

**CHARTER TOWNSHIP OF BLOOMFIELD
STATE OF MICHIGAN**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Year ended March 31, 2013

**CHARTER TOWNSHIP OF BLOOMFIELD
STATE OF MICHIGAN**

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Charter Township of Bloomfield, State of Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely present component unit, each major fund and the aggregate remaining fund information of the Charter Township of Bloomfield, State of Michigan (the "Township"), as of and for the year ended March 31, 2013, 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 assets, 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 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 financial statement 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Township, as of March 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the general fund, road fund and public safety fund for the year then ended in conformity 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 management's discussion and analysis, budgetary comparison information and the pension trust and healthcare plan schedules on Pages 5-17, 27-29 and 63-64 be presented to supplement the basic financial statements. Such information, although not 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 and other auditors 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.

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 introductory section, combining and individual fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor 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, the combining and individual nonmajor fund financial statements are fairly stated in the 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.

JERKINS, MAGNUS, VOLK & CARROLL, PC

Certified Public Accountants

Bloomfield Hills, Michigan
September 11, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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, 2013.

Financial Highlights

- Change in net assets for the primary government was \$1,469,710, increasing from \$97,369,317 to \$98,839,027. This balance consists of governmental net assets of \$49,311,776 and business-type net assets of \$49,527,251. These amounts do not include fiduciary funds.
- Taxes and assessments revenue was \$34,980,383, a decrease of \$374,394 when compared to the prior year of \$35,354,777. The taxable value decreased from \$3,143,677,326 in 2011-12 to \$3,079,769,930 in 2012-13. Millage rates remained the same other than the three debt millages which may increase annually to cover upcoming principal and interest payments. The related revenue would have decreased by a greater amount than stated but it is being offset by the increases in the debt millages.
- State shared revenues were \$2,998,826, an increase of \$164,760 when compared to the prior year of \$2,834,066. Other than a very minimal amount related to the state EVIP program, these revenues are based on state sales tax collections.
- Investment earnings were \$602,684, a decrease of \$187,974 when compared to the prior year of \$790,658. The majority of the investments were in short-term bond mutual funds.
- Total expenses for governmental activities were \$50,746,809, a decrease of \$504,042 when compared to the prior year of \$51,250,851.
- Total revenues for business-type activities were \$23,365,496 and expenses were \$19,204,245, with an increase to net assets of \$4,161,251. The prior year revenues were \$20,157,549 and expenses were \$18,317,249, with an increase to net assets of \$1,840,300.
- The governmental activities reported total net assets of \$49,311,776, a decrease of \$2,691,541 when compared to the previous fiscal year. The decrease is the result of surplus operations within the various operating funds included in this category offset by \$4,504,052 of other post-employment benefit (OPEB) costs.
- Unrestricted net assets for governmental activities were \$10,680,566, a decrease of \$181,225 when compared to the prior year of \$10,861,791. Unrestricted net assets for the business-type activities were \$4,450,517, an increase of \$1,996,825 when compared to the prior year of \$2,453,692.

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 Assets 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 Supplementary Information and Other Supplementary Information including combining and individual fund financial statements and schedules.

Management's Discussion and Analysis

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

One of the most important questions asked about the Township's finances is, "Is the Township as a whole better or worse off as a result of the year's activities?" The Statement of Net Assets 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 assets and changes in them. You can think of the Township's net assets — 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 assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in property tax base and the condition of infrastructure, to assess the overall health of the Township.

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 the estimated useful life
- Depreciation expense is reported on the government-wide statements
- Principal payments on debt are reported as an expense on the governmental statements, but instead are reported as reductions of the outstanding liabilities on the government-wide statements
- Long-term liabilities such as Other Post-Employment Benefits and Compensated Absences are reported on the government-wide statements
- Accruals such as interest expense are reported on the government-wide statements

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

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, 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 and dispatch), Senior Services Fund, Village Police Fund, Village Fire Fund, Lake Improvement Fund, Improvement & Revolving Fund, Building Inspection Fund, Drug Law Enforcement Fund, Safety Path Fund, and Cable Studio Fund. 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 and major improvements to the Township campus and two off-campus fire stations. There are three debt service funds reported in the debt service fund sub-category and all three are considered major funds for reporting purposes. They are the Campus Construction Debt Fund, Library Debt Fund, and Drain-at-Large Fund.

In all, the Township has fifteen 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 managers.

Management's Discussion and Analysis

- *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* – 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.

The Township reports four fiduciary funds, the Trust & Agency Fund, Retiree Health Care Fund, Retirement System Pension Trust Fund, and the Defined Contribution Plan. 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

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

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net assets are 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 assets exceeded liabilities (net assets) by \$98,839,027. In particular, the net assets of the governmental activities decreased by \$2,691,541 and the business-type activities increased by \$4,161,251. For the purpose of this analysis, the fiduciary funds and the component unit are not included as these resources are not available to support Township programs.

It is important to note that a large portion of the Township's net assets 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, accounts receivable, prepaid expenses, and inventory).

A portion of the Township's net assets, \$16,715,808, is subject to restrictions as to how they may be used. The unrestricted portion of net assets that is available to the Township to meet ongoing obligations within the various funds totaled \$15,131,083. The net assets that are invested in capital assets net of related debt totaled \$66,992,136. The Township has positive balances in all fund types and in each of the individual funds within the fund types.

Management's Discussion and Analysis

Table 1
Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$62.7	\$62.6	\$19.2	\$16.1	\$81.9	\$78.7
Capital assets	<u>57.5</u>	<u>59.2</u>	<u>49.6</u>	<u>48.7</u>	<u>107.1</u>	<u>107.9</u>
Total assets	<u>120.2</u>	<u>121.8</u>	<u>68.8</u>	<u>64.8</u>	<u>189.0</u>	<u>186.6</u>
Long-term liabilities	67.0	64.3	16.4	16.6	83.4	80.9
Other liabilities	<u>3.9</u>	<u>5.5</u>	<u>2.9</u>	<u>2.8</u>	<u>6.8</u>	<u>8.3</u>
Total liabilities	<u>70.9</u>	<u>69.8</u>	<u>19.3</u>	<u>19.4</u>	<u>90.2</u>	<u>89.2</u>
Net assets:						
Invested in capital assets, net of related debt	32.4	33.2	34.6	33.4	67.0	66.6
Restricted	6.2	7.9	10.4	9.5	16.6	17.4
Unrestricted	<u>10.7</u>	<u>10.9</u>	<u>4.5</u>	<u>2.5</u>	<u>15.2</u>	<u>13.4</u>
Total net assets	<u>\$49.3</u>	<u>\$52.0</u>	<u>\$49.5</u>	<u>\$45.4</u>	<u>\$98.8</u>	<u>\$97.4</u>

Management's Discussion and Analysis

Table 2
Changes in Net Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program revenues:						
Charges for services	\$8.0	\$7.9	\$23.0	\$19.3	\$31.0	\$27.2
General revenues:						
Property taxes	35.0	35.4	-	-	35.0	35.4
Grants	.1	.2	-	.3	.1	.5
State shared revenue	3.0	2.8	-	-	3.0	2.8
Reimbursements	.9	.9	-	-	.9	.9
Investment earnings	.5	.7	.1	.1	.6	.8
Contributions from dev.	-	-	.3	.4	.3	.4
Other	.5	.4	-	-	.5	.4
Total revenues	<u>48.0</u>	<u>48.3</u>	<u>23.4</u>	<u>20.1</u>	<u>71.4</u>	<u>68.4</u>
Program expenses						
Judicial	1.8	1.9	-	-	1.8	1.9
General government	9.0	9.4	-	-	9.2	9.4
Public works	6.1	6.0	-	-	6.1	6.0
Public safety	28.3	28.0	-	-	28.3	28.0
Community enrichment	3.6	3.8	-	-	3.6	3.8
Debt service	1.8	2.0	-	-	1.6	2.0
Other	.1	.1	-	-	.1	.1
Water & Sewer	-	-	19.2	18.3	19.2	18.3
Total expenses	<u>50.7</u>	<u>51.2</u>	<u>19.2</u>	<u>18.3</u>	<u>69.9</u>	<u>69.5</u>
Increase (decrease) net assets	(2.7)	(2.9)	4.2	1.8	1.5	(1.1)
Net assets, beginning,	<u>52.0</u>	<u>54.9</u>	<u>45.3</u>	<u>43.6</u>	<u>97.3</u>	<u>98.5</u>
Net assets, ending	<u>\$49.3</u>	<u>\$52.0</u>	<u>\$49.5</u>	<u>\$45.4</u>	<u>\$98.8</u>	<u>\$97.4</u>

Management's Discussion and Analysis

Governmental Activities

Net assets decreased by \$2.7 million as a result of activities within these funds. There was a surplus in the total net assets of the underlying governmental funds, but this was offset by over \$4.5 million in OPEB costs reported in the government-wide statements.

Property tax revenue decreased only by about 1% as the Township's taxable value decreased by approximately 2% compared to last fiscal year. Property tax rates remained the same except for three debt service millages that increased to cover the principal and interest that was due. There was no Headlee rollback to property tax rates as a result of the decrease to property values. The declining property values experienced this year were not as significant as last year (6%) as the impact of the housing market decline on local government revenue has come to an end and we're beginning to see movement in the opposite direction. The Township expects to see the tax base increase by between 2% and 2.5% next year as home values are expected to slowly increase going forward.

