

**CHARTER TOWNSHIP OF
BLOOMFIELD, MICHIGAN**

FINANCIAL REPORT WITH
SUPPLEMENTAL INFORMATION

Year ended March 31, 2020

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

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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, 2020, 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, 2020, 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.

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. 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 and the statistical section 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 statistical section has 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 this section.

UHY LLP

Farmington Hills, Michigan
September 25, 2020

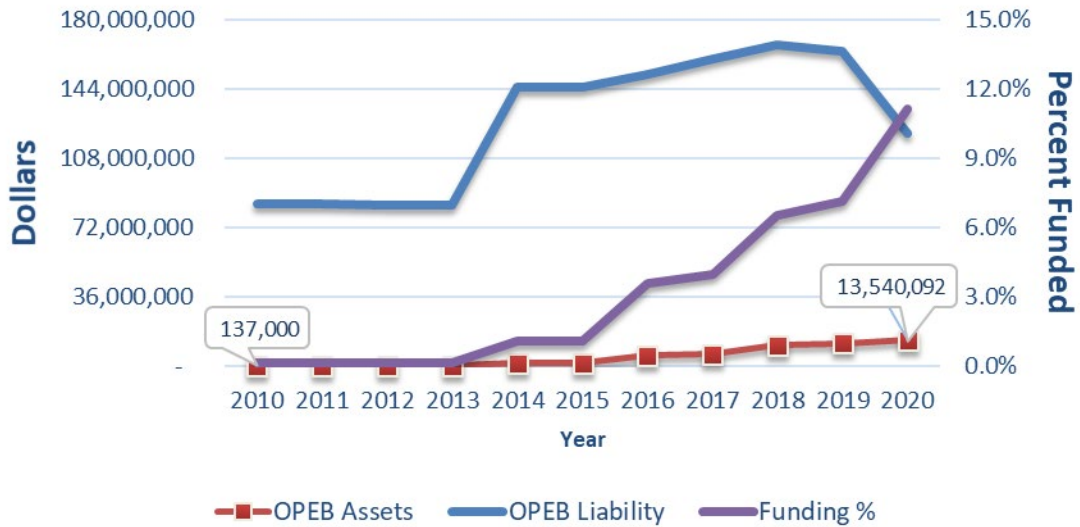
CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT’S DISCUSSION AND ANALYSIS
March 31, 2020

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, 2020.

FINANCIAL HIGHLIGHTS

- The net OPEB liability decreased by \$54,895,316 or 34%. This is a decrease from last year’s liability of \$162,691,629 down to \$107,796,313.
- Contributions towards the OPEB liability this year totaled \$2,000,000 and were deposited into the OPEB trust.

Other Post-Employment Benefit (OPEB) Funding Status



- The fire department received almost \$300,000 in grants to be spent on equipment.
- In 2020, the water and sewer department was awarded \$1,716,692 in grant funds from the State of Michigan. These funds will be received and spent over the next two fiscal years.
- The Township’s healthcare plan was moved from fully insured to self-funded. This change projected a savings and cost avoidance of 5% of premiums.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

FINANCIAL HIGHLIGHTS (Continued)

- The Township implemented the results of a cost allocation study performed by an outside consultant. This resulted in most governmental funds paying a central service transfer out to the general fund. Since 2010, the road fund and public safety fund have been receiving financial support from the general fund through transfers in. These transfers in from the general fund were increased this year to help offset the new central services transfers out to the general fund.
- Investment earnings were \$1,530,725, compared to the prior year earnings of \$1,024,062. This includes interest collected on special assessment districts as well as water and sewer interest collected. The investments were held in a local government investment pool, and U.S. T-bills. The investment strategy and reduction in investment fees was changed a few years ago which resulted in an increase in earnings.
- Change in net position for the primary government was \$11,174,633, increasing from \$(4,895,767) in the prior year. This balance consists of governmental net position change of \$7,831,990 and business-type net position change of \$3,342,643. These amounts do not include fiduciary funds.
- Total revenues for governmental activities were \$58,978,775 and expenses were \$51,146,785, with a decrease to the net deficit of \$7,831,990. The prior year revenues were \$57,106,959 and expenses were \$65,987,241, with an increase to the net deficit of (\$8,880,282).
- Total revenues for business-type activities were \$27,210,877 and expenses were \$23,868,234, with an increase to net position of \$3,342,643. The prior year revenues were \$27,548,273 and expenses were \$23,563,758, with an increase to net position of \$3,984,515.

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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

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
- 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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

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

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, Federal Forfeiture 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 eighteen 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.
- *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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

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

- *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 seven fiduciary funds; the Trust & Agency Fund, Tax Collection Fund, OCVCTF Federal Forfeitures, OCVCTF State Forfeitures, 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.

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 \$(97,588,673). In particular, the net position of the governmental activities increased by \$7,831,990 and the business-type activities increased by \$3,342,643. 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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)

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, 57% of the Township's total assets consisted of capital assets with the remaining 43% consisting primarily of current assets (cash, marketable securities, receivables, prepaid expenses, and inventory) and long-term receivables. Deferred outflows are not considered assets.

The unrestricted portion of net deficit is \$(185,926,214), and the total net deficit is \$(97,588,673). This is the sixth year reporting a net deficit. This trend will continue as it is a direct result of the net pension liability of over \$42M and net OPEB liability of over \$107M. This negative balance of net position, called net deficit, will be the new normal for most municipalities as they are all required to show their net pension liability and net OPEB liability. The net investment in capital assets totaled \$80,536,645. 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.

Table 1
Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 71,427	\$ 71,016	\$ 18,991	\$ 17,890	\$ 90,418	\$ 88,906
Capital assets	46,485	47,699	70,813	69,845	117,298	117,544
Total assets	117,912	118,715	89,804	87,735	207,716	206,450
Deferred outflows of resources	31,477	13,869	1,892	749	33,369	14,618
Total assets and deferred outflows of resources	149,389	132,584	91,696	88,484	241,085	221,068
Liabilities						
Other liabilities	11,824	10,964	3,833	3,655	15,657	14,619
Long-term liabilities	242,658	273,731	24,928	27,084	267,586	300,815
Total liabilities	254,482	284,695	28,761	30,739	283,243	315,434
Deferred inflows of resources	52,912	13,725	2,519	672	55,431	14,397
Total liabilities and deferred inflows of resources	307,394	298,420	31,280	31,411	338,674	329,831
Net Position						
Net investment in capital assets	29,403	29,161	51,133	48,870	80,536	78,031
Restricted	7,801	7,351	-	-	7,801	7,351
Unrestricted	(195,209)	(202,348)	9,283	8,203	(185,926)	(194,145)
Total net position (deficit)	\$ (158,005)	\$ (165,836)	\$ 60,416	\$ 57,073	\$ (97,589)	\$ (108,763)

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)

Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 10,676	\$ 11,253	\$ 26,987	\$ 27,401	\$ 37,663	\$ 38,654
Operating grants and contributions	493	280	-	-	493	280
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Taxes and assessments	42,442	40,866	-	-	42,442	40,866
State-shared revenue	3,774	3,628	-	-	3,774	3,628
Investment earnings	1,520	1,012	11	12	1,531	1,024
Contributions from developers	-	-	198	135	198	135
Transfers and other revenue	73	68	15	-	88	68
Total revenues	<u>58,978</u>	<u>57,107</u>	<u>27,211</u>	<u>27,548</u>	<u>86,189</u>	<u>84,655</u>
Expenses						
Governmental activities:						
Legislative	20	24	-	-	20	24
Judicial	2,028	1,910	-	-	2,028	1,910
General government	8,782	8,433	-	-	8,782	8,433
Public works	7,176	11,251	-	-	7,176	11,251
Public safety	25,301	39,061	-	-	25,301	39,061
Community enrichment	3,540	809	-	-	3,540	809
Debt service	3,319	3,969	-	-	3,319	3,969
Other	(58)	380	-	-	(58)	380
Business-type activities:						
Water & Sewer	-	-	22,907	23,214	22,907	23,214
Total program expenses	<u>50,108</u>	<u>65,837</u>	<u>22,907</u>	<u>23,214</u>	<u>73,015</u>	<u>89,051</u>
Change in net position (deficit) before special items and transfers	8,870	(8,730)	4,304	4,334	13,174	(4,396)
Transfers	(1,039)	(150)	(961)	(350)	(2,000)	(500)
Change in net position	7,831	(8,880)	3,343	3,984	11,174	(4,896)
Net position (deficit) -beginning	(165,836)	(156,956)	57,073	53,089	(108,763)	(103,867)
Net position (deficit) - ending	<u>\$ (158,005)</u>	<u>\$ (165,836)</u>	<u>\$ 60,416</u>	<u>\$ 57,073</u>	<u>\$ (97,589)</u>	<u>\$ (108,763)</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

Governmental Activities

Net deficit decreased by a positive \$7.8 million as a result of activities within these funds. There was an increase to fund balance of over \$2.2 million across the underlying governmental funds, which was increased by \$5.6 million in adjustments to convert the governmental fund statements to government-wide statements.

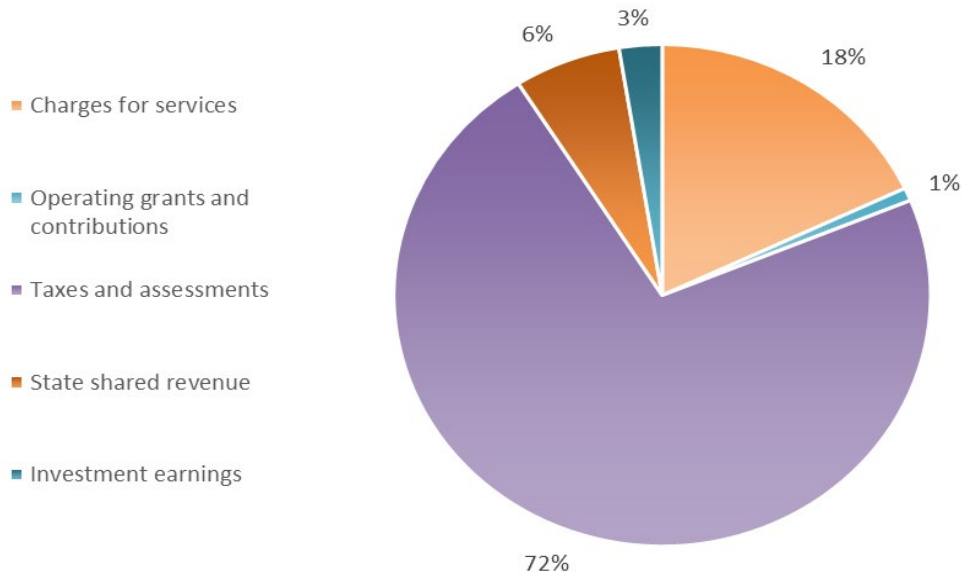
The Township's taxable value increased by approximately 4.9% compared to last fiscal year. Property tax millage rates remained the same or declined due to Proposal A and Headlee rollbacks. Taxes and special assessments revenue was \$42,442,369, an increase of \$1,575,972 when compared to the prior year of \$40,866,397. The taxable value increased from \$3,742,826,885 in 2018-19 to \$3,924,651,918 in 2019-20. The three debt service millages change annually to cover the principal and interest coming due. While over the last five years the tax base has increased by 16.7%, the actual tax revenues have increased by 12.2%. 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 \$10.7 million and \$11.3 million, respectively. The charges for services category include 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 \$1,519,808, a positive sign when compared to the previous year's investment earnings of \$1,012,047. A change in investment strategy and decrease in investment fees initiated four years ago continues to contribute to this positive trend of an 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. Up until the last few years, 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. The Township continues to utilize a local government investment pool and investing in U.S. T-bills.

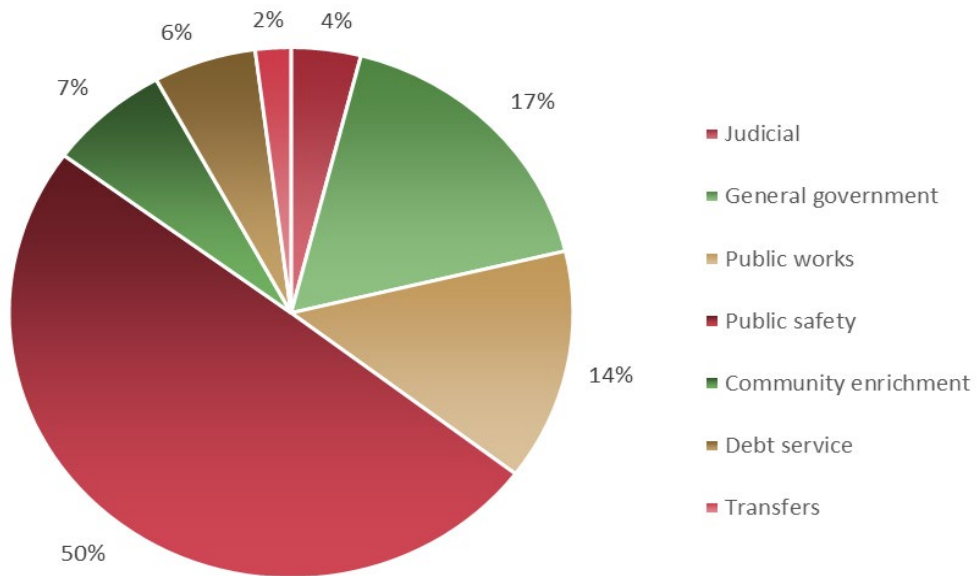
CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

Revenue by Source - Governmental Activities



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Expenses by Function - Governmental Activities



CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

Governmental Activities (Continued)

Total expenses for the year were \$50.1 million compared to \$65.8 million the prior year. The difference is attributable to a combination of many items, but the most significant is a 34% reduction to the Township's net OPEB liability.

