

**CHARTER TOWNSHIP OF
BLOOMFIELD, MICHIGAN**

FINANCIAL REPORT WITH
SUPPLEMENTAL INFORMATION

Year ended March 31, 2019

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, 2019, 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, 2019, 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
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Other Information

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

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

The image shows a handwritten signature in dark ink that reads "UHY LLP". The letters are stylized and cursive.

Farmington Hills, Michigan
September 19, 2019

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

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, 2019.

FINANCIAL HIGHLIGHTS

- Change in net position for the primary government was \$(4,895,767), increasing from \$(14,187,996) in the prior year. This balance consists of governmental net position change of \$(8,880,282) and business-type net position change of \$3,984,515. These amounts do not include fiduciary funds.
- Taxes and special assessments revenue was \$40,866,397, an increase of \$2,235,448 when compared to the prior year of \$38,630,949. The taxable value increased from \$3,572,807,760 in 2017-18 to \$3,742,826,885 in 2018-19. Some millage rates are rolled back, some may remain the same, and the three debt millages will adjust annually to cover upcoming principal and interest payments.
- State shared revenues were \$3,628,324, an increase of \$105,752 when compared to the prior year of \$3,522,572. The majority of these revenues are based on state sales tax collections disbursed based upon population.
- Investment earnings were \$1,024,062, compared to the prior year earnings of \$652,990. 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 T-bills. The investment strategy changed during the last couple of years which contributed to the earnings.
- Total revenues for governmental activities were \$57,106,959 and expenses were \$65,987,241, with an increase to net deficit of \$(8,880,282). The prior year revenues were \$54,763,972 and expenses were \$70,354,849, with an increase to net deficit of (\$15,590,877).
- Total revenues for business-type activities were \$27,548,273 and expenses were \$23,563,758, with an increase to net position of \$3,984,515. The prior year revenues were \$25,307,205 and expenses were \$23,904,324, with an increase to net position of \$1,402,881.
- The governmental activities reported a net deficit of \$(165,836,657), and business-type activities reported a net position of \$57,073,351. The deficit in governmental activities is a result of the full reporting of pension obligations and other post-employment benefits obligations.
- Unrestricted net deficit for governmental activities was \$(202,348,546), an increase of \$(8,240,256) when compared to the prior year of \$(194,108,290). Unrestricted net position for the business-type activities was \$8,203,207, an increase of \$3,556,117 when compared to the prior year of \$4,647,090.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

- *Governmental Funds* – All of the Township's basic services are reported in the governmental funds. The funds included in this category are the general fund, special revenue funds, capital projects fund, and debt service funds. The general fund is used to account for revenue and expenditures for general Township government that would not fall under any other fund category. Revenues collected for a specific purpose and their corresponding expenditures are accounted for in special revenue funds. This sub-category of funds consists of the Road Fund, Public Safety Fund (police, fire/ems and dispatch), Senior Services Fund, Village Police Fund, Village Fire Fund, Lake Improvement Fund, Building Inspection Fund, 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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information

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

Other Supplementary Information

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

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 \$(108,763,306). In particular, the net position of the governmental activities decreased by \$(8,880,282) and the business-type activities increased by \$3,984,515. For the purpose of this analysis, the fiduciary funds and the component unit are excluded as these resources are not available to support Township programs.

It is important to note that a large portion of the Township's net position (deficit) consists of investments in capital assets (land, buildings, vehicles, equipment and infrastructure) and not in cash or cash investments; therefore, the majority of these assets are not available to be used for day-to-day operations. At the close of the most recent fiscal year, 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 \$(194,145,339). This is the fifth year reporting a net deficit. This trend will continue as it is a direct result of the net pension liability of over \$17M and net OPEB liability of over \$162M. This negative balance of net position, called net deficit, will be the new normal for most municipalities as they are all now required to show their net pension liability and net OPEB liability. The net investment in capital assets totaled \$78,031,334. At the fund level, which does not have these obligations reported, the Township has positive balances in all fund types and in each of the individual funds within the fund types.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

Table 1
Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets						
Current and other assets	\$ 71,016	\$ 69,094	\$ 17,890	\$ 13,710	\$ 88,906	\$ 82,804
Capital assets	47,699	49,465	69,845	70,612	117,544	120,077
Total assets	118,715	118,559	87,735	84,322	206,450	202,881
Deferred outflows of resources	13,869	12,355	749	714	14,618	13,069
Total assets and deferred outflows of resources	132,584	130,914	88,484	85,036	221,068	215,950
Liabilities						
Other liabilities	10,964	9,701	3,655	2,962	14,619	12,663
Long-term liabilities	273,731	276,090	27,084	28,985	300,815	305,075
Total liabilities	284,695	285,791	30,739	31,947	315,434	317,738
Deferred inflows of resources	13,725	2,079	672	-	14,397	2,079
Total liabilities and deferred inflows of resources	298,420	287,870	31,411	31,947	329,831	319,817
Net Position						
Net investment in capital assets	29,161	30,069	48,870	48,442	78,031	78,511
Restricted	7,351	7,083	-	-	7,351	7,083
Unrestricted	(202,348)	(194,108)	8,203	4,647	(194,145)	(189,461)
Total net position (deficit)	\$ (165,836)	\$ (156,956)	\$ 57,073	\$ 53,089	\$ (108,763)	\$ (103,867)

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE (Continued)

Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 11,253	\$ 11,367	\$ 27,401	\$ 24,986	\$ 38,654	\$ 36,353
Operating grants and contributions	280	264	-	-	280	264
Capital grants and contributions	-	7	-	-	-	7
General revenues:						
Taxes and assessments	40,866	38,631	-	-	40,866	38,631
State-shared revenue	3,628	3,523	-	-	3,628	3,523
Investment earnings	1,012	582	12	71	1,024	653
Contributions from developers	-	-	135	235	135	235
Transfers and other revenue	68	36	-	16	68	52
Total revenues	<u>57,107</u>	<u>54,410</u>	<u>27,548</u>	<u>25,308</u>	<u>84,656</u>	<u>79,718</u>
Expenses						
Governmental activities:						
Legislative	24	23	-	-	24	23
Judicial	1,910	1,802	-	-	1,910	1,802
General government	8,433	12,660	-	-	8,433	12,660
Public works	11,251	7,807	-	-	11,251	7,807
Public safety	39,061	37,676	-	-	39,061	37,676
Community enrichment	809	5,591	-	-	809	5,591
Debt service	3,969	4,517	-	-	3,969	4,517
Other	380	279	-	-	380	279
Business-type activities:						
Water & Sewer	-	-	23,214	23,550	23,214	23,550
Total program expenses	<u>65,837</u>	<u>70,355</u>	<u>23,214</u>	<u>23,550</u>	<u>89,051</u>	<u>93,905</u>
Change in net position (deficit) before special items and transfers	(8,730)	(15,945)	4,334	1,758	(4,395)	(14,187)
Transfers	(150)	354	(350)	(354)	(500)	-
Change in net position	(8,880)	(15,591)	3,984	1,404	(4,895)	(14,187)
Net position (deficit) -beginning	<u>(156,956)</u>	<u>(141,365)</u>	<u>53,089</u>	<u>51,685</u>	<u>(103,867)</u>	<u>(89,680)</u>
Net position (deficit) - ending	<u>\$ (165,836)</u>	<u>\$ (156,956)</u>	<u>\$ 57,073</u>	<u>\$ 53,089</u>	<u>\$ (108,762)</u>	<u>\$ (103,867)</u>

Governmental Activities

Net deficit increased by \$(8.9) million as a result of activities within these funds. There was an increase to fund balance of \$484,899 in the underlying governmental funds, which was reduced by over \$9 million in adjustments including pension and OPEB costs.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

Governmental Activities (Continued)

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. The three-debt service millages change annually to cover the principal and interest coming due. Over the last five years the tax base has increased by 17.2%. 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 \$11.3 million and \$11.4 million, respectively. The charges for services category includes items such as 48th District Court revenues, passport fees, copies and FOIA requests, assessing services provided to City of Sylvan Lake, motor pool services, street lighting charges, PBT revenue (breathalyzer tests), police security services, EMS transport fees, adult day services at the senior center, and cable services charges.

The Township had investment earnings for the fiscal year of \$1,012,047, a positive sign when compared to the previous year's investment earnings of \$582,205. A change in investment strategy contributed to this increase in earnings. The Township keeps as much cash invested as possible at any given point in time in order to maximize the earnings potential, and does so without restraining the daily operations. Up until the last couple of 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. More recently, we have utilized a local government investment pool and invested in T-bills.

Total expenses for the year were \$65.8 million compared to \$70.3 million the prior year. The difference isn't attributable to any one item; it's a combination of many items. The following summarizes what funds or departments are included in the various governmental activities functions:

- Legislative – Township Board
- Judicial – 48th District Court rent and operations
- General government – Township Supervisor, Accounting, Township Clerk, Audit & Legal fees, Information Technology, Board of Review, Township Treasurer, Assessing, Elections, Buildings & Grounds, Motor Pool, and Building Inspection
- Public works – Road Fund, Safety Path Fund, and Special Assessment Capital Projects Fund
- Public safety – Ordinance, Police, Fire, Dispatch, Village Police & Fire, 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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

Governmental Activities (Continued)

The Township has continued to be proactive in containing health care costs. Effective April 1, 2017, a group of pre-Medicare retirees was moved to the same health plan that covers the current employees. In 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. This aided the efforts to stabilize a personnel cost that otherwise may fluctuate wildly from year to year. In November 2013, the Township sold pension obligation bonds to fully fund its defined benefit pension plan. Without this option, the Township would have seen its annual required contribution double. The significant increases to pension costs experienced in past years were mostly the result of extremely low interest rate fixed investment vehicles, coupled with actuarial assumption changes reflecting longer life expectancies of participants. With the sale of the bonds, the Township stabilized a significant budget item that had historically fluctuated year to year. The bonds were to be paid over 20 years and there are 14 years remaining.

This year's court expenditures increased slightly from the prior year at \$1.9 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, it is imperative that management continue to pursue cost-cutting and cost containment strategies moving forward. Legal restrictions to property tax increases in the State of Michigan will not allow property tax revenues to be restored at anywhere near the pace at which they have previously declined. The current 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 \$25.5 million before transfers, an increase from the prior year amount of \$23.2 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 million before transfers compared to \$9.4 million the prior year. The various underlying activities of the General Fund fluctuated as they do every year, but in total there was no significant movement from last year to this year.

The Road Fund, the third major governmental operating fund, had expenditures of \$4.3 million before transfers compared to \$4.5 million the prior year. For many years now, this fund has had to operate at a much smaller size and scope than prior due to the housing market decline. This fund receives a large transfer from the General Fund.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

Business-Type Activities

Net position increased by \$3,984,515 as compared to last year. There is total net position of \$57,073,351 as compared to \$53,088,836 last year.

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

Water sales finished the year higher than what was projected. Historically though, the water volume is still about 25% lower than pre-2008 levels. This is the result of a combination of the effects of weather, water conservation in residential and commercial plumbing fixtures, and residents being more aware and cautious of their water use. Water use is billed to customers based on actual consumption by reading the meter at the property. Sewer sales finished the year slightly higher 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 adopted budget rarely match up to the actual rates that are then adopted by the Township Board and put in place for residents effective in April of each year.