The second largest source of revenue for the Township is charges for services. The total amount across the governmental activities remained fairly consistent with the prior year at \$8.0 million and \$7.9 million, respectively. This revenue includes items such as 48th District Court revenues, passport fees, copies and FOIA requests, assessing services provided to 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. At the government-wide level, charges for services include licenses, permits, and fees revenue. This revenue includes items such as planning and zoning fees, various senior center fees, permit fees, and franchise and PEG fees.

Reimbursement revenue represents arrangements where the Township fronts costs of certain items and then receives a reimbursement from another party. These arrangements may or may not be contractual. The bulk of this revenue is generated from a contract between the Township Road department and the Road Commission of Oakland County.

Investment earnings generated for the fiscal year were \$0.5 million, down from the previous year of \$0.7 million. This decrease is attributable to the declining rates of return in the short-term bond mutual fund market where most of the investments are held. 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.

Expenses have changed very little as compared to last fiscal year, decreasing by only about 1%. Total expenses for the year were \$50.7 million compared to \$51.2 million the prior year. 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, Engineering & Environmental, Motor Pool, and Building Inspection
- Public works – Road Fund and Safety Path Fund
- Public safety – Ordinance, Police, Fire, Dispatch, Village Police & Fire, and Drug Law Enforcement
- Community enrichment – Planning, Zoning, Senior Services Fund, Lake Improvement Fund, Improvement & Revolving Fund, and the Cable Studio
- Debt service – Campus Construction Debt Fund, Library Debt Fund, and Drain-at-Large Fund

Expenditures were held steady in almost all major categories. Wages continued to be controlled through pay and hiring freezes, and health insurance cost increases continue to be contained via the implementation of the high deductible consumer directed health plan initiated for all active employees that began January 1, 2010.

Management's Discussion and Analysis

Pension costs have remained consistent from the prior year to this year. The Township did prepay \$5.2 million towards the 2013 annual required contribution that is shown as a current asset as of the end of this fiscal year. This represents a full fiscal year's contribution and will be expensed during the 2013-14 fiscal year. The significant increases to pension costs experienced in recent years have been mostly the result of anemic investment returns caused by extremely low interest rates and a very volatile equity market. In late 2012, the State of Michigan passed Public Act 329. Among other things, it allows qualified municipalities to issue taxable bonds to fund their unfunded pension liability. The Township is in the process of putting together a comprehensive financial plan, and intends to move forward with a bond sale once approval is given by the State of Michigan. This is projected to have an extremely positive effect on the Township by not only stabilizing a budget item that has historically fluctuated year to year, but also it is likely to save the Township approximately \$60 million over the next 20 years.

This year's court expenditures were quite similar to the prior year at \$1.8 million. The court operation revenues 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 begin to slowly recover, it is imperative that management continue to pursue cost-cutting and cost containment strategies moving forward. Legal restrictions to property tax increases in the State of Michigan will not allow property tax revenues to be restored at anywhere near the pace at which they have declined. On a positive note, our residents approved the 1.30 mill tax proposal in February, 2010 to help offset some of the property tax revenue losses that have occurred. Also positive is the fact that the major operating fund balances at year end are reasonably healthy and continue to improve each year.

It is important to focus on the three major governmental operating funds within this group when analyzing expenditures, this is done below.

Public Safety, the largest fund, had expenditures of \$23.6 million, a slight decline from the prior year amount of \$23.9 million to provide police, fire, EMS and dispatch services. Savings were seen in capital outlay, as well as labor related costs due to position vacancies. This fund receives a large transfer from the General Fund. See the section titled "Financial Analysis of the Township's Major Funds" for a more detailed analysis of this fund.

The second largest operating fund, the General Fund, had expenditures of \$9.1 million compared to \$9.2 million the prior year. The various underlying activities of the General Fund fluctuated as they do every year, but in total there was not a lot of movement from last year to this year. See the section titled "Financial Analysis of the Township's Major Funds" for a more detailed analysis of this fund.

The Road Fund, the third major governmental operating fund, had expenditures of \$3.6 million compared to \$3.5 million the prior year. For multiple years now, this fund has had to operate at a much smaller size and scope than prior to the housing market decline. This fund receives a large transfer from the General Fund. See the section titled "Financial Analysis of the Township's Major Funds" for a more detailed analysis of this fund.

Business-Type Activities

Net assets increased by \$4,161,251 as compared to last year. There are total net assets of \$49,527,251 as compared to \$45,366,000 last year.

The main sources of revenue to this fund are user fees to customers to cover the cost of water purchased from 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. The water and sewer rates also cover the cost of debt retirement payments payable each fiscal year on water and sewer system improvements financed by the sale of bonds.

Management's Discussion and Analysis

Water and sewer sales finished the year much higher than what was budgeted. This was caused by several factors. We experienced a very hot and dry summer season, and this causes residents to run their sprinkler systems more frequently and use more water. In the case of this fiscal year, we had a combination of high water use along with lower than projected rates from both providers. This was the first full fiscal year where the new billing method from Oakland County was completely implemented. In the past, sewage treatment was billed based on water consumption, now the sewage is actually metered as it passes through the system. This new method complicates our budgeting process because we cannot meter sewer consumption at the individual properties so we still must bill the sewer portion of our customer's bill based upon their water use while the Township is billed from Oakland County based upon a metered calculation. This new metering method brings the unpredictability of weather into the equation because rainfall and melting snow will leak into the sanitary sewer system and can cause significant weather related fluctuations in the amount the Township is billed. As time passes and we get more history pertaining to the sewer billing we will be able to budget this expense with improving accuracy.

Fund expenses finished the year about 5.5% below budget allowing for a needed operating gain of over \$4.3 million for the year. 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. Operating expenses did increase as compared to last year almost exclusively due to higher water use by the residents.

Overall, the water and sewer fund statement of net assets is in very good condition. It continues to improve in an area where it was in most need of improvement; total current assets. The fund has experienced an operating profit for the third year in a row, helping to offset several years of operating losses. This year the operating profit in the fund was \$4,366,068 and the net gain from all activities within the fund was \$4,161,251. The Township administration continues to make it a priority to cover more of the infrastructure depreciation expense with the annual water and sewer rates than has been done in the past. Prior to the past few fiscal years, several consecutive years of operating losses had taken their toll on the fund's operating cash balance, however the operating gains achieved the past three fiscal years have significantly improved the cash position of the fund. Management remains proactive and is taking the steps necessary to contain costs and mitigate the possibility of future operating losses. Some of these steps include lowering expected consumption estimates and making part of the rate structure a fixed fee, not subject to use, to match changes made by the suppliers. Also, to contain cost increases the employees expensed to the fund were subject to pay freezes from 2009 to 2013. They also have had their health plan changed to the high deductible plan that all other employees have accepted as of January 10, 2010, and like the other funds new hires will no longer be eligible for retiree health care but rather a much less expensive retiree health savings account.

Management also 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 in non-compliance as 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 sanitary sewage retention basin.

The water supply infrastructure concerns mentioned above have been prioritized and broken into a four-phase capital improvement program designed to replace about \$20,000,000 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, just after fiscal year end. These bonds are being repaid by a combination of consumption-based user fees and flat rate debt service charges applied to customer bills. This fund also has restricted replacement and improvement cash set aside over past years to help pay for these types of projects.

Management's Discussion and Analysis

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 \$11,498,694, an increase of \$530,617 over the prior year balance of \$10,968,077. Over half of the fund balance is unassigned with a balance of \$5,887,645, the remainder being nonspendable for inventory and prepaid items, and long-term advances receivable. 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.

This fund is currently in very good to excellent financial shape but will continue to face several significant challenges going forward. Property tax revenue seems to have hit bottom in 2012 and is expected to improve next year as the housing market bounces back but it will do so at a slow pace. Also, in the near term it appears there is no relief in sight from the extremely low interest rate returns on invested tax dollars. The fund actually recorded slightly less in revenue this year as compared to last with an increase in state shared revenues, and decreases in district court revenue and investment earnings. State revenue sharing still remains far below what it was about a decade ago. The difficult financial situation at the state level does seem to be starting to slowly recover but state shared revenue payments to local governments still have a long ways to go to recover to the levels paid in the past. Investment earnings continue to be below historical averages, the result of extremely low interest rates being paid on certificates of deposit and money market funds. As recently as fiscal year ended March, 2008 we generated over \$1.6 million in investment income. In recent fiscal years and going forward it has been and will be difficult to achieve even one third of that amount per year.

Revenues finished the year at 101.8% of budget with the excess 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 \$98,826, Medicare reimbursements with a favorable variance of \$43,906, an unexpected MMRMA insurance premium refund of \$256,588, and finally investment earnings with an unfavorable variance of \$47,562.

Expenditures before transfers were \$9,155,436, a decrease of \$83,511 when compared to the prior year of \$9,238,945. Transfers out of the general fund in the current year were \$4,485,000 and the prior year totaled \$4,950,000, with most of the funds transferred to the public safety fund both years. As anticipated, the general fund is essentially transferring all of the 2010 millage tax dollars to the public safety fund and road fund to provide necessary support as these funds have been hit the hardest by the decreased property tax revenue. The fund also was able to make a transfer to the retiree health care trust fund both years; \$500,000 this year and \$1,000,000 in the prior year. Comparing each expenditure category between the current year and prior year shows no significant changes in any category. Well aware of the economic situation, the departments that are

Management's Discussion and Analysis

reported in the general fund have maintained a status-quo attitude when it comes to maintaining their departments.

