 119 plan members. A stand-alone financial report of the plan has not been issued.

Contributions Required and Contributions Made — Defined Contribution Plan

The Township may make discretionary contributions of not more than 10% of the total compensation for all active participants for all plan members except Bargained Employees. The Township contributions for Bargained Employees will be made in accordance with the Collective Bargaining Agreement. Contributions are made bi-weekly. For the year ended March 31, 2018, contributions in the amount of \$848,919 were made to the plan by the Township. In addition, discretionary contributions in the amount of \$132,713 were made to the plan by Township employees.

NOTE 11 – DEFERRED COMPENSATION

The Township offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The Plan, available to all Township employees, permits them to defer a portion of their current salary until the employee's termination, retirement, death, or unforeseeable emergency.

As required by GASB 32, the Plan's assets are held in a separate trust and thus are not included in the financial statements of the Township.

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Retired Employees' Health Care Benefits Trust (the "Trust") provides other-postemployment benefits (OPEB) for eligible retirees and their spouses. The Trust is a single-employer defined benefit OPEB plan administered by the Township. The plan is closed to new members hired after May 1, 2011. The Township has set up four investment portfolios within the Trust. The investment portfolios are allocated to each of the following funds: 1) Water & Sewer Fund, 2) Building Department Fund, and 3) Cable Studio Fund. The fourth investment portfolio covers the remaining governmental funds.

The Township, under GAS, must, from an accounting perspective, recognize OPEB liabilities. However, under the current status of the law, the Township, based on the terms of its collective bargaining agreements and Employee Handbook, has no legal obligation to continue to provide any post-employment benefits, including retiree health care.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Benefits Provided

The Trust provides contributory and non-contributory medical, dental, vision and basic life insurance coverage for eligible retirees and their spouses. These benefits are paid to four groups of employees who are eligible for different retiree benefits based on their date of hire. Additionally, benefits for bargaining employees are specified by union contract while the Board of Trustees establishes those for non-bargaining employees. Bargaining and non-bargaining employees who retire after age 50 with at least 15 years of service are eligible for life insurance coverage in the amount of \$6,000 - \$8,000, depending on their bargaining or non-bargaining status.

Employees Covered by Benefit Terms

At the March 31, 2018 valuation date, the following employees were covered by the benefit terms:

Active employees	188
Inactive employees / beneficiaries receiving benefits	337
Inactive employees / beneficiaries entitled to but not yet receiving benefits	<u>7</u>
Total membership	<u><u>532</u></u>

Contributions

Active service members and retired members or their beneficiaries are not required to contribute to the plan. During the year ended March 31, 2018, the Township contributed \$5,035,596 based on actuarially determined rates.

Summary of Significant Accounting Policies

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB (if applicable), and OPEB expenses, information about the fiduciary net position have been determined on the same basis as they are reported for the Township. 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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Investments

Investment Policy - The trustees of the Trust may invest funds, including depositing funds in approved financial institutions and administering investments in conformance with the policies set forth in the investment policy.

Rate of Return – For the year ended March 31, 2018, the annual money weighted rate of return on investments, net of investment expense, was 5.68% for the Township, 6.02% for the Building Department Fund (Building) and Cable Studio Fund (Cable), and 6.08% for the Water & Sewer Fund. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net OPEB Liability of the Township

The Township’s net OPEB liability was measured as of March 31, 2018 and was determined by an actuarial valuation as of July 1, 2016.

Total OPEB liability	\$ 175,770,263
OPEB plan fiduciary net position	11,719,780
Net OPEB liability	<u>\$ 164,050,483</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 6.67%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016 rolled forward to March 31, 2018, the measurement date. The following actuarial assumptions applied consistently to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.7%
Salary increases, including inflation	3.5%, average
Investment rate of return	Governmental 4.0%
	Water & Sewer 4.5%
	Building & Cable 4.0%
Healthcare cost trend rates	7.1% - 4.6% over 68 years

Mortality rates were based on the RP-2000 Mortality Table with generational projection per Scale BB.

The Trust has not had a formal actuarial experience study performed.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

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

Township	Target	Long-Term Expected
<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Real Rate of Return</u>
Core Fixed Income US Equity	62.0%	2.23%
Large Cap US Equity	26.6%	4.82%
Small / Mid Cap US Equity	11.4%	5.91%
	<u>100.0%</u>	
Building	Target	Long-Term Expected
<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Real Rate of Return</u>
Core Fixed Income US Equity	61.8%	2.23%
Large Cap US Equity	26.7%	4.82%
Small / Mid Cap US Equity	11.5%	5.91%
	<u>100.0%</u>	
Cable	Target	Long-Term Expected
<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Real Rate of Return</u>
Core Fixed Income US Equity	61.8%	2.23%
Large Cap US Equity	26.7%	4.82%
Small / Mid Cap US Equity	11.5%	5.91%
	<u>100.0%</u>	
Water & Sewer	Target	Long-Term Expected
<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Real Rate of Return</u>
Core Fixed Income US Equity	58.0%	2.23%
Large Cap US Equity	25.0%	4.82%
Small / Mid Cap US Equity	11.0%	5.91%
Cash	6.0%	0.71%
	<u>100.0%</u>	

Changes in Assumptions

The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal per GASB Statement No. 75.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Discount Rate

Township – The discount rate used to measure the OPEB liability was 3.89% for the Township. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the expected benefit payments. Based on those assumptions, the OPEB plan’s net fiduciary position was not projected to be available to make all projected future benefit payments of current plan members. For the Township portion of the plan, the 20 year municipal bond rate was applied.