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, Federal Forfeiture, 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

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 covered the current employees. In 2018, the Township went through a RFP process and selected a new health care consultant.

In 2005, the Township closed the defined benefit pension plan to new hires, offering instead a defined contribution plan. In November 2013, the Township sold pension obligation bonds to fund its defined benefit pension plan. The bonds were to be paid over 20 years and there are 13 years remaining. Without this option, the Township would have seen its annual required contribution due in 2014 double when compared to what had been historically due. 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. In December 2016, the Township took another step towards pension plan sustainability by removing a pension guarantee from being issued by Prudential for any new retirees drawing on the pension plan. The guarantee arrangement had been in place since the inception of the contract sixty years ago, and had caused permanent financial damage to the overall asset value of the pension trust. It had to be negotiated with the unions and was a tremendous accomplishment for the Township. More recently, the Township successfully negotiated a change to the Minimum Funding Liability (MFL) contract with Prudential. This allowed the Township to keep \$15 million of pension assets invested in equities as opposed to being forced to move the assets into a much lower earning fixed rate account.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

Governmental Activities (Continued)

This year's court expenditures increased slightly from the prior year at \$2.0 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 been recovering, management continues 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. The 2019 taxable value has just now reached the level it was in 2008.

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 \$26.7 million before transfers, an increase from the prior year amount of \$25.5 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 \$10.37 million before transfers compared to \$10 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 \$3.78 million before transfers compared to \$4.3 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.

Business-Type Activities

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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

Business-Type Activities (Continued)

Water sales finished the year lower than what was projected. Historically, the water volume usage is still about 27% 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. Water use is billed to customers based on actual consumption by reading the meter at the property. Sewer usage revenues finished the year lower than what was projected. Sewer use cannot be metered at the individual properties, so it is based upon the customer's water use. The Township is billed by Oakland County through a monthly invoice which is a fixed fee based upon the Township's contribution of sewage flow to the Evergreen-Farmington Sewage Disposal 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 projections 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.

Fund expenses finished the year at about 92% of projected, with total revenues at about 97% of projected. The result was a net increase of \$3,342,643 for the year, compared to a net increase of \$3,984,515 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.

Net position increased by \$3,342,643 as compared to last year. There is total net position of \$60,415,994 as compared to \$57,073,351 last year. 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 \$3,342,643 for the year, this does not translate to an increase in cash of the same amount. The simple explanation is that we continue to spend funds on the purchase of capital assets, as capital assets are not an expense when purchased.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

Business-Type Activities (Continued)

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, and were refunded for a lower interest rate in 2014. Phase II bonds amounting to \$4,750,000 were sold in March 2008, and were refunded for a lower interest rate in 2017. At the same time there was a \$4,000,000 bond sale for sewer system improvements which were later refunded for a lower interest rate in 2016. 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. All of 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 \$8.6 million for capital projects and emergencies, compared to \$8.4 million the prior year.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

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 \$14,532,840, an increase of \$425,436 over the prior year balance of \$14,107,404. Most of the fund balance is unassigned with a balance of \$13,828,787, 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 139% 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.

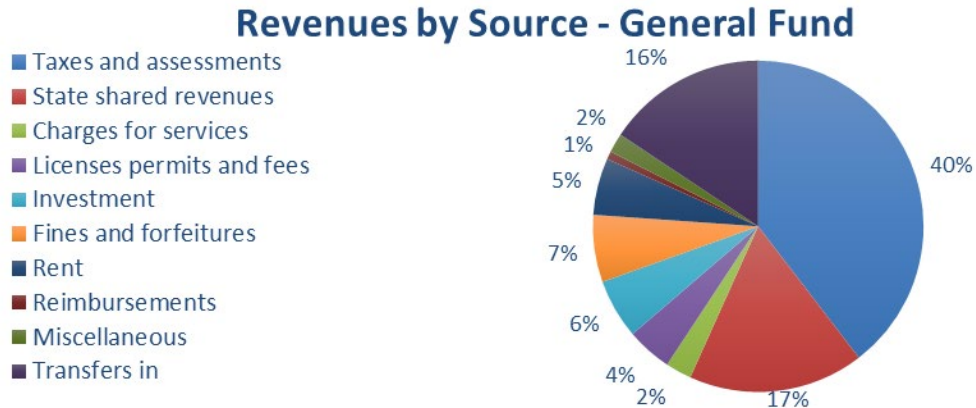
This fund is currently in very good to excellent financial shape. The fund recorded more in revenue this year as compared to last year with an increase in both property taxes and state revenue sharing. Investment earnings continue to move in the right direction with a net gain of \$1,279,967 in this fiscal year. The Township expanded the investment vehicles it utilizes, lowered its investment fees, and interest rate returns have been increasing.

Revenues finished the year at 104% 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 \$108,699, district court revenue with an unfavorable variance of \$(203,677), investment earnings with a favorable variance of \$679,967, and finally, other revenues with a favorable variance of \$55,465.

This is the first year of implementing the central services transfers based on a cost allocation study prepared by an outside consulting firm. The result was a transfer in to the general fund of \$3,444,586 from other funds and departments outside of the general fund. The purpose is to provide a more accurate picture of the true cost of those departments that have been receiving services provided by the general fund or through its employees. This is not new revenue being collected, nor is it new revenue being charged to residents or collected from residents.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

General Fund (Continued)



Expenditures before transfers were \$10,368,320, an increase of \$361,264 when compared to the prior year of \$10,007,056. Transfers out of the general fund in the current year were \$11,289,630 and the prior year totaled \$7,807,035, with most of the funds transferred to the public safety fund both years. As discussed in the previous paragraph, the Township has implemented results of a cost allocation study. Both the road fund and public safety fund rely heavily on support from the general fund. While both funds are now paying a central service transfer to the general fund, both funds are receiving increased transfers in from the general fund. Effective beginning with fiscal year 2013-14 the Township started transferring funds to the Pension Obligation Bond Debt fund; the amount was \$789,630 this fiscal year and was \$857,035 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 made a transfer of \$500,000 to the retiree health care trust fund which holds assets for the OPEB liability. To date, the general fund has cumulatively transferred \$5,000,000 into the retiree health care trust. 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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

General Fund (Continued)

Effective January 1, 2020, the Township moved its healthcare platform from fully insured to self-funded saving a projected 5%. 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. In 2018, the Township went through a RFP process and selected a new health care consultant. In 2019, the Township went through a RFP process and selected a consultant for a compensation and benefits study. This study is in process.

Total expenditures and transfers finished the year at 99.5% of budget. The favorable budget variances were spread throughout many of the activities accounted for in this fund. The largest favorable variance was the general government function which was under budget by \$894,597. Part of this reduction is due to the decrease in the number of employees. This fund ended the fiscal year with 38 full-time employees, and in 2008 there were 46.

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 \$2,677,025. The overall fund balance increased by \$100,355 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 and transfer from the general fund 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 71% of annual expenditures before transfers.

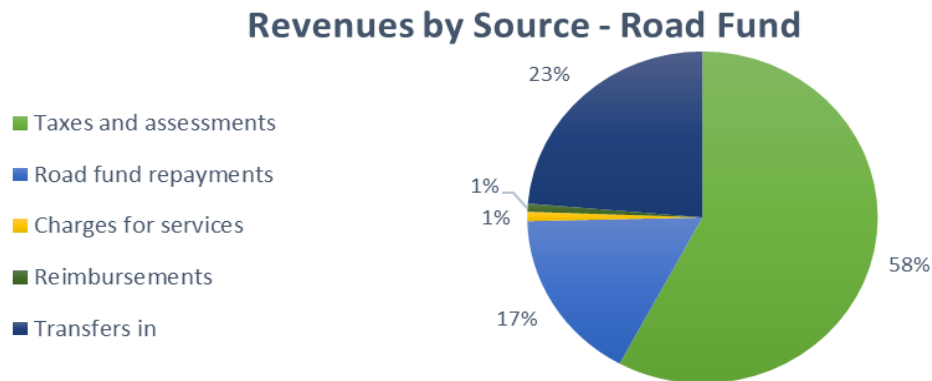
The department reduced its spending on contracted services by over \$400,000 to help contribute to the overall Township strategy of cutting costs. It also has less employees, with 13 full-time employees at the end of the fiscal year compared to 18 in 2008. Due to years of Headlee rollbacks to the road millage, the general fund must transfer funds to the road fund in order to maintain proper service levels. This fiscal year the transfer amounted to \$1,100,000 as compared to \$1,150,000 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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

Road Fund (Continued)

Currently, the major revenue sources of the fund include property taxes of \$2,688,199, the general fund transfer of \$1,100,000 and Oakland County Road Commission contract repayments totaling \$712,627. Approximately 60% 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.

Much of the local road replacement projects that will be necessary in future years will continue 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. This would have a dramatic effect on the level of service and response time that the residents have become accustomed to and expect. Management is committed to continue providing high quality road maintenance services to the Township residents.



Public Safety Fund

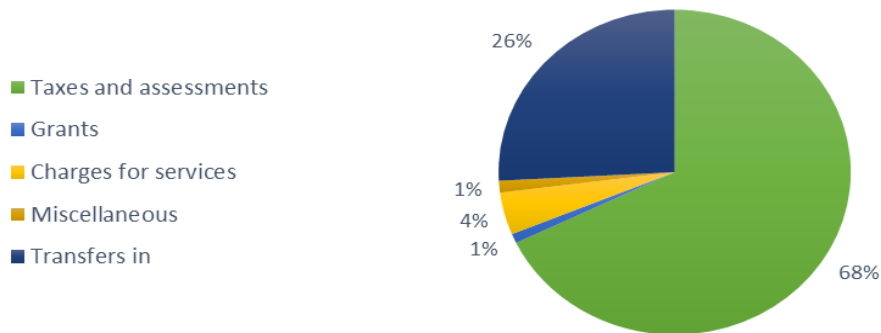
This special revenue fund is by far the largest within the governmental fund type category. The costs associated with providing police services, fire/EMS services and dispatch services are all paid from this fund. At the end of the fiscal year, the fund balance was \$13,824,164. The overall fund balance increased by \$507,251 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 52% of annual expenditures before transfers.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

Public Safety Fund (Continued)

Total revenues ended the year at 103% of budget. The public safety fund derives 91% of its revenue 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 seven years. To offset some of the lost revenue the 2010 millage of 1.30 mills was renewed by voters in 2019 at 1.24 mills. 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. In 2010 the public safety fund did not receive any support from the general fund. The transfers from the general funds have grown year over year, and this fiscal year it received \$8,900,000 from the general fund through transfers in. 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 \$1,100,000 of EMS Transport Fees, and over \$350,000 in various charges for services.

Revenues by Source - Public Safety Fund



Total expenditures before transfers were \$1,133,415 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 95% of budget. Part of the reduction is due to the decrease in the number of employees. This fund ended the fiscal year with 140 full-time employees, and in 2008 there were 163. The fund also made a transfer of \$1,500,000 to the retiree health care trust fund which holds assets for the OPEB liability.

This is the first year of implementing the central services transfers based on a cost allocation study prepared by an outside consulting firm. The impact to the public safety fund was a transfer out to the general fund in the amount of \$1,818,689. This also caused the general fund to increase its support to the public safety fund through increasing the transfer in. The purpose is to provide a more accurate picture of the true cost of those departments that have been receiving services provided by the general fund or through its employees. This is not new revenue being collected, nor is it new revenue being charged to residents or collected from residents.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

Public Safety Fund (Continued)

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 high deductible, consumer-directed health care plan for all active Township employees eligible for medical benefits beginning in January 2010. Effective January 1, 2020, the Township moved its healthcare platform from fully insured to self-funded, saving a projected 5%. In 2018, the Township went through a RFP process and selected a new health care consultant. In 2019, the Township went through a RFP process and selected a consultant for a compensation and benefits study. This study is in process.

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. 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.

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 \$5,879,849. The taxable bonds were refunded in 2019 creating net present value total savings of \$4.4M, or approximately \$370,000 per year. After making the \$3,470,000 principal installment this year, the outstanding bond debt was \$64,955,000. The fund had a year end fund balance of \$7,694.

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 districts in order to pay the debt. There have been multiple bond sales and 14 road 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 \$3,529,936.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

CAPITAL ASSETS

The Township's total capital assets net of accumulated depreciation for its governmental activities amounted to \$46,484,860. This represents a decrease of \$1,214,649 from the prior year balance of \$47,699,509. 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 \$70,813,031, an increase of \$967,887 when compared to the prior year of \$69,845,144. 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 \$1.5 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.