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. This leaves the fund vulnerable to health care, pension and other fringe benefit costs that historically have increased at a greater pace than the fund's revenues. Management has been working aggressively for well over a decade to control these costs. 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. 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 promised retiree health care, instead they are enrolled in a retiree health savings plan. The Township administration remains committed to the education and involvement of all employees of the organization in an effort to contain fringe benefit costs. The Township 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.

Expenditures finished the year at 98.1% of budget including transfers out and the unbudgeted transfer to the retiree health care trust fund of \$500,000. The favorable budget variances were spread throughout many of the activities accounted for in this fund. The largest favorable variance being transfers out which was under budget by \$740,000 before making the \$500,000 transfer referred to above. The current economic volatility is making long-term budget forecasting much more problematic. The good news is that even through the volatility we have experienced, the Township management has been able to follow the five year strategic plan established in 2008 and used a combination of revenue replacement and reduced expenditures to maintain a balanced financial situation while maintaining services at the high level residents have come to expect.

Road Fund. The road fund is the third largest operating fund in size and scope of the three major governmental operating funds. At the end of the fiscal year the fund balance was \$2,348,603. The overall fund balance remained virtually unchanged as compared to the prior fiscal year with the general fund transferring only the amount of funding needed to balance the budget. 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. With the decline in property taxes, fund revenues have consistently fallen short of expenditures in recent fiscal years requiring contracted maintenance work to be cut back or eliminated. In most years, the general fund must transfer funds to the road fund in order to maintain an adequate level of service. This fiscal year the transfer amounted to \$660,000 as compared to \$500,000 last year. The general fund would need to provide a much greater supplement to the road fund if not for the significant reductions that have been made in recent years to maintenance work in an effort to cut overall costs due to the steep decline in property tax revenue that has occurred. 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 \$2,207,792, the general fund transfer of \$660,000 and Oakland County Road Commission contract repayments totaling \$607,499. Limitations on how much these revenues could increase going forward, especially in light of property value declines, will make it difficult for the fund to maintain the same level of service provided in the past. Approximately 50% 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 have agreed to the same health care and pension changes as the general fund employees including the same pay freezes. The combination of deteriorating road conditions, dependence upon property tax revenue, and the need for general fund support make this the most vulnerable of the three major operating funds. Much of the local road replacement projects that will be necessary in future years will have to be paid for via special assessments. As a last resort, the responsibility for maintaining the roadways could be returned to the Oakland County Road Commission. Presently, the fund is in reasonable financial condition and 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 services and dispatch services are all expensed in this

Management's Discussion and Analysis

fund. At the end of the fiscal year, the fund balance was \$13,265,802. Total revenues ended the year at 98.7% of budget leaving a favorable variance of \$5,193. As with the road fund, the total fund balance remained about the same as the previous year with the general fund providing only the funding necessary to balance the budget. The public safety fund derives over 93% of its revenue for operations from property taxes, thus this fund has taken a hard financial hit from the continued decline in taxable property values. The general fund transfer has gone from nothing in fiscal year 2010 to \$3,135,000 in fiscal year 2013. If you exclude the transfer, the fund's total revenues declined by almost \$300,000 this year with reduced property tax revenue accounting for that entire amount. In fact property tax revenue to this fund has declined by over \$5,000,000 since fiscal year ended March of 2009. Other than property taxes and a transfer from the general fund, the major revenue sources include \$896,069 of EMS Transport Fees, and over \$297,000 in various charges for services. Total expenditures were approximately \$321,000 less than the prior year, similar to the decline in revenues. The expenditures within the fund ended the year at 98.7% of budget leaving a favorable change in fund balance of \$29,194.

The historical trend for this fund has seen fringe benefit expenditures increase at a greater rate than fund revenue that comes mostly from the three public safety property tax millages. This trend over time cannot be sustained. Management must continue to take action that will stop or reverse this trend. This problem has been especially challenging given the continued 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. Most of the tax collected from this millage has been used to maintain police and fire services as closely as possible to current levels. Despite this new source of revenue, management must take action to contain cost increases to this fund. Presently, the Township spends over \$4.9 million on life and health insurance for active and retired police and fire department personnel. The fund spends an additional \$3.5 million for retirement plans. Public safety employees under union contracts were on pay freezes from fiscal years 2010 to 2013. Recently, negotiated contracts have eliminated the retiree health care benefit for all new hires, replacing it with a much less expensive retiree health savings account. The administration also implemented a new high deductible, consumer directed health care plan for all active Township employees eligible for medical benefits beginning in January 2010.

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

Campus Construction Debt Fund. This fund was established in 2007 to account for revenues and expenditures related to the sale of \$26,000,000 in bonds to pay for the constructions of a new maintenance facility, new central fire station, a new senior center and a major renovation to another fire station. The bonds were sold in November of 2007 and are backed by the full faith and credit of the Township. This fund accounts for property tax revenue and principal and interest payments related to the bonds. The required debt retirement levy this year was 0.53 mills in order to make the scheduled principal and interest payments of \$1,560,725. After making the \$500,000 principal installment this year the outstanding bond debt was \$24,000,000. The fund had a year end fund balance of \$1,543,967, which is an increase of \$51,377 over the prior year balance of \$1,492,591 with that money necessary to make the principal and interest payments due prior to the next tax levy.

Library Debt Fund. This fund was established in 2004 to account for the bonded debt taken on behalf of the Bloomfield Township Public Library (component unit) to pay for a major addition and renovation to their building. The original bond sale was for \$22,875,000 with the final payment due on May 1, 2024. The bonds are backed by the full faith and credit of the Township. This fund accounts for property tax revenue and principal and interest payments related to the bonds. These bonds were refunded in August 2012 to take advantage of lower interest rates. The required debt retirement levy this year was 0.55 mills in order to make the scheduled principal and interest payments of \$1,390,372. After making the \$1,000,000 principal installment this year the outstanding bond debt was \$17,570,000. The fund had a year end fund balance of \$1,641,634, with that money necessary to make the principal and interest payments due prior to the next tax levy.

Management's Discussion and Analysis

Drain-at-Large Fund. This fund accounts for all principal and interest payments made on the Township portion of Oakland County Debt obligations for Chapter 20 drains within the Township. The Township is authorized to levy whatever tax rate is necessary to pay the annual principal and interest payments on all debt obligations within the fund. Principal and interest payments totaling \$1,145,866 were made during the fiscal year. At year end the outstanding bond debt on the seven separate drain contracts accounted for within the fund was \$5,930,534. The fund ended the year with a fund balance of \$336,402.

CAPITAL ASSETS

The Township's total capital assets net of accumulated depreciation for its governmental activities amounted to \$57,578,560. This represents a decrease of \$1,590,248 from the prior year balance of \$59,168,808. The annual amount of depreciation was greater than the amount of new purchases of capital assets.

The business-type activities capital assets amounted to \$49,553,808, an increase of \$813,068 when compared to prior year of \$48,740,740. 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.

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

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

- Governmental equipment purchases of \$126,287
- Road Fund purchased a 2013 Volvo Tandem Axle Truck at a cost of \$193,664
- Police Department purchased 3 vehicles at a cost of \$65,717
- Fire Department purchased a 2013 Braun Rescue at a cost of \$140,239
- Safety Path construction at a cost of \$1,286,548
- W&S Fund purchased a 2012 Vactor Truck at a cost of \$380,689
- Improvements to water and sewer infrastructure costing \$2,059,558

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 \$48,894,091. The majority of the governmental debt consists of bonded debt of \$17,570,000 to pay for the library addition and renovation, and \$23,908,353 to pay for campus additions and renovations. The remaining debt within the governmental funds reflects the Township's share of county debt for various storm sewer projects. All governmental activity debt is being paid for via ad valorem property tax levies. There was a reduction to governmental debt of \$2,425,779 and additions of \$952,818.

The Township had total business-type debt outstanding, including amounts due within one year, of \$15,511,402. 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 percent of its total assessed valuation. The Township currently is nowhere near having any issue with this limitation.

As a result of recent bond sales over the last five years amounting to over \$65,000,000, much of the Township's major infrastructure and facility needs should be taken care of well into the future. However there are still some roadway, and water and sewer infrastructure challenges ahead in the near term that will likely necessitate new debt issues.

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR BUDGET AND RATES

The Township's present financial condition in both the governmental and the business-type funds is very good. By far the most pressing financial concern is the current condition of the residential housing market and its detrimental effect on property tax revenues. Property tax revenue increases are restricted by law and could also become subject to a level of volatility that did not exist in the decades prior to the recent steep decline in property values. Consequently, the most likely financial relief will have to come from improving investment revenue and hopefully increasing sales tax revenue sharing from the state. State revenue sharing increased slightly this year, but historically is still low. Additionally, we continue to experience extremely poor investment returns due to the extraordinarily low interest rate environment. The decline in these three largest sources of revenue has caused a very significant financial challenge for Township management that will likely continue at least in the near term. Management's ability to find ways to continue to contain expenditures in this challenging financial environment will determine the long-term outlook for the Township's ability to provide services. New opportunities still may exist and are being explored within the Township's strategic plan to help in meeting the challenge. However, quite often the greater the potential benefit the more difficult the potential solution becomes. The area of greatest opportunity to reduce expenditures and/or increase revenues would be to combine services with other governments to gain economies of scale that do not currently exist. Opportunities to combine or provide services to other communities are proving to be very difficult to accomplish as the smaller units of government are reluctant to give up their autonomy. These types of solutions continue to present very serious complications and challenges making it almost impossible for a quick solution. 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 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.