Building, Cable, and Water & Sewer - The discount rate used to measure the OPEB liability was 4.0% for the Building and Cable portion of the plan and 4.5% for Water & Sewer portion of the plan. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the expected benefit payments. Based on those assumptions, the OPEB plan’s net fiduciary position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

Changes in net OPEB Liability

The components of the change in the net OPEB liability are summarized as follows:

Changes in Net OPEB Liability	Total OPEB Liability	Increase (Decrease) Plan Net Position	Net OPEB Liability
Balance at April 1, 2017	\$ 170,552,499	\$ 10,884,949	\$ 159,667,550
Service cost	4,147,825	-	4,147,825
Interest	6,721,348	-	6,721,348
Differences between expected and actual experience including assumption changes	(828,808)	-	(828,808)
Contributions - Employer	-	5,035,596	(5,035,596)
Contributions - Employee	-	-	-
Net investment income	-	642,738	(642,738)
Benefit payments, including refunds	(4,822,601)	(4,822,601)	-
Administrative expenses	-	(20,902)	20,902
Net changes	5,217,764	834,831	4,382,933
Balance at March 31, 2018	\$ 175,770,263	\$ 11,719,780	\$ 164,050,483

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 14 – OTHER INFORMATION

Risk Management

The Township is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages its risk exposures and provides certain employee benefits through a combination of risk management pools, commercial insurance policies and excess coverage policies. Following is a summary of the Township's risk management.

The Township participates with the Michigan Municipal Risk Management Authority (MMRMA), a self-insured association with a membership of approximately 300 Michigan local governmental units, for general and automobile liability, motor vehicle physical damage, and judicial tenure defense and property damage coverage's. Members include cities, counties, townships and special purpose governments. The MMRMA is organized under the laws of the State of Michigan and is governed by a Board of Directors elected by the membership. The MMRMA provides risk management, claims administration, legal defense and reinsurance services to its members.

The Township makes annual contributions to MMRMA based upon underwriting criteria and guidelines approved by the Board of Directors of MMRMA. Underwriting guidelines may be based upon net operating expenditures, number of employees, size of payroll, size and complexity of operations, loss experience, loss control efforts and any other relevant risk related criteria. These contributions are paid from the Township's General Fund and costs are allocated to the Township's other Funds.

Contributions received by MMRMA to pay administrative expenses, excess insurance, stop loss insurance, reinsurance and all other necessary MMRMA obligations are paid into the MMRMA General Fund. The Board of Directors of MMRMA has also established a minimum amount of funds each member must maintain on deposit with MMRMA.

The Member's Funds on Deposit are used to pay losses and allocated loss adjustment costs that fall within the Township's self-insured retention limits along with certain other member specific costs.

Accordingly, the Township records in the General Fund an asset for funds on deposit in the member retention fund of the MMRMA and a liability for incurred claims and allocated claims adjustment not paid as estimated by MMRMA. At March 31, 2018, the balance of the Township's funds prepaid in the Member Retention Fund of the MMRMA was \$193,102 and the claims incurred and allocated claims adjustment accrued was \$41,821.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 14 – OTHER INFORMATION (Continued)

Risk Management (Continued)

The Township's self-insured retention limits must be fully satisfied before the MMRMA will assume any responsibility for payment of losses. The Township participates in MMRMA's Stop Loss Program. The stop loss program limits the self-insured retention limit payments made on behalf of the Township in the MMRMA's fiscal year. The Township's aggregate cash payments for its self-insured retention limited obligations must exceed \$410,000 before the stop loss program will become responsible for making further self-insured retention limit payments on behalf of the Township.

The Township's self-insured retention limits are as follows:

<u>Coverage</u>	<u>Self-Insured Retention</u>
Liability Non deductible	\$200,000 per occurrence
Vehicle physical damage \$1,000 deductible per occurrence	\$15,000 per vehicle \$30,000 per occurrence
Property and crime \$1,000 member deductible	N/A
Sewage system overflow No deductible	\$150,000 per occurrence
Employee benefits-commercial insurance provider	
Workers' compensation-commercial insurance provider	

At March 31, 2018, there were no claims which exceeded insurance coverage for any of the past six fiscal years. The Township had no significant reduction in insurance coverage from previous years.

The Township has an experience-rated group health insurance reserve for the employee health care benefit plan.

The insurance carrier maintains a separate Premium Stabilization Reserve (PSR) in addition to the carrier's insurance reserves funded and maintained pursuant to applicable insurance laws and sound underwriting practice.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 14 – OTHER INFORMATION (Continued)

Risk Management (Continued)

The PSR is funded with experience-rated margins from the insurance carrier. Interest earned on the PSR is used to offset the carrier's cost of maintaining the plan.

The PSR may be reduced in any policy year for the excess claims paid, reserve adjustments and expenses including (risk charges over) premiums paid, and any premium increases that would otherwise be funded by the Township.

The carrier determines the PSR balance yearly. This balance decreases or increases in value depending on claims paid in comparison to premiums. Any decrease or increase is booked directly to the reserve and has no impact on the Township's financial statements.

Library

The library is exposed to risks of loss related to theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library's general liability and property damage insurance is included in the Township's plan. Employee benefits and workers' compensation is obtained through commercial insurance providers through the Township.

At March 31, 2018, there were no claims which exceeded insurance coverage for any of the past five fiscal years. The Library had no significant reduction in insurance coverage from previous years.