Fund expenses finished the year at about 98% of budget, with total revenues at about 104% of budget. The result was a net increase of \$3,984,515 for the year, compared to a net increase of \$1,402,881 the prior year. The Township continues to include depreciation expense with the annual water and sewer rates. Beginning with the 2015-16 fiscal year the rates also included a capital component as the depreciation rate is tied to volumes and is insufficient to keep up with the annual infrastructure demands. The water and sewer infrastructure continues to age and it is necessary to build up the reserves in order to fund projects while limiting the issuance of bonds, as well as maintain a balance for emergencies.

Overall, the water and sewer fund statement of net position is in an acceptable position. While the fund experienced an increase to net position of \$3,984,515 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, 2019

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. Phase II bonds amounting to \$4,750,000 were sold in March 2008 at the same time as a \$4,000,000 bond sale for sewer system improvements. An additional \$3,000,000 in bonds was sold in April 2011 for sewer system improvements. Phase III water system bonds of \$3,250,000 were sold in April 2013. 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 \$8.4 million for capital projects and emergencies, compared to \$6 million the prior year.

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

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

General Fund

The general fund is a key operating fund of Bloomfield Township. Several major revenue sources flow through the general fund including property taxes, state revenue sharing, and investment earnings. At the end of the fiscal year, the total fund balance of the general fund was \$14,107,404, an increase of \$205,438 over the prior year balance of \$13,901,966. Most of the fund balance is unassigned with a balance of \$13,362,831, 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 141% 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 \$831,027 in this fiscal year. The Township expanded the investment vehicles it utilizes, and interest rate returns have been increasing.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

General Fund (Continued)

Revenues finished the year at 103% 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 \$128,324, district court revenue with an unfavorable variance of \$(192,912), investment earnings with a favorable variance of \$406,027, and finally, other revenues with a favorable variance of \$159,240.

Expenditures before transfers were \$10,007,056, an increase of \$591,902 when compared to the prior year of \$9,415,154. Transfers out of the general fund in the current year were \$7,807,035 and the prior year totaled \$6,652,194, with most of the funds transferred to the public safety fund both years. Effective beginning with fiscal year 2013-14 the Township started transferring funds to the Pension Obligation Bond Debt fund; the amount was \$857,035 this fiscal year and was \$852,194 last fiscal year. The general fund is transferring all of the 2010 millage tax dollars to the public safety fund and road fund to provide necessary support as these funds have been hit the hardest by the decreased property tax revenue. The fund also was able to make a transfer of \$500,000 to the retiree health care trust fund. To date, the general fund has cumulatively transferred \$4,500,000 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. 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.

Expenditures and transfers finished the year at 96% of budget. The favorable budget variances were spread throughout many of the activities accounted for in this fund. The largest favorable variance was the judicial function which was under budget by \$261,259.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

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 \$2,576,670. The overall fund balance increased by \$17,405 as compared to the prior fiscal year. Presently, this fund balance amount provides sufficient cash resources to meet operating expenses until the property tax revenue is received toward the end of the subsequent fiscal year. It is recommended by the GFOA to have fund balance equivalent to 15-20% of annual expenditures as a minimum. As of the fiscal year end, this fund has fund balance equivalent to 60% of annual expenditures before transfers.

The Township continues moving in the right direction of spending more on paving contract work, with an expense of \$743,590 compared to \$625,477 the prior year. Due to years of Headlee rollbacks to the road millage, the general fund must transfer funds to the road fund in order to maintain the current level of service. This fiscal year the transfer amounted to \$1,150,000 as compared to \$1,450,000 last year. Without the general fund support, the road fund cannot cover annual operating expenditures. If in the future general fund support is no longer possible, services will have to decrease or other revenue sources will have to be obtained.

Currently, the major revenue sources of the fund include property taxes of \$2,584,368, the general fund transfer of \$1,150,000 and Oakland County Road Commission contract repayments totaling \$698,654. Approximately 45% 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 have to be funded by special assessments. As a last resort, the responsibility for maintaining the roadways could be returned to the Oakland County Road Commission. 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 \$13,316,913. The overall fund balance decreased by (\$452,471) compared to the prior year. This was due to a mandatory contribution to the defined benefit pension plan that was unexpected. 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, 2019

Public Safety Fund (Continued)

Total revenues ended the year at 98% of budget. The public safety fund derives 94% of its revenue for operations from property taxes. This fund has taken a hard financial hit from the decline in taxable property values leading up to a much needed increase the past six years. The general fund transfer has gone from zero in fiscal year 2010 to \$5,300,000 in fiscal year 2019, and we are projecting the fund to need a transfer of \$6.67M next year. If you exclude the transfer, the fund's total revenues were consistent with the prior year. Other than property taxes and a transfer from the general fund, the major revenue sources include approximately \$1,000,000 of EMS Transport Fees, and over \$375,000 in various charges for services. Total expenditures before transfers were \$2,344,307 more than the prior year. This is attributable to the mandatory contribution to the defined benefit pension plan. 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 98% of budget.

The historical trend for this fund has seen fringe benefit expenditures increase at a greater rate than fund revenue that is derived mostly from the four public safety property tax millages. Management must continue to be proactive to reverse this trend. This problem has been especially challenging given the previous lengthy decline in property values causing significant reduction in revenue to this fund. To offset some of the lost revenue a 1.30 mill proposal was passed in February of 2010. Currently, all of the tax collected from this millage is being used to maintain police and fire services as closely as possible to current levels. Despite this source of revenue, management must continue to take action to contain cost increases to this fund. Presently, the Township spends over \$6.3 million on life and health insurance for active and retired public safety personnel. This would be a significantly larger number if we hadn't made changes to the benefits. Public safety employees under union contracts were on pay freezes from fiscal years 2010 to 2013. Negotiated contracts have eliminated the defined benefit retiree health care for all new hires, replacing it with a defined contribution retirement health savings plan. The administration also implemented a new high deductible, consumer directed health care plan for all active Township employees eligible for medical benefits beginning in January 2010. In 2018, the Township went through a RFP process and selected a new health care consultant.

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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

Pension Obligation Bond Debt Fund

This fund was established in 2013 to account for revenues and expenditures related to the sale of \$80,780,000 in bonds to fund the defined benefit pension plan. This was allowed under State of Michigan Public Act 329 of 2012. The taxable bonds are backed by the full faith and credit of the Township and will mature in May 2032. This fund accounts for contribution revenue in the form of transfers from the various Township funds, and in turn makes the principal and interest payments related to the bonds. Principal and interest payments for the year totaled \$6,217,837. After making the \$3,395,000 principal installment this year, the outstanding bond debt was \$62,685,000. The fund had a year end fund balance of \$2,694. The taxable bonds are in the process of being refunded in 2019 creating net present value total savings of \$4.4M, or approximately \$370,000 per year.

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 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 \$3,210,222.

CAPITAL ASSETS

The Township's total capital assets net of accumulated depreciation for its governmental activities amounted to \$47,699,509. This represents a decrease of \$1,765,487 from the prior year balance of \$49,464,996. 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 \$69,845,144, a decrease of (\$766,602) when compared to the prior year of \$70,611,746. 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 \$1.5 million on improvements to the water and sewer systems, compared to over \$3.2 million the prior year. This decrease was due to a large demand for and limited availability of engineers and contractors. The planned projects that were not completed are being added to the next fiscal year.

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

CAPITAL ASSETS (Continued)

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

- 48th District Court building improvements of \$455,613
- Police Department replaced 2 motorcycles at a cost of \$41,973
- Police Department replaced 3 vehicles at a cost of \$83,157
- Fire Department replaced 2 vehicles at a cost of \$88,692
- Safety Path construction at a cost of \$1.05M
- W&S Fund replaced three vehicles at a total cost of \$100,972
- Improvements to water and sewer infrastructure of \$1.5M

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 \$103,035,271. The majority of the governmental debt consists of bonded debt of \$9,490,000 to pay for the library addition and renovation, \$17,975,000 to pay for campus additions and renovations, and \$62,685,000 to fund the defined benefit pension plan. The pension debt payments are funded by the various departments or funds making transfers into a pension obligation bond debt fund which in turn makes the principal and interest payments. The fire department has two payments left on a ladder truck with a balance of \$240,867. It also has two payments remaining on a fire engine with a balance of \$322,452. There is \$6,895,000 outstanding to pay for thirteen 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 \$21,518,085. 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, November 2018, the Township's legal debt margin was 7.9%.

As a result of bond sales over the last decade amounting to over \$73,000,000, some of the Township's major infrastructure and facility needs should be taken care of well into the future. However there are still roadway, and water and sewer infrastructure challenges ahead in the near term that may necessitate new debt issues.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

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 six consecutive years of property tax increases, along with double digit increases in building inspection fund activities since 2013. There are multiple residential and commercial developments in process which will increase the overall tax base.

Even though property values appear to be rising significantly, property tax increases will be limited to the rate of inflation or 5%, whichever is less. The consumer price index this year was 2.1%, an increase from .09% the prior year.

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 \$3.5M to be paid into the pension trust to keep it properly funded under state requirements. The Township did analyze whether to fully fund the OPEB liability with bonds similar to the pension. The conclusion at that time was that the debt would be unsustainable, meaning the annual debt costs would far exceed what the fund budgets could afford.

The government-wide Statement of Net Position shows a net OPEB liability of over \$162M. This 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 set aside \$12.6 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 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 will review the plan, and if it is sufficient the state will monitor the municipality to ensure that the funding plan is implemented. 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.

The state has 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. This will be achieved through various reductions to programs, services, and staff levels.

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
March 31, 2019

ECONOMIC FACTORS AND LOOKING FORWARD (Continued)

Please refer to Table 1 presented earlier. As of March 31, 2018, the unrestricted net position was a negative \$(189.5) million and total net position was a negative \$(103.9) million. As of March 31, 2019, the unrestricted net position is a negative \$(194.1) million and total net position is a negative \$(108.8) million. This means at the government-wide level, which reports on a full accrual basis, the Township has total liabilities that are greater than total assets. This is due to the net pension liability of over \$17M and net OPEB liability of over \$162M shown on the Statement of Net Position. Keep in mind though, that these liabilities being reported remain long-term in nature. This is the fifth year reporting a net deficit. This negative balance of net position, called net deficit, will be the new normal for most municipalities as they are all now required to show their net pension liability and net OPEB liability. The Township has always addressed the OPEB liabilities on a pay-as-you-go basis. The credit rating agencies have been well aware of this for many years, and understand that the Township is operationally in a very strong position. S&P has reaffirmed the AAA rating with a stable outlook, and Moody's has rated the Township as Aa1. 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 condition of some Township roads has been poor for many years. Since 2013, the Township has assisted residents with the formation of thirteen 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.