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 Hills, MI 48302. The Township's comprehensive strategic plan and current budget information are available on the Township website: www.bloomfieldtp.org.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF NET ASSETS

March 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Library
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 2,954,416	844,204	\$ 3,798,620	\$ 917,294
Marketable securities	30,791,762	13,615,689	44,407,451	7,615,077
Receivables	22,956,042	4,541,694	27,497,736	26,989
Due from component unit	318,505	-	318,505	-
Prepaid items	5,268,770	-	5,268,770	10,845
Inventory	402,333	123,147	525,480	-
TOTAL CURRENT ASSETS	62,691,828	19,124,734	81,816,562	8,570,205
NONCURRENT ASSETS				
CAPITAL ASSETS				
Nondepreciable assets				
Land	828,648	-	828,648	131,015
Other	-	2,973,200	2,973,200	-
Depreciable assets				
Land improvements	22,754,400	-	22,754,400	-
Building	45,182,750	-	45,182,750	26,677,568
Machinery, furniture and equipment	20,655,067	1,933,036	22,588,103	4,469,052
Library books & audiovisual materials	-	-	-	4,753,159
Investment in system	13,082,267	81,176,593	94,258,860	-
Less accumulated depreciation	(44,924,572)	(36,529,021)	(81,453,593)	(9,401,864)
TOTAL CAPITAL ASSETS	57,578,560	49,553,808	107,132,368	26,628,930
OTHER ASSETS				
Bond issue costs	-	132,331	132,331	-
TOTAL OTHER ASSETS	-	132,331	132,331	-
TOTAL NONCURRENT ASSETS	57,578,560	49,686,139	107,264,699	26,628,930
TOTAL ASSETS	120,270,388	68,810,873	189,081,261	35,199,135
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	1,496,368	2,228,912	3,725,280	122,427
Unearned revenue	28,263	51,800	80,063	-
Due to primary government	-	-	-	319,254
Amounts due within one year	2,370,090	621,279	2,991,369	167,335
TOTAL CURRENT LIABILITIES	3,894,721	2,901,991	6,796,712	609,016
NONCURRENT LIABILITIES				
Postemployment benefit obligations	20,539,890	1,491,508	22,031,398	1,065,980
Amounts due in more than one year	46,524,001	14,890,123	61,414,124	286,962
TOTAL NONCURRENT LIABILITIES	67,063,891	16,381,631	83,445,522	1,352,942
TOTAL LIABILITIES	70,958,612	19,283,622	90,242,234	1,961,958
NET ASSETS				
Invested in capital assets net of related debt	32,363,327	34,628,809	66,992,136	26,628,930
Restricted for:				
Debt service	3,430,357	317,611	3,747,968	-
Roads and safety paths	2,747,577	-	2,747,577	-
Public safety	-	-	-	-
Community enrichment	89,949	-	89,949	-
Water & Sewer improvements	-	10,130,314	10,130,314	-
Gifts	-	-	-	155,986
Unrestricted assets	10,680,566	4,450,517	15,131,083	6,452,261
TOTAL NET ASSETS	\$ 49,311,776	\$ 49,527,251	\$ 98,839,027	\$ 33,237,177

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF ACTIVITIES

Year Ended March 31, 2013

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Revenue Charges for Services</u>	<u>Net (Expense) Revenue</u>
PRIMARY GOVERNMENT			
Governmental activities:			
Legislative	\$ 16,641	\$ -	\$ (16,641)
Judicial	1,838,639	1,478,046	(360,593)
General government	9,165,338	2,747,227	(6,418,111)
Public works	6,046,755	43,106	(6,003,649)
Public safety	28,281,388	1,250,745	(27,030,643)
Community enrichment and development	3,633,174	2,453,097	(1,180,077)
Debt service	1,633,506	-	(1,633,506)
Other	131,368	-	(131,368)
TOTAL GOVERNMENTAL ACTIVITIES	50,746,809	7,972,221	(42,774,588)
Business-type activities:			
Water & Sewer	19,204,245	22,954,275	3,750,030
TOTAL PRIMARY GOVERNMENT	\$ 69,951,054	\$ 30,926,496	\$ (39,024,558)
COMPONENT UNIT			
Library	\$ 6,260,237	\$ 13,729	\$ (6,246,508)

continued...

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF ACTIVITIES (CONCLUDED)

Year Ended March 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Library
CHANGES IN NET ASSETS				
Net (expense) revenue	\$ (42,774,588)	\$ 3,750,030	\$ (39,024,558)	\$ (6,246,508)
General revenues:				
Taxes and assessments	34,980,958	-	34,980,958	4,442,311
Circulation revenue	-	-	-	133,128
Federal grants	135,381	3,418	138,799	-
State shared revenue	2,998,826	-	2,998,826	19,448
Reimbursements	873,714	5,346	879,060	-
Miscellaneous	571,613	10,427	582,040	158,035
Unrestricted investment earnings	527,438	75,246	602,684	81,996
Contributions from developers	-	311,901	311,901	-
Transfers	(4,883)	4,883	-	-
TOTAL GENERAL REVENUES AND TRANSFERS	<u>40,083,047</u>	<u>411,221</u>	<u>40,494,268</u>	<u>4,834,918</u>
CHANGE IN NET ASSETS	(2,691,541)	4,161,251	1,469,710	(1,411,590)
NET ASSETS, beginning of year	<u>52,003,317</u>	<u>45,366,000</u>	<u>97,369,317</u>	<u>34,648,767</u>
NET ASSETS, end of year	<u>\$ 49,311,776</u>	<u>\$ 49,527,251</u>	<u>\$ 98,839,027</u>	<u>\$ 33,237,177</u>

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

FUND FINANCIAL STATEMENTS

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

BALANCE SHEET GOVERNMENTAL FUNDS March 31, 2013

	General	Road	Public Safety	Drain at-Large	Library Debt Retirement	Campus Construction Debt Retirement	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 187,924	\$ 129,317	\$ 803,599	\$ 21,160	\$ 97,874	\$ 84,725	\$ 1,631,242	\$ 2,955,841
Marketable securities	3,031,890	2,118,614	12,567,972	315,242	1,543,760	1,367,596	9,846,688	30,791,762
Receivables (net)								
Delinquent taxes	1,576,917	-	-	-	-	-	-	1,576,917
Component unit	318,505	-	-	-	-	-	-	318,505
Special assessment, voted millage	-	-	-	-	17,570,000	24,000,000	-	41,570,000
Other	1,061,001	16,266	136,819	-	-	-	431,768	1,645,854
Prepaid items	5,268,770	-	-	-	-	-	-	5,268,770
Inventory	228,529	173,803	-	-	-	-	-	402,332
Other assets	-	-	-	-	-	91,646	-	91,646
TOTAL ASSETS	\$ 11,673,536	\$ 2,438,000	\$ 13,508,390	\$ 336,402	\$ 19,211,634	\$ 25,543,967	\$ 11,909,698	\$ 84,621,627
LIABILITIES								
Accounts payable and accrued expenses	\$ 174,842	\$ 89,397	\$ 242,588	\$ -	\$ -	\$ -	\$ 114,480	\$ 621,307
Deferred revenue	-	-	-	-	17,570,000	24,000,000	-	41,570,000
TOTAL LIABILITIES	174,842	89,397	242,588	-	17,570,000	24,000,000	114,480	42,191,307
FUND BALANCES								
Nonspendable:								
Inventory and prepaid items	\$ 5,497,299	\$ 173,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,671,102
Long-term advances receivable	113,750	-	-	-	-	-	-	113,750
Restricted:								
Debt service	-	-	-	336,402	1,641,634	1,543,967	-	3,522,003
Roads and safety paths	-	2,174,800	-	-	-	-	1,806,740	3,981,540
Public safety	-	-	13,265,802	-	-	-	918,983	14,184,785
Community enrichment	-	-	-	-	-	-	89,948	89,948
Assigned:								
Community enrichment	-	-	-	-	-	-	7,815,751	7,815,751
Building inspection	-	-	-	-	-	-	1,163,796	1,163,796
Unassigned	5,887,645	-	-	-	-	-	-	5,887,645
TOTAL FUND BALANCES	11,498,694	2,348,603	13,265,802	336,402	1,641,634	1,543,967	11,795,218	42,430,320
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,673,536	\$ 2,438,000	\$ 13,508,390	\$ 336,402	\$ 19,211,634	\$ 25,543,967	\$ 11,909,698	\$ 84,621,627

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
March 31, 2013**

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 42,430,320

Amounts reported for governmental activities in the statement of net assets are different because:

Adjustments required to convert balances to full accrual basis from modified accrual basis.