Property Taxes

Delinquent Property Taxes Receivable

- a. Property taxes are assessed as of December 31 and the resulting property taxes become a lien on December 1 of the following year for the township taxes.
- b. The tax levy dates and the budget years are as follows:

<u>Budget Year</u>	<u>Tax Levy Date</u>
County – October 1, 2016 through September 30, 2017	6-1-2017
Township – April 1, 2017 through March 31, 2018	12-1-2017

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 14 – OTHER INFORMATION (Continued)

Property Taxes

Delinquent Property Taxes Receivable

The 2017 tax levy is summarized as follows:

	Taxable Value	Millage Rate	Revenue
Township			
General	\$ 3,572,807,760	2.2290	\$ 7,963,787
Senior services	\$ 3,572,807,760	0.2370	846,755
Public safety - voted	\$ 3,572,807,760	6.0517	21,621,561
Roads - voted	\$ 3,572,807,760	0.6963	2,487,746
Library-operating-voted perpetual	\$ 3,572,807,760	1.9428	6,941,251
Library debt service	\$ 3,572,807,760	0.4700	1,679,220
Drain debt service	\$ 3,572,807,760	0.1200	428,737
Capital improvements	\$ 3,572,807,760	0.5700	2,036,500
Safety path - voted	\$ 3,572,807,760	0.4703	1,680,291
Total Township		<u>12.7871</u>	<u>\$ 45,685,849</u>
County			
Transportation - voted	\$ 3,572,807,760	<u>0.9863</u>	<u>\$ 3,523,860</u>
Special assessments			
Bloomfield Village Association			
Fire	\$ 353,665,320	0.3430	\$ 121,307
Police	\$ 353,665,320	1.2110	428,289
		<u>1.5540</u>	<u>\$ 549,596</u>

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLES

During the current year, the Township adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 eliminated the other postemployment benefit obligation (an amount representing the cumulative deficiency of actual plan contributions compared to the actuarially-calculated annual required contribution) and replaced it with the net other postemployment liability (an amount representing the full actuarial accrued liability of the plan, less the resources held in trust).

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

NOTE 16 – RESTATEMENT

The financial statements for the year ended **March 31, 2017** have been restated in order to adopt GASB Statements No. 74 and 75. The effect of this new accounting standard was a decrease in the net position of governmental and business-type activities.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position - March 31, 2017 - As previously reported	\$ (39,915,403)	\$ 58,133,346
Adjustment for implementation of GASB Statement No. 74 and 75	<u>(101,450,095)</u>	<u>(6,447,391)</u>
Net position (deficit) - March 31, 2017 - As restated	<u><u>\$ (141,365,498)</u></u>	<u><u>\$ 51,685,955</u></u>

NOTE 17 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. The Statement establishes criteria for identifying fiduciary activities for all state and local governments, focusing on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries for whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2019-2020 fiscal year.

NOTE 18 – SUBSEQUENT EVENTS

The Township’s management has performed a review of events subsequent to the balance sheet date through September 20, 2018, the date the financial statements were available to be issued.

The Township is a defendant in a class action lawsuit challenging water and sewer rates. On September 5, 2018, Oakland County Circuit Judge Dan O’Brien heard arguments on the parties’ cross motions for entry of judgment. The Court awarded the plaintiff \$3,690,241. The written final judgment has not yet been entered with the Court. The Township has not yet made a decision on whether or not to appeal. Based upon information received from the Township’s counsel, it is of counsel’s opinion that there is a fair chance of overturning the decision.

REQUIRED SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes and assessments	\$ 8,123,000	\$ 8,123,000	\$ 8,053,867	\$ (69,133)
State shared revenues	3,225,000	3,225,000	3,522,572	297,572
Grants	-	-	7,489	7,489
Charges for services	585,100	585,100	621,928	36,828
Licenses, permits and fees	1,046,000	1,046,000	1,135,767	89,767
Investment earnings	300,000	300,000	415,773	115,773
Fines and forfeitures	1,907,500	1,907,500	1,680,971	(226,529)
Rent	1,213,031	1,213,031	1,203,521	(9,510)
Reimbursements	140,000	140,000	183,619	43,619
Miscellaneous	260,000	260,000	364,957	104,957
Total revenue	<u>16,799,631</u>	<u>16,799,631</u>	<u>17,190,464</u>	<u>390,833</u>
EXPENDITURES				
Current				
Legislative	23,500	23,500	23,342	158
Judicial	2,121,000	2,121,000	1,802,197	318,803
General government	6,251,550	6,251,550	6,196,576	54,974
Public safety	250,800	250,800	277,913	(27,113)
Community enrichment and development	406,960	406,960	596,167	(189,207)
Other	307,700	307,700	267,811	39,889
Equipment non-capital	125,000	125,000	25,934	99,066
Capital outlay	78,000	78,000	225,214	(147,214)
Total expenditures	<u>9,564,510</u>	<u>9,564,510</u>	<u>9,415,154</u>	<u>149,356</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>7,235,121</u>	<u>7,235,121</u>	<u>7,775,310</u>	<u>540,189</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(7,208,167)</u>	<u>(7,208,167)</u>	<u>(6,652,194)</u>	<u>555,973</u>
Total other financing sources (uses)	<u>(7,208,167)</u>	<u>(7,208,167)</u>	<u>(6,652,194)</u>	<u>555,973</u>
NET CHANGE IN FUND BALANCE	26,954	26,954	1,123,116	1,096,162
FUND BALANCE, Beginning of year	<u>12,778,850</u>	<u>12,778,850</u>	<u>12,778,850</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 12,805,804</u>	<u>\$ 12,805,804</u>	<u>\$ 13,901,966</u>	<u>\$ 1,096,162</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - ROAD FUND
Year Ended March 31, 2018