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
March 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,366,289	\$ 113,883	\$ 1,480,172	\$ 529,854
Marketable securities	46,793,436	11,867,299	58,660,735	12,035,544
Receivables	3,236,970	5,673,766	8,910,736	7,000
Due from component unit	295,277	-	295,277	-
Prepaid items	271,365	-	271,365	44,674
Deposits	175,000	-	175,000	-
Inventory	549,398	234,545	783,943	-
Total current assets	<u>52,687,735</u>	<u>17,889,493</u>	<u>70,577,228</u>	<u>12,617,072</u>
NONCURRENT ASSETS				
Capital assets				
Nondepreciable assets:				
Land	828,648	-	828,648	131,015
Other	-	3,217,126	3,217,126	-
Depreciable assets:				
Land improvements	28,858,366	-	28,858,366	-
Building	45,846,445	-	45,846,445	27,287,953
Machinery, furniture and equipment	13,276,867	1,678,340	14,955,207	4,791,502
Library books and audiovisual materials	-	-	-	3,754,019
Investment in system	13,082,267	109,924,529	123,006,796	-
Less accumulated depreciation	(54,193,084)	(44,974,851)	(99,167,935)	(12,773,253)
Total capital assets	<u>47,699,509</u>	<u>69,845,144</u>	<u>117,544,653</u>	<u>23,191,236</u>
OTHER ASSETS - Long-term receivables	<u>18,327,637</u>	<u>-</u>	<u>18,327,637</u>	<u>-</u>
Total noncurrent assets	<u>66,027,146</u>	<u>69,845,144</u>	<u>135,872,290</u>	<u>23,191,236</u>
Total assets	<u>118,714,881</u>	<u>87,734,637</u>	<u>206,449,518</u>	<u>35,808,308</u>
DEFERRED OUTFLOWS OF RESOURCES				
Debt refunding	1,070,367	-	1,070,367	-
Pension	10,386,770	663,287	11,050,057	404,453
Other post-employment benefits	2,412,075	86,198	2,498,273	518,491
Total deferred outflows of resources	<u>13,869,212</u>	<u>749,485</u>	<u>14,618,697</u>	<u>922,944</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	3,104,031	1,451,449	4,555,480	158,376
Refundable bonds	194,350	-	194,350	-
Escrow deposits	11,999	211,626	223,625	-
Accrued expenses and other liabilities	-	245,442	245,442	64,652
Due to primary government	-	-	-	295,277
Unearned revenue	145,077	382,521	527,598	-
Amount due within one year	7,509,327	1,363,734	8,873,061	166,800
Total current liabilities	<u>10,964,784</u>	<u>3,654,772</u>	<u>14,619,556</u>	<u>685,105</u>
NONCURRENT LIABILITIES				
Net post-employment benefits liability	156,938,681	5,752,948	162,691,629	3,256,196
Net pension liability	16,706,749	1,044,402	17,751,151	668,638
Compensated absences and sick pay	4,559,694	132,140	4,691,834	315,199
Capital lease	286,245	-	286,245	-
Bonds payable	95,239,699	20,154,351	115,394,050	-
Total noncurrent liabilities	<u>273,731,068</u>	<u>27,083,841</u>	<u>300,814,909</u>	<u>4,240,033</u>
Total liabilities	<u>284,695,852</u>	<u>30,738,613</u>	<u>315,434,465</u>	<u>4,925,138</u>
DEFERRED INFLOWS OF RESOURCES -				
Unearned revenue	4,078,713	-	4,078,713	-
Pension	2,902,811	181,466	3,084,277	116,176
Other post-employment benefits	6,743,374	490,692	7,234,066	1,415,065
Total deferred inflows of resources	<u>13,724,898</u>	<u>672,158</u>	<u>14,397,056</u>	<u>1,531,241</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	29,161,190	48,870,144	78,031,334	23,191,236
Restricted for:				
Debt service	7,199,639	-	7,199,639	-
Community enrichment	151,060	-	151,060	-
Gifts	-	-	-	165,105
Unrestricted	<u>(202,348,546)</u>	<u>8,203,207</u>	<u>(194,145,339)</u>	<u>6,918,532</u>
Total net position (deficit)	<u>\$ (165,836,657)</u>	<u>\$ 57,073,351</u>	<u>\$ (108,763,306)</u>	<u>\$ 30,274,873</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF ACTIVITIES
Year Ended March 31, 2019

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
Legislative	\$ 24,398	\$ -	\$ -	\$ -	\$ (24,398)	\$ -	\$ (24,398)	\$ -
Judicial	1,910,241	1,607,088	-	-	(303,153)	-	(303,153)	-
General government	8,432,388	5,333,403	-	-	(3,098,985)	-	(3,098,985)	-
Public works	11,251,123	862,880	-	-	(10,388,243)	-	(10,388,243)	-
Public safety	39,061,114	1,525,514	207,913	-	(37,327,687)	-	(37,327,687)	-
Community enrichment	809,337	1,594,958	72,106	-	857,727	-	857,727	-
Debt service	3,968,732	225,698	-	-	(3,743,034)	-	(3,743,034)	-
Other	379,958	103,018	-	-	(276,940)	-	(276,940)	-
Total governmental activities	65,837,291	11,252,559	280,019	-	(54,304,713)	-	(54,304,713)	-
Business-Type activities -								
Water and sewer	23,213,708	27,400,861	-	-	-	4,187,153	4,187,153	-
Total primary government	\$ 89,050,999	\$ 38,653,420	\$ 280,019	\$ -	\$ (54,304,713)	\$ 4,187,153	\$ (50,117,560)	\$ -
Component unit - Library	\$ 7,002,885	\$ 98,308	\$ 86,292	\$ -	\$ -	\$ -	\$ -	\$ (6,818,285)
General revenues:								
Taxes and assessments					\$ 40,866,397	\$ -	\$ 40,866,397	\$ 7,207,809
State shared revenue					3,628,324	-	3,628,324	30,118
Circulation revenue					-	-	-	85,862
Miscellaneous					67,613	-	67,613	17,419
Unrestricted investment earnings					1,012,047	12,015	1,024,062	260,164
Capital contributions					-	135,397	135,397	-
Transfer to Retiree Health Care Fund					(500,000)	-	(500,000)	-
Transfer to Pension Obligation Fund					350,050	(350,050)	-	-
Total general revenues and transfers					45,424,431	(202,638)	45,221,793	7,601,372
CHANGE IN NET POSITION					(8,880,282)	3,984,515	(4,895,767)	783,087
NET POSITION (DEFICIT), Beginning of year					(156,956,375)	53,088,836	(103,867,539)	29,491,786
NET POSITION (DEFICIT), End of year					\$ (165,836,657)	\$ 57,073,351	\$ (108,763,306)	\$ 30,274,873

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2019

	<u>General</u>	<u>Road</u>	<u>Public Safety</u>	<u>Special Assessment Debt Service</u>	<u>Pension Obligation Bond Debt Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 206,708	\$ 23,242	\$ 161,466	\$ 10,894	\$ 2,694	\$ 937,405	\$ 1,342,409
Marketable securities	11,191,539	2,460,005	13,384,796	1,351,521	-	15,998,920	44,386,781
Receivables (net):							
Delinquent taxes	1,570,687	-	-	-	-	-	1,570,687
Component unit	295,277	-	-	-	-	-	295,277
Special assessment	-	-	-	5,893,434	-	-	5,893,434
Other	1,099,034	17,120	61,075	-	-	293,189	1,470,418
Prepaid items	271,365	-	-	-	-	-	271,365
Deposits	-	-	175,000	-	-	-	175,000
Inventory	391,958	157,440	-	-	-	-	549,398
Total assets	<u>\$ 15,026,568</u>	<u>\$ 2,657,807</u>	<u>\$ 13,782,337</u>	<u>\$ 7,255,849</u>	<u>\$ 2,694</u>	<u>\$ 17,229,514</u>	<u>\$ 55,954,769</u>
LIABILITIES							
Accounts payable and accrued expenses	\$ 762,988	\$ 61,137	\$ 465,424	\$ -	\$ -	\$ 165,612	\$ 1,455,161
Refundable bonds	-	20,000	-	-	-	174,350	194,350
Escrow deposits	11,099	-	-	-	-	900	11,999
Total liabilities	<u>774,087</u>	<u>81,137</u>	<u>465,424</u>	<u>-</u>	<u>-</u>	<u>340,862</u>	<u>1,661,510</u>
DEFERRED INFLOW OF RESOURCES -							
Special assessments	-	-	-	4,045,627	-	-	4,045,627
Unearned revenue	145,077	-	-	-	-	-	145,077
Total deferred inflow of resources	<u>145,077</u>	<u>-</u>	<u>-</u>	<u>4,045,627</u>	<u>-</u>	<u>-</u>	<u>4,190,704</u>
FUND BALANCES							
Nonspendable:							
Inventory, deposits, and prepaid items	663,323	157,440	175,000	-	-	-	995,763
Long-term advances receivable	81,250	-	-	-	-	-	81,250
Restricted:							
Debt service	-	-	-	3,210,222	2,694	3,986,723	7,199,639
Roads and safety paths	-	2,419,230	-	-	-	3,992,624	6,411,854
Public safety	-	-	13,141,913	-	-	1,250,650	14,392,563
Community enrichment	-	-	-	-	-	151,060	151,060
Assigned:							
Community enrichment	-	-	-	-	-	6,088,004	6,088,004
Building inspection	-	-	-	-	-	1,419,591	1,419,591
Unassigned	13,362,831	-	-	-	-	-	13,362,831
Total fund balances	<u>14,107,404</u>	<u>2,576,670</u>	<u>13,316,913</u>	<u>3,210,222</u>	<u>2,694</u>	<u>16,888,652</u>	<u>50,102,555</u>
Total liabilities and fund balances	<u>\$ 15,026,568</u>	<u>\$ 2,657,807</u>	<u>\$ 13,782,337</u>	<u>\$ 7,255,849</u>	<u>\$ 2,694</u>	<u>\$ 17,229,514</u>	<u>\$ 55,954,769</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
Reconciliation of the Balance Sheet of Governmental Funds to the Statement
of Net Position
March 31, 2019

FUND BALANCE REPORTED IN GOVERNMENTAL FUNDS	\$ 50,102,555
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	101,892,593
Less accumulated depreciation	(54,193,084)
Governmental funds do not report a liability for accrued interest until due and payable.	(1,645,807)
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	(103,035,271)
Other post employment benefit obligations (OPEB)	(156,938,681)
Net pension liability	(16,706,749)
Compensated absences	(2,129,159)
Deferred outflows of resources - refunding	1,070,367
Deferred outflows of resources - pension	10,386,770
Deferred inflows of resources - pension	(2,902,811)
Deferred outflows of resources - OPEB	2,412,075
Deferred inflows of resources - OPEB	(6,743,374)
Accounts payable and other accrued liabilities	(36,149)
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	2,857
Other receivable	322,452
Special assessment receivable	12,304,759
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (165,836,657)</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2019