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

- 48th District Court building improvements of \$47,170
- Replacement of underground fuel tanks at a cost of \$654,295
- Replacement of the Motor Pool Service Truck at a cost of \$51,670
- Road Department replaced a pickup truck at a cost of \$42,479
- Police Department replaced 5 vehicles at a cost of \$172,691
- Fire Department purchased over \$300k of equipment, most of which are being paid for with grant funds
- Fire Department replaced a fire engine at a cost of \$497,452
- Fire Department replaced an EMS Rescue truck at a cost of \$234,608
- Safety Path construction at a cost of \$395,953
- Improvements to water and sewer infrastructure of \$3.2M

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

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 \$102,182,784. The majority of the governmental debt consists of bonded debt of \$8,005,000 to pay for the library addition and renovation, \$16,795,000 to pay for campus additions and renovations, and \$64,955,000 in pension obligation bonds. 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 has one payment left on a ladder truck with a balance of \$121,973. It also has one payment remaining on a fire engine with a balance of \$164,271. There is \$7,025,000 outstanding to pay for fourteen 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.

The Township had total business-type debt outstanding, including amounts due within one year, of \$20,154,351. 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, October 2019, the Township's legal debt margin was 7.9%.

ECONOMIC FACTORS AND LOOKING FORWARD

The Township's present financial condition in both the governmental and the business-type funds is good. S&P has reaffirmed the AAA rating, and Moody's has rated the Township as Aa1. In 2019, Bloomfield Township was ranked 11th Safest City in Michigan by Safewise. We have seen seven consecutive years of increases in property values. Even though property values appear to be rising steadily, property tax increases will be limited to the rate of inflation or 5%, whichever is less. The consumer price index this year was 2.4%, an increase from 2.1% the prior year. There are multiple residential and commercial developments in process which will increase the overall tax base.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2020

ECONOMIC FACTORS AND LOOKING FORWARD (Continued)

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 without having to make additional contributions until 2018. Currently and for the foreseeable future, the Township must budget for annual contributions of approximately \$4M-\$5M to be paid into the pension trust to keep it properly funded under state requirements. At the same time of evaluating the pension obligation bonds, the Township also analyzed whether to fully fund the OPEB liability with bonds. 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.

The OPEB liability has always existed but in recent years GASB has required 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 trust assets valued at \$13.5 million towards funding retiree health care. The Township had always been on a pay-as-you-go basis for this liability, and that was not only allowable by law but was practiced by many municipalities over many decades. 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. 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 stated earlier. The state law changed dramatically with Public Act 202 of 2017. This has put additional pressure on municipalities by requiring a minimum funding percentage of 40% for OPEB plans. If a municipality is not meeting that minimum, it must issue a corrective action plan to the state. The state accepted the corrective action plan from the Township in June 2019. It includes making an annual contribution to OPEB of \$2M in addition to making the full ADC payments to the defined benefit pension plan trust.

Since 2011, the Township had been working to address the issue by transferring most if not all of its operating funds' surplus into the OPEB trust on an annual basis. This fiscal year the Township contributed \$2,000,000 to the OPEB trust and has committed to contribute funds towards the OPEB liability on an annual basis going forward. Due to the actions by the Township administration and cost cutting measures by the departments, the Township's net OPEB liability has decreased by 34% or \$54,895,316 in one year's time. This year the net OPEB liability fell to \$107,796,313 compared to last year being \$162,691,629.

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 as of March 31, 2020 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, 2020

ECONOMIC FACTORS AND LOOKING FORWARD (Continued)

The condition of some of the local residential Township roads has been poor for many years. Since 2013, the Township has assisted residents with the formation of fourteen road special assessment districts (SAD), paving over 20 miles of subdivision roads at a cumulative cost of over \$12M. 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.

Prior to 2019, there were four represented unions; police command, police patrol, fire and water maintenance. There were also two unrepresented bargaining units in the department of public works. During 2019 the union landscape at the Township dramatically changed. Due to circumstances out of the Township's control, the employees across all Township departments filed petitions to unionize. The Township employee base is now 99.9% unionized. The dispatch supervisor and police captains joined the police command union. The dispatchers joined the police patrol union. The two public works bargaining units formed two new union groups. Department heads and their deputies formed a new union group, and the remainder of employees formed a new union group. As of April 2020, the Township had tentative agreements signed with every group except fire and water maintenance. There are significant changes that were agreed to by both parties. Employees will be paying more for their health insurance, and will be responsible for increased out-of-pocket maximums. The plan will also change from an HRA to a HSA. The vesting schedules of the 401(a) and RHS plan have been lengthened to encourage employee retention. Finally, both the employer and employee contributions to the RHS plan were increased.

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 past and current budgets, audited financials, and actuarial reports are available on the Township website: www.bloomfieldtp.org.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF NET POSITION (DEFICIT)
March 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 14,404,519	\$ 850,455	\$ 15,254,974	\$ 501,352
Marketable securities	36,509,858	12,098,660	48,608,518	11,748,330
Receivables	2,908,089	5,798,250	8,706,339	-
Due from component unit	355,285	-	355,285	-
Prepaid items	276,729	-	276,729	26,372
Inventory	559,321	243,843	803,164	-
Total current assets	55,013,801	18,991,208	74,005,009	12,276,054
NONCURRENT ASSETS				
Capital assets				
Nondepreciable assets:				
Land	828,648	-	828,648	131,015
Investment in systems	-	3,246,287	3,246,287	-
Depreciable assets:				
Land improvements	29,254,319	-	29,254,319	-
Buildings	45,893,615	-	45,893,615	29,365,165
Machinery and equipment	14,737,778	1,667,874	16,405,652	5,424,386
Library books and audiovisual materials	-	-	-	3,404,924
Infrastructure and investment in systems	13,082,267	113,145,139	126,227,406	-
Less accumulated depreciation	(57,311,767)	(47,246,269)	(104,558,036)	(13,312,473)
Total capital assets	46,484,860	70,813,031	117,297,891	25,013,017
OTHER ASSETS - Long-term receivables	16,413,318	-	16,413,318	-
Total noncurrent assets	62,898,178	70,813,031	133,711,209	25,013,017
Total assets	117,911,979	89,804,239	207,716,218	37,289,071
DEFERRED OUTFLOWS OF RESOURCES				
Debt refunding	6,562,415	-	6,562,415	-
Pension	22,160,464	1,399,305	23,559,769	875,661
Other post-employment benefits	2,754,212	492,433	3,246,645	509,449
Total deferred outflows of resources	31,477,091	1,891,738	33,368,829	1,385,110
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	3,267,823	1,528,145	4,795,968	311,008
Refundable bonds	212,050	-	212,050	-
Escrow deposits	13,237	262,665	275,902	-
Accrued expenses and other liabilities	-	286,609	286,609	86,321
Due to primary government	-	-	-	355,285
Unearned revenue	-	356,616	356,616	-
Amount due within one year	8,331,162	1,398,734	9,729,896	178,434
Total current liabilities	11,824,272	3,832,769	15,657,041	931,048
NONCURRENT LIABILITIES				
Net post-employment benefits liability	104,243,120	3,553,193	107,796,313	3,277,510
Net pension liability	39,953,881	2,497,668	42,451,549	1,599,037
Compensated absences and sick pay	4,608,976	121,312	4,730,288	363,230
Bonds payable	93,851,622	18,755,617	112,607,239	-
Total noncurrent liabilities	242,657,599	24,927,790	267,585,389	5,239,777
Total liabilities	254,481,871	28,760,559	283,242,430	6,170,825
DEFERRED INFLOWS OF RESOURCES -				
Unearned revenue	3,904,418	-	3,904,418	-
Pension	1,451,405	90,733	1,542,138	58,088
Other post-employment benefits	47,556,043	2,428,691	49,984,734	1,068,908
Total deferred inflows of resources	52,911,866	2,519,424	55,431,290	1,126,996
NET POSITION (DEFICIT)				
Net investment in capital assets	29,403,614	51,133,031	80,536,645	25,013,017
Restricted for:				
Debt service	7,623,748	-	7,623,748	-
Community enrichment	177,148	-	177,148	-
Gifts	-	-	-	174,227
Unrestricted	(195,209,177)	9,282,963	(185,926,214)	6,189,116
Total net position (deficit)	\$ (158,004,667)	\$ 60,415,994	\$ (97,588,673)	\$ 31,376,360

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2020

	General	Road	Public Safety	Special Assessment Debt Service	Pension Obligation Bond Debt Retirement	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 827,215	\$ 170,607	\$ 996,275	\$ 1,682,129	\$ 7,694	\$ 8,348,088	\$ 12,032,008
Marketable securities	10,654,987	2,425,565	13,756,211	-	-	9,673,095	36,509,858
Receivables (net):							
Delinquent taxes	1,527,169	-	-	-	-	-	1,527,169
Component unit	355,285	-	-	-	-	-	355,285
Special assessment	-	-	-	5,724,927	-	-	5,724,927
Other	1,039,924	20,496	194,070	-	-	234,825	1,489,315
Prepaid items	276,729	-	-	-	-	-	276,729
Inventory	351,074	208,247	-	-	-	-	559,321
	<u>\$ 15,032,383</u>	<u>\$ 2,824,915</u>	<u>\$ 14,946,556</u>	<u>\$ 7,407,056</u>	<u>\$ 7,694</u>	<u>\$ 18,256,008</u>	<u>\$ 58,474,612</u>
LIABILITIES							
Accounts payable and accrued expenses	\$ 487,206	\$ 147,890	\$ 1,122,392	\$ -	\$ -	\$ 256,388	\$ 2,013,876
Refundable bonds	-	-	-	-	-	212,050	212,050
Escrow deposits	12,337	-	-	-	-	900	13,237
	<u>499,543</u>	<u>147,890</u>	<u>1,122,392</u>	<u>-</u>	<u>-</u>	<u>469,338</u>	<u>2,239,163</u>
DEFERRED INFLOW OF RESOURCES -							
Special assessments	-	-	-	3,877,120	-	-	3,877,120
FUND BALANCES							
Nonspendable:							
Inventory, deposits, and prepaid items	627,803	208,247	-	-	-	-	836,050
Long-term advances receivable	76,250	-	-	-	-	-	76,250
Restricted:							
Debt service	-	-	-	3,529,936	7,694	4,086,118	7,623,748
Roads and safety paths	-	2,468,778	-	-	-	5,376,417	7,845,195
Public safety	-	-	13,824,164	-	-	1,255,739	15,079,903
Community enrichment	-	-	-	-	-	177,148	177,148
Assigned:							
Community enrichment	-	-	-	-	-	5,563,394	5,563,394
Building inspection	-	-	-	-	-	1,327,854	1,327,854
Unassigned	13,828,787	-	-	-	-	-	13,828,787
	<u>14,532,840</u>	<u>2,677,025</u>	<u>13,824,164</u>	<u>3,529,936</u>	<u>7,694</u>	<u>17,786,670</u>	<u>52,358,329</u>
Total fund balances	<u>\$ 15,032,383</u>	<u>\$ 2,824,915</u>	<u>\$ 14,946,556</u>	<u>\$ 7,407,056</u>	<u>\$ 7,694</u>	<u>\$ 18,256,008</u>	<u>\$ 58,474,612</u>
Total liabilities and fund balances	<u>\$ 15,032,383</u>	<u>\$ 2,824,915</u>	<u>\$ 14,946,556</u>	<u>\$ 7,407,056</u>	<u>\$ 7,694</u>	<u>\$ 18,256,008</u>	<u>\$ 58,474,612</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
Reconciliation of the Balance Sheet of Governmental Funds to the Statement
of Net Position (Deficit)
March 31, 2020

FUND BALANCE REPORTED IN GOVERNMENTAL FUNDS	\$ 52,358,329
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	103,796,627
Less accumulated depreciation	(57,311,767)
Governmental funds do not report a liability for accrued interest until due and payable.	(1,250,205)
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	(102,182,784)
Other post employment benefit obligations (OPEB)	(104,243,120)
Net pension liability	(39,953,881)
Compensated absences	(2,236,465)
Deferred outflows of resources - refunding	6,562,415
Deferred outflows of resources - pension	22,160,464
Deferred inflows of resources - pension	(1,451,405)
Deferred outflows of resources - OPEB	2,754,212
Deferred inflows of resources - OPEB	(47,556,043)
Accounts payable and other accrued liabilities	(31,040)
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	3,942
Special assessment receivable	10,576,054
NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES	<u>\$ (158,004,667)</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2020