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes	\$ 2,512,000	\$ 2,512,000	\$ 2,492,551	\$ (19,449)
Road fund repayments	724,000	724,000	749,676	25,676
Charges for services	43,000	43,000	45,772	2,772
Reimbursements	25,000	25,000	43,603	18,603
Miscellaneous	4,000	4,000	52,840	48,840
Total revenue	<u>3,308,000</u>	<u>3,308,000</u>	<u>3,384,442</u>	<u>76,442</u>
EXPENDITURES				
Public works				
Salaries and wages	1,112,480	1,112,480	1,131,412	(18,932)
Benefits	328,990	328,990	351,888	(22,898)
Other benefits	417,700	417,700	354,269	63,431
Operating supplies	576,500	576,500	596,403	(19,903)
Professional services	85,500	85,500	53,934	31,566
Contracted services	1,464,500	1,464,500	1,490,716	(26,216)
Insurance and bonds	43,000	43,000	39,865	3,135
Utilities	150,000	150,000	150,609	(609)
Miscellaneous	14,500	14,500	10,841	3,659
Equipment non-capital	10,000	10,000	4,381	5,619
Capital outlay	363,000	363,000	334,969	28,031
Total expenditures	<u>4,566,170</u>	<u>4,566,170</u>	<u>4,519,287</u>	<u>46,883</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,258,170)</u>	<u>(1,258,170)</u>	<u>(1,134,845)</u>	<u>123,325</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(297,464)	(297,464)	(299,331)	(1,867)
Transfers in	<u>1,575,000</u>	<u>1,575,000</u>	<u>1,450,000</u>	<u>(125,000)</u>
Total other financing sources (uses)	<u>1,277,536</u>	<u>1,277,536</u>	<u>1,150,669</u>	<u>(126,867)</u>
NET CHANGE IN FUND BALANCE	19,366	19,366	15,824	(3,542)
FUND BALANCE, Beginning of year	<u>2,543,441</u>	<u>2,543,441</u>	<u>2,543,441</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 2,562,807</u>	<u>\$ 2,562,807</u>	<u>\$ 2,559,265</u>	<u>\$ (3,542)</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - PUBLIC SAFETY FUND
Year Ended March 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes	\$ 21,852,000	\$ 21,852,000	\$ 21,663,948	\$ (188,052)
Grants	35,500	35,500	172,613	137,113
Charges for services	1,335,000	1,335,000	1,279,574	(55,426)
Liquor license rebates	17,000	17,000	17,427	427
Reimbursements	40,000	40,000	42,600	2,600
Miscellaneous	30,000	30,000	57,405	27,405
	<u>23,309,500</u>	<u>23,309,500</u>	<u>23,233,567</u>	<u>(75,933)</u>
Total revenue	<u>23,309,500</u>	<u>23,309,500</u>	<u>23,233,567</u>	<u>(75,933)</u>
EXPENDITURES				
Public works				
Salaries and wages	13,171,550	13,171,550	12,644,990	526,560
Benefits	3,510,600	3,510,600	3,782,879	(272,279)
Other benefits	4,409,120	4,409,120	3,964,486	444,634
Operating supplies	500,500	500,500	410,256	90,244
Professional services	269,500	269,500	301,132	(31,632)
Insurance and bonds	375,000	375,000	430,353	(55,353)
Contracted services	597,500	597,500	672,483	(74,983)
Public utilities	75,000	75,000	76,210	(1,210)
Principal and interest	125,133	125,133	125,133	-
Miscellaneous	176,000	176,000	128,208	47,792
Equipment non-capital	154,500	154,500	174,647	(20,147)
Capital outlay	426,000	426,000	479,122	(53,122)
	<u>23,790,403</u>	<u>23,790,403</u>	<u>23,189,899</u>	<u>600,504</u>
Total expenditures	<u>23,790,403</u>	<u>23,790,403</u>	<u>23,189,899</u>	<u>600,504</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES				
	<u>(480,903)</u>	<u>(480,903)</u>	<u>43,668</u>	<u>524,571</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,775,000	4,775,000	4,350,000	(425,000)
Transfers out	(4,267,805)	(4,267,805)	(4,272,160)	(4,355)
	<u>507,195</u>	<u>507,195</u>	<u>77,840</u>	<u>(429,355)</u>
Total other financing sources (uses)	<u>507,195</u>	<u>507,195</u>	<u>77,840</u>	<u>(429,355)</u>
NET CHANGE IN FUND BALANCE	26,292	26,292	121,508	95,216
FUND BALANCE, Beginning of year	<u>13,647,876</u>	<u>13,647,876</u>	<u>13,647,876</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 13,674,168</u>	<u>\$ 13,674,168</u>	<u>\$ 13,769,384</u>	<u>\$ 95,216</u>

**CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – BUDGETARY
INFORMATION
MARCH 31, 2018**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end. The Board of Trustees holds budget hearings in November and a final budget must be adopted prior to April 1. The budget document presents information by fund, function, department and line items. The funds for which budgets are prepared are adopted on a fund total basis.

Encumbrance accounting is not employed in governmental funds. If encumbrance accounting were employed, encumbrances (e.g., purchase orders, contracts) outstanding at year end would be reported as assigned fund balances and would not constitute expenditures or liabilities because the goods or services had not been received as of year-end; the commitments would be reappropriated and honored during the subsequent year.