Add: service receivable	19,001
Add: special assessment receivable	19,714,268
Deduct: other assets	(91,646)
Deduct: accounts payable	(1,683,500)
Deduct: accrued interest payable	(678,186)
Deduct: deferred revenue	(28,263)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add: capital assets	102,503,132
Deduct: accumulated depreciation	(44,924,572)

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct: contracts and loans payable	(47,408,888)
Deduct: postemployment benefit obligations	(20,539,890)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 49,311,776

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS Year Ended March 31, 2013

	<u>General</u>	<u>Road</u>	<u>Public Safety</u>	<u>Drain at-Large</u>	<u>Library Debt Retirement</u>	<u>Campus Construction Debt Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE								
Taxes and assessments	\$ 7,108,526	\$ 2,207,792	\$ 19,184,717	\$ 1,201,017	\$ 1,693,873	\$ 1,632,186	\$ 3,032,827	\$ 36,060,938
Grants	-	46,489	66,841	-	-	-	22,807	136,137
Road fund repayments	-	642,130	-	-	-	-	-	642,130
State shared revenues	2,998,826	-	-	-	-	-	-	2,998,826
Charges for services	590,742	16	1,193,877	-	-	-	333,414	2,118,049
Licenses, permits and fees	60,010	43,090	14,116	-	-	-	3,095,722	3,212,938
Investment	527,438	-	-	-	-	-	-	527,438
Fines and forfeitures	1,487,332	-	-	-	-	-	43,328	1,530,660
Rent	779,953	-	-	-	-	-	-	779,953
Fees	-	-	-	-	-	-	327,734	327,734
Reimbursements	153,906	18,294	35,143	-	-	-	24,241	231,584
Miscellaneous	464,320	29,541	56,499	-	-	-	21,247	571,607
TOTAL REVENUE	<u>14,171,053</u>	<u>2,987,352</u>	<u>20,551,193</u>	<u>1,201,017</u>	<u>1,693,873</u>	<u>1,632,186</u>	<u>6,901,320</u>	<u>49,137,994</u>
EXPENDITURES								
Operating:								
Legislative	16,641	-	-	-	-	-	-	16,641
Judicial	1,838,639	-	-	-	-	-	-	1,838,639
General government	6,396,990	-	-	-	-	-	870,578	7,267,568
Public works	-	3,328,019	-	-	-	-	70,457	3,398,476
Public safety	379,846	-	23,223,527	-	-	-	478,227	24,081,600
Community enrichment and development	279,157	-	-	-	-	-	2,815,890	3,095,047
Debt service	-	-	-	203,336	15,177	20,084	-	238,597
Other	131,368	-	-	-	-	-	-	131,368
Capital outlay:								
Capital outlay	112,795	290,593	433,472	-	-	-	1,413,837	2,250,697
Debt service:								
Principal retirement	-	-	-	930,560	1,000,000	500,000	-	2,430,560
Interest and fiscal charges	-	-	-	216,306	390,372	1,060,725	-	1,667,403
TOTAL EXPENDITURES	<u>9,155,436</u>	<u>3,618,612</u>	<u>23,656,999</u>	<u>1,350,202</u>	<u>1,405,549</u>	<u>1,580,809</u>	<u>5,648,989</u>	<u>46,416,596</u>
REVENUES OVER (UNDER) EXPENDITURES	5,015,617	(631,260)	(3,105,806)	(149,185)	288,324	51,377	1,252,331	2,721,398
OTHER FINANCING SOURCES (USES)								
Transfers in	-	660,000	3,135,000	-	-	-	190,000	3,985,000
Transfers out	(4,485,000)	-	-	-	-	-	-	(4,485,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,485,000)</u>	<u>660,000</u>	<u>3,135,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,000</u>	<u>(500,000)</u>
NET CHANGE IN FUND BALANCES	530,617	28,740	29,194	(149,185)	288,324	51,377	1,442,331	2,221,398
FUND BALANCES, beginning of year	<u>10,968,077</u>	<u>2,319,863</u>	<u>13,236,608</u>	<u>485,587</u>	<u>1,353,310</u>	<u>1,492,590</u>	<u>10,352,887</u>	<u>40,208,922</u>
FUND BALANCES, end of year	<u>\$ 11,498,694</u>	<u>\$ 2,348,603</u>	<u>\$ 13,265,802</u>	<u>\$ 336,402</u>	<u>\$ 1,641,634</u>	<u>\$ 1,543,967</u>	<u>\$ 11,795,218</u>	<u>\$ 42,430,320</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 CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended March 31, 2013**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,221,398

Amounts reported for governmental activities in the statement of activities are different because:

Adjustments required to convert balances to full accrual basis from modified accrual basis.

Add: service receivables		3,392
Add: deposits and accrued expenses		(33,472)
Deduct: Special assessment receivables		(185,554)
Deduct: deferred revenue		(689)
Add: accrual for interest		(80,056)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: transfers of capital assets	78,131	
Add: capital outlay	<u>2,340,054</u>	
Net additions		2,418,185
Deduct: depreciation expense		(3,925,421)
Deduct: transfers of capital assets	<u>(83,014)</u>	
Net disposals		(83,014)

Governmental funds report bond proceeds as revenues. However, in the statement of net assets, the receipt of those assets are allocated to the marketable securities and expenses related to the project.

Deduct: bond proceeds		(895,000)
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net assets.

Add: principal payments on long term liabilities, net of forgiveness		2,430,560
Add: decrease in the accrual for compensated absences		(57,818)
Deduct: increase in the accrual for post employment benefits		<u>(4,504,052)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (2,691,541)

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL
GENERAL FUND
Year Ended March 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Taxes and assessments	\$ 7,163,000	\$ 7,163,000	\$ 7,108,526	\$ (54,474)
State shared revenues	2,900,000	2,900,000	2,998,826	98,826
Charges for services	592,800	592,800	590,742	(2,058)
Licenses, permits and fees	49,500	49,500	60,010	10,510
Investment	575,000	575,000	527,438	(47,562)
Fines and forfeitures	1,607,000	1,607,000	1,487,332	(119,668)
Rent	746,913	746,913	779,953	33,040
Reimbursements	110,000	110,000	153,906	43,906
Miscellaneous	175,000	175,000	464,320	289,320
TOTAL REVENUE	13,919,213	13,919,213	14,171,053	251,840
EXPENDITURES				
Current				
Legislative	22,000	22,000	16,641	(5,359)
Judicial	1,775,000	1,775,000	1,838,639	63,639
General government	6,366,750	6,366,750	6,396,990	30,240
Public safety	398,500	398,500	379,846	(18,654)
Community enrichment and development	340,500	340,500	279,157	(61,343)
Other	124,000	124,000	131,368	7,368
Capital outlay	160,000	160,000	112,795	(47,205)
TOTAL EXPENDITURES	9,186,750	9,186,750	9,155,436	(31,314)
REVENUES OVER (UNDER) EXPENDITURES	4,732,463	4,732,463	5,015,617	283,154
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(4,725,000)	(4,725,000)	(4,485,000)	240,000
TOTAL OTHER FINANCING SOURCES (USES)	(4,725,000)	(4,725,000)	(4,485,000)	240,000
NET CHANGE IN FUND BALANCES	7,463	7,463	530,617	523,154
FUND BALANCES, beginning of year	10,968,077	10,968,077	10,968,077	-
FUND BALANCES, end of year	\$ 10,975,540	\$ 10,975,540	\$ 11,498,694	\$ 523,154

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL
ROAD FUND
Year Ended March 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Taxes	\$ 2,226,000	\$ 2,226,000	\$ 2,207,792	\$ (18,208)
Street lighting income	40,000	40,000	43,090	3,090
Road commission repayments	607,000	607,000	607,499	499
Sale of assets	2,500	2,500	19,942	17,442
Charges for services	2,000	2,000	16	(1,984)
Other revenues	31,500	31,500	109,013	77,513
TOTAL REVENUE	2,909,000	2,909,000	2,987,352	78,352
EXPENDITURES				
Public works				
Salaries and wages	1,005,000	1,005,000	1,010,028	5,028
Payroll taxes	77,000	77,000	75,893	(1,107)
Life and health insurance	204,000	204,000	211,460	7,460
Retirement plan	271,000	271,000	296,508	25,508
Retiree health care	220,000	220,000	211,081	(8,919)
Matching funds-road improvements	100,000	100,000	100,000	-
Workers compensation insurance	20,000	20,000	20,778	778
Sick pay	12,000	12,000	(8,705)	(20,705)
Other employee fringe benefits	1,000	1,000	2,208	1,208
Office supplies	3,000	3,000	1,890	(1,110)
Operating supplies	19,500	19,500	16,044	(3,456)
Professional services	56,000	56,000	96,052	40,052
Contractors	610,000	610,000	313,572	(296,428)
Communications	12,500	12,500	9,105	(3,395)
Transportation	105,000	105,000	94,069	(10,931)
Insurance and bonds	45,000	45,000	35,537	(9,463)
Repairs and maintenance supplies	744,500	744,500	640,594	(103,906)
Training expenses	-	-	-	-
Miscellaneous	198,000	198,000	201,905	3,905
Capital outlay	261,000	261,000	290,593	29,593
TOTAL EXPENDITURES	3,964,500	3,964,500	3,618,612	(345,888)
REVENUES OVER (UNDER) EXPENDITURES	(1,055,500)	(1,055,500)	(631,260)	424,240
OTHER FINANCING SOURCES (USES)				
Transfers in	1,075,000	1,075,000	660,000	(415,000)
NET CHANGE IN FUND BALANCES	19,500	19,500	28,740	9,240
FUND BALANCES, beginning of year	2,319,863	2,319,863	2,319,863	-
FUND BALANCES, end of year	\$ 2,339,363	\$ 2,339,363	\$ 2,348,603	\$ 9,240