	General	Road	Public Safety	Special Assessment Debt Service	Pension Obligation Bond Debt	Other Governmental Funds	Total Governmental Funds
REVENUE							
Taxes and assessments	\$ 8,698,705	\$ 2,688,199	\$ 23,366,856	\$ 939,435	\$ -	\$ 8,477,245	\$ 44,170,440
Grants	-	-	322,130	-	-	170,302	492,432
Road fund repayments	-	780,417	-	-	-	-	780,417
State shared revenues	3,773,699	-	-	-	-	-	3,773,699
Charges for services	603,529	42,270	1,449,828	-	-	2,310,616	4,406,243
Licenses, permits and fees	977,107	-	19,368	-	-	774,649	1,771,124
Investment earnings	1,279,967	-	-	239,841	-	-	1,519,808
Fines and forfeitures	1,441,138	-	-	-	-	41,881	1,483,019
Rent	1,221,229	-	-	-	-	-	1,221,229
Reimbursements	171,291	36,533	60,043	-	-	45,061	312,928
Miscellaneous	472,135	19,410	404,038	-	213,429	40,722	1,149,734
Total revenue	18,638,800	3,566,829	25,622,263	1,179,276	213,429	11,860,476	61,081,073
EXPENDITURES							
Operating:							
Legislative	20,193	-	-	-	-	-	20,193
Judicial	2,027,932	-	-	-	-	-	2,027,932
General government	6,429,953	-	-	-	-	1,430,604	7,860,557
Public works	-	3,736,366	-	-	-	1,355,593	5,091,959
Public safety	279,259	-	25,147,471	-	-	640,921	26,067,651
Community enrichment and development	370,101	-	-	-	-	2,989,402	3,359,503
Debt service	-	-	-	-	-	1,878	1,878
Other	412,679	-	-	-	-	-	412,679
Capital outlay	828,203	42,479	1,224,421	-	-	495,877	2,590,980
Debt service:							
Principal retirement	-	-	277,074	655,000	3,470,000	2,964,173	7,366,247
Interest and fiscal changes	-	-	18,655	204,562	2,409,849	1,143,710	3,776,776
Total expenditures	10,368,320	3,778,845	26,667,621	859,562	5,879,849	11,022,158	58,576,355
REVENUES OVER (UNDER) EXPENDITURES	8,270,480	(212,016)	(1,045,358)	319,714	(5,666,420)	838,318	2,504,718
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	785,000	785,000
Debt refunding source	-	-	-	-	53,272,526	-	53,272,526
Debt refunding use	-	-	-	-	(53,267,277)	-	(53,267,277)
Transfers in	3,444,586	1,100,000	8,900,000	-	5,666,171	-	19,110,757
Transfers out	(11,289,630)	(787,629)	(7,347,391)	-	-	(725,300)	(20,149,950)
Total other financing sources (uses)	(7,845,044)	312,371	1,552,609	-	5,671,420	59,700	(248,944)
NET CHANGE IN FUND BALANCES	425,436	100,355	507,251	319,714	5,000	898,018	2,255,774
FUND BALANCES, Beginning of year	14,107,404	2,576,670	13,316,913	3,210,222	2,694	16,888,652	50,102,555
FUND BALANCES, End of year	\$ 14,532,840	\$ 2,677,025	\$ 13,824,164	\$ 3,529,936	\$ 7,694	\$ 17,786,670	\$ 52,358,329

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, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,255,774

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	2,590,980
Depreciation expense	(3,805,629)

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	(50,780,000)
Debt refinanced	44,255,000
Deferred loss on bond refunding	5,573,859
Principal paid	7,366,247
Amortization of bond premium/discount and deferred outflow	(70,572)

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	395,602
Compensated absences	(107,306)
Other post-employment benefit obligations (OPEB)	52,695,561
Pension obligations	(23,247,132)
Deferred outflows - pension	22,956,977
Amortization of deferred outflows - pension	(11,183,283)
Amortization of deferred inflows - pension	1,451,406
Deferred outflows - OPEB	1,346,016
Amortization of deferred outflows - OPEB	(1,003,879)
Deferred inflows - OPEB	(57,726,208)
Amortization of deferred inflows - OPEB	16,913,539

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

Service receivables	1,086
Other receivable	(322,452)
Special assessment receivable	(1,728,705)
Deferred revenue	5,109

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 7,831,990

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUND
March 31, 2020

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
		<u>Proprietary Internal Service Fund</u>
	<u>Water & Sewer</u>	
ASSETS		
CURRENT ASSETS		
Cash, cash equivalents and investments:		
Unrestricted	\$ 232,641	\$ 2,372,511
Restricted	617,814	-
Marketable securities - unrestricted	12,098,660	-
Receivables (net):		
Customers	5,732,452	-
Other	65,798	-
Inventory	243,843	-
Total current assets	<u>18,991,208</u>	<u>2,372,511</u>
NONCURRENT ASSETS		
Capital assets		
Machinery and equipment	1,667,873	-
Investment in system	116,391,426	-
	118,059,299	-
Less accumulated depreciation	47,246,268	-
Net capital assets	<u>70,813,031</u>	<u>-</u>
Total assets	<u>89,804,239</u>	<u>2,372,511</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	1,399,305	-
Other post-employment benefits	492,433	-
Total deferred outflows of resources	<u>1,891,738</u>	<u>-</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,528,145	-
Escrow deposits	262,665	-
Accrued expenses and other liabilities	286,609	-
Amounts due within one year	1,398,734	-
Unearned revenue	356,616	-
Total current liabilities	<u>3,832,769</u>	<u>-</u>
NONCURRENT LIABILITIES		
Net post-employment benefits liability	3,553,193	-
Net pension liability	2,497,668	-
Compensated absences	121,312	2,372,511
Amounts due in more than one year	18,755,617	-
Total noncurrent liabilities	<u>24,927,790</u>	<u>2,372,511</u>
Total liabilities	<u>28,760,559</u>	<u>2,372,511</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	90,733	-
Other post-employment benefits	2,428,691	-
Total deferred inflows of resources	<u>2,519,424</u>	<u>-</u>
NET POSITION		
Net invested in capital assets	51,133,031	-
Unrestricted	9,282,963	-
Total net position	<u>\$ 60,415,994</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended March 31, 2020

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Proprietary Internal Service Fund</u>
OPERATING REVENUES		
Water sales	\$ 11,932,045	\$ -
Sewer usage	12,059,216	-
Debt service charges	2,196,226	-
Privilege fees	200,000	-
Tap sales	62,200	-
Meter material and service sales	161,805	-
Water capital charges	12,800	-
Late payment penalties	296,530	-
	<u>26,920,822</u>	<u>-</u>
DIRECT COSTS		
Water purchased	6,901,918	-
Treatment charges	8,236,267	-
Depreciation	2,313,861	-
Tap costs	63,756	-
Meters, materials and service costs	80,530	-
Sick pay	-	39,955
	<u>17,596,332</u>	<u>39,955</u>
OPERATING AND ADMINISTRATIVE EXPENSES		
	<u>4,599,002</u>	<u>-</u>
Operating profit (loss)	<u>4,725,488</u>	<u>(39,955)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	10,917	-
Interest expense	(712,093)	-
Reimbursements	18,918	-
Miscellaneous	62,189	-
	<u>(620,069)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>4,105,419</u>	<u>(39,955)</u>
CONTRIBUTIONS AND TRANSFERS		
Township contributions	-	39,955
Transfer out to General Fund	(627,434)	-
Transfer out to Pension Obligation Bond Debt Fund	(333,373)	-
Capital contributions	198,031	-
	<u>(762,776)</u>	<u>39,955</u>
Change in net position	3,342,643	-
NET POSITION, Beginning of year	<u>57,073,351</u>	<u>-</u>
NET POSITION, End of year	<u>\$ 60,415,994</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended March 31, 2020

	<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	\$ 26,767,053	\$ -
Receipts from miscellaneous	3,380	-
Payments to employees	(2,390,917)	-
Payments to suppliers	(17,370,631)	-
Sick pay	-	(97,979)
	<u>7,008,885</u>	<u>(97,979)</u>
Net cash provided by (used in) operating activities	<u>7,008,885</u>	<u>(97,979)</u>
Cash Flows from Noncapital Financing Activities		
Receipts from other governments	18,918	-
Transfer to other funds	(960,807)	-
Transfers from Township	-	39,955
	<u>(941,889)</u>	<u>39,955</u>
Net cash provided by (used in) noncapital financing activities	<u>(941,889)</u>	<u>39,955</u>
Cash Flows from Capital and Related Financing Activities		
General obligation contracts with County		
Principal payments	(1,295,000)	-
Interest and fiscal charges	(793,453)	-
Proceeds from sale of capital assets	14,805	-
Purchase of capital assets	(3,083,717)	-
	<u>(5,157,365)</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(5,157,365)</u>	<u>-</u>
Cash Flows from Investing Activities		
Investment income	10,917	-
Miscellaneous	47,385	-
	<u>58,302</u>	<u>-</u>
Net cash provided by investing activities	<u>58,302</u>	<u>-</u>
Net increase (decrease) in cash, cash equivalents, investments and marketable securities	967,933	(58,024)
Cash, Cash Equivalents, Investments, and Marketable securities, Beginning of year	<u>11,981,182</u>	<u>2,430,535</u>
Cash, Cash Equivalents, Investments, and Marketable securities, End of year	<u>\$ 12,949,115</u>	<u>\$ 2,372,511</u>
Statement of net position classification of cash and cash equivalents		
Unrestricted	\$ 232,641	\$ 2,372,511
Restricted	617,814	-
Marketable securities	12,098,660	-
Totals	<u>\$ 12,949,115</u>	<u>\$ 2,372,511</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended March 31, 2020

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Proprietary Internal Service Fund</u>
Reconciliation of operating profit (loss) to net cash provided by operating activities		
Operating profit (loss)	\$ 4,725,488	\$ (39,955)
Adjustments to reconcile operating profit (loss) to net cash from operating activities:		
Depreciation	2,313,861	-
(Increase) decrease in:		
Receivables from customers	(127,864)	-
Receivables from others	3,380	-
Inventory	(9,298)	-
Deferred outflow of resources	(1,142,253)	-
Increase (decrease) in:		
Accounts payable	76,696	-
Accrued expenses and other liabilities	104,831	(58,024)
Unearned revenue	(25,905)	-
Net pension liability	1,453,266	-
Net OPEB liability	(2,199,755)	-
Employee compensated absences	(10,828)	-
Deferred inflow of resources	1,847,266	-
	<u>\$ 7,008,885</u>	<u>\$ (97,979)</u>
Net cash provided by (used in) operating activities	<u>\$ 7,008,885</u>	<u>\$ (97,979)</u>

Noncash capital and financing activities

Capital assets of \$198,031 were acquired through contributions from others.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
March 31, 2020

	Pension & Other Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ -	\$ 842,389
Investments:		
Mutual funds, stocks and other equities	93,748,989	-
Guaranteed deposit account fixed income fund	<u>147,470,195</u>	<u>-</u>
Total assets	241,219,184	842,389
LIABILITIES		
Accounts payable and withholdings	-	4,710
Deposits and other liabilities:		
Escrow deposits	-	143,080
Other	<u>-</u>	<u>6,415</u>
Total liabilities	<u>-</u>	<u>154,205</u>
NET POSITION		
Restricted:		
Pensions - Defined benefit	219,571,302	-
Pensions - Defined contribution	8,108,151	-
Other post-employment benefits	13,539,731	-
Public safety	<u>-</u>	<u>688,184</u>
Total net position	<u>\$ 241,219,184</u>	<u>\$ 688,184</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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

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

The *Federal and State OCVCTF Forfeitures funds* are agency funds used to account for assets held for other government members.

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, 2020

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, 2020

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 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, 2020

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:

<u>Assets</u>	<u>Years</u>
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, 2020

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, 2020, 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 and other post-employment benefit plans. 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 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 and other post-employment benefit plans. In addition, the Township has one other 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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

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.

Other Postemployment Benefits (OPEB)

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

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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

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).

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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

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.

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 and retiree health care fund investments are held in trust by the investment fiduciary. Michigan Compiled Laws, Section 38.1132, authorizes the Township's retirement system and retiree health care fund 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 and retiree health care fund investments are in mutual funds, insurance mutual funds or in insurance company separate accounts, and therefore, are uncategorized as to risk.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 2 –DEPOSITS AND INVESTMENTS (Continued)

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	Fiduciary Funds	Total Primary Government	Component Unit including Fiduciary Fund
Cash and cash equivalents	\$ 14,404,519	\$ 850,455	\$ 842,389	\$ 16,097,363	\$ 501,352
Marketable securities	36,509,858	12,098,660	-	48,608,518	13,800,650
Total	<u>\$ 50,914,377</u>	<u>\$ 12,949,115</u>	<u>\$ 842,389</u>	<u>\$ 64,705,881</u>	<u>\$ 14,302,002</u>

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 \$16,377,922 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>		
U.S. Treasury notes	\$ 12,696,012	AAA
Local government investment pool	\$ 35,912,506	Not Rated
<u>Component Unit Investment including Fiduciary Fund</u>		
U.S. Treasury notes	\$ 3,015,700	AAA
Fixed income mutual funds	\$ 9,507,139	Not Rated
International equities	\$ 310,675	Not Rated
US equities	\$ 967,136	Not Rated

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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.