	<u>General</u>	<u>Road</u>	<u>Public Safety</u>	<u>Special Assessment Debt Service</u>	<u>Pension Obligation Bond Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE							
Taxes and assessments	\$ 8,353,402	\$ 2,584,368	\$ 22,463,184	\$ 673,479	\$ -	\$ 8,480,888	\$ 42,555,321
Grants	-	-	52,631	-	-	227,552	280,183
Road fund repayments	-	769,743	-	-	-	-	769,743
State shared revenues	3,628,324	-	-	-	-	-	3,628,324
Charges for services	621,202	42,075	1,382,511	-	-	2,485,514	4,531,302
Licenses, permits and fees	1,032,058	-	18,586	-	-	790,313	1,840,957
Investment earnings	831,027	-	-	181,020	-	-	1,012,047
Fines and forfeitures	1,668,749	-	688	-	-	55,062	1,724,499
Rent	1,218,302	-	-	-	-	-	1,218,302
Reimbursements	166,902	49,534	48,845	-	-	39,625	304,906
Miscellaneous	499,563	7,122	65,632	-	225,698	27,956	825,971
Total revenue	<u>18,019,529</u>	<u>3,452,842</u>	<u>24,032,077</u>	<u>854,499</u>	<u>225,698</u>	<u>12,106,910</u>	<u>58,691,555</u>
EXPENDITURES							
Operating:							
Legislative	24,398	-	-	-	-	-	24,398
Judicial	1,910,241	-	-	-	-	-	1,910,241
General government	6,511,767	-	-	-	-	1,505,786	8,017,553
Public works	-	4,277,347	-	-	-	3,562,924	7,840,271
Public safety	286,397	-	25,124,093	-	-	542,956	25,953,446
Community enrichment and development	469,118	-	-	-	-	3,096,791	3,565,909
Debt service	-	-	-	-	-	1,979	1,979
Other	276,940	-	-	-	-	-	276,940
Capital outlay	528,195	942	284,980	-	-	1,187,713	2,001,830
Debt service:							
Principal retirement	-	-	115,891	525,000	3,395,000	2,807,260	6,843,151
Interest and fiscal changes	-	-	9,242	160,300	2,822,837	1,243,609	4,235,988
Total expenditures	<u>10,007,056</u>	<u>4,278,289</u>	<u>25,534,206</u>	<u>685,300</u>	<u>6,217,837</u>	<u>13,949,018</u>	<u>60,671,706</u>
REVENUES OVER (UNDER) EXPENDITURES	8,012,473	(825,447)	(1,502,129)	169,199	(5,992,139)	(1,842,108)	(1,980,151)
OTHER FINANCING SOURCES (USES)							
Bond proceeds	-	-	-	-	-	2,615,000	2,615,000
Transfers in	-	1,150,000	5,300,000	-	5,992,139	-	12,442,139
Transfers out	(7,807,035)	(307,148)	(4,250,342)	-	-	(227,564)	(12,592,089)
Total other financing sources (uses)	<u>(7,807,035)</u>	<u>842,852</u>	<u>1,049,658</u>	<u>-</u>	<u>5,992,139</u>	<u>2,387,436</u>	<u>2,465,050</u>
NET CHANGE IN FUND BALANCES	205,438	17,405	(452,471)	169,199	-	545,328	484,899
FUND BALANCES, Beginning of year	13,901,966	2,559,265	13,769,384	3,041,023	2,694	16,343,324	49,617,656
FUND BALANCES, End of year	<u>\$ 14,107,404</u>	<u>\$ 2,576,670</u>	<u>\$ 13,316,913</u>	<u>\$ 3,210,222</u>	<u>\$ 2,694</u>	<u>\$ 16,888,652</u>	<u>\$ 50,102,555</u>

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended March 31, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 484,899

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	2,001,830
Depreciation expense	(3,767,317)

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

Debt issued, net of discount/premium	(2,523,732)
Principal paid	6,843,151

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	52,838
Compensated absences	(568,402)
Other post-employment benefit obligations (OPEB)	664,411
Pension obligations	(2,330,290)
Deferred outflows - pension	6,731,178
Amortization of deferred outflows - pension	(7,547,645)
Deferred inflows - pension	(4,354,217)
Amortization of deferred inflows - pension	1,451,406
Deferred outflows - OPEB	3,146,751
Amortization of deferred outflows - OPEB	(734,676)
Deferred inflows - OPEB	(8,783,105)
Amortization of deferred inflows - OPEB	2,039,731

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

Service receivables	(696)
Special assessment receivable	(1,689,566)
Deferred revenue	3,169

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (8,880,282)

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF NET POSITION
PROPRIETARY FUND
March 31, 2019

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Proprietary Internal Service Fund</u>
ASSETS		
CURRENT ASSETS		
Cash, cash equivalents and investments:		
Unrestricted	\$ 26,838	\$ 23,880
Restricted	87,045	-
Marketable securities - unrestricted	11,867,299	2,406,655
Receivables (net):		
Customers	5,604,588	-
Other	69,178	-
Inventory	234,545	-
Total current assets	<u>17,889,493</u>	<u>2,430,535</u>
NONCURRENT ASSETS		
Capital assets		
Machinery and equipment	1,678,340	-
Investment in system	113,141,655	-
	<u>114,819,995</u>	<u>-</u>
Less accumulated depreciation	44,974,851	-
Net capital assets	<u>69,845,144</u>	<u>-</u>
Total assets	<u>87,734,637</u>	<u>2,430,535</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	663,287	-
Other post-employment benefits	86,198	-
Total deferred outflows of resources	<u>749,485</u>	<u>-</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,451,449	-
Escrow deposits	211,626	-
Accrued expenses and other liabilities	245,442	-
Amounts due within one year	1,363,734	-
Unearned revenue	382,521	-
Total current liabilities	<u>3,654,772</u>	<u>-</u>
NONCURRENT LIABILITIES		
Net post-employment benefits liability	5,752,948	-
Net pension liability	1,044,402	-
Compensated absences	132,140	-
Amounts due in more than one year	20,154,351	2,430,535
Total noncurrent liabilities	<u>27,083,841</u>	<u>2,430,535</u>
Total liabilities	<u>30,738,613</u>	<u>2,430,535</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	181,466	-
Other post-employment benefits	490,692	-
Total deferred inflows of resources	<u>672,158</u>	<u>-</u>
NET POSITION		
Net invested in capital assets	48,870,144	-
Unrestricted	8,203,207	-
Total net position	<u>\$ 57,073,351</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended March 31, 2019

	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Water & Sewer</u>	<u>Proprietary Internal Service Fund</u>
OPERATING REVENUES		
Water sales	\$ 12,623,717	\$ -
Sewer usage	11,928,419	-
Debt service charges	1,927,361	-
Privilege fees	366,176	-
Tap sales	46,790	-
Meter material and service sales	147,397	-
Water capital charges	35,135	-
Late payment penalties	291,429	-
	<u>27,366,424</u>	<u>-</u>
DIRECT COSTS		
Water purchased	7,615,233	-
Treatment charges	7,905,947	-
Depreciation	2,273,822	-
Tap costs	45,498	-
Meters, materials and service costs	48,768	-
Sick pay	-	172,571
	<u>17,889,268</u>	<u>172,571</u>
OPERATING AND ADMINISTRATIVE EXPENSES		
	<u>4,407,364</u>	<u>-</u>
Operating profit (loss)	<u>5,069,792</u>	<u>(172,571)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	12,015	-
Interest expense	(917,076)	-
Reimbursements	25,140	-
Miscellaneous	9,297	-
	<u>(870,624)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>4,199,168</u>	<u>(172,571)</u>
CONTRIBUTIONS AND TRANSFERS		
Township contributions	-	172,571
Transfer out to Pension Obligation Bond Debt Fund	(350,050)	-
Capital contributions	135,397	-
	<u>(214,653)</u>	<u>172,571</u>
Change in net position	3,984,515	-
NET POSITION, Beginning of year	<u>53,088,836</u>	<u>-</u>
NET POSITION, End of year	<u>\$ 57,073,351</u>	<u>\$ -</u>

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended March 31, 2019

	<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	\$ 26,813,524	\$ -
Receipts from miscellaneous	40,339	-
Payments to employees	(2,368,046)	-
Payments to suppliers	(17,022,255)	-
Sick pay	-	(69,553)
Net cash provided by (used in) operating activities	<u>7,463,562</u>	<u>(69,553)</u>
Cash Flows from Noncapital Financing Activities		
Receipts from other governments	25,140	-
Transfer to other funds	(350,050)	-
Transfers from Township	-	172,571
Net cash provided by (used in) noncapital financing activities	<u>(324,910)</u>	<u>172,571</u>
Cash Flows from Capital and Related Financing Activities		
General obligation contracts with County		
Principal payments	(1,195,000)	-
Interest and fiscal charges	(994,927)	-
Purchase of capital assets	(1,371,823)	-
Net cash used in capital and related financing activities	<u>(3,561,750)</u>	<u>-</u>
Cash Flows from Investing Activities		
Investment income	12,015	-
Miscellaneous	9,298	-
Net cash provided by investing activities	<u>21,313</u>	<u>-</u>
Net increase in cash, cash equivalents, investments and marketable securities	3,598,215	103,018
Cash, Cash Equivalents, Investments, and Marketable securities, Beginning of year	<u>8,382,967</u>	<u>2,327,517</u>
Cash, Cash Equivalents, Investments, and Marketable securities, End of year	<u>\$ 11,981,182</u>	<u>\$ 2,430,535</u>
Statement of net position classification of cash and cash equivalents		
Unrestricted	\$ 26,838	\$ 23,880
Restricted	87,045	-
Marketable securities	11,867,299	2,406,655
Totals	<u>\$ 11,981,182</u>	<u>\$ 2,430,535</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended March 31, 2019

	<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)	\$ 5,069,792	\$ (172,571)
Adjustments to reconcile operating profit (loss) to net cash from operating activities:		
Depreciation	2,273,822	-
(Increase) decrease in:		
Receivables from customers	(548,495)	-
Receivables from others	40,339	-
Inventory	(72,659)	-
Deferred outflow of resources	(35,157)	-
Increase (decrease) in:		
Accounts payable	390,635	-
Accrued expenses and other liabilities	215,637	103,018
Unearned revenue	(4,405)	-
Net pension liability	142,306	-
Net OPEB liability	(694,443)	-
Employee compensated absences	14,032	-
Deferred inflow of resources	672,158	-
	<u>\$ 7,463,562</u>	<u>\$ (69,553)</u>
Net cash provided by (used in) operating activities	<u>\$ 7,463,562</u>	<u>\$ (69,553)</u>

Noncash capital and financing activities

Capital assets of \$135,397 were acquired through contributions from others.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
March 31, 2019

	Pension & Other Employee Benefit Trust Funds	Agency Fund
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ 2,071	\$ 215
Investments:		
Marketable securities	497,929	118,554
Mutual funds	79,172,840	-
Guaranteed deposit account fixed income fund	<u>149,188,062</u>	<u>-</u>
Total assets	228,860,902	<u><u>\$ 118,769</u></u>
LIABILITIES		
Accounts payable and withholdings	-	\$ 200
Deposits and other liabilities:		
Escrow deposits	-	111,875
Other	<u>-</u>	<u>6,694</u>
Total liabilities	<u>-</u>	<u><u>\$ 118,769</u></u>
NET POSITION		
Restricted:		
Pensions - Defined benefit	208,339,407	
Pensions - Defined contribution	7,878,722	
Other post-employment benefits	<u>12,642,773</u>	
Total net position	<u><u>\$ 228,860,902</u></u>	

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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, 2019

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, 2019

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, 2019

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, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following other fund types:

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

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

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

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

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

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

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

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

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

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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, 2019

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, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Equity (Continued)

Capital Assets (Continued)

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

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

Long term Liabilities

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

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

Compensated Absences and Sick Pay Funding

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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, 2019, 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, 2019

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, 2019

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, 2019

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, 2019

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	Agency Fund	Total Primary Government	Component Unit including Fiduciary Fund
Cash and cash equivalents	\$ 1,366,289	\$ 113,883	\$ 215	\$ 1,480,387	\$ 529,854
Marketable securities	<u>46,793,436</u>	<u>11,867,299</u>	<u>118,554</u>	<u>58,779,289</u>	<u>14,235,268</u>
Total	<u>\$ 48,159,725</u>	<u>\$ 11,981,182</u>	<u>\$ 118,769</u>	<u>\$ 60,259,676</u>	<u>\$ 14,765,122</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 \$2,474,386 of which \$250,000 is covered by federal depository insurance. The component unit had no such amounts that were exposed to custodial credit risk.