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET & ACTUAL
PUBLIC SAFETY FUND
Year Ended March 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Taxes and assessments	\$ 19,342,000	\$ 19,342,000	\$ 19,184,717	\$ (157,283)
Grants	-	-	66,841	66,841
Charges for services	1,115,000	1,115,000	1,193,877	78,877
Liquor license rebates	14,000	14,000	14,116	116
Reimbursements	45,000	45,000	35,143	(9,857)
Miscellaneous	30,000	30,000	56,499	26,499
TOTAL REVENUE	20,546,000	20,546,000	20,551,193	5,193
EXPENDITURES				
Public safety				
Salaries and wages	12,039,000	12,039,000	11,821,897	(217,103)
Payroll taxes	921,000	921,000	910,450	(10,550)
Life and health insurance	2,724,900	2,724,900	2,692,057	(32,843)
Retirement plan	3,410,500	3,410,500	3,542,268	131,768
Workers compensation insurance	261,000	261,000	262,098	1,098
Sick pay	143,000	143,000	134,411	(8,589)
Other employee fringe benefits	2,022,500	2,022,500	1,910,942	(111,558)
Office supplies	28,000	28,000	24,166	(3,834)
Operating supplies	146,500	146,500	145,553	(947)
Professional services	254,000	254,000	266,847	12,847
Communications	53,000	53,000	46,697	(6,303)
Transportation	235,000	235,000	239,854	4,854
Insurance and bonds	335,000	335,000	282,832	(52,168)
Repair and maintenance	446,000	446,000	501,260	55,260
Training expenses	10,000	10,000	21,386	11,386
Public utilities	70,000	70,000	67,820	(2,180)
Miscellaneous	303,000	303,000	352,989	49,989
Capital outlay	559,000	559,000	433,472	(125,528)
TOTAL EXPENDITURES	23,961,400	23,961,400	23,656,999	(304,401)
REVENUES OVER (UNDER) EXPENDITURES	(3,415,400)	(3,415,400)	(3,105,806)	309,594
OTHER FINANCING SOURCES (USES)				
Transfers in	3,450,000	3,450,000	3,135,000	(315,000)
NET CHANGE IN FUND BALANCES	34,600	34,600	29,194	(5,406)
FUND BALANCES, beginning of year	13,236,608	13,236,608	13,236,608	-
FUND BALANCES, end of year	\$ 13,271,208	\$ 13,271,208	\$ 13,265,802	\$ (5,406)

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**STATEMENT OF NET ASSETS
PROPRIETARY FUND**

March 31, 2013

	<u>Water & Sewer</u>
ASSETS	
CURRENT ASSETS	
Cash, cash equivalents and investments	
Unrestricted	\$ 218,492
Restricted	625,712
Marketable Securities	
Unrestricted	13,615,689
Receivables (net)	
Customers	4,463,046
Other	78,648
Inventory	123,147
TOTAL CURRENT ASSETS	19,124,734
CAPITAL ASSETS	
Machinery and equipment	1,933,036
Investment in system	84,149,793
	86,082,829
Less accumulated depreciation	(36,529,021)
NET CAPITAL ASSETS	49,553,808
OTHER ASSETS	
Bond issue costs	132,331
TOTAL OTHER ASSETS	132,331
TOTAL ASSETS	\$ 68,810,873
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 2,228,912
Unearned revenue	51,800
Amounts due within one year	621,279
TOTAL CURRENT LIABILITIES	2,901,991
NONCURRENT LIABILITIES	
Postemployment benefit obligation	1,491,508
Amounts due in more than one year	14,890,123
TOTAL NONCURRENT LIABILITIES	16,381,631
TOTAL LIABILITIES	19,283,622
NET ASSETS	
Invested in capital assets, net of related debt	34,628,809
Restricted	10,447,925
Unrestricted	4,450,517
TOTAL NET ASSETS	\$ 49,527,251

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 Year Ended March 31, 2013**

	Water & Sewer
OPERATING REVENUES	
Water sales	\$ 11,066,715
Sewer usage	10,122,850
Debt service charges	1,136,563
Privilege fees	215,000
Tap sales	13,500
Meter material and service sales	131,576
Water capital charges	19,900
Late payment penalties	248,171
Federal grants	3,418
TOTAL OPERATING REVENUES	22,957,693
DIRECT COSTS	
Water purchased	7,412,389
Treatment charges	5,381,938
Depreciation	1,694,918
Tap costs	11,157
Meter, materials and service costs	68,942
TOTAL DIRECT COSTS	14,569,344
OPERATING AND ADMINISTRATIVE EXPENSES	4,009,204
OPERATING PROFIT	4,379,145
NONOPERATING REVENUES (EXPENSES)	
Interest	75,246
Miscellaneous	16,280
Loss on sale of capital assets	(5,853)
Reimbursements	5,346
Interest	(625,697)
TOTAL NONOPERATING REVENUES (EXPENSES)	(534,678)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	3,844,467
CONTRIBUTIONS AND TRANSFERS	
Transfer in (out) of capital assets	4,883
Contributions from developers	311,901
TOTAL CONTRIBUTIONS AND TRANSFERS	316,784
CHANGE IN NET ASSETS	4,161,251
NET ASSETS, beginning of year	45,366,000
NET ASSETS, end of year	\$ 49,527,251

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, 2013**

	<u>Water & Sewer</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 21,806,773
Receipts from other governments	3,418
Receipts from miscellaneous	628,147
Payments to employees and suppliers	<u>(16,356,827)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,081,511
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Advances to other governments	-
Receipts from other governments	<u>5,346</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	5,346
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
General obligation contracts with County	
Principal payments	(656,097)
Interest and fiscal charges	(625,697)
Bond costs	8,482
Transfer in (out) of capital assets	4,883
Proceeds from sale of capital assets	12,095
Purchase of capital assets	<u>(2,214,030)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(3,470,364)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(3,180,529)
Investment income	75,246
Miscellaneous	<u>16,280</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,089,003)</u>
NET DECREASE IN CASH, EQUIVALENTS AND INVESTMENTS	(472,510)
CASH, EQUIVALENTS AND INVESTMENTS, beginning of year	<u>1,316,714</u>
CASH, EQUIVALENTS AND INVESTMENTS, end of year	<u><u>\$ 844,204</u></u>
STATEMENT OF NET ASSETS CLASSIFICATION OF CASH, EQUIVALENTS AND INVESTMENTS	
Unrestricted	\$ 218,492
Restricted	<u>625,712</u>
TOTALS	<u><u>\$ 844,204</u></u>

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF CASH FLOWS (CONCLUDED)
PROPRIETARY FUND
Year Ended March 31, 2013

	<u>Water & Sewer</u>
RECONCILIATION OF OPERATING PROFIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating profit	\$ 4,379,145
Adjustments to reconcile operating profit to net cash provided by operating activities:	
Depreciation	1,694,918
(Increase) decrease in:	
Receivables from customers	(522,549)
Receivables from others	(11,526)
Inventory	1,090
Increase (decrease) in:	
Accounts payable and accrued expenses	24,207
Unearned revenue	14,720
Postemployment benefits	472,898
Employee compensated absences	28,608
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 6,081,511</u>
NONCASH CAPITAL FINANCING ACTIVITIES	

Capital assets of \$311,901 were acquired through contributions from developers.

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
March 31, 2013**

	<u>Pension & Other Employee Benefit Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash	\$ 500,000	\$ 710,907
Investments		
Mutual funds	2,895,260	1,951,721
Insurance company guaranteed investment mutual fund	116,043,471	-
Insurance company stock mutual funds	13,158,784	-
Contribution receivable	<u>198,627</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 132,796,142</u></u>	<u><u>\$ 2,662,628</u></u>
Dividends		
LIABILITIES		
Employees' compensated absences	\$ -	\$ 2,074,579
Accounts payable and withholdings	-	102,470
Deposits and other liabilities		
Escrow deposits	-	195,766
Refundable deposits	-	114,735
Other	<u>-</u>	<u>175,078</u>
TOTAL LIABILITIES	<u>-</u>	<u><u>\$ 2,662,628</u></u>
Held in trust for pension and other employee benefits	<u>132,796,142</u>	
TOTAL NET ASSETS	<u><u>\$ 132,796,142</u></u>	

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

Year ended March 31, 2013

	<u>Pension & Other Employee Benefit Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 13,242,725
Employee	429,051
Total contributions	<u>13,671,776</u>
Investment income:	
Net change in fair value of investments	1,517,004
Interest	5,566,137
Dividends	317,738
Total investment income	<u>7,400,879</u>
TOTAL ADDITIONS	21,072,655
DEDUCTIONS	
Distributions	11,149,170
Administrative fees	80,450
TOTAL DEDUCTIONS	<u>11,229,620</u>
CHANGE IN NET ASSETS	9,843,035
NET ASSETS, beginning of year	<u>122,953,107</u>
NET ASSETS, end of year	<u><u>\$ 132,796,142</u></u>

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

March 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies 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.

A. Financial Reporting Entity

1. 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.

2. 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 Township's Clerk's office.

3. 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 is not a component unit of the Township.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 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.

C. 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 (CONTINUED)

March 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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.

Drain at Large

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.

Library Debt Retirement

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.

Campus Construction Debt Retirement

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 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.

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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The *Defined Contribution plan* 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.

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. 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.

D. Assets, Liabilities and Fund Equity

1. Cash, Cash Equivalents and Investments

a. 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.

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

c. 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.

2. 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."

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

3. Inventory

Inventory is recorded at the lower of cost or market, with cost determined on a first-in, first-out basis. Market is based on the lower of replacement cost or realizable value. 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.