Investment Maturities (in Years)

Primary Government Investment Type	Fair Value	Less Than 1	1 - 5
U.S. Treasury notes	\$ 12,696,012	\$ 12,696,012	\$ -
Local government investment pool	\$ 35,912,506	\$ 35,912,506	\$ -
Component Unit Investment Type including Fiduciary Fund			
U.S. Treasury notes	\$ 3,015,700	\$ 3,015,700	\$ -
Fixed income mutual funds	\$ 9,507,139	\$ -	\$ 9,507,139
International equities	\$ 310,675	\$ -	\$ 310,675
US equities	\$ 967,136	\$ -	\$ 967,136

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, 2020

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

The Township has the following recurring fair value measurements as of March 31, 2020: Investments classified as Level 1 are valued using prices quoted in active markets for those securities.

	Balance at March 31, 2020	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:				
U.S. Treasury funds	\$ 12,696,012	\$ 12,696,012	\$ -	\$ -
Fiduciary funds:				
Mutual funds - Equities	83,520,192	83,520,192	-	-
Mutual funds - Money market	3,747,026	3,747,026	-	-
Mutual funds - Fixed income	6,481,771	6,481,771	-	-
Stable value - Guaranteed deposit	147,470,195	-	-	-
Total fiduciary funds	241,219,184	93,748,989	-	-
Total investments by fair value level	253,915,196	\$ 106,445,001	\$ -	\$ -
Investments measured at net asset value (NAV) - Primary government				
Oakland County local government investment pool	35,912,506			
Total investments measured at fair value	\$ 289,827,702			

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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, 2020, 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	\$ 35,912,506	\$ -	No restrictions	None

NOTE 3 – RECEIVABLES

Receivables, including the applicable allowances for uncollectible accounts, if any, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Taxes receivable	\$ 1,527,169	\$ -
Special assessments receivable	16,300,981	-
Water and sewer billing receivable	-	5,798,250
Accounts receivable	1,146,038	-
Due from component unit	355,285	-
Other receivables	347,219	-
	<u>\$ 19,676,692</u>	<u>\$ 5,798,250</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>
Special assessments	<u>\$ 8,005,000</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 4 – CAPITAL ASSETS

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

	Balance April 1, 2019	Additions	Disposals	Balance March 31, 2020
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 828,648	\$ -	\$ -	\$ 828,648
Capital assets being depreciated:				
Buildings	45,846,445	47,170	-	45,893,615
Improvements other than buildings	28,858,366	395,953	-	29,254,319
Machinery and equipment	13,276,867	2,147,857	(686,946)	14,737,778
Infrastructure	13,082,267	-	-	13,082,267
Subtotal	101,063,945	2,590,980	(686,946)	102,967,979
Less accumulated depreciation:				
Buildings	17,792,271	1,107,308	-	18,899,579
Improvements other than buildings	18,514,344	1,442,928	-	19,957,272
Machinery and equipment	9,483,792	993,594	(686,946)	9,790,440
Infrastructure	8,402,677	261,799	-	8,664,476
Subtotal	54,193,084	3,805,629	(686,946)	57,311,767
Net capital assets being depreciated	46,870,861	(1,214,649)	-	45,656,212
Net capital assets	<u>\$ 47,699,509</u>	<u>\$ (1,214,649)</u>	<u>\$ -</u>	<u>\$ 46,484,860</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 4 – CAPITAL ASSETS (Continued)

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

	Balance April 1, 2019	Additions	Disposals	Balance March 31, 2020
Business-Type Activities				
Capital assets not being depreciated - Investment in systems	\$ 3,217,126	\$ 29,161	\$ -	\$ 3,246,287
Capital assets being depreciated:				
Investment in systems	75,863,240	3,220,610	-	79,083,850
Machinery and equipment	1,678,340	31,977	(42,443)	1,667,874
Township share of county sewers	34,061,289	-	-	34,061,289
Subtotal	<u>111,602,869</u>	<u>3,252,587</u>	<u>(42,443)</u>	<u>114,813,013</u>
Less accumulated depreciation:				
Investment in systems	29,273,301	1,545,430	-	30,818,731
Machinery and equipment	1,157,101	148,397	(42,443)	1,263,055
Township share of county sewers	14,544,449	620,034	-	15,164,483
Subtotal	<u>44,974,851</u>	<u>2,313,861</u>	<u>(42,443)</u>	<u>47,246,269</u>
Net capital assets being depreciated	<u>66,628,018</u>	<u>938,726</u>	<u>-</u>	<u>67,566,744</u>
Net capital assets	<u>\$ 69,845,144</u>	<u>\$ 967,887</u>	<u>\$ -</u>	<u>\$ 70,813,031</u>

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

Governmental activities

General government	\$ 512,994
Public safety	684,229
Community enrichment and development	232,210
Public works	<u>2,376,196</u>
Total governmental activities	<u>\$ 3,805,629</u>
Business-type activities	
Water & sewer	<u>\$ 2,313,861</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 4 – CAPITAL ASSETS (Continued)

Capital asset activity of the Component Unit was as follows:

	Balance April 1, 2019	Additions	Disposals	Balance March 31, 2020
Capital assets not being depreciated:				
Land	\$ 131,015	\$ -	\$ -	\$ 131,015
Capital assets being depreciated:				
Buildings	27,287,953	2,077,212	-	29,365,165
Furniture and equipment	4,791,502	633,137	(253)	5,424,386
Library books and audiovisual materials	3,754,019	465,319	(814,414)	3,404,924
Subtotal	<u>35,833,474</u>	<u>3,175,668</u>	<u>(814,667)</u>	<u>38,194,475</u>
Less accumulated depreciation:				
Buildings	6,662,865	565,665	-	7,228,530
Furniture and equipment	4,088,034	223,431	(118)	4,311,347
Library books and audiovisual materials	2,022,354	547,741	(797,499)	1,772,596
Subtotal	<u>12,773,253</u>	<u>1,336,837</u>	<u>(797,617)</u>	<u>13,312,473</u>
Net capital assets being depreciated	<u>23,060,221</u>	<u>1,838,831</u>	<u>(17,050)</u>	<u>24,882,002</u>
Net capital assets	<u>\$23,191,236</u>	<u>\$1,838,831</u>	<u>\$ (17,050)</u>	<u>\$ 25,013,017</u>

Capital assets including library books are recorded at cost. Depreciation expense was \$1,336,837 for the year ended March 31, 2020.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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	\$ 3,444,586	\$ 11,289,630
Road Fund	1,100,000	787,629
Public Safety Fund	8,900,000	7,347,391
Pension Obligation Bond Debt Fund	5,666,171	-
Non-major Governmental Funds	-	725,300
Retiree Health Care Fund	2,000,000	-
Water & Sewer Fund	-	960,807
	<u>\$ 21,110,757</u>	<u>\$ 21,110,757</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, 2020

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	1.00-4.4%	2025-2031	\$ 3,180,849	\$ -	\$ (299,173)	\$ 2,881,676	\$ 309,921
Library construction bond	1.25-3%	2024	9,490,000	-	(1,485,000)	8,005,000	1,530,000
General construction bond	4-5.00%	2032	17,975,000	-	(1,180,000)	16,795,000	1,205,000
Pension obligation bond	.51-5.37%	2032	62,685,000	49,995,000	(47,725,000)	64,955,000	4,130,000
Capital lease obligations	2.59-3.85%	2020	563,319	-	(277,074)	286,245	286,245
Special assessment bond	1.7-4.75%	2034	6,895,000	785,000	(655,000)	7,025,000	685,000
Unamortized bond premium			2,423,882	-	(185,420)	2,238,462	185,420
Unamortized bond discount			(177,779)	-	174,180	(3,599)	(424)
Total bonds payable			103,035,271	50,780,000	(51,632,487)	102,182,784	8,331,162
Employee compensated absences and sick pay	-	NA	4,559,694	49,282	-	4,608,976	-
Total governmental activities			<u>\$ 107,594,965</u>	<u>\$ 50,829,282</u>	<u>\$ (51,632,487)</u>	<u>\$ 106,791,760</u>	<u>\$ 8,331,162</u>
Business-Type Activities							
County water & sewer contracts	2-5%	2026-2037	\$ 20,975,000	\$ -	\$ (1,295,000)	\$ 19,680,000	\$ 1,330,000
Unamortized bond discount			(17,446)	-	1,574	(15,872)	(1,574)
Unamortized bond premium			560,531	-	(70,308)	490,223	70,308
Total bonds payable			21,518,085	-	(1,363,734)	20,154,351	1,398,734
Employee compensated absences	-	NA	132,140	-	(10,828)	121,312	-
Total business-type activities			<u>\$ 21,650,225</u>	<u>\$ -</u>	<u>\$ (1,374,562)</u>	<u>\$ 20,275,663</u>	<u>\$ 1,398,734</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
2021	\$ 8,146,165	\$ 2,970,989	1,330,000	\$ 627,257
2022	7,929,507	2,542,376	1,475,000	587,602
2023	8,113,646	2,293,257	1,485,000	545,357
2024	8,432,370	2,017,901	1,515,000	499,732
2025	8,624,283	1,758,579	1,670,000	447,920
2026-2030	36,288,511	5,536,221	7,480,000	1,352,688
2031-2035	22,413,439	1,284,355	3,865,000	403,563
2036-2038	-	-	860,000	32,738
	99,947,921	<u>\$ 18,403,678</u>	19,680,000	<u>\$ 4,496,857</u>
Less: Unamortized discount	(3,599)		(15,872)	
Plus: Unamortized premium	2,238,462		490,223	
	<u>\$ 102,182,784</u>		<u>\$ 20,154,351</u>	

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 6 – LONG TERM DEBT (Continued)

Advanced Refundings

During the year, the Township issued \$49,995,000 in General Obligation Limited Tax Pension Obligation Refunding Bonds, Series 2019 with an interest rate of 1.797% -2.324%. The proceeds of these bonds were used to advance refund \$44,255,000 of outstanding General Obligation Limited Tax Pension Obligation Bonds, Series 2013 with interest rates ranging from 4.06% - 5.37%. The net proceeds of \$49,660,068 (after payment of \$334,932 of underwriting fees and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an escrow fund to provide for all future debt service payments on the original bonds. As a result, the bonds were considered to be defeased and the liability for the bonds has been removed. The refunding reduced total debt service payments over the next 14 years by approximately \$5,171,000, which represents an economic gain of approximately \$4,487,000.

NOTE 7 – AGREEMENTS

Franchise Agreements

The Township had entered into an agreement with Comcast under which it granted that company a nonexclusive franchise to provide cable television services in the Township. The agreement stated that cable provider pay an annual franchise fee of 5% of gross annual revenues to the Township. This agreement expired on August 20, 2019 and is still ongoing. It is expected that a new agreement will be negotiated.

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 \$1,005,374.

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 \$583,310.

The General Fund leases land for mobile telecommunications broadcast towers under three separate agreements. One of the leases expires in 2022, and the other two leases expired in 2017 and new contracts are in negotiations. Lease income under the agreements was \$97,919 for the year ended March 31, 2020.

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, 2020.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 8 – CAPITAL LEASE

The Township entered into lease agreements for equipment with a cost of \$1,184,619. Accumulated amortization at March 31, 2020 was \$209,081 and amortization expense for the year ended March 31, 2020 was \$63,058. The lease agreements qualify as capital leases for accounting purposes and therefore have 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:

<u>Year Ending March 31,</u>	<u>Amount</u>
2021	\$ 295,730
Less amount representing interest	<u>(9,485)</u>
Present value	<u><u>\$ 286,245</u></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, 2019, 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, 2020

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Plan Description (Continued)

Membership in the Plan consisted of the following at January 1, 2019, the actuarial valuation date:

Active plan members	131
Retirees and beneficiaries receiving benefits	268
Terminated and inactive plan members entitled to but not yet receiving benefits	<u>15</u>
Total plan members	<u><u>414</u></u>

Basis of Accounting

The Plan's financial statements are prepared using information as of December 31, 2019, 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 Township contributions to the Plan for the plan year beginning January 1, 2019, amounted to \$3,655,532 of which \$276,337 were made by the Township employees and \$3,379,195 was made by the Township on covered payroll of \$11,223,752 for the 2019 calendar year.

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, 2020

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:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target Maximum</u>
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, 2020, the annual money-weighted rate of return on plan investments, net of pension plan investment expense was -2.41%. 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, 2020

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Net Pension Liability (Continued)

The components of the net pension liability of the Township at March 31, 2020 were as follows:

Total pension liability	\$ 235,646,707
Plan fiduciary net position	<u>193,195,158</u>
Net pension liability	<u><u>\$ 42,451,549</u></u>

Plan fiduciary net position as a percentage of the total pension liability	81.99%
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The Township has chosen to use March 31, 2020 as its measurement date for the net pension liability. The March 31, 2020 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of March 31, 2020.

The March 31, 2020 total pension liability was determined by an actuarial valuation performed as of January 1, 2019.