Credit Risk

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

<u>Primary Government Investment</u>		
Money market funds	\$ 1,321	Not Rated
U.S. Treasury notes	\$ 14,720,769	AAA
Local government investment pool	\$ 43,938,645	Not Rated
<u>Component Unit Investment including Fiduciary Fund</u>		
U.S. Treasury notes	\$ 3,586,212	AAA
Fixed income mutual funds	\$ 9,299,121	Not Rated
International equities	\$ 335,570	Not Rated
US equities	\$ 1,014,365	Not Rated

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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)

<u>Primary Government Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>
Money market funds	\$ 1,321	\$ 1,321	\$ -
U.S. Treasury notes	\$ 14,720,769	\$ 14,720,769	\$ -
Local government investment pool	\$ 43,938,645	\$ 43,938,645	\$ -
 <u>Component Unit Investment Type including Fiduciary Fund</u>			
U.S. Treasury notes	\$ 3,586,212	\$ 3,586,212	\$ -
Fixed income mutual funds*	\$ 9,299,121	\$ -	\$ 9,299,121
International equities	\$ 335,570	\$ -	\$ 335,570
US equities	\$ 1,014,365	\$ -	\$ 1,014,365

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

Fair Value Measurements

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

The Township has the following recurring fair value measurements as of March 31, 2019: Investments classified as Level 1 are valued using prices quoted in active markets for those securities.

	Balance at March 31, 2019	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary government:				
Mutual funds - Money market	\$ 1,321	\$ 1,321	\$ -	\$ -
U.S. Treasury funds	14,720,769	14,720,769	-	-
Total primary government	<u>14,722,090</u>	<u>14,722,090</u>	<u>-</u>	<u>-</u>
Fiduciary funds:				
U.S. Treasury funds	124,954	124,954	-	-
Mutual funds - Equities	71,217,621	71,217,621	-	-
Mutual funds - Money market	2,177,296	2,177,296	-	-
Mutual funds - Fixed income	5,270,473	5,270,473	-	-
Mutual funds - REIT	507,462	507,462	-	-
Stable value - Guaranteed deposit	149,188,062	-	-	-
Total fiduciary funds	<u>228,485,868</u>	<u>79,297,806</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	243,207,958	<u>\$ 94,019,896</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value (NAV) - Primary government				
Oakland County local government investment pool	43,938,645			
Fiduciary funds				
Oakland County local government investment pool	<u>372,963</u>			
Total investments measured at fair value	<u>\$ 287,519,566</u>			

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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, 2019, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
NAV - Oakland County Government Investment Pool	\$ 44,311,608	\$ -	No restrictions	None

NOTE 3 – RECEIVABLES

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

	General Fund	Road Fund	Public Safety	Drain at Large	Library Debt Retirement	Special Assessment Debt Service	Nonmajor & Other	Water & Sewer	Total
Delinquent taxes	\$ 1,570,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,570,687
Accounts receivable	1,012,362	-	61,075	-	-	-	-	5,673,766	6,747,203
Component unit	295,277	-	-	-	-	-	-	-	295,277
Special assessment	-	-	-	2,814,759	9,490,000	5,893,434	-	-	18,198,193
Interest & other receivables	411,981	17,120	-	-	-	-	293,189	-	722,290
Net receivables	<u>\$ 3,290,307</u>	<u>\$ 17,120</u>	<u>\$ 61,075</u>	<u>\$ 2,814,759</u>	<u>\$ 9,490,000</u>	<u>\$ 5,893,434</u>	<u>\$ 293,189</u>	<u>\$ 5,673,766</u>	<u>\$ 27,533,650</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:

	Unavailable	Unearned
Special assessments	<u>\$ 9,490,000</u>	<u>\$ -</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 4 – CAPITAL ASSETS

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

	Balance April 1, 2018	Additions	Disposals	Balance March 31, 2019
Governmental Activities				
Capital assets not being depreciated -				
Land	\$ 828,648	\$ -	\$ -	\$ 828,648
Capital assets being depreciated:				
Buildings	45,390,832	455,613	-	45,846,445
Improvements other than buildings	28,800,129	1,052,757	(994,520)	28,858,366
Machinery and equipment	23,251,895	493,460	(10,468,488)	13,276,867
Infrastructure	13,082,267	-	-	13,082,267
Subtotal	110,525,123	2,001,830	(11,463,008)	101,063,945
Less accumulated depreciation:				
Buildings	16,695,440	1,096,831	-	17,792,271
Improvements other than buildings	18,116,429	1,392,435	(994,520)	18,514,344
Machinery and equipment	18,936,028	1,016,252	(10,468,488)	9,483,792
Infrastructure	8,140,878	261,799	-	8,402,677
Subtotal	61,888,775	3,767,317	(11,463,008)	54,193,084
Net capital assets being depreciated	48,636,348	(1,765,487)	-	46,870,861
Net capital assets	<u>\$ 49,464,996</u>	<u>\$(1,765,487)</u>	<u>\$ -</u>	<u>\$ 47,699,509</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 4 – CAPITAL ASSETS (Continued)

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

	Balance April 1, 2018	Additions	Disposals	Balance March 31, 2019
Business-Type Activities				
Capital assets not being depreciated - Improvements to systems	\$ 3,217,126	\$ -	\$ -	\$ 3,217,126
Capital assets being depreciated:				
Improvements to systems	74,499,048	1,364,192	-	75,863,240
Machinery and equipment	2,261,757	143,028	(726,445)	1,678,340
Township share of county sewers	36,685,037	-	(2,623,748)	34,061,289
Subtotal	<u>113,445,842</u>	<u>1,507,220</u>	<u>(3,350,193)</u>	<u>111,602,869</u>
Less accumulated depreciation:				
Improvements to systems	27,768,575	1,504,726	-	29,273,301
Machinery and equipment	1,739,584	143,962	(726,445)	1,157,101
Township share of county sewers	16,543,063	625,134	(2,623,748)	14,544,449
Subtotal	<u>46,051,222</u>	<u>2,273,822</u>	<u>(3,350,193)</u>	<u>44,974,851</u>
Net capital assets being depreciated	<u>67,394,620</u>	<u>(766,602)</u>	<u>-</u>	<u>66,628,018</u>
Net capital assets	<u>\$ 70,611,746</u>	<u>\$ (766,602)</u>	<u>\$ -</u>	<u>\$ 69,845,144</u>

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

Governmental activities

General government	\$ 494,234
Public safety	702,561
Community enrichment and development	230,598
Public works	<u>2,339,924</u>
Total governmental activities	<u>\$ 3,767,317</u>
Business-type activities	
Water & sewer	<u>\$ 2,273,822</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 4 – CAPITAL ASSETS (Continued)

Capital asset activity of the Component Unit was as follows:

	Balance April 1, 2018	Additions	Disposals	Balance March 31, 2019
Capital assets not being depreciated:				
Land	\$ 131,015	\$ -	\$ -	\$ 131,015
Capital assets being depreciated:				
Buildings	26,869,649	418,304	-	27,287,953
Furniture and equipment	4,933,910	189,353	(331,761)	4,791,502
Library books and audiovisual materials	4,473,671	483,617	(1,203,269)	3,754,019
Subtotal	<u>36,277,230</u>	<u>1,091,274</u>	<u>(1,535,030)</u>	<u>35,833,474</u>
Less accumulated depreciation:				
Buildings	6,175,612	487,253	-	6,662,865
Furniture and equipment	4,183,638	221,849	(317,453)	4,088,034
Library books and audiovisual materials	2,670,693	554,930	(1,203,269)	2,022,354
Subtotal	<u>13,029,943</u>	<u>1,264,032</u>	<u>(1,520,722)</u>	<u>12,773,253</u>
Net capital assets being depreciated	<u>23,247,287</u>	<u>(172,758)</u>	<u>(14,308)</u>	<u>23,060,221</u>
Net capital assets	<u>\$23,378,302</u>	<u>\$ (172,758)</u>	<u>\$ (14,308)</u>	<u>\$ 23,191,236</u>

Capital assets including library books are recorded at cost. Depreciation expense was \$1,264,032 for the year ended March 31, 2019.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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	\$ -	\$ 7,807,035
Road Fund	1,150,000	307,148
Public Safety Fund	5,300,000	4,250,342
Pension Obligation Bond Debt Fund	5,992,139	-
Non-major Governmental Funds	-	227,564
Retiree Health Care Fund	500,000	-
Water & Sewer Fund	-	350,050
	<u>\$ 12,942,139</u>	<u>\$ 12,942,139</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, 2019

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	\$ 3,473,109	\$ -	\$ (292,260)	\$ 3,180,849	\$ 299,173
Library construction bond	1.25-3%	2024	10,940,000	-	(1,450,000)	9,490,000	1,485,000
General construction bond	4-5.00%	2032	19,040,000	-	(1,065,000)	17,975,000	1,180,000
Pension obligation bond	.51-5.37%	2032	66,080,000	-	(3,395,000)	62,685,000	3,470,000
Capital lease obligations	2.59-3.85%	2020	356,758	322,452	(115,891)	563,319	277,074
Special assessment bond	2-4.75%	2033	4,805,000	2,615,000	(525,000)	6,895,000	625,000
Unamortized bond premium			2,609,302	-	(185,420)	2,423,882	185,420
Unamortized bond discount			(190,119)	-	12,340	(177,779)	(12,340)
Total bonds payable			107,114,050	2,937,452	(7,016,231)	103,035,271	7,509,327
Employee compensated absences and sick pay	-	NA	3,888,274	671,420	-	4,559,694	-
Total governmental activities			<u>\$ 111,002,324</u>	<u>\$ 3,608,872</u>	<u>\$ (7,016,231)</u>	<u>\$ 107,594,965</u>	<u>\$ 7,509,327</u>
Business-Type Activities							
County water & sewer contracts	2-5%	2026-2037	\$ 22,170,000	\$ -	\$ (1,195,000)	\$ 20,975,000	\$ 1,295,000
Unamortized bond discount			(19,021)	-	1,575	(17,446)	(1,574)
Unamortized bond premium			630,839	-	(70,308)	560,531	70,308
Total bonds payable			22,781,818	-	(1,263,733)	21,518,085	1,363,734
Employee compensated absences	-	NA	118,108	14,032	-	132,140	-
Total business-type activities			<u>\$ 22,899,926</u>	<u>\$ 14,032</u>	<u>\$ (1,263,733)</u>	<u>\$ 21,650,225</u>	<u>\$ 1,363,734</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
2020	\$ 7,336,248	\$ 4,118,453	1,295,000	\$ 664,352
2021	7,516,165	3,897,136	1,330,000	627,257
2022	7,104,507	3,664,227	1,475,000	587,602
2023	7,273,646	3,430,071	1,485,000	545,357
2024	7,582,370	3,169,931	1,515,000	499,732
2025-2029	34,459,359	11,533,566	8,380,000	1,628,876
2030-2034	29,516,873	3,172,828	4,110,000	535,913
2035-2038	-	-	1,385,000	72,119
	100,789,168	<u>\$ 32,986,212</u>	20,975,000	<u>\$ 5,161,208</u>
Less: Unamortized discount	(177,779)		(17,446)	
Plus: Unamortized premium	2,423,882		560,531	
	<u>\$ 103,035,271</u>		<u>\$ 21,518,085</u>	

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 7 – AGREEMENTS

Franchise Agreements

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

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

Total franchise fees recognized under these agreements during the current year were \$1,047,350.