Instead, 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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE TOWNSHIP NET PENSION LIABILITY AND
RELATED RATIOS - PENSION TRUST
Last Three Fiscal Years (Schedule is built prospectively upon implementation of GASB 67)

	2018	2017	2016
TOTAL PENSION LIABILITY			
Service cost	\$ 2,880,877	\$ 3,093,406	\$ 2,937,791
Interest on the total pension liability	12,583,951	12,185,184	11,945,637
Differences between expected and actual experience including assumption changes	4,250,290	1,800,149	6,800,959
Benefit payments and refunds	<u>(10,815,004)</u>	<u>(10,006,265)</u>	<u>(9,463,060)</u>
Net change in total pension liability	8,900,114	7,072,474	12,221,327
Total pension liability, Beginning of year	<u>215,308,703</u>	<u>208,236,229</u>	<u>196,014,902</u>
Total pension liability, End of year	<u><u>\$ 224,208,817</u></u>	<u><u>\$ 215,308,703</u></u>	<u><u>\$ 208,236,229</u></u>
PLAN FIDUCIARY NET POSITION			
Employer contributions	\$ -	\$ -	\$ -
Employee contributions	302,840	317,049	302,355
Pension plan net investment income (loss)	9,648,546	13,843,427	(150,074)
Benefit payments and refunds	(10,815,004)	(10,006,265)	(9,463,060)
Other expenses	<u>(81,273)</u>	<u>(86,325)</u>	<u>(83,873)</u>
Net change in plan fiduciary net position	(944,891)	4,067,886	(9,394,652)
Plan fiduciary net position, Beginning of year	<u>209,875,152</u>	<u>205,807,266</u>	<u>215,201,918</u>
Plan fiduciary net position, End of year	<u><u>\$ 208,930,261</u></u>	<u><u>\$ 209,875,152</u></u>	<u><u>\$ 205,807,266</u></u>
Township's Net Pension Liability	<u><u>\$ 15,278,556</u></u>	<u><u>\$ 5,433,551</u></u>	<u><u>\$ 2,428,963</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.19%	97.48%	98.83%
Covered Employee Payroll	<u><u>\$ 10,941,904</u></u>	<u><u>\$ 11,627,527</u></u>	<u><u>\$ 13,118,137</u></u>
Net Pension Liability as a Percentage of Covered Payroll	139.63%	46.73%	18.52%

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT RETURNS - PENSION TRUST
Last Three Fiscal Years (Schedule is built prospectively upon implementation of GASB 67)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	4.7%	6.9%	-0.1%

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF TOWNSHIP CONTRIBUTIONS
RELATED RATIOS - PENSION TRUST
March 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ 3,040,464	\$ 10,206,901	\$ 5,179,678	\$ 5,152,066	\$ 5,894,595	\$ 5,228,482
Contributions in relation to the actuarially determined contribution	-	-	-	-	80,300,000	10,206,901	5,179,678	5,152,066	5,894,595	5,228,482
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,259,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 10,941,904	\$ 11,627,527	\$ 13,118,137	\$ 13,711,213	\$ 14,159,863	\$ 14,862,788	\$ 15,338,979	\$ 15,522,940	\$ 15,562,765	\$ 16,136,224
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	567.10%	68.67%	33.77%	33.19%	37.88%	32.40%

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date: March 31, 2018

Actuarially determined contribution rates are calculated as of January 1, each year which is 3 months prior to the beginning of the fiscal year in which contributions are made.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry-age normal

Amortization method Changes in assumptions and differences between assumptions and actual experience are recognized over the average remaining years of employment of employees (active and inactive employees, including retirees)

Differences between expected earnings on plan investments and actual investment earnings are recognized over a five year period
Changes in benefit terms are recognized immediately

Asset valuation method Fair value and contract value with a market value adjustment factor for the Guaranteed Deposit Account, which is considered the best representation of fair value.

Wage inflation 1%

Salary increases 3%

Investment rate of return 6.00%

Retirement age Age 55 with 25 years of Service or Age 62

Mortality RP-2014 Blue Collar Mortality Table with Scale MP-2014 and RP-2014 Total Data Set Mortality Table with Scale MP-2014 for Public Safety

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN THE TOWNSHIP NET OPEB LIABILITY AND
RELATED RATIOS - RETIRED EMPLOYEES HEALTHCARE PLAN
Last fiscal year (Schedule is built prospectively upon implementation of GASB 74)

	<u>2018</u>
TOTAL OPEB LIABILITY	
Service cost	\$ 4,147,825
Interest	6,721,348
Changes in assumptions and other inputs	(828,808)
Benefit payments and refunds	<u>(4,822,601)</u>
Net change in total OPEB liability	5,217,764
Total OPEB liability - beginning of year	<u>170,552,499</u>
Total OPEB liability - ending of year	<u>175,770,263</u>
PLAN FIDUCIARY NET POSITION	
Employer contributions	5,035,596
OPEB plan net investment income	642,738
Benefit payments and refunds	(4,822,601)
Administrative expenses	<u>(20,902)</u>
Net change in plan fiduciary net position	834,831
Plan fiduciary net position - beginning of year	<u>10,884,949</u>
Plan fiduciary net position - end of year	<u>11,719,780</u>
Township's Net OPEB Liability	<u><u>\$ 164,050,483</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB liability	6.67%
Covered Employee Payroll	\$ 13,838,660
Net OPEB Liability as a Percentage of Covered Payroll	1185.45%