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, 2019	\$ 223,924,107	\$ 206,172,956	\$ 17,751,151
Service cost	2,765,836	-	2,765,836
Interest	13,246,768	-	13,246,768
Differences between expected and actual experience including assumption changes	7,445,779	-	7,445,779
Contributions - Employer	-	3,379,195	(3,379,195)
Contributions - Employee	-	276,337	(276,337)
Net investment income	-	(4,841,807)	4,841,807
Benefit payments, including refunds	(11,735,783)	(11,735,783)	-
Administrative expenses	-	(55,740)	55,740
Net changes	<u>11,722,600</u>	<u>(12,977,798)</u>	<u>24,700,398</u>
Balance at March 31, 2020	<u><u>\$ 235,646,707</u></u>	<u><u>\$ 193,195,158</u></u>	<u><u>\$ 42,451,549</u></u>

Assumption Changes

There were no significant assumption changes which affect the measurement of the total pension liability from the time of the last measurement date at March 31, 2019 to March 31, 2020.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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, 2020, the Township recognized pension income of \$928,017. At March 31, 2020, 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	\$ 595,378	\$ -
Changes in assumptions	4,454,127	1,542,138
Net difference between projected and actual earnings on pension plan investments	<u>18,510,264</u>	<u>-</u>
Total	<u>\$ 23,559,769</u>	<u>\$ 1,542,138</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
2021	\$ 6,352,536
2022	\$ 7,458,236
2023	\$ 4,806,249
2024	\$ 3,400,610

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of March 31, 2020. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%	
Salary Increases	3.5%	including inflation
Investment rate of return	6.00%	

Mortality rates were based on the Pub-2010 with generational projection using Scale MP-2018.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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 December 31, 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
US Core Fixed Income	50.00%	2.37%
US Equity Market	31.00%	4.99%
Foreign Development Equity	19.00%	6.12%
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%
Pension liability of the Township	<u>\$ 73,009,621</u>	<u>\$ 42,451,549</u>	<u>\$ 17,166,113</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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, 2020, there were 124 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, 2020, contributions in the amount of \$1,000,336 were made to the plan by the Township. In addition, discretionary contributions in the amount of \$128,007 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, 2020

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 April 1, 2018, the latest valuation date, the following employees were covered by the benefit terms:

Active employees	166
Inactive employees / beneficiaries receiving benefits	339
Inactive employees / beneficiaries entitled to but not yet receiving benefits	<u>32</u>
Total membership	<u><u>537</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, 2020, the Township contributed \$7,107,238 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, 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, 2020

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, 2020, the annual money weighted rate of return on investments, net of investment expense, was -12.98% for the Township, -7.32% for the Building Department Fund (Building), -7.39% for the Cable Studio Fund (Cable), and -8.31% 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, 2020 and was determined by an actuarial valuation as of April 1, 2018.

Total OPEB liability	\$ 121,336,405
OPEB plan fiduciary net position	<u>13,540,092</u>
Net OPEB liability	<u><u>\$ 107,796,313</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 11.16%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of April 1, 2018 rolled forward to March 31, 2020, 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	2.5%
Salary increases, including inflation	3.5%, average
Investment rate of return	6.0%
Healthcare cost trend rates	5.3% - 4.5% over 52 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, 2020

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 for the Township, Building, Cable and Water and Sewer are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Core Fixed Income	30.0%	2.37%
US High Yield Bonds	5.0%	4.16%
Global Bonds	5.0%	0.80%
US Large Caps	24.0%	4.72%
US Small & Mid Caps	13.0%	5.76%
Non-US Equity	23.0%	6.41%
	<u>100.0%</u>	

Changes in Assumptions

There were no significant assumption changes which affect the measurement of the total OPEB liability from the time of the last measurement date at March 31, 2019 to March 31, 2020.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Discount Rate

The discount rate used to measure the OPEB liability was 6.0% for the Building and Cable portion of the plan and 6.0% 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:

<u>Changes in Net OPEB Liability</u>	<u>Total OPEB Liability</u>	<u>Increase (Decrease) Plan Net Position</u>	<u>Net OPEB Liability</u>
Balance at April 1, 2019	\$ 175,334,402	\$ 12,642,773	\$ 162,691,629
Service cost	4,340,848	-	4,340,848
Interest	6,797,577	-	6,797,577
Differences between expected and actual experience including assumption changes	(60,272,528)	-	(60,272,528)
Contributions - Employer	-	7,107,238	(7,107,238)
Contributions - Employee	-	-	-
Net investment income	-	(1,309,957)	1,309,957
Benefit payments, including refunds	(4,863,894)	(4,863,894)	-
Administrative expenses	-	(36,068)	36,068
Net changes	<u>(53,997,997)</u>	<u>897,319</u>	<u>(54,895,316)</u>
Balance at March 31, 2020	<u><u>\$ 121,336,405</u></u>	<u><u>\$ 13,540,092</u></u>	<u><u>\$ 107,796,313</u></u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

For the year ended March 31, 2020, the Township recognized OPEB expense of \$5,751,398. At March 31, 2020, the Township reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 73,199	\$ 5,085,292
Changes in assumptions	1,489,816	44,899,442
Net difference between projected and actual earnings on pension plan investments	<u>1,683,630</u>	<u>-</u>
Total	<u><u>\$ 3,246,645</u></u>	<u><u>\$ 49,984,734</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
2021	\$ 16,389,489
2022	\$ 16,413,889
2023	\$ 13,707,132
2024	\$ 177,651
2025	\$ 49,928

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The following presents the net OPEB liability of the Township, as well as the Township's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current discount rate.

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net OPEB liability	\$ 126,578,524	\$ 107,796,313	\$ 92,701,351

The following presents the OPEB liability of the Township, as well as what the Township's OPEB liability would be if it were calculated using healthcare trends rates that are 1 percentage-point lower (4.3% trending to 3.5%) or 1 percentage-point higher (6.3 % trending to 5.5%), than the current healthcare cost trend rates:

	1% Decrease (4.3% decreasing to 3.5%)	Current Healthcare Cost Trend Rates 5.3% decreasing to 4.5%)	1% Increase (6.3% decreasing to 5.5%)
Net OPEB liability	\$ 90,389,633	\$ 107,796,313	\$ 129,925,769

NOTE 13 – CONTINGENCIES

The Township is a defendant in a number of lawsuits arising principally in the ordinary course of operations. In the opinion of the management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

The Township is a defendant in a class action lawsuit challenging water and sewer rates. On April 15, 2019, the Circuit Court awarded the plaintiff \$8,798,586 in damages plus judgment of interest of \$13,200. On April 22, 2019, the Township filed its appeal of the Circuit Court judgment in the Michigan Court of Appeals. Based upon information received from the Township's counsel, the appeal has been fully briefed and the Township is waiting on a date for argument. Also, counsel is conservatively confident that the opinion of the Circuit Court will be overturned.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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, 2020, the balance of the Township's funds prepaid in the Member Retention Fund of the MMRMA was \$225,362 and the claims incurred and allocated claims adjustment accrued was \$62,691.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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

Workers' compensation-commercial insurance provider

At March 31, 2020, 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 transitioned to a self-insured health plan on January 1, 2020. Cigna administers and processes the daily claims. The Township is responsible for individual claims up to \$100,000. The Township estimates the liability for medical claims that have been incurred through the end of the fiscal year, which includes claims that have been reported as well as those that have not yet been reported. The liability for medical claims totaled \$726,377 at March 31, 2020 and is recorded as a current liability in the statement of net position (deficit).

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 14 – OTHER INFORMATION (Continued)

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 are included in the Township's self-insured health plan and workers' compensation is obtained through commercial insurance providers through the Township.

At March 31, 2020, 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, 2018 through September 30, 2019	6-1-2019
Township – April 1, 2019 through March 31, 2020	12-1-2019

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 14 – OTHER INFORMATION (Continued)

Property Taxes

Delinquent Property Taxes Receivable

The 2019 tax levy is summarized as follows:

	Taxable Value	Millage Rate	Revenue
Township			
General	\$ 3,924,651,918	2.1889	\$ 8,590,670
Senior services	\$ 3,924,651,918	0.2327	913,267
Public safety - voted	\$ 3,924,651,918	5.9428	23,323,421
Roads - voted	\$ 3,924,651,918	0.6837	2,683,285
Library-operating-voted perpetual	\$ 3,924,651,918	1.9076	7,486,666
Library debt service	\$ 3,924,651,918	0.4400	1,726,847
Drain debt service	\$ 3,924,651,918	0.1100	431,712
Capital improvements	\$ 3,924,651,918	0.5300	2,080,066
Safety path - voted	\$ 3,924,651,918	0.4618	1,812,404
Total Township		<u>12.4975</u>	<u>\$ 49,048,336</u>
County			
Transportation - voted	\$ 3,924,651,918	<u>1.0000</u>	<u>\$ 3,924,652</u>
Special assessments			
Bloomfield Village Association			
Fire	\$ 385,616,117	0.3310	\$ 127,639
Police	\$ 385,616,117	1.1650	449,243
		<u>1.4960</u>	<u>\$ 576,882</u>

NOTE 15 – 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 2020-2021 fiscal year.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

NOTE 15 – UPCOMING ACCOUNTING PRONOUNCEMENTS (Continued)

In June 2017, GASB issued Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

In March 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. This statement establishes criteria to improve the information that is disclosed in the notes to the government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Township is currently evaluating the impact this standard will have on the financial statements when adopted during the 2020-2021 fiscal year.

NOTE 16 – SUBSEQUENT EVENTS

The Township's management has performed a review of events subsequent to the balance sheet date through September 28, 2020, the date the financial statements were available to be issued.

Towards the end of December 2019, an outbreak of a novel strain coronavirus (COVID-19) emerged globally. The COVID-19 pandemic has had a significant impact on global markets yielding unstable investment returns, job loss and financial hardships on various corporations. Given the evolving nature of this global emergency, long-term impact is not yet known. During this crisis, management expects that in the near-term state shared revenue will likely decline. Management is carefully monitoring the situation. No adjustments have been recorded in the March 31, 2020 financial statements due to this uncertainty.