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 \$585,310.

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 \$92,992 for the year ended March 31, 2019.

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, 2019.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 8 – CAPITAL LEASE

The Township entered into lease agreements for equipment with a cost of \$1,184,619. Accumulated amortization at March 31, 2019 was \$146,023 and amortization expense for the year ended March 31, 2019 was \$34,359. 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:

Year Ending March 31,	Amount
2020	\$ 295,730
2021	<u>295,730</u>
Total minimum lease payments	591,460
Less amount representing interest	<u>(28,141)</u>
Present value	<u><u>\$ 563,319</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, 2018, the date of the plan's latest actuarial valuation.

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Plan Description (Continued)

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

Active plan members	136
Retirees and beneficiaries receiving benefits	265
Terminated and inactive plan members entitled to but not yet receiving benefits	<u>16</u>
Total plan members	<u><u>417</u></u>

Basis of Accounting

The Plan's financial statements are prepared using information as of December 31, 2018, which approximates the date of the plan's latest actuarial report. The Plan's financial statements include contributions received and benefits paid through that date.

Contributions

Total contributions to the Plan for the plan year beginning January 1, 2018, amounted to \$4,012,174 of which \$293,329 were made by the Township employees and \$3,718,845 was made by the Township on covered payroll of \$10,941,904 for the 2018 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, 2019

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Investment Policy

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

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

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

Asset allocation of equity holdings:

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

Rate of Return

For the year ended March 31, 2019, the annual money-weighted rate of return on plan investments, net of pension plan investment expense was 6%. 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, 2019

NOTE 9 – RETIREMENT PLAN - PENSION TRUST (Continued)

Net Pension Liability (Continued)

The components of the net pension liability of the Township at March 31, 2019 were as follows:

Total pension liability	\$ 223,924,107
Plan fiduciary net position	<u>206,172,956</u>
Net pension liability	<u>\$ 17,751,151</u>

Plan fiduciary net position as a percentage of the total pension liability	92.07%
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The Township has chosen to use March 31, 2019 as its measurement date for the net pension liability. The March 31, 2019 reported net pension liability was determined using a measure of the total pension liability and the pension net position as of March 31, 2019.

The March 31, 2019 total pension liability was determined by an actuarial valuation performed as of January 1, 2018.

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

<u>Changes in Net Pension Liability</u>	<u>Total Pension Liability</u>	<u>Increase (Decrease) Plan Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance at April 1, 2018	\$ 224,208,817	\$ 208,930,261	\$ 15,278,556
Service cost	2,776,101	-	2,776,101
Interest	12,725,992	-	12,725,992
Differences between expected and actual experience including assumption changes	(4,559,366)	-	(4,559,366)
Contributions - Employer	-	3,583,851	(3,583,851)
Contributions - Employee	-	282,681	(282,681)
Net investment income	-	4,689,152	(4,689,152)
Benefit payments, including refunds	(11,227,437)	(11,227,437)	-
Administrative expenses	-	<u>(85,552)</u>	<u>85,552</u>
Net changes	<u>(284,710)</u>	<u>(2,757,305)</u>	<u>2,472,595</u>
Balance at March 31, 2019	<u>\$ 223,924,107</u>	<u>\$ 206,172,956</u>	<u>\$ 17,751,151</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, 2018 to March 31, 2019.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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, 2019, the Township recognized pension expense of \$7,819. At March 31, 2019, 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	\$ 616,741	\$ -
Changes in assumptions	1,235,362	3,084,277
Net difference between projected and actual earnings on pension plan investments	<u>9,197,954</u>	<u>-</u>
Total	<u><u>\$ 11,050,057</u></u>	<u><u>\$ 3,084,277</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
2020	\$ 4,291,781
2021	\$ 304,065
2022	\$ 1,952,950
2023	\$ 1,416,984

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of March 31, 2019. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.7%	
Salary Increases	3.5%	including inflation
Investment rate of return	6.00%	

Mortality rates were based on the RP-2014 with generational projection using Scale MP-2017.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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 June 30, 2017, 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%	2.65%
US Equity Market	31.00%	4.86%
Foreign Development Equity	<u>19.00%</u>	5.79%
Total	<u>100.00%</u>	

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

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

Discount rate	1% Decrease 5.00%	Discount Rate 6.00%	1% Increase 7.00%
Net pension liability of the Township	<u>\$ 46,514,147</u>	<u>\$ 17,751,151</u>	<u>\$ (6,084,357)</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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, 2019, 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, 2019, contributions in the amount of \$943,605 were made to the plan by the Township. In addition, discretionary contributions in the amount of \$118,307 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, 2019

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Benefits Provided

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

Employees Covered by Benefit Terms

At the March 31, 2019 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, 2019, the Township contributed \$5,796,653 based on actuarially determined rates.

Summary of Significant Accounting Policies

For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB (if applicable), and OPEB expenses, information about the fiduciary net position have been determined on the same basis as they are reported for the Township. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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, 2019, the annual money weighted rate of return on investments, net of investment expense, was 1.71% for the Township, 1.70% for the Building Department Fund (Building) and Cable Studio Fund (Cable), and 1.78% 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, 2019 and was determined by an actuarial valuation as of April 1, 2017.

Total OPEB liability	\$ 175,334,402
OPEB plan fiduciary net position	<u>12,642,773</u>
Net OPEB liability	<u>\$ 162,691,629</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.21%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of April 1, 2017 rolled forward to March 31, 2019, the measurement date. The following actuarial assumptions applied consistently to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.7%
Salary increases, including inflation	3.5%, average
Investment rate of return	Governmental 4.0%
	Water & Sewer 4.5%
	Building & Cable 4.0%
Healthcare cost trend rates	5.5% - 4.6% over 66 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, 2019

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%	2.43%
US High Yield Bonds	5.0%	5.21%
Global Bonds	5.0%	0.82%
US Large Caps	24.0%	4.33%
US Small & Mid Caps	13.0%	5.42%
Non-US Equity	23.0%	5.81%
	<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, 2018 to March 31, 2019.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 12 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Discount Rate

Township – The discount rate used to measure the OPEB liability was 3.79% for the Township. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the expected benefit payments. Based on those assumptions, the OPEB plan’s net fiduciary position was not projected to be available to make all projected future benefit payments of current plan members. For the Township portion of the plan, the 20 year municipal bond rate was applied.

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

Changes in net OPEB Liability

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

<u>Changes in Net OPEB Liability</u>	<u>Total OPEB Liability</u>	<u>Increase (Decrease)</u>	
		<u>Plan Net Position</u>	<u>Net OPEB Liability</u>
Balance at April 1, 2018	\$ 175,770,263	\$ 11,719,780	\$ 164,050,483
Service cost	4,076,621	-	4,076,621
Interest	6,966,037	-	6,966,037
Differences between expected and actual experience including assumption changes	(6,426,731)		(6,426,731)
Contributions - Employer	-	5,796,653	(5,796,653)
Contributions - Employee	-	-	-
Net investment income	-	203,550	(203,550)
Benefit payments, including refunds	(5,051,788)	(5,051,788)	-
Administrative expenses	-	(25,422)	25,422
Net changes	<u>(435,861)</u>	<u>922,993</u>	<u>(1,358,854)</u>
Balance at March 31, 2019	<u>\$ 175,334,402</u>	<u>\$ 12,642,773</u>	<u>\$ 162,691,629</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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, 2019, the Township recognized OPEB expense of \$5,506,341. At March 31, 2019, 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	\$ 238,711	\$ -
Changes in assumptions	2,137,563	-
Net difference between projected and actual earnings on pension plan investments	<u>121,999</u>	<u>7,234,066</u>
Total	<u>\$ 2,498,273</u>	<u>\$ 7,234,066</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
2020	\$ 1,392,550
2021	\$ 1,392,550
2022	\$ 1,416,950
2023	\$ 479,222
2024	\$ 54,521

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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 2.79%/3.0%/3.5%	Current Discount Rate 3.79%/4.0%/4.5%	1% Increase 4.79%/5.0%/5.5%
Net OPEB liability	<u>\$ 197,673,209</u>	<u>\$ 162,691,629</u>	<u>\$ 135,743,846</u>

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 (4.5% trending to 3.6%) or 1 percentage-point higher (6.5 % trending to 5.6%), than the current healthcare cost trend rates:

	1% Decrease (4.5% decreasing to 3.6%)	Current Healthcare Cost Trend Rates (5.5% decreasing to 4.6%)	1% Increase (6.5% decreasing to
Net OPEB liability	<u>\$ 133,457,466</u>	<u>\$ 162,691,629</u>	<u>\$ 201,440,517</u>

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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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, 2019, the balance of the Township's funds prepaid in the Member Retention Fund of the MMRMA was \$226,480 and the claims incurred and allocated claims adjustment accrued was \$6,503.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 14 – OTHER INFORMATION (Continued)

Risk Management (Continued)

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

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

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

At March 31, 2019, there were no claims which exceeded insurance coverage for any of the past six fiscal years. The Township had no significant reduction in insurance coverage from previous years.

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 14 – OTHER INFORMATION (Continued)

Risk Management (Continued)

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

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

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

Library

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

At March 31, 2019, 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, 2017 through September 30, 2018	6-1-2018
Township – April 1, 2018 through March 31, 2019	12-1-2018

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

NOTE 14 – OTHER INFORMATION (Continued)

Property Taxes

Delinquent Property Taxes Receivable

The 2018 tax levy is summarized as follows:

	<u>Taxable Value</u>	<u>Millage Rate</u>	<u>Revenue</u>
Township			
General	\$ 3,742,826,885	2.2064	\$ 8,258,172
Senior services	\$ 3,742,826,885	0.2346	878,067
Public safety - voted	\$ 3,742,826,885	5.9903	22,420,656
Roads - voted	\$ 3,742,826,885	0.6892	2,579,556
Library-operating-voted perpetual	\$ 3,742,826,885	1.9230	7,197,456
Library debt service	\$ 3,742,826,885	0.4600	1,721,700
Drain debt service	\$ 3,742,826,885	0.1100	411,711
Capital improvements	\$ 3,742,826,885	0.5400	2,021,127
Safety path - voted	\$ 3,742,826,885	0.4655	1,742,286
Total Township		<u>12.6190</u>	<u>\$ 47,230,731</u>
County			
Transportation - voted	\$ 3,742,826,885	<u>1.0000</u>	<u>\$ 3,742,827</u>
Special assessments			
Bloomfield Village Association			
Fire	\$ 368,803,660	0.3310	\$ 122,074
Police	\$ 368,803,660	1.1650	429,656
		<u>1.4960</u>	<u>\$ 551,730</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 2019-2020 fiscal year.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
March 31, 2019

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 2020-2021 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 2019-2020 fiscal year.

NOTE 16 – SUBSEQUENT EVENTS

The Township's management has performed a review of events subsequent to the balance sheet date through September 19, 2019, the date the financial statements were available to be issued.

Subsequent to March 31, 2019, 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 the General Obligation Limited Tax Pension Obligation Bonds, Series 2013 with interest rates ranging from .51% - 5.37%. The refunding reduced total debt service payments over the next 13 years by approximately \$5,172,000.