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF INVESTMENT RETURNS - RETIRED EMPLOYEES HEALTHCARE PLAN
Last Fiscal Year (Schedule is built prospectively upon implementation of GASB 74)

2018

Annual money-weighted rate of return, net of investment expense	
Township	5.68%
Building and Cable	6.02%
Water & Sewer	6.08%

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF TOWNSHIP CONTRIBUTIONS
RELATED RATIOS - RETIRED EMPLOYEES HEALTHCARE PLAN
March 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 14,117,096	\$ 13,238,120	\$ 13,238,120	\$ 12,241,524	\$ 12,241,524	\$ 7,716,000	\$ 7,716,000	\$ 7,874,000	\$ 5,756,000	\$ 5,714,000
Contributions in relation to the actuarially determined contribution	5,035,596	4,613,559	9,910,643	3,815,071	3,705,253	2,826,942	2,896,950	2,797,505	2,321,933	-
Contribution excess (deficiency)	<u>\$ (9,081,500)</u>	<u>\$ (8,624,561)</u>	<u>\$ (3,327,477)</u>	<u>\$ (8,426,453)</u>	<u>\$ (8,536,271)</u>	<u>\$ (4,889,058)</u>	<u>\$ (4,819,050)</u>	<u>\$ (5,076,495)</u>	<u>\$ (3,434,067)</u>	<u>\$ (5,714,000)</u>
Covered employee payroll	\$ 13,838,660	\$ 15,279,000	\$ 15,279,000	\$ 15,953,000	\$ 15,953,000	\$ 15,522,000	\$ 15,522,000	\$ 15,522,940	\$ 16,136,224	\$ 16,136,224
Contributions as a percentage of covered employee payroll	36.39%	30.20%	64.86%	23.91%	23.23%	18.21%	18.66%	18.02%	14.39%	0.00%

Methods and assumptions used to determine contribution rates for 2018 (Based on the July 1, 2016 Valuation)

Valuation Date:	July 1, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Remaining amortization period	17 years
Asset valuation method	Market Value
Inflation	2.70%
Salary increases	3.50% including inflation
Investment rate of return	4.50% Water & Sewer 4.00% Township
Retirement age	Experience-based table o rates that are specific to the type of eligibility condition
Mortality	RP-2000 Mortality Table with generational projection per Scale BB
Helath care trend rates	7.10% initially grading to 4.60% in 2084

OTHER SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
March 31, 2018

	Nonmajor Special Revenue Funds								Nonmajor Debt Service Funds				Total
	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Building Department	Drug Law Enforcement	Safety Path	Cable Studio	Special Assessment Capital Projects	Campus Construction Debt Retirement	Library Debt Retirement	Drain at-Large	
ASSETS													
Cash and cash equivalents	\$ 16,945	\$ 584,052	\$ 294,453	\$ 165,517	\$ 8,073	\$ 229,446	\$ 16,143	\$ 19,804	\$ 1,322	\$ 1,533,058	\$ 10,834	\$ 550,816	\$ 3,430,463
Marketable securities	2,612,746	-	-	-	1,303,875	-	3,102,323	3,646,853	404,651	-	1,693,539	-	12,763,987
Receivables (net) - Other	5,780	-	-	-	16,902	-	-	153,595	-	-	-	88,799	265,076
Total assets	<u>\$ 2,635,471</u>	<u>\$ 584,052</u>	<u>\$ 294,453</u>	<u>\$ 165,517</u>	<u>\$ 1,328,850</u>	<u>\$ 229,446</u>	<u>\$ 3,118,466</u>	<u>\$ 3,820,252</u>	<u>\$ 405,973</u>	<u>\$ 1,533,058</u>	<u>\$ 1,704,373</u>	<u>\$ 639,615</u>	<u>\$ 16,459,526</u>
LIABILITIES - Accounts payable and accrued expenses													
	\$ 41,747	\$ 6,557	\$ 1,503	\$ 3,675	\$ 21,408	\$ -	\$ 30,127	\$ 11,185	\$ -	\$ -	\$ -	\$ -	\$ 116,202
FUND BALANCES													
Restricted:													
Debt service	-	-	-	-	-	-	-	-	-	1,533,058	1,704,373	639,615	3,877,046
Roads and safety paths	-	-	-	-	-	-	3,088,339	-	405,973	-	-	-	3,494,312
Public safety	-	577,495	292,950	-	-	229,446	-	-	-	-	-	-	1,099,891
Community enrichment	-	-	-	161,842	-	-	-	-	-	-	-	-	161,842
Assigned:													
Community enrichment	2,593,724	-	-	-	-	-	-	3,809,067	-	-	-	-	6,402,791
Building inspection	-	-	-	-	1,307,442	-	-	-	-	-	-	-	1,307,442
Total fund balances	<u>2,593,724</u>	<u>577,495</u>	<u>292,950</u>	<u>161,842</u>	<u>1,307,442</u>	<u>229,446</u>	<u>3,088,339</u>	<u>3,809,067</u>	<u>405,973</u>	<u>1,533,058</u>	<u>1,704,373</u>	<u>639,615</u>	<u>16,343,324</u>
Total liabilities and fund balances	<u>\$ 2,635,471</u>	<u>\$ 584,052</u>	<u>\$ 294,453</u>	<u>\$ 165,517</u>	<u>\$ 1,328,850</u>	<u>\$ 229,446</u>	<u>\$ 3,118,466</u>	<u>\$ 3,820,252</u>	<u>\$ 405,973</u>	<u>\$ 1,533,058</u>	<u>\$ 1,704,373</u>	<u>\$ 639,615</u>	<u>\$ 16,459,526</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended March 31, 2018