REQUIRED SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes and assessments	\$ 8,632,000	\$ 8,632,000	\$ 8,698,705	\$ 66,705
Grants	11,125	11,125	-	(11,125)
State shared revenues	3,665,000	3,665,000	3,773,699	108,699
Charges for services	610,100	610,100	603,529	(6,571)
Licenses, permits and fees	1,030,000	1,030,000	977,107	(52,893)
Investment earnings	600,000	600,000	1,279,967	679,967
Fines and forfeitures	1,612,500	1,612,500	1,441,138	(171,362)
Rent	1,222,157	1,222,157	1,221,229	(928)
Reimbursements	175,000	175,000	171,291	(3,709)
Miscellaneous	350,000	350,000	472,135	122,135
Total revenue	<u>17,907,882</u>	<u>17,907,882</u>	<u>18,638,800</u>	<u>730,918</u>
EXPENDITURES				
Current				
Legislative	24,500	24,500	20,193	4,307
Judicial	1,960,000	1,960,000	2,027,932	(67,932)
General government	7,271,410	7,271,410	6,376,813	894,597
Public safety	326,322	326,322	279,259	47,063
Community enrichment and development	489,678	489,678	370,101	119,577
Other	454,700	454,700	412,677	42,023
Equipment non-capital	35,000	35,000	53,142	(18,142)
Capital outlay	736,000	736,000	828,203	(92,203)
Total expenditures	<u>11,297,610</u>	<u>11,297,610</u>	<u>10,368,320</u>	<u>929,290</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>6,610,272</u>	<u>6,610,272</u>	<u>8,270,480</u>	<u>1,660,208</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,444,586	3,444,586	3,444,586	-
Transfers out	(9,463,497)	(10,463,497)	(11,289,630)	(826,133)
Total other financing sources (uses)	<u>(6,018,911)</u>	<u>(7,018,911)</u>	<u>(7,845,044)</u>	<u>(826,133)</u>
NET CHANGE IN FUND BALANCE	591,361	(408,639)	425,436	834,075
FUND BALANCE, Beginning of year	<u>14,107,404</u>	<u>14,107,404</u>	<u>14,107,404</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 14,698,765</u>	<u>\$ 13,698,765</u>	<u>\$ 14,532,840</u>	<u>\$ 834,075</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - ROAD FUND
Year Ended March 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes	\$ 2,679,000	\$ 2,679,000	\$ 2,688,199	\$ 9,199
Road fund repayments	777,627	777,627	780,417	2,790
Charges for services	45,000	45,000	42,270	(2,730)
Reimbursements	40,000	40,000	36,533	(3,467)
Miscellaneous	4,000	4,000	19,410	15,410
Total revenue	<u>3,545,627</u>	<u>3,545,627</u>	<u>3,566,829</u>	<u>21,202</u>
EXPENDITURES				
Public works				
Salaries and wages	1,151,380	1,151,380	999,547	151,833
Benefits	447,730	447,730	379,100	68,630
Health insurance refund	(9,000)	(9,000)	(126,106)	117,106
DB pension plan	183,711	183,711	178,129	5,582
Other benefits	391,600	391,600	391,156	444
Operating supplies	592,000	592,000	495,578	96,422
Professional services	87,000	87,000	69,961	17,039
Contracted services	1,553,000	1,553,000	1,120,611	432,389
Insurance and bonds	45,000	45,000	49,033	(4,033)
Utilities	160,000	160,000	156,389	3,611
Miscellaneous	17,000	17,000	8,290	8,710
Equipment non-capital	10,000	10,000	14,678	(4,678)
Capital outlay	49,000	49,000	42,479	6,521
Total expenditures	<u>4,678,421</u>	<u>4,678,421</u>	<u>3,778,845</u>	<u>899,576</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,132,794)</u>	<u>(1,132,794)</u>	<u>(212,016)</u>	<u>920,778</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,938,945	1,938,945	1,100,000	(838,945)
Transfers out	(795,673)	(795,673)	(787,629)	8,044
Total other financing sources (uses)	<u>1,143,272</u>	<u>1,143,272</u>	<u>312,371</u>	<u>(830,901)</u>
NET CHANGE IN FUND BALANCE	10,478	10,478	100,355	89,877
FUND BALANCE, Beginning of year	<u>2,576,670</u>	<u>2,576,670</u>	<u>2,576,670</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 2,587,148</u>	<u>\$ 2,587,148</u>	<u>\$ 2,677,025</u>	<u>\$ 89,877</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - PUBLIC SAFETY FUND
Year Ended March 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes	\$ 23,315,000	\$ 23,315,000	\$ 23,366,856	\$ 51,856
Grants	101,000	101,000	322,130	221,130
Charges for services	1,308,000	1,308,000	1,449,828	141,828
Liquor license rebates	17,000	17,000	19,368	2,368
Reimbursements	40,000	40,000	60,043	20,043
Miscellaneous	35,000	35,000	404,038	369,038
Total revenue	<u>24,816,000</u>	<u>24,816,000</u>	<u>25,622,263</u>	<u>806,263</u>
EXPENDITURES				
Public safety				
Salaries and wages	13,769,420	13,769,420	13,016,864	752,556
Benefits	4,577,410	4,577,410	4,264,276	313,134
Health insurance refund	(80,000)	(80,000)	(1,382,349)	1,302,349
DB pension plan	2,542,203	2,542,203	2,402,640	139,563
Other benefits	4,273,750	4,273,750	4,365,796	(92,046)
Operating supplies	434,500	434,500	431,513	2,987
Professional services	465,500	465,500	424,279	41,221
Insurance and bonds	430,000	430,000	413,134	16,866
Contracted services	648,500	648,500	784,927	(136,427)
Public utilities	87,000	87,000	117,703	(30,703)
Principal and interest	295,729	295,729	295,729	-
Miscellaneous	172,500	172,500	136,283	36,217
Equipment non-capital	125,500	125,500	172,405	(46,905)
Capital outlay	475,000	475,000	1,224,421	(749,421)
Total expenditures	<u>28,217,012</u>	<u>28,217,012</u>	<u>26,667,621</u>	<u>1,549,391</u>
EXCESS OF REVENUE OVER (UNDER)				
EXPENDITURES	<u>(3,401,012)</u>	<u>(3,401,012)</u>	<u>(1,045,358)</u>	<u>2,355,654</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,668,689	6,668,689	8,900,000	2,231,311
Transfers out	(6,063,217)	(6,063,217)	(7,347,391)	(1,284,174)
Total other financing sources (uses)	<u>605,472</u>	<u>605,472</u>	<u>1,552,609</u>	<u>947,137</u>
NET CHANGE IN FUND BALANCE	<u>(2,795,540)</u>	<u>(2,795,540)</u>	<u>507,251</u>	<u>3,302,791</u>
FUND BALANCE, Beginning of year	<u>13,316,913</u>	<u>13,316,913</u>	<u>13,316,913</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 10,521,373</u>	<u>\$ 10,521,373</u>	<u>\$ 13,824,164</u>	<u>\$ 3,302,791</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – BUDGETARY
INFORMATION
MARCH 31, 2020

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 Five Fiscal Years (Schedule is built prospectively upon implementation of GASB 67)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
TOTAL PENSION LIABILITY					
Service cost	\$ 2,765,836	\$ 2,776,101	\$ 2,880,877	\$ 3,093,406	\$ 2,937,791
Interest on the total pension liability	13,246,768	12,725,992	12,583,951	12,185,184	11,945,637
Differences between expected and actual experience including assumption changes	7,445,779	(4,559,366)	4,250,290	1,800,149	6,800,959
Benefit payments and refunds	<u>(11,735,783)</u>	<u>(11,227,437)</u>	<u>(10,815,004)</u>	<u>(10,006,265)</u>	<u>(9,463,060)</u>
Net change in total pension liability	11,722,600	(284,710)	8,900,114	7,072,474	12,221,327
Total pension liability, Beginning of year	<u>223,924,107</u>	<u>224,208,817</u>	<u>215,308,703</u>	<u>208,236,229</u>	<u>196,014,902</u>
Total pension liability, End of year	<u>\$ 235,646,707</u>	<u>\$ 223,924,107</u>	<u>\$ 224,208,817</u>	<u>\$ 215,308,703</u>	<u>\$ 208,236,229</u>
PLAN FIDUCIARY NET POSITION					
Employer contributions	\$ 3,379,195	\$ 3,583,851	\$ -	\$ -	\$ -
Employee contributions	276,337	282,681	302,840	317,049	302,355
Pension plan net investment income (loss)	(4,841,807)	4,689,152	9,648,546	13,843,427	(150,074)
Benefit payments and refunds	(11,735,783)	(11,227,437)	(10,815,004)	(10,006,265)	(9,463,060)
Other expenses	<u>(55,740)</u>	<u>(85,552)</u>	<u>(81,273)</u>	<u>(86,325)</u>	<u>(83,873)</u>
Net change in plan fiduciary net position	(12,977,798)	(2,757,305)	(944,891)	4,067,886	(9,394,652)
Plan fiduciary net position, Beginning of year	<u>206,172,956</u>	<u>208,930,261</u>	<u>209,875,152</u>	<u>205,807,266</u>	<u>215,201,918</u>
Plan fiduciary net position, End of year	<u>\$ 193,195,158</u>	<u>\$ 206,172,956</u>	<u>\$ 208,930,261</u>	<u>\$ 209,875,152</u>	<u>\$ 205,807,266</u>
Township's Net Pension Liability	<u>\$ 42,451,549</u>	<u>\$ 17,751,151</u>	<u>\$ 15,278,556</u>	<u>\$ 5,433,551</u>	<u>\$ 2,428,963</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.99%	92.07%	93.19%	97.48%	98.83%
Covered Employee Payroll	<u>\$ 11,223,752</u>	<u>\$ 11,324,871</u>	<u>\$ 10,941,904</u>	<u>\$ 11,627,527</u>	<u>\$ 13,118,137</u>
Net Pension Liability as a Percentage of Covered Payroll	378.23%	156.74%	139.63%	46.73%	18.52%

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF INVESTMENT RETURNS - PENSION TRUST

Last Five Fiscal Years (Schedule is built prospectively upon implementation of GASB 67)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	-2.4%	2.3%	4.7%	6.9%	-0.1%

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF TOWNSHIP CONTRIBUTIONS
RELATED RATIOS - PENSION TRUST
March 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution **	\$ 3,506,480	\$ 3,718,845	\$ -	\$ -	\$ -	\$ -	\$ 3,040,464	\$ 10,206,901	\$ 5,179,678	\$ 5,152,066
Contributions in relation to the actuarially determined contribution **	<u>3,506,480</u>	<u>3,718,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,300,000</u>	<u>10,206,901</u>	<u>5,179,678</u>	<u>5,152,066</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,259,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll **	\$ 12,138,645	\$ 12,273,467	\$ 11,627,527	\$ 13,118,137	\$ 13,118,137	\$ 13,711,213	\$ 14,159,863	\$ 14,862,788	\$ 15,338,979	\$ 15,522,940
Contributions as a percentage of covered employee payroll	28.89%	30.30%	0.00%	0.00%	0.00%	0.00%	567.10%	68.67%	33.77%	33.19%

** Includes Township and Library

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date: January 01, 2019

Actuarially determined contribution rates are calculated as of December 31, three months prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level dollar, closed, 19 years remaining amortization
Asset valuation method	Non-asymptotic, 5-year smoothing
Wage inflation	2.7%
Salary increases	3.5%
Investment rate of return	6.00%
Retirement age	General administrative employees and police department civilians: Age 52 with 8 years of service or 30 years of service. Fire department bargaining members and command officers: Age 52 with 8 years of service. Bloomfield Village police: Age 55 with 10 years of service or age 60 with 8 years of service.
Mortality	RP-2014 with generational projection using Scale MP-2017

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 Three Fiscal Years (Schedule is built prospectively upon implementation of GASB 74)

	2020	2019	2018
TOTAL OPEB LIABILITY			
Service cost	\$ 4,340,848	\$ 4,076,621	\$ 4,147,825
Interest	6,797,577	6,966,037	6,721,348
Changes in assumptions and other inputs	(60,272,528)	(6,426,731)	(828,808)
Benefit payments and refunds	<u>(4,863,894)</u>	<u>(5,051,788)</u>	<u>(4,822,601)</u>
Net change in total OPEB liability	(53,997,997)	(435,861)	5,217,764
Total OPEB liability - beginning of year	<u>175,334,402</u>	<u>175,770,263</u>	<u>170,552,499</u>
Total OPEB liability - ending of year	<u>121,336,405</u>	<u>175,334,402</u>	<u>175,770,263</u>
PLAN FIDUCIARY NET POSITION			
Employer contributions	7,107,238	5,796,653	5,035,596
OPEB plan net investment income	(1,309,957)	203,550	642,738
Benefit payments and refunds	(4,863,894)	(5,051,788)	(4,822,601)
Administrative expenses	<u>(36,068)</u>	<u>(25,422)</u>	<u>(20,902)</u>
Net change in plan fiduciary net position	897,319	922,993	834,831
Plan fiduciary net position - beginning of year	<u>12,642,773</u>	<u>11,719,780</u>	<u>10,884,949</u>
Plan fiduciary net position - end of year	<u>13,540,092</u>	<u>12,642,773</u>	<u>11,719,780</u>
Township's Net OPEB Liability	<u>\$ 107,796,313</u>	<u>\$ 162,691,629</u>	<u>\$ 164,050,483</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB liability	11.16%	7.21%	6.67%
Covered Employee Payroll	\$ 12,481,668	\$ 12,481,668	\$ 13,838,660
Net OPEB Liability as a Percentage of Covered Payroll	863.64%	1303.44%	1185.45%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense			
Township	-12.98%	1.71%	5.68%
Building and Cable	-7.32%	1.70%	6.02%
Cable	-7.39%	1.70%	6.02%
Water & Sewer	-8.31%	1.78%	6.08%

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF TOWNSHIP CONTRIBUTIONS
RELATED RATIOS - RETIRED EMPLOYEES HEALTHCARE PLAN
March 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 15,335,501	\$ 14,979,038	\$ 14,117,096	\$ 13,238,120	\$ 13,238,120	\$ 12,241,524	\$ 12,241,524	\$ 7,716,000	\$ 7,716,000	\$ 7,874,000
Contributions in relation to the actuarially determined contribution	<u>7,107,238</u>	<u>5,796,653</u>	<u>5,035,596</u>	<u>4,613,559</u>	<u>9,910,643</u>	<u>3,815,071</u>	<u>3,705,253</u>	<u>2,826,942</u>	<u>2,896,950</u>	<u>2,797,505</u>
Contribution excess (deficiency)	<u>\$ (8,228,263)</u>	<u>\$ (9,182,385)</u>	<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>
Covered employee payroll	\$ 12,481,668	\$ 12,481,668	\$ 13,838,660	\$ 15,279,000	\$ 15,279,000	\$ 15,953,000	\$ 15,953,000	\$ 15,522,000	\$ 15,522,000	\$ 15,522,940
Contributions as a percentage of covered employee payroll	56.94%	46.44%	36.39%	30.20%	64.86%	23.91%	23.23%	18.21%	18.66%	18.02%

Methods and assumptions used to determine contribution rates for 2020 (Based on the April 1, 2018 Valuation)

Valuation Date:	April 1, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar of Payroll
Remaining amortization period	20 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
Health care trend rates	5.50% - 4.60% over 66 years