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 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, counsel is conservatively confident that the opinion of the Circuit Court will be overturned.

REQUIRED SUPPLEMENTAL INFORMATION

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes and assessments	\$ 8,347,000	\$ 8,347,000	\$ 8,353,402	\$ 6,402
State shared revenues	3,500,000	3,500,000	3,628,324	128,324
Charges for services	585,100	585,100	621,202	36,102
Licenses, permits and fees	1,039,000	1,039,000	1,032,058	(6,942)
Investment earnings	425,000	425,000	831,027	406,027
Fines and forfeitures	1,807,500	1,807,500	1,668,749	(138,751)
Rent	1,217,483	1,217,483	1,218,302	819
Reimbursements	175,000	175,000	166,902	(8,098)
Miscellaneous	325,000	325,000	499,563	174,563
Total revenue	<u>17,421,083</u>	<u>17,421,083</u>	<u>18,019,529</u>	<u>598,446</u>
EXPENDITURES				
Current				
Legislative	24,500	24,500	24,398	102
Judicial	2,171,500	2,171,500	1,910,241	261,259
General government	6,503,580	6,503,580	6,474,537	29,043
Public safety	291,090	291,090	286,397	4,693
Community enrichment and development	506,710	506,710	469,118	37,592
Other	343,200	343,200	276,938	66,262
Equipment non-capital	50,000	50,000	37,232	12,768
Capital outlay	508,000	508,000	528,195	(20,195)
Total expenditures	<u>10,398,580</u>	<u>10,398,580</u>	<u>10,007,056</u>	<u>391,524</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>7,022,503</u>	<u>7,022,503</u>	<u>8,012,473</u>	<u>989,970</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(7,001,438)</u>	<u>(7,001,438)</u>	<u>(7,807,035)</u>	<u>(805,597)</u>
Total other financing sources (uses)	<u>(7,001,438)</u>	<u>(7,001,438)</u>	<u>(7,807,035)</u>	<u>(805,597)</u>
NET CHANGE IN FUND BALANCE	21,065	21,065	205,438	184,373
FUND BALANCE, Beginning of year	<u>13,901,966</u>	<u>13,901,966</u>	<u>13,901,966</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 13,923,031</u>	<u>\$ 13,923,031</u>	<u>\$ 14,107,404</u>	<u>\$ 184,373</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - ROAD FUND
Year Ended March 31, 2019

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes	\$ 2,605,000	\$ 2,605,000	\$ 2,584,368	\$ (20,632)
Road fund repayments	763,654	763,654	769,743	6,089
Charges for services	45,000	45,000	42,075	(2,925)
Reimbursements	40,000	40,000	49,534	9,534
Miscellaneous	4,000	4,000	7,122	3,122
Total revenue	<u>3,457,654</u>	<u>3,457,654</u>	<u>3,452,842</u>	<u>(4,812)</u>
EXPENDITURES				
Public works				
Salaries and wages	1,124,330	1,124,330	1,073,687	50,643
Benefits	391,740	391,740	385,711	6,029
Health insurance refund	-	-	(90,797)	90,797
DB pension plan	-	-	183,711	(183,711)
Other benefits	373,790	373,790	355,953	17,837
Operating supplies	562,000	562,000	619,683	(57,683)
Professional services	84,000	84,000	43,943	40,057
Contracted services	1,741,500	1,741,500	1,493,333	248,167
Insurance and bonds	43,000	43,000	43,887	(887)
Utilities	160,000	160,000	140,387	19,613
Miscellaneous	17,000	17,000	18,798	(1,798)
Equipment non-capital	10,000	10,000	9,051	949
Capital outlay	67,000	67,000	942	66,058
Total expenditures	<u>4,574,360</u>	<u>4,574,360</u>	<u>4,278,289</u>	<u>296,071</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,116,706)</u>	<u>(1,116,706)</u>	<u>(825,447)</u>	<u>291,259</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(299,066)	(299,066)	(307,148)	(8,082)
Transfers in	1,450,000	1,450,000	1,150,000	(300,000)
Total other financing sources (uses)	<u>1,150,934</u>	<u>1,150,934</u>	<u>842,852</u>	<u>(308,082)</u>
NET CHANGE IN FUND BALANCE	<u>34,228</u>	<u>34,228</u>	<u>17,405</u>	<u>(16,823)</u>
FUND BALANCE, Beginning of year	<u>2,559,265</u>	<u>2,559,265</u>	<u>2,559,265</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 2,593,493</u>	<u>\$ 2,593,493</u>	<u>\$ 2,576,670</u>	<u>\$ (16,823)</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
BUDGETARY COMPARISON SCHEDULE - PUBLIC SAFETY FUND
Year Ended March 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUE				
Taxes	\$ 22,540,000	\$ 22,540,000	\$ 22,463,184	\$ (76,816)
Grants	26,000	26,000	52,631	26,631
Charges for services	1,308,000	1,308,000	1,382,511	74,511
Liquor license rebates	17,000	17,000	18,586	1,586
Fines and forfeitures	-	-	688	688
Reimbursements	40,000	40,000	48,845	8,845
Miscellaneous	595,000	595,000	65,632	(529,368)
Total revenue	<u>24,526,000</u>	<u>24,526,000</u>	<u>24,032,077</u>	<u>(493,923)</u>
EXPENDITURES				
Public works				
Salaries and wages	13,245,240	13,245,240	12,948,845	296,395
Benefits	4,207,930	4,207,930	4,186,959	20,971
Health insurance refund	-	-	(929,876)	929,876
DB pension plan	-	1,200,000	2,542,202	(1,342,202)
Other benefits	4,186,950	4,186,950	4,140,127	46,823
Operating supplies	441,500	441,500	435,666	5,834
Professional services	332,500	332,500	393,248	(60,748)
Insurance and bonds	445,000	445,000	405,200	39,800
Contracted services	511,000	511,000	641,486	(130,486)
Public utilities	75,000	75,000	75,780	(780)
Principal and interest	323,133	323,133	125,133	198,000
Miscellaneous	169,500	169,500	183,565	(14,065)
Equipment non-capital	126,000	126,000	100,891	25,109
Capital outlay	887,000	887,000	284,980	602,020
Total expenditures	<u>24,950,753</u>	<u>26,150,753</u>	<u>25,534,206</u>	<u>616,547</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(424,753)</u>	<u>(1,624,753)</u>	<u>(1,502,129)</u>	<u>122,624</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,700,000	4,700,000	5,300,000	600,000
Transfers out	(4,268,373)	(4,268,373)	(4,250,342)	18,031
Total other financing sources (uses)	<u>431,627</u>	<u>431,627</u>	<u>1,049,658</u>	<u>618,031</u>
NET CHANGE IN FUND BALANCE	6,874	(1,193,126)	(452,471)	740,655
FUND BALANCE, Beginning of year	<u>13,769,384</u>	<u>13,769,384</u>	<u>13,769,384</u>	<u>-</u>
FUND BALANCE, End of year	<u>\$ 13,776,258</u>	<u>\$ 12,576,258</u>	<u>\$ 13,316,913</u>	<u>\$ 740,655</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – BUDGETARY
INFORMATION
MARCH 31, 2019

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

	2019	2018	2017	2016
TOTAL PENSION LIABILITY				
Service cost	\$ 2,776,101	\$ 2,880,877	\$ 3,093,406	\$ 2,937,791
Interest on the total pension liability	12,725,992	12,583,951	12,185,184	11,945,637
Differences between expected and actual experience including assumption changes	(4,559,366)	4,250,290	1,800,149	6,800,959
Benefit payments and refunds	<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	(284,710)	8,900,114	7,072,474	12,221,327
Total pension liability, Beginning of year	<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>\$ 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	\$ 3,583,851	\$ -	\$ -	\$ -
Employee contributions	282,681	302,840	317,049	302,355
Pension plan net investment income (loss)	4,689,152	9,648,546	13,843,427	(150,074)
Benefit payments and refunds	(11,227,437)	(10,815,004)	(10,006,265)	(9,463,060)
Other expenses	<u>(85,552)</u>	<u>(81,273)</u>	<u>(86,325)</u>	<u>(83,873)</u>
Net change in plan fiduciary net position	(2,757,305)	(944,891)	4,067,886	(9,394,652)
Plan fiduciary net position, Beginning of year	<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>\$ 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>\$ 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	92.07%	93.19%	97.48%	98.83%
Covered Employee Payroll	<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	156.74%	139.63%	46.73%	18.52%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	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, 2019

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution **	\$ 3,718,845	\$ -	\$ -	\$ -	\$ -	\$ 3,040,464	\$ 10,206,901	\$ 5,179,678	\$ 5,152,066	\$ 5,894,595
Contributions in relation to the actuarially determined contribution **	3,718,845	-	-	-	-	80,300,000	10,206,901	5,179,678	5,152,066	5,894,595
Contribution excess (deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,259,536	\$ -	\$ -	\$ -	\$ -
Covered employee payroll **	\$ 12,273,467	\$ 10,941,904	\$ 11,627,527	\$ 13,118,137	\$ 13,711,213	\$ 14,159,863	\$ 14,862,788	\$ 15,338,979	\$ 15,522,940	\$ 15,562,765
Contributions as a percentage of covered employee payroll	30.30%	0.00%	0.00%	0.00%	0.00%	567.10%	68.67%	33.77%	33.19%	37.88%

** Includes Township and Library

Notes to Schedule of Township Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation Date: January 01, 2018

Actuarially determined contribution rates are calculated as of June 30, two years 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	Changes in assumptions and differences between assumptions and actual experience are recognized over the average remaining years of employment of employees (active and inactive employees, including retirees)
	Differences between expected earnings on plan investments and actual investment earnings are recognized over a five year period
	Changes in benefit terms are recognized immediately
Asset valuation method	Fair value and contract value with a market value adjustment factor for the Guaranteed Deposit Account, which is considered the best representation of fair value.
Wage inflation	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 Two Fiscal Years (Schedule is built prospectively upon implementation of GASB 74)

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

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF TOWNSHIP CONTRIBUTIONS
RELATED RATIOS - RETIRED EMPLOYEES HEALTHCARE PLAN
March 31, 2019

	<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>	<u>2010</u>
Actuarially determined contribution	\$ 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	\$ 5,756,000
Contributions in relation to the actuarially determined contribution	<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>	<u>2,321,933</u>
Contribution excess (deficiency)	<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>	<u>\$ (3,434,067)</u>
Covered employee payroll	\$ 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	\$ 16,136,224
Contributions as a percentage of covered employee payroll	46.44%	36.39%	30.20%	64.86%	23.91%	23.23%	18.21%	18.66%	18.02%	14.39%

Methods and assumptions used to determine contribution rates for 2019 (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, 2019