	Nonmajor Special Revenue Funds								Nonmajor Debt Service Funds				Total
	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Building Department	Drug Law Enforcement	Safety Path	Cable Studio	Special Assessment Capital Projects	Campus Construction Debt Retirement	Library Debt Retirement	Drain at-Large	
REVENUES													
Taxes and assessments	\$ 848,331	\$ 427,576	\$ 121,102	\$ 337,392	\$ -	\$ -	\$ 1,680,199	\$ -	\$ -	\$ 2,039,615	\$ 1,682,564	\$ 430,945	\$ 7,567,724
Grants	91,823	-	-	-	-	-	-	-	-	-	-	-	91,823
Charges for services	754,631	-	-	-	1,728,678	-	-	52,925	-	-	-	-	2,536,234
Licenses, permits and fees	-	-	-	-	-	-	-	815,444	-	-	-	-	815,444
Fines and forfeitures	-	-	-	642	-	52,900	-	-	-	-	-	-	53,542
Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursements	-	-	-	40,721	-	-	-	-	-	-	-	-	40,721
Miscellaneous	25,935	-	-	-	-	-	-	810	254,822	-	-	-	281,567
Total revenues	1,720,720	427,576	121,102	378,755	1,728,678	52,900	1,680,199	869,179	254,822	2,039,615	1,682,564	430,945	11,387,055
EXPENDITURES													
Operating:													
General government	-	-	-	-	3,093,617	-	-	-	-	-	-	-	3,093,617
Public works	-	-	-	-	-	-	156,743	-	1,164	-	-	-	157,907
Public safety	-	381,419	97,031	-	-	27,748	-	-	-	-	-	-	506,198
Community enrichment & development	1,741,014	-	-	394,983	-	-	-	2,313,058	-	-	-	-	4,449,055
Debt service	-	-	-	-	-	-	-	-	-	343	357	406,672	407,372
Capital outlay	3,760	4,783	4,784	-	1,157	10,220	1,445,920	35,863	-	-	-	-	1,506,487
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	1,195,000	1,415,000	266,167	2,876,167
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	825,751	259,088	111,361	1,196,200
Total expenditures	1,744,774	386,202	101,815	394,983	3,094,774	37,968	1,602,663	2,348,921	1,164	2,021,094	1,674,445	784,200	14,193,003
Revenues over (under) expenditures	(24,054)	41,374	19,287	(16,228)	(1,366,096)	14,932	77,536	(1,479,742)	253,658	18,521	8,119	(353,255)	(2,805,948)
OTHER FINANCING SOURCES (USES)													
Transfers out	(16,180)	(8,090)	-	-	(126,329)	-	(7,468)	(61,609)	-	-	-	-	(219,676)
Total other financing sources (uses)	(16,180)	(8,090)	-	-	(126,329)	-	(7,468)	(61,609)	-	-	-	-	(219,676)
Net change in fund balances	(40,234)	33,284	19,287	(16,228)	(1,492,425)	14,932	70,068	(1,541,351)	253,658	18,521	8,119	(353,255)	(3,025,624)
FUND BALANCES, Beginning of year	2,633,958	544,211	273,663	178,070	2,799,867	214,514	3,018,271	5,350,418	152,315	1,514,537	1,696,254	992,870	19,368,948
FUND BALANCES, End of year	\$ 2,593,724	\$ 577,495	\$ 292,950	\$ 161,842	\$ 1,307,442	\$ 229,446	\$ 3,088,339	\$ 3,809,067	\$ 405,973	\$ 1,533,058	\$ 1,704,373	\$ 639,615	\$ 16,343,324

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
March 31, 2018

	Pension and Other Employee Benefit Trust Funds			Agency Fund	
	Retiree Health Care Fund	Retirement System Pension Trust	401(a) Defined Contribution Plan	Total Pension and Other Employee Trust Funds	Escrow Fund
	March 31, 2018	December 31, 2017	March 31, 2018		March 31, 2018
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 580,300
Investments:					
Mutual funds	11,719,780	63,622,210	6,796,247	82,138,237	-
Guaranteed deposit account fixed income fund	-	154,139,697	-	154,139,697	-
Total assets	<u>11,719,780</u>	<u>217,761,907</u>	<u>6,796,247</u>	<u>236,277,934</u>	<u>\$ 580,300</u>
LIABILITIES					
Accounts payable and withholdings	-	-	-	-	\$ 50,629
Deposits & other liabilities:					
Escrow deposits	-	-	-	-	333,023
Refundable deposits	-	-	-	-	144,050
Other	-	-	-	-	52,598
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 580,300</u>
NET POSITION - Held in trust for pension and other employee benefits	<u>\$ 11,719,780</u>	<u>\$ 217,761,907</u>	<u>\$ 6,796,247</u>	<u>\$ 236,277,934</u>	

