

# RatingsDirect®

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## Summary:

# Charter Township of Bloomfield, Michigan; General Obligation

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### Credit Profile

|   |            |          |
|---|------------|----------|
| US\$5.16 mil special assess bnds (ltd tax GO) ser 2025 due 04/01/2045             |            |          |
| <i>Long Term Rating</i>   | AAA/Stable | New      |
| Bloomfield Twp GO   |            |          |
| <i>Long Term Rating</i>   | AAA/Stable | Affirmed |
| Bloomfield Charter Township spl ( ltd tax GO ) (Kirkway Area Road Paving Project) |            |          |
| <i>Long Term Rating</i>   | AAA/Stable | Affirmed |
| Bloomfield Charter Twp GO ltd tax pension oblig rfdg bnds (federally taxable)     |            |          |
| <i>Long Term Rating</i>   | AAA/Stable | Affirmed |

### Credit Highlights

- S&P Global Ratings assigned its 'AAA' rating to Charter Township of Bloomfield, Mich.'s \$5.16 million series 2025 general obligation (GO) limited-tax special assessment bonds.
- At the same time, S&P Global Ratings affirmed its 'AAA' rating on the township's existing GO debt based on the application of its criteria, "Methodology For Rating U.S. Governments," published Sept. 9, 2024.
- The outlook is stable.

### Security

The series 2025 special assessment bonds will fund water system improvements in the township.

The bonds are secured by, and are payable from, special assessments for the improvements in the special assessment district. The township's full-faith-credit-and-resources pledge and agreement to levy ad valorem property taxes, within Michigan limitations as to rate and amount, also secure the bonds. Given the current GO rating on Bloomfield Charter Township, we rate the bonds to the GO pledge. We rate the limited-tax GO debt at the same level as our view of the township's general creditworthiness because the township collects ad valorem taxes from the entire property tax base and there are no limitations on the fungibility of resources available for debt service.

While officials use utility revenue and other special assessments to repay or secure several series of the township's GO debt outstanding, we base our rating on all of the township's GO debt outstanding on its GO pledge. Existing series 2015 GO bonds are additionally secured by Oakland County's GO pledge. We rate the bonds to the stronger link, but at this time both obligors are rated 'AAA'.

### Credit overview

Enduring credit strengths that substantiate Bloomfield Charter Township's stability at the 'AAA' rating include its extremely strong economic base, consistently positive operating performance supporting its healthy reserve and

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liquidity positions, and robust management practices; these are offset by its elevated fixed costs. To further prudent fiscal oversight, officials have augmented the existing policy framework by incorporating rolling, long-term capital planning into its annual budget process as well as formalizing a reserve target of 50% to 75% of general fund expenditures; its current maintenance of approximately 77% of operating expenditures, or \$44.8 million, across its general, public safety, and equipment and replacement (E&R) funds adheres to this policy. Property taxes, which represent 70% of combined (general and public safety funds) township operating revenue, continue to perform well, reflecting the strength of its commercial and residential real estate. Although the township is mostly built-out, residential infill and redevelopments continue. Credit vulnerability remains, as high fixed costs continue to command over one-third of the budget; however, such costs included the township's increased funding of its pension and other postemployment benefits (OPEB) liability in 2024 as part of its strategy to improve its long-term position.

Conservative management practices, investment earnings, and state revenue-sharing from Michigan sales tax revenue have supported the township's positive financial results in recent years, as have vacancies in staff and the 2020 transition to a self-insured health care model for employees. In fiscal year 2024, the township reported an operating surplus of 0.5%, net of a \$5.3 million transfer to the E&R fund. In fiscal 2025, the township anticipates a surplus of over \$3 million and has no plans to draw down on reserves or the E&R fund. In fiscal year 2026, officials anticipate approving a budget with at least a breakeven result.

The 'AAA' rating further reflects our view of the township's:

- Robust and affluent residential tax base, which participates in the broad and diverse Detroit-Warren-Dearborn metropolitan statistical area, with access to economic institutions in Oakland County, including Ford, General Motors, and Stellantis as well as growing construction, health care, distribution and warehousing, and high-tech research and development sectors.
- Thorough, forward-looking financial management policies and practices, including a detailed five-year rolling capital plan and a 10-year financial plan. In addition, the board receives quarterly budget-to-actual reports and its budgets are informed by data from external sources, which have collectively resulted in positive operating performance in recent years. The township also maintains formal investment, debt management, and fund balance policies.
- Positive operating track record that we expect to continue, considering management's ability to adjust the budget as well as its healthy and stable property tax-driven revenue mix, all of which we expect will support the maintenance of very strong reserves, in line with its formal policy.
- Elevated fixed costs, with a weak debt-and-liability position, though debt amortization remains rapid. We expect the debt burden to be further exacerbated by an additional \$18 million to \$20 million special assessment issuance in summer 2025. Although the special assessment debt is backed by the township, it is initially supported by a dedicated levy.
- Fiscal year 2024 results showed a funded ratio of 87.3%, with a net pension liability of \$32.27 million and a discount rate of 6%. Annual pension contributions made up 12.3% of total governmental fund revenue in fiscal 2024; however, the township overcontributed to the liability and plans to continue to do so when possible in the future, and therefore we do not view fixed costs as a significant credit risk.
- For more information on our institutional framework assessment for Michigan municipalities, see "Institutional Framework Assessment: Michigan Local Governments," published Sept. 9, 2024 on RatingsDirect.

## Environmental, social, and governance

We view the township's environmental, social, and governance factors as neutral in our analysis.