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
ASSETS												
Cash and cash equivalents	\$ 27,404	\$ 20,113	\$ 216,006	\$ 156,404	\$ 17,742	\$ 149,282	\$ 235,894	\$ 33,150	\$ 34,149	\$ 2,473	\$ 44,788	\$ 937,405
Marketable securities	2,531,137	545,350	100,771	-	1,588,629	-	-	3,598,127	3,301,741	391,230	3,941,935	15,998,920
Receivables (net) - Other	69,040	-	-	-	22,366	-	-	-	201,783	-	-	293,189
Total assets	<u>\$ 2,627,581</u>	<u>\$ 565,463</u>	<u>\$ 316,777</u>	<u>\$ 156,404</u>	<u>\$ 1,628,737</u>	<u>\$ 149,282</u>	<u>\$ 235,894</u>	<u>\$ 3,631,277</u>	<u>\$ 3,537,673</u>	<u>\$ 393,703</u>	<u>\$ 3,986,723</u>	<u>\$ 17,229,514</u>
LIABILITIES												
Accounts payable and accrued expenses	\$ 45,592	\$ 9,578	\$ 5,563	\$ 5,344	\$ 33,896	\$ -	\$ 1,625	\$ 31,816	\$ 31,658	\$ 540	\$ -	\$ 165,612
Refundable Bonds	-	-	-	-	174,350	-	-	-	-	-	-	174,350
Escrow Deposits	-	-	-	-	900	-	-	-	-	-	-	900
Total liabilities	<u>45,592</u>	<u>9,578</u>	<u>5,563</u>	<u>5,344</u>	<u>209,146</u>	<u>-</u>	<u>1,625</u>	<u>31,816</u>	<u>31,658</u>	<u>540</u>	<u>-</u>	<u>340,862</u>
FUND BALANCES												
Restricted:												
Debt service	-	-	-	-	-	-	-	-	-	-	3,986,723	3,986,723
Roads and safety paths	-	-	-	-	-	-	-	3,599,461	-	393,163	-	3,992,624
Public safety	-	555,885	311,214	-	-	149,282	234,269	-	-	-	-	1,250,650
Community enrichment	-	-	-	151,060	-	-	-	-	-	-	-	151,060
Assigned:												
Community enrichment	2,581,989	-	-	-	-	-	-	-	3,506,015	-	-	6,088,004
Building inspection	-	-	-	-	1,419,591	-	-	-	-	-	-	1,419,591
Total fund balances	<u>2,581,989</u>	<u>555,885</u>	<u>311,214</u>	<u>151,060</u>	<u>1,419,591</u>	<u>149,282</u>	<u>234,269</u>	<u>3,599,461</u>	<u>3,506,015</u>	<u>393,163</u>	<u>3,986,723</u>	<u>16,888,652</u>
Total liabilities and fund balances	<u>\$ 2,627,581</u>	<u>\$ 565,463</u>	<u>\$ 316,777</u>	<u>\$ 156,404</u>	<u>\$ 1,628,737</u>	<u>\$ 149,282</u>	<u>\$ 235,894</u>	<u>\$ 3,631,277</u>	<u>\$ 3,537,673</u>	<u>\$ 393,703</u>	<u>\$ 3,986,723</u>	<u>\$ 17,229,514</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended March 31, 2019

	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			
REVENUES												
Taxes and assessments	\$ 879,644	\$ 429,651	\$ 122,069	\$ 339,829	\$ -	\$ -	\$ -	\$ 1,745,506	\$ -	\$ 801,664	\$ 4,162,525	\$ 8,480,888
Grants	72,270	-	-	-	-	155,282	-	-	-	-	-	227,552
Charges for services	687,196	-	-	-	1,749,038	-	-	-	49,280	-	-	2,485,514
Licenses, permits and fees	-	-	-	-	-	-	-	-	790,313	-	-	790,313
Fines and forfeitures	-	-	-	642	-	-	54,420	-	-	-	-	55,062
Reimbursements	-	-	-	39,625	-	-	-	-	-	-	-	39,625
Miscellaneous	25,309	-	-	299	-	-	-	-	2,348	-	-	27,956
Total revenues	1,664,419	429,651	122,069	380,395	1,749,038	155,282	54,420	1,745,506	841,941	801,664	4,162,525	12,106,910
EXPENDITURES												
Operating:												
General government	-	-	-	-	1,505,786	-	-	-	-	-	-	1,505,786
Public works	-	-	-	-	-	-	-	133,450	-	3,429,474	-	3,562,924
Public safety	-	416,081	103,805	-	-	6,000	17,070	-	-	-	-	542,956
Community enrichment & development	1,650,113	-	-	391,177	-	-	-	-	1,055,501	-	-	3,096,791
Debt service	-	-	-	-	-	-	-	-	-	-	1,979	1,979
Capital outlay	5,523	27,719	-	-	2,399	-	32,527	1,092,851	26,694	-	-	1,187,713
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	2,807,260	2,807,260
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	1,243,609	1,243,609
Total expenditures	1,655,636	443,800	103,805	391,177	1,508,185	6,000	49,597	1,226,301	1,082,195	3,429,474	4,052,848	13,949,018
Revenues over (under) expenditures	8,783	(14,149)	18,264	(10,782)	240,853	149,282	4,823	519,205	(240,254)	(2,627,810)	109,677	(1,842,108)
OTHER FINANCING SOURCES (USES)												
Bond proceeds	-	-	-	-	-	-	-	-	-	2,615,000	-	2,615,000
Transfers out	(20,518)	(7,461)	-	-	(128,704)	-	-	(8,083)	(62,798)	-	-	(227,564)
Total other financing sources (uses)	(20,518)	(7,461)	-	-	(128,704)	-	-	(8,083)	(62,798)	2,615,000	-	2,387,436
Net change in fund balances	(11,735)	(21,610)	18,264	(10,782)	112,149	149,282	4,823	511,122	(303,052)	(12,810)	109,677	545,328
FUND BALANCES, Beginning of year	2,593,724	577,495	292,950	161,842	1,307,442	-	229,446	3,088,339	3,809,067	405,973	3,877,046	16,343,324
FUND BALANCES, End 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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
March 31, 2019

	Nonmajor Debt Service Funds			
	Campus Construction Debt Retirement	Library Debt Retirement	Drain at-Large	Total
ASSETS				
Cash and cash equivalents	\$ 15,091	\$ 17,641	\$ 12,056	\$ 44,788
Marketable securities	1,553,063	1,724,967	663,905	3,941,935
 Total assets	<u>\$ 1,568,154</u>	<u>\$ 1,742,608</u>	<u>\$ 675,961</u>	<u>\$ 3,986,723</u>
 FUND BALANCES				
Restricted - Debt service	<u>\$ 1,568,154</u>	<u>\$ 1,742,608</u>	<u>\$ 675,961</u>	<u>\$ 3,986,723</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
Year Ended March 31, 2019

	<u>Nonmajor Debt Service Funds</u>			
	<u>Campus Construction Debt Retirement</u>	<u>Library Debt Retirement</u>	<u>Drain at-Large</u>	<u>Total</u>
REVENUES				
Taxes and assessments	\$ 2,025,050	\$ 1,725,010	\$ 412,465	\$ 4,162,525
EXPENDITURES				
Operating:				
Debt service	904	787	288	1,979
Debt service:				
Principal retirement	1,065,000	1,450,000	292,260	2,807,260
Interest and fiscal charges	924,050	235,988	83,571	1,243,609
Total expenditures	1,989,954	1,686,775	376,119	4,052,848
Net change in fund balances	35,096	38,235	36,346	109,677
FUND BALANCES, Beginning of year	1,533,058	1,704,373	639,615	3,877,046
FUND BALANCES, End of year	<u>\$ 1,568,154</u>	<u>\$ 1,742,608</u>	<u>\$ 675,961</u>	<u>\$ 3,986,723</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF NET POSITION
FIDUCIARY FUNDS
March 31, 2019

	Pension and Other Employee Benefit Trust Funds				Agency Fund
	Retiree Health Care Fund	Retirement System Pension Trust	401(a) Defined Contribution Plan	Total Pension and Other Employee Trust Funds	Escrow Fund
	March 31, 2019	December 31, 2018	March 31, 2019		March 31, 2019
ASSETS					
Cash	\$ 2,071	\$ -	\$ -	\$ 2,071	\$ 215
Investments:					
Marketable securities	497,929	-	-	497,929	118,554
Mutual funds	12,142,773	59,151,345	7,878,722	79,172,840	-
Guaranteed deposit account fixed income fund	-	149,188,062	-	149,188,062	-
Total assets	<u>12,642,773</u>	<u>208,339,407</u>	<u>7,878,722</u>	<u>228,860,902</u>	<u>\$ 118,769</u>
LIABILITIES					
Accounts payable and withholdings	-	-	-	-	\$ 200
Deposits & other liabilities:					
Escrow deposits	-	-	-	-	111,875
Other	-	-	-	-	6,694
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 118,769</u>
NET POSITION					
Restricted:					
Pensions - Defined benefit	-	208,339,407	-	208,339,407	
Pensions - Defined contribution	-	-	7,878,722	7,878,722	
Other post-employment benefits	12,642,773	-	-	12,642,773	
Total net position	<u>\$ 12,642,773</u>	<u>\$ 208,339,407</u>	<u>\$ 7,878,722</u>	<u>\$ 228,860,902</u>	

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended March 31, 2019

	<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, 2019</u>	<u>Year Ended December 31, 2018</u>	<u>Year Ended March 31, 2019</u>	
ADDITIONS				
Contributions:				
Employer	\$ 5,796,653	\$ 3,718,845	\$ 943,605	\$ 10,459,103
Employee	-	294,670	118,307	412,977
Total contributions	<u>5,796,653</u>	<u>4,013,515</u>	<u>1,061,912</u>	<u>10,872,080</u>
Investment income:				
Net change in fair value of investments	(264,984)	(7,494,885)	(188,362)	(7,948,231)
Interest income	468,534	4,355,252	-	4,823,786
Dividend income	-	1,502,439	574,461	2,076,900
Total investment income	<u>203,550</u>	<u>(1,637,194)</u>	<u>386,099</u>	<u>(1,047,545)</u>
Total additions	<u>6,000,203</u>	<u>2,376,321</u>	<u>1,448,011</u>	<u>9,824,535</u>
DEDUCTIONS				
Distributions	5,051,788	11,560,118	361,810	16,973,716
Administrative fees	25,422	238,703	3,726	267,851
Total deductions	<u>5,077,210</u>	<u>11,798,821</u>	<u>365,536</u>	<u>17,241,567</u>
NET INCREASE (DECREASE) IN POSITION HELD IN TRUST	922,993	(9,422,500)	1,082,475	(7,417,032)
NET POSITION HELD IN TRUST, Beginning of year	<u>11,719,780</u>	<u>217,761,907</u>	<u>6,796,247</u>	<u>236,277,934</u>
NET POSITION HELD IN TRUST, End of year	<u>\$ 12,642,773</u>	<u>\$ 208,339,407</u>	<u>\$ 7,878,722</u>	<u>\$ 228,860,902</u>

**STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE
CERTIFICATE**

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2019

Tax Levies and Collections

Year	Tax Levy	Collections to March 1 of the Following Year	
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%
2009	\$ 44,505,638	\$ 42,147,621	94.70%

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
STATISTICAL INFORMATION REQUIRED
FOR CONTINUING DISCLOSURE CERTIFICATE
March 31, 2019

History of Property Valuations*

<u>Year</u>	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
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
2009	\$ 4,109,471,150	\$ 3,873,573,210

*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, 2019

Tax Rate Limitations

The Township Charter provides tax rate limitations as follows:

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

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

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

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

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
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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	54	March 31, 2020
Police Employees (Command Officers)	16	March 31, 2020
Police Employees (Patrolmen)	49	March 31, 2020

General Fund – Fund Balance

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