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended March 31, 2018

	Retiree Health Care Fund	Retirement System Pension Trust	401(a) Defined Contribution Plan	Total
	Year Ended March 31, 2018	Year Ended December 31, 2017	Year Ended March 31, 2018	
ADDITIONS				
Contributions:				
Employer	\$ 6,995,839	\$ -	\$ 848,919	\$ 7,844,758
Employee	-	305,622	132,713	438,335
Total contributions	<u>6,995,839</u>	<u>305,622</u>	<u>981,632</u>	<u>8,283,093</u>
Investment income:				
Net change in fair value of investments	191,768	8,913,667	503,780	9,609,215
Interest income	450,970	5,100,364	-	5,551,334
Dividend income	-	2,467,680	328,704	2,796,384
Total investment income	<u>642,738</u>	<u>16,481,711</u>	<u>832,484</u>	<u>17,956,933</u>
Total additions	<u>7,638,577</u>	<u>16,787,333</u>	<u>1,814,116</u>	<u>26,240,026</u>
DEDUCTIONS				
Distributions	3,682,844	11,076,710	200,347	14,959,901
Administrative fees	20,902	189,787	(7,417)	203,272
Total deductions	<u>3,703,746</u>	<u>11,266,497</u>	<u>192,930</u>	<u>15,163,173</u>
NET INCREASE IN PENSION HELD IN TRUST	3,934,831	5,520,836	1,621,186	11,076,853
NET POSITION HELD IN TRUST, Beginning of year	<u>7,784,949</u>	<u>212,241,071</u>	<u>5,175,061</u>	<u>225,201,081</u>
NET POSITION HELD IN TRUST, End of year	<u>\$ 11,719,780</u>	<u>\$ 217,761,907</u>	<u>\$ 6,796,247</u>	<u>\$ 236,277,934</u>

**STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE
CERTIFICATE**

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2018

Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections to March 1 of the Following Year</u>	
2017	\$ 47,948,023	\$ 46,734,437	97.47%
2016	\$ 47,099,065	\$ 45,317,158	96.22%
2015	\$ 46,460,678	\$ 45,144,624	97.16%
2014	\$ 44,995,239	\$ 43,610,066	96.92%
2013	\$ 42,329,811	\$ 40,828,439	96.45%
2012	\$ 41,264,728	\$ 39,754,293	96.34%
2011	\$ 41,694,060	\$ 40,098,080	96.17%
2010	\$ 44,116,202	\$ 42,167,507	95.58%
2009	\$ 44,505,638	\$ 42,147,621	94.70%
2008	\$ 45,382,069	\$ 42,433,483	93.50%

The Township's taxes are due and payable and a lien created upon the assessed property on December 1 each year. Taxes remaining unpaid on the following March 1 are turned over to the County Treasurer for collection. If all real property taxes are not paid by May 1, two years following return to the County Treasurer, the property is sold for taxes.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2018

History of Property Valuations*

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2017	\$ 4,677,280,760	\$ 3,572,807,760
2016	\$ 4,497,242,280	\$ 3,470,928,740
2015	\$ 4,144,531,220	\$ 3,364,207,210
2014	\$ 3,710,998,170	\$ 3,233,497,150
2013	\$ 3,389,125,929	\$ 3,156,898,881
2012	\$ 3,243,551,639	\$ 3,079,769,930
2011	\$ 3,213,298,128	\$ 3,143,677,326
2010	\$ 3,466,680,805	\$ 3,388,280,525
2009	\$ 4,109,471,150	\$ 3,873,573,210
2008	\$ 4,492,697,926	\$ 3,948,607,046

*Beginning in 1995, the Taxable Value and not the State Equalized Valued is used to calculate the tax levy.

Michigan Property Tax and School Finance Reform

See information provided in Continuing Disclosure Certificates previously filed with National and State of Michigan Municipal Securities Information Repositories regarding this topic.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2018

Tax Rate Limitations

The Township Charter provides tax rate limitations as follows:

Purpose	Rate (per \$1,000 of State) Equalized Valuation	Maximum Permitted Rate
General Operating	\$ 0.9662	\$ 0.9662

The Township may levy taxes in excess of the above limitation pursuant to state law for the following purposes:

Purpose	Authority	Rate (per \$1,000 of State) Equalized Valuation
Refuse Collection and Disposal	Act 298, P.A. of Michigan 1917, as amended	\$ 3.00
Police and Fire Pension Requirements	Act 345, P.A. of Michigan 1937, as amended	Amount required to make contribution

In addition, Article IX, Section 6 of the Michigan Constitution of 1963, as amended, permits the levy of millage in excess of the above for:

1. All debt service on tax supported bonds issued prior to December 23, 1978, or tax supported issues, which have been approved by the voters.
2. Operating purposes for a specific period of time provided that said increase is approved by a majority of the qualified electors of the local unit.

*The Michigan Constitution provides for tax rate limitations. See information provided in Continuing Disclosure Certificates previously filed with National and State of Michigan Municipal Securities Information repositories regarding these limitations.

Labor Agreements

The Township has three employee bargaining units which have negotiated comprehensive salary, wage, fringe benefits and working conditions contracts with the Township.

The duration of these agreements are as follows:

Employee Group	Number of Employees	Expiration Date of Contract
Firefighters	57	March 31, 2020
Police Employees (Command Officers)	13	March 31, 2020
Police Employees (Patrolmen)	50	March 31, 2020

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2018

General Fund – Fund Balance

The Township's General Fund Balance for the last ten years has been as follows:

<u>Fiscal Year Ending March 31,</u>	<u>Fund Balance</u>
2018	\$ 13,901,966
2017	\$ 12,778,850
2016	\$ 12,504,251
2015	\$ 11,838,362
2014	\$ 11,640,178
2013	\$ 11,498,695
2012	\$ 10,968,077
2011	\$ 10,506,172
2010	\$ 8,056,659
2009	\$ 8,156,480