OTHER SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
March 31, 2020

	Nonmajor Special Revenue Funds									Special Assessment Capital Projects	Nonmajor Debt Service Funds	Total
	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Building Department	Federal Forfeitures	Drug Law Enforcement	Safety Path	Cable Studio			
ASSETS												
Cash and cash equivalents	\$ 159,839	\$ 521,103	\$ 335,354	\$ 177,148	\$ 1,562,186	\$ 216,240	\$ 201,634	\$ 318,252	\$ 199,479	\$ 570,735	\$ 4,086,118	\$ 8,348,088
Marketable securities	2,250,574	-	-	-	-	-	-	4,564,340	2,858,181	-	-	9,673,095
Receivables (net) - Other	12,551	-	-	-	24,326	-	-	-	197,948	-	-	234,825
Total assets	<u>\$ 2,422,964</u>	<u>\$ 521,103</u>	<u>\$ 335,354</u>	<u>\$ 177,148</u>	<u>\$ 1,586,512</u>	<u>\$ 216,240</u>	<u>\$ 201,634</u>	<u>\$ 4,882,592</u>	<u>\$ 3,255,608</u>	<u>\$ 570,735</u>	<u>\$ 4,086,118</u>	<u>\$ 18,256,008</u>
LIABILITIES												
Accounts payable and accrued expenses	\$ 62,166	\$ 11,026	\$ 2,374	\$ -	\$ 45,708	\$ -	\$ 5,192	\$ 64,209	\$ 53,012	\$ 12,701	\$ -	\$ 256,388
Refundable Bonds	-	-	-	-	212,050	-	-	-	-	-	-	212,050
Escrow Deposits	-	-	-	-	900	-	-	-	-	-	-	900
Total liabilities	<u>62,166</u>	<u>11,026</u>	<u>2,374</u>	<u>-</u>	<u>258,658</u>	<u>-</u>	<u>5,192</u>	<u>64,209</u>	<u>53,012</u>	<u>12,701</u>	<u>-</u>	<u>469,338</u>
FUND BALANCES												
Restricted:												
Debt service	-	-	-	-	-	-	-	-	-	-	4,086,118	4,086,118
Roads and safety paths	-	-	-	-	-	-	-	4,818,383	-	558,034	-	5,376,417
Public safety	-	510,077	332,980	-	-	216,240	196,442	-	-	-	-	1,255,739
Community enrichment	-	-	-	177,148	-	-	-	-	-	-	-	177,148
Assigned:												
Community enrichment	2,360,798	-	-	-	-	-	-	-	3,202,596	-	-	5,563,394
Building inspection	-	-	-	-	1,327,854	-	-	-	-	-	-	1,327,854
Total fund balances	<u>2,360,798</u>	<u>510,077</u>	<u>332,980</u>	<u>177,148</u>	<u>1,327,854</u>	<u>216,240</u>	<u>196,442</u>	<u>4,818,383</u>	<u>3,202,596</u>	<u>558,034</u>	<u>4,086,118</u>	<u>17,786,670</u>
Total liabilities and fund balances	<u>\$ 2,422,964</u>	<u>\$ 521,103</u>	<u>\$ 335,354</u>	<u>\$ 177,148</u>	<u>\$ 1,586,512</u>	<u>\$ 216,240</u>	<u>\$ 201,634</u>	<u>\$ 4,882,592</u>	<u>\$ 3,255,608</u>	<u>\$ 570,735</u>	<u>\$ 4,086,118</u>	<u>\$ 18,256,008</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended March 31, 2020

Nonmajor Special Revenue Funds												
	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Building Department	Federal Forfeitures	Drug Law Enforcement	Safety Path	Cable Studio	Special Assessment Capital Projects	Nonmajor Debt Service Funds	Total
REVENUES												
Taxes and assessments	\$ 914,879	\$ 473,532	\$ 144,987	\$ 333,509	\$ -	\$ -	\$ -	\$ 1,815,695	\$ -	\$ 587,374	\$ 4,207,269	\$ 8,477,245
Grants	51,196	-	-	-	-	119,106	-	-	-	-	-	170,302
Charges for services	612,645	1,667	-	-	1,650,109	-	-	-	46,195	-	-	2,310,616
Licenses, permits and fees	-	-	-	-	-	-	-	-	774,649	-	-	774,649
Fines and forfeitures	-	-	-	634	-	-	41,247	-	-	-	-	41,881
Reimbursements	-	-	-	45,061	-	-	-	-	-	-	-	45,061
Miscellaneous	31,823	-	-	3,000	-	-	-	-	4,012	-	1,887	40,722
Total revenues	1,610,543	475,199	144,987	382,204	1,650,109	119,106	41,247	1,815,695	824,856	587,374	4,209,156	11,860,476
EXPENDITURES												
Operating:												
General government	-	-	-	-	1,430,604	-	-	-	-	-	-	1,430,604
Public works	-	-	-	-	-	-	-	148,090	-	1,207,503	-	1,355,593
Public safety	-	446,381	106,264	-	-	9,202	79,074	-	-	-	-	640,921
Community enrichment & development	1,590,359	-	-	356,116	-	-	-	-	1,042,927	-	-	2,989,402
Debt service	-	-	-	-	-	-	-	-	-	-	1,878	1,878
Capital outlay	-	32,190	-	-	-	42,946	-	395,953	24,788	-	-	495,877
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	2,964,173	2,964,173
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	1,143,710	1,143,710
Total expenditures	1,590,359	478,571	106,264	356,116	1,430,604	52,148	79,074	544,043	1,067,715	1,207,503	4,109,761	11,022,158
Revenues over (under) expenditures	20,184	(3,372)	38,723	26,088	219,505	66,958	(37,827)	1,271,652	(242,859)	(620,129)	99,395	838,318
OTHER FINANCING SOURCES (USES)												
Bond proceeds	-	-	-	-	-	-	-	-	-	785,000	-	785,000
Transfers out	(241,375)	(42,436)	(16,957)	-	(311,242)	-	-	(52,730)	(60,560)	-	-	(725,300)
Total other financing sources (uses)	(241,375)	(42,436)	(16,957)	-	(311,242)	-	-	(52,730)	(60,560)	785,000	-	59,700
Net change in fund balances	(221,191)	(45,808)	21,766	26,088	(91,737)	66,958	(37,827)	1,218,922	(303,419)	164,871	99,395	898,018
FUND BALANCES, Beginning of year	2,581,989	555,885	311,214	151,060	1,419,591	149,282	234,269	3,599,461	3,506,015	393,163	3,986,723	16,888,652
FUND BALANCES, End of year	\$ 2,360,798	\$ 510,077	\$ 332,980	\$ 177,148	\$ 1,327,854	\$ 216,240	\$ 196,442	\$ 4,818,383	\$ 3,202,596	\$ 558,034	\$ 4,086,118	\$ 17,786,670

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
March 31, 2020

	<u>Nonmajor Debt Service Funds</u>			
	Campus Construction Debt Retirement	Library Debt Retirement	Drain at-Large	Total
ASSETS				
Cash and cash equivalents	<u>\$ 1,601,404</u>	<u>\$ 1,778,579</u>	<u>\$ 706,135</u>	<u>\$ 4,086,118</u>
FUND BALANCES				
Restricted - Debt service	<u>\$ 1,601,404</u>	<u>\$ 1,778,579</u>	<u>\$ 706,135</u>	<u>\$ 4,086,118</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS
Year Ended March 31, 2020

	Nonmajor Debt Service Funds			
	Campus Construction Debt Retirement	Library Debt Retirement	Drain at-Large	Total
REVENUES				
Taxes and assessments	\$ 2,083,898	\$ 1,730,189	\$ 393,182	\$ 4,207,269
Miscellaneous	-	-	1,887	1,887
Total revenues	<u>2,083,898</u>	<u>1,730,189</u>	<u>395,069</u>	<u>4,209,156</u>
EXPENDITURES				
Operating:				
Debt service	898	768	212	1,878
Debt service:				
Principal retirement	1,180,000	1,485,000	299,173	2,964,173
Interest and fiscal charges	869,750	208,450	65,510	1,143,710
Total expenditures	<u>2,050,648</u>	<u>1,694,218</u>	<u>364,895</u>	<u>4,109,761</u>
Net change in fund balances	<u>33,250</u>	<u>35,971</u>	<u>30,174</u>	<u>99,395</u>
FUND BALANCES , Beginning of year	<u>1,568,154</u>	<u>1,742,608</u>	<u>675,961</u>	<u>3,986,723</u>
FUND BALANCES , End of year	<u>\$ 1,601,404</u>	<u>\$ 1,778,579</u>	<u>\$ 706,135</u>	<u>\$ 4,086,118</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
March 31, 2020

	Pension and Other Employee Benefit Trust Funds			
	Retiree Health Care Fund	Retirement System Pension Trust	401(a) Defined Contribution Plan	Total Pension and Other Employee Trust Funds
	March 31, 2020	December 31, 2019	March 31, 2020	
ASSETS				
Investments:				
Mutual funds, stocks and other equities	\$ 13,539,731	\$ 72,101,107	\$ 8,108,151	\$ 93,748,989
Guaranteed deposit account fixed income fund	-	147,470,195	-	147,470,195
	<u>13,539,731</u>	<u>219,571,302</u>	<u>8,108,151</u>	<u>241,219,184</u>
Total assets				
	<u>13,539,731</u>	<u>219,571,302</u>	<u>8,108,151</u>	<u>241,219,184</u>
NET POSITION				
Restricted:				
Pensions - Defined benefit	-	219,571,302	-	219,571,302
Pensions - Defined contribution	-	-	8,108,151	8,108,151
Other post-employment benefits	13,539,731	-	-	13,539,731
	<u>13,539,731</u>	<u>-</u>	<u>-</u>	<u>13,539,731</u>
Total net position	<u>\$ 13,539,731</u>	<u>\$ 219,571,302</u>	<u>\$ 8,108,151</u>	<u>\$ 241,219,184</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended March 31, 2020

	<u>Retiree Health Care Fund</u>	<u>Retirement System Pension Trust</u>	<u>401(a) Defined Contribution Plan</u>	<u>Total</u>
	<u>Year Ended March 31, 2020</u>	<u>Year Ended December 31, 2019</u>	<u>Year Ended March 31, 2020</u>	
ADDITIONS				
Contributions:				
Employer	\$ 7,107,238	\$ 3,506,480	\$ 1,000,336	\$ 11,614,054
Employee	-	290,846	128,007	418,853
Total contributions	<u>7,107,238</u>	<u>3,797,326</u>	<u>1,128,343</u>	<u>12,032,907</u>
Investment income (loss):				
Net change in fair value of investments	(1,800,208)	14,020,664	(1,197,161)	11,023,295
Interest income	489,092	4,319,494	-	4,808,586
Dividend income	-	1,378,328	501,321	1,879,649
Total investment income (loss)	<u>(1,311,116)</u>	<u>19,718,486</u>	<u>(695,840)</u>	<u>17,711,530</u>
Total additions	<u>5,796,122</u>	<u>23,515,812</u>	<u>432,503</u>	<u>29,744,437</u>
DEDUCTIONS				
Distributions	4,863,894	11,997,400	183,958	17,045,252
Administrative fees	35,270	286,517	19,116	340,903
Total deductions	<u>4,899,164</u>	<u>12,283,917</u>	<u>203,074</u>	<u>17,386,155</u>
NET INCREASE IN NET POSITION HELD IN TRUST	896,958	11,231,895	229,429	12,358,282
NET POSITION HELD IN TRUST, Beginning of year	<u>12,642,773</u>	<u>208,339,407</u>	<u>7,878,722</u>	<u>228,860,902</u>
NET POSITION HELD IN TRUST, End of year	<u>\$ 13,539,731</u>	<u>\$ 219,571,302</u>	<u>\$ 8,108,151</u>	<u>\$ 241,219,184</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF NET POSITION
AGENCY FUNDS
March 31, 2020

	<u>Trust & Agency</u>	<u>OCVCTF Federal Forfeitures</u>	<u>OCVCTF State Forfeitures</u>	<u>Total Agency Funds</u>
ASSETS				
Cash	\$ 154,068	\$ 641,565	\$ 46,756	\$ 842,389
LIABILITIES				
Accounts payable and withholdings	4,573	137	-	4,710
Deposits & other liabilities:				
Escrow deposits	143,080	-	-	143,080
Other	6,415	-	-	6,415
Total liabilities	<u>154,068</u>	<u>137</u>	<u>-</u>	<u>154,205</u>
NET POSITION				
Restricted for public safety:	<u>-</u>	<u>641,428</u>	<u>46,756</u>	<u>688,184</u>
Total net position	<u>\$ -</u>	<u>\$ 641,428</u>	<u>\$ 46,756</u>	<u>\$ 688,184</u>

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2020

Tax Levies and Collections

Year	Tax Levy	Collections to March 1 of the Following Year	
2019	\$ 51,576,090	\$ 50,127,011	97.19%
2018	\$ 49,620,624	\$ 48,131,324	97.00%
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%

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.

History of Property Valuations*

Year	State Equalized Valuation	Taxable Value
2019	\$ 5,060,371,530	\$ 3,924,651,918
2018	\$ 4,851,426,670	\$ 3,742,826,885
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

*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, 2020

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	\$ 0.9488	\$ 0.9488

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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2020

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:

<u>Employee Group</u>	<u>Number of Employees</u>	<u>Expiration Date of Contract</u>
Firefighters	57	March 31, 2020 (in negotiations)
Police Command Officers	14	March 31, 2026
Police Patrol and Dispatchers	59	March 31, 2026
Department Head and Deputy Department Head	14	March 31, 2026
General Employees	42	March 31, 2026
DPW Foreman and Supervisors	6	March 31, 2026
DPW Maintenance Employees	21	March 31, 2026
Water & Sewer Maintenance Employees	7	In negotiations

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>
2020	\$ 14,532,840
2019	\$ 14,107,404
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