4. 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.

5. Restricted Assets

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

6. 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 two years. 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.

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

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

7. 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 assets. 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.

8. 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.

Each year, cash is transferred to the Agency Fund for accumulated sick pay at the end of the fiscal year. The sick pay liability is reported as a compensating balance to the cash restricted in the fund for payment of sick pay benefits.

As of March 31, 2013, 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.

9. 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.

10. Fund Balance Policies

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

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

Fund Balance Properties (Continued)

The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the Township's highest level of decision making authority. The Township's Board of Trustees (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 Township's 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.

11. 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.

12. 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.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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 required are adopted on a total category 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

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

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

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
Cash & Cash Equivalents	\$ 2,954,416	\$ 844,204	\$ 710,907	\$ 4,509,527	\$ 917,294
Investments	<u>30,791,762</u>	<u>13,615,689</u>	<u>1,951,721</u>	<u>46,359,172</u>	<u>7,615,077</u>
Total	<u>\$33,746,178</u>	<u>\$14,459,893</u>	<u>\$2,662,628</u>	<u>\$50,868,699</u>	<u>\$8,532,371</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 \$5,620,047 of which \$250,000 is covered by federal depository insurance and \$5,370,047 is collateralized under an agreement with the bank. The component unit had bank deposits (certificates of deposit, checking, and savings accounts) of approximately \$272,000 that were uninsured and uncollateralized.

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. The following is an illustration, with the level of investment displayed as a percentage of total investments exposed to credit risk.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

III. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk (Continued)

**Credit Quality Distribution of Securities
With Credit Exposure as a Percentage of Total Investments**

Primary Government Investment

Money market funds	\$ 1,689	Not Rated	.005%
Fixed income mutual funds	\$ 45,899,442	Not Rated	99.032%
	\$ 333,854	Not Rated	0.703%
	\$ 124,187	Not Rated	0.260%
Certificates of deposit	\$ -	Not Rated	0.000%

Component Unit Investment

Money market funds	\$ 90	Not Rated	0.001%
Fixed income mutual funds	\$ 7,614,987	Not Rated	99.999%

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	\$ 1,689	\$ 1,689	\$ -
Fixed income mutual funds*	\$ 46,357,483	\$ 883,782	\$ 45,473,701
Certificates of deposit	\$ -	\$ -	\$ -

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

CHARTER TOWNSHIP OF BLOOMFIELD
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2013

IV. RECEIVABLES

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

	General Fund	Road	Public Safety	Drain at Large	Library Debt Retirement	Campus Construction Debt Retirement	Water & Sewer	Non Major & Other	Total
Delinquent taxes	\$ 1,576,917	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,576,917
Accounts receivable	-	-	-	-	-	-	4,541,694	-	4,541,694
Component unit	318,505	-	-	-	-	-	-	-	318,505
Special assessment, voted millage	-	-	-	2,144,268	17,570,000	-	-	-	19,714,268
Interest & other receivables	1,061,000	16,266	136,819	-	-	-	-	450,772	1,664,857
Net receivables	\$ 2,956,422	\$ 16,266	\$ 136,819	\$ 2,144,268	\$ 17,570,000	\$ -	\$ 4,541,694	\$ 450,772	\$ 27,816,241
Amounts not scheduled for collection during subsequent year	\$ -	\$ -	\$ -	\$ -	\$ 16,385,000	\$ -	\$ -	\$ -	\$ 16,385,000

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 resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Special Assessments	\$ <u>19,714,268</u>	\$ <u>28,263</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

V. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 828,648	\$ -	\$ -	\$ 828,648
Subtotal	828,648	-	-	828,648
Capital assets being depreciated				
Buildings	45,182,750	-	-	45,182,750
Improvements other than buildings	21,467,851	1,286,549	-	22,754,400
Machinery and equipment	20,698,966	746,759	(790,658)	20,655,067
Infrastructure	12,697,390	384,877	-	13,082,267
Subtotal	100,046,957	2,418,185	(790,658)	101,674,484
Less accumulated depreciation for				
Buildings	10,046,075	1,110,939	-	11,157,014
Improvements other than buildings	9,620,111	1,451,274	-	11,071,385
Machinery and equipment	15,462,831	1,109,105	(707,646)	15,864,290
Infrastructure	6,577,780	254,103	-	6,831,883
Subtotal	41,706,797	3,925,421	(707,646)	44,924,572
Net capital assets being depreciated	58,340,160	(1,507,236)	(83,012)	56,749,912
Governmental activities total				
Capital assets - net of depreciation	\$ 59,168,808	\$ (1,507,236)	\$ (83,012)	\$ 57,578,560
Business-Type Activities				
Capital assets not being depreciated				
Improvements to systems	\$ 2,973,200	\$ -	\$ -	\$ 2,973,200
Subtotal	2,973,200	-	-	2,973,200
Capital assets being depreciated				
Improvements to systems	50,936,998	2,059,558	-	52,996,556
Machinery and equipment	1,513,511	496,356	(76,831)	1,933,036
Township share of county sewers	28,180,037	-	-	28,180,037
Subtotal	80,630,546	2,555,914	(76,831)	83,109,629
Less accumulated depreciation for				
Improvements to systems	20,413,420	1,031,934	-	21,445,354
Machinery and equipment	1,128,306	99,383	(28,903)	1,198,786
Township share of county sewers	13,321,280	563,601	-	13,884,881
Subtotal	34,863,006	1,694,918	(28,903)	36,529,021
Net capital assets being depreciated	45,767,540	860,996	(105,734)	46,580,608
Business-type activities total				
Capital assets - net of depreciation	\$ 48,740,740	\$ 860,996	\$ (47,928)	\$ 49,553,808

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2013

V. CAPITAL ASSETS (Continued)

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

Governmental Activities	
General government	\$ 521,191
Public safety	2,357,794
Public works	808,026
Community enrichment and development	<u>238,410</u>
Total Governmental Activities	<u>\$ 3,925,421</u>
Business-Type Activities	
Water & Sewer	<u>\$1,694,918</u>

Capital asset activity of the Component Unit was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 131,015	\$ -	\$ -	\$ 131,015
Subtotal	131,015	-	-	131,015
Capital assets being depreciated				
Buildings	26,677,568	-	-	26,677,568
Furniture and equipment	4,408,310	116,312	(55,570)	4,469,052
Library books and audiovisual materials	<u>4,682,950</u>	<u>576,218</u>	<u>(506,009)</u>	<u>4,753,159</u>
Subtotal	35,768,828	692,530	(561,579)	35,899,779
Less accumulated depreciation:				
Buildings	(3,603,455)	(444,626)	-	(4,048,081)
Furniture and equipment	(2,229,775)	(454,085)	(42,284)	(2,641,576)
Library books and audiovisual materials	<u>(2,611,251)</u>	<u>(609,965)</u>	<u>(506,009)</u>	<u>(2,712,207)</u>
Total accumulated depreciation	(8,444,481)	(1,505,676)	(548,293)	(9,401,864)
Net capital assets being depreciated	<u>27,324,347</u>	<u>(813,146)</u>	<u>(13,286)</u>	<u>26,497,915</u>
Net capital assets	<u>\$27,455,362</u>	<u>\$ (813,146)</u>	<u>\$ (13,286)</u>	<u>\$26,628,930</u>

Capital assets, including library books, are recorded at cost. Depreciation expense was \$1,505,676 for the year ended March 31, 2013.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

VI. 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 assets/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>Transfers Out</u>
Interfund transfers		
General Fund	\$ -	\$ 3,989,883
Road Fund	660,000	-
Public Safety Fund	3,135,000	-
Non-major Governmental Funds	190,000	-
Water & Sewer Fund	<u>4,883</u>	<u>-</u>
	<u>\$ 3,989,883</u>	<u>\$ 3,989,883</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.

VII. 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 re-assessment 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 (CONTINUED)

March 31, 2013

VII. 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	2-7%	2025	\$ 6,861,095	-	\$ (930,560)	\$5,930,535	\$ 685,090
Library Construction bond	2-5%	2025	17,675,000	895,000	(1,000,000)	17,570,000	1,185,000
General Construction bond	5.5%	2032	24,403,572	-	(495,219)	23,908,353	500,000
Employees compensated absences	-	N/A	<u>1,427,385</u>	<u>57,818</u>	<u>-</u>	<u>1,485,203</u>	<u>-</u>
Total Governmental Activities			<u>\$50,367,052</u>	<u>\$ 952,818</u>	<u>\$(2,425,779)</u>	<u>\$48,894,091</u>	<u>\$2,370,090</u>
Business-Type Activities							
County water & sewer contract	2-7%	2026	\$16,041,369	\$ -	\$ (656,097)	\$15,385,272	\$ 621,279
Employees compensated absences	N/A	N/A	<u>97,522</u>	<u>28,608</u>	<u>-</u>	<u>126,130</u>	<u>-</u>
Total Business-Type Activities			<u>\$16,138,891</u>	<u>\$ 28,608</u>	<u>\$(656,097)</u>	<u>\$15,511,402</u>	<u>\$ 621,279</u>

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

Year End March 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 2,370,090	\$ 1,707,440	\$ 621,279	\$ 572,023
2015	2,709,389	1,572,031	843,667	549,058
2016	2,880,278	1,487,996	843,667	523,613
2017	2,810,462	1,412,672	795,342	497,917
2018	2,556,887	1,342,389	700,000	473,012
2019 – 2023	12,533,951	5,636,574	4,750,000	1,899,388
2024 – 2028	10,629,303	3,516,977	5,900,000	868,419
2029 – 2033	<u>11,010,175</u>	<u>1,340,382</u>	<u>1,000,000</u>	<u>68,625</u>
	<u>\$47,500,535</u>	<u>\$18,016,461</u>	<u>\$15,453,955</u>	<u>\$5,452,055</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

VIII. AGREEMENTS

A. Franchise Agreements

The Township has entered into an agreement with Comcast under which it granted that company a non-exclusive franchise to provide cable television services in the Township. This agreement, which expires October 14, 2014, provides 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 \$942,975.