### Rating above the sovereign

The rating on Bloomfield Charter Township's GO debt is eligible to be higher than the sovereign rating because we believe the township can maintain positive credit characteristics relative to the U.S. sovereign in a stress scenario. Under our "Ratings Above The Sovereign--Corporate And Government Ratings--Methodology And Assumptions" criteria, published Nov. 19, 2013, on RatingsDirect, the township has predominantly locally derived revenue with independent taxing authority and treasury management from the federal government.

## Outlook

The stable outlook reflects our view of the township's extremely strong economy as well as our belief that the proactive management team will continue to achieve positive operating results over the next two years.

### Downside scenario

We could lower the rating if the township is unable to maintain balanced operations, leading to a sustained weakening of reserves.

**Table 1**

| Charter Township of Bloomfield, Michigan--Credit summary |      |
|--|------|
| Institutional framework (IF)                             | 2    |
| Individual credit profile (ICP)                          | 1.65 |
| Economy  | 1.0  |
| Financial performance                                    | 1    |
| Reserves and liquidity                                   | 1    |
| Management   | 1.00 |
| Debt and liabilities                                     | 4.25 |

**Table 2**

| Charter Township of Bloomfield, Michigan--Key credit metrics |             |            |            |            |
|--|-------------|------------|------------|------------|
|  | Most recent | 2024       | 2023       | 2022       |
| <b>Economy</b>   |             |            |            |            |
| Real GCP per capita % of U.S.                                | 135         | --         | --         | 135        |
| County PCPI % of U.S.  | 130         | --         | --         | 130        |
| Market value (\$000s)  | 13,332,640  | 12,169,474 | 11,264,074 | 10,802,168 |
| Market value per capita (\$)                                 | 301,978     | 275,633    | 255,126    | 263,224    |
| Top 10 taxpayers % of taxable value                          | 6.9         | 1.7        | 2.2        | 2.1        |
| County unemployment rate (%)                                 | 3.3         | 3.3        | 2.9        | 3.0        |
| Local median household EBI % of U.S.                         | 180         | --         | 180        | 181        |
| Local per capita EBI % of U.S.                               | 192         | --         | 192        | 212        |
| Local population   | 44,151      | --         | 44,151     | 41,038     |
| <b>Financial performance</b>                                 |             |            |            |            |
| Operating fund revenues (\$000s)                             | --          | 58,001     | 49,761     | 46,357     |

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**Table 2**

| Charter Township of Bloomfield, Michigan--Key credit metrics (cont.) |         |          |         |         |
|--|---------|----------|---------|---------|
| Operating fund expenditures (\$000s)                                 | --      | 46,759   | 44,285  | 44,472  |
| Net transfers and other adjustments (\$000s)                         | --      | (10,970) | (5,148) | (1,218) |
| Operating result (\$000s)  | --      | 272      | 328     | 667     |
| Operating result % of revenues                                       | --      | 0.5      | 0.7     | 1.4     |
| Operating result three-year average %                                | --      | 0.9      | 1.3     | 1.8     |
| <b>Reserves and liquidity</b>  |         |          |         |         |
| Available reserves % of operating revenues                           | --      | 51.3     | 59.3    | 63.2    |
| Available reserves (\$000s)  | --      | 29,749   | 29,505  | 29,296  |
| <b>Debt and liabilities</b>  |         |          |         |         |
| Debt service cost % of revenues                                      | --      | 16.3     | 15.8    | 16.6    |
| Net direct debt per capita (\$)                                      | 2,459   | 1,608    | 1,775   | 2,112   |
| Net direct debt (\$000s)   | 108,556 | 70,981   | 78,354  | 86,687  |
| Direct debt 10-year amortization (%)                                 | 79      | 99       | --      | --      |
| Pension and OPEB cost % of revenues                                  | --      | 20.0     | 16.0    | 17.0    |
| NPLs per capita (\$)   | --      | 731      | 947     | 596     |
| Combined NPLs (\$000s)   | --      | 32,271   | 41,791  | 24,458  |

Financial data may reflect analytical adjustments and are sourced from issuer audit reports or other annual disclosures. Economic data are generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits.

### Ratings Detail (As Of January 16, 2025)

|   |            |          |
|---|------------|----------|
| Bloomfield Charter Twp spl assessment bnds (ltd tax GO)                             |            |          |
| <i>Long Term Rating</i>   | AAA/Stable | Affirmed |
| Bloomfield Charter Twp spl assess bnds (ltd tax GO) ser 2018 due 04/01/2033         |            |          |
| <i>Long Term Rating</i>   | AAA/Stable | Affirmed |
| Bloomfield Charter Twp GO ltd tax bnds  |            |          |
| <i>Long Term Rating</i>   | AAA/Stable | Affirmed |
| Bloomfield Charter Twp GO ltd tax rfdg bnds ser 2014 due 05/01/2026                 |            |          |
| <i>Long Term Rating</i>   | AAA/Stable | Affirmed |
| Bloomfield Charter Twp GO unltd tax lib rfdg bnds                                   |            |          |
| <i>Long Term Rating</i>   | AAA/Stable | Affirmed |
| Charter Township of Bloomfield spl assess bnds (ltd tax GO) ser 2024 due 04/01/2039 |            |          |
| <i>Long Term Rating</i>   | AAA/Stable | Affirmed |
| <b>Oakland County, Michigan</b>   |            |          |
| Charter Township of Bloomfield, Michigan  |            |          |
| Oakland County, Michigan  |            |          |
| Oakland Cnty GO   |            |          |
| <i>Long Term Rating</i>   | AAA/Stable | Affirmed |

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.spglobal.com/ratings](http://www.spglobal.com/ratings) for

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