B. Lessor Agreements

The General Fund rents the use of the Courthouse under a lease expiring October 31, 2016 to the State of Michigan 48th Judicial District Court. Rent income for the year was \$538,039.

The General Fund leases land for mobile telecommunications broadcast towers under four separate agreements. Each agreement expires July 31, July 31, December 31 and January 31 and required annual rental payments of \$21,985, \$21,637, \$23,005 and \$22,816 respectively. These agreements all have predetermined extension terms which call for 5% annual increases.

Lease commitments, for lease income, for the next five years ending March 31 are as follows:

	<u>General</u>
2014	\$ 538,039
2015	538,039
2016	538,039
2017	<u>313,856</u>
	<u>\$ 1,927,973</u>

C. Interfund Lease Agreements

The Cable Television Special Revenue Fund uses a Township owned building and automobile and the Building Department Fund uses Township owned office space. The General Fund is reimbursed for the use. The agreements are cancelable at any time. Rental income related to the agreements was \$148,000 for the year ended March 31, 2013.

IX. RETIREMENT PLAN – PENSION TRUST

A. 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, 2013, the date of the plan's latest actuarial valuation.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

IX. RETIREMENT PLAN – PENSION TRUST (Continued)

A. **Plan Description (Continued)**

Based on state statutes, all full-time employees must be allowed to participate in city 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 55. 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.

Membership in the Plan consisted of the following at January 1, 2013, the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	250
Terminated and inactive plan members entitled to but not yet receiving benefits	10
Active plan members	<u>213</u>
Total	<u>473</u>

B. **Basis of Accounting**

The Plan's financial statements are prepared using information as of December 31, 2012, 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.

C. **Method Used to Value Investments**

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.

D. **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 pension plan. All other employees may 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.

E. **Annual Pension Cost**

For plan year 2013, the Township's annual pension cost net of employee contributions of \$10,206,901 is equal to the Township's required and actual contributions. The required contribution was determined as part of a January 1, 2013, actuarial valuation using the projected unit credit level dollar funding method. The actuarial assumptions included (a) 5.25% investment rate of return, (b) projected salary increase of 3% per year, (c) cost of living adjustment of 1.00% and (d) estimated expenses of \$30,000 per year. Assets are invested in the general accounts or mutual funds of an insurance company and are valued at the stated contract value (the sum of contributions plus interest less withdrawals).

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
March 31, 2013

IX. RETIREMENT PLAN – PENSION TRUST (Continued)

F. Three-Year Trend Information

<u>Year Ended</u> <u>December 31</u>	<u>Annual</u> <u>Pension Cost</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
2011	\$ 5,152,066	100%	-0-
2012	\$ 5,179,678	100%	-0-
2013	\$10,206,901	100%	-0-

G. Contributions Required and Contributions Made

Total contributions to the pension plan for the plan year beginning January 1, 2012, amounted to \$5,574,739 of which \$5,179,678 and \$394,422 were made by the Township and its employees, respectively. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of January 1, 2012. The pension contributions represent funding for normal cost. Contributions made by the Township and its employees represent 34.8% and 2.7% respectively, on covered payroll of \$14,862,788 for the 2012 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.

H. Funded Status and Funding Progress

As of January 1, 2013 the most recent actuarial date, the plan was 61.4% funded. The actuarial accrued liability for benefits was \$207,921,175, and the actuarial value of assets was \$127,620,304 resulting in an unfunded actuarial accrued liability (UAAL) of \$80,300,871. The covered payroll (annual payroll of active employees covered by the plan) was \$14,862,788, and the ratio of UAAL to the covered payroll was 540.3%. For the plan year beginning January 1, 2013, some significant changes were made to plan assumptions including changing the projected investment rate lower and adopting updated mortality tables to allow for longer life expectations for participants.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

X. RETIREMENT PLAN – DEFINED CONTRIBUTION PLAN

A. 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. At March 31, 2013 there were 49 plan members. A stand-alone financial report of the plan has not been issued.

B. 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. Township contributions for Bargained Employees will be made in accordance with the Collective Bargaining Agreement. Contributions are to be made each quarter. For the year ended March 31, 2013, contributions in the amount of \$297,291 were made to the plan by the Township. In addition, discretionary contributions in the amount of \$33,990 were made to the plan by Township employees.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

XI. PENSION AND OTHER EMPLOYEE BENEFIT TRUST FINANCIAL STATEMENTS

A. Combining Statement of Net Assets

	<u>Retiree Health Care Fund</u>	<u>Retirement System Pension Trust</u>	<u>Defined Contribution Plan</u>	<u>Total</u>
	<u>March 31, 2013</u>	<u>December 31, 2012</u>	<u>March 31, 2013</u>	
ASSETS				
Cash	\$ 500,000	\$ -	\$ -	\$ 500,000
Investments				
Mutual Funds	1,140,465	-	1,754,795	2,895,260
Insurance company guaranteed investment mutual fund	-	116,043,471	-	116,043,471
Insurance company stock mutual fund	-	13,158,784	-	13,158,784
Receivable	<u>-</u>	<u>198,627</u>	<u>-</u>	<u>198,627</u>
TOTAL ASSETS	1,640,465	129,400,882	1,754,795	132,796,142
NET ASSETS				
Held in trust for pension Benefits	<u>1,640,465</u>	<u>129,400,882</u>	<u>1,754,795</u>	<u>132,796,142</u>
TOTAL NET ASSETS	<u>\$ 1,640,465</u>	<u>\$ 129,400,882</u>	<u>\$ 1,754,795</u>	<u>\$132,796,142</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

XI. PENSION AND OTHER EMPLOYEE BENEFIT TRUST FINANCIAL STATEMENTS (Continued)

B. Combining Statement of Changes Net Assets

	<u>Retiree Health Care Fund</u>	<u>Retirement System Pension Trust</u>	<u>Defined Contribution Plan</u>	<u>Total</u>
	<u>March 31, 2013</u>	<u>December 31, 2012</u>	<u>March 31, 2013</u>	
ADDITIONS				
Contributions:				
Employer	\$ 3,326,943	\$ 9,618,491	\$ 297,291	\$ 13,242,725
Employee	<u>-</u>	<u>395,061</u>	<u>33,990</u>	<u>429,051</u>
Total contributions	3,326,943	10,013,552	331,281	13,671,776
Investment income:				
Net change in fair				
Value of investments	1,643	1,360,829	154,532	1,517,004
Interest income	1,273	5,564,864	-	5,566,137
Dividend income	<u>-</u>	<u>298,087</u>	<u>19,651</u>	<u>317,738</u>
Total investment income	<u>2,916</u>	<u>7,223,780</u>	<u>174,183</u>	<u>7,400,879</u>
TOTAL ADDITIONS	3,329,859	17,237,332	505,464	21,072,655
DEDUCTIONS:				
Distributions	2,826,942	8,322,228	-	11,149,170
Administrative fees	<u>-</u>	<u>80,450</u>	<u>-</u>	<u>80,450</u>
TOTAL DEDUCTIONS	<u>2,826,942</u>	<u>8,402,678</u>	<u>-</u>	<u>11,229,620</u>
CHANGE IN NET ASSETS	502,917	8,834,654	505,464	9,843,035
NET ASSETS, beginning of year	<u>1,137,548</u>	<u>120,566,228</u>	<u>1,249,331</u>	<u>122,953,107</u>
NET ASSETS, end of year	<u>\$ 1,640,465</u>	<u>\$ 129,400,882</u>	<u>\$ 1,754,795</u>	<u>\$132,796,142</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

XII. DEFERRED COMPENSATION PLAN

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, this plan's assets are held in a separate trust and thus are not included in the financial statements of the Township.

XIII. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. The Township provides contributory and noncontributory medical, dental, vision and basic life insurance coverage for eligible retirees and their spouses. The 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 Directors establishes those for non-bargaining employees. Bargaining and non-bargaining employees who retire at or after age 50 with at least 15 years of service are eligible for medical, dental and vision coverage. Bargaining and non-bargaining employees who retire at the appropriate attained age 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/non-bargaining status.

B. Funding Policy and Annual OPEB Cost

For this plan, contribution requirements of the plan members and the Township are established and may be amended by union contract for bargaining employees and for non-bargaining employees by the Board of Directors. The Township's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Township's annual OPEB cost for the current year and the related information for the plan are as follows:

	Primary Government	Component Unit
Contribution rates:		
Township – Actuarially determined	0.0%	0.0%
Plan members	N/A	N/A
Annual required contribution	\$ 7,716,000	\$ 349,000
Interest on net OPEB obligation	1,279,084	64,648
Adjustment to annual required contribution	(1,191,192)	(60,236)
Annual OPEB cost	7,803,892	353,412
Expected OPEB payouts	-	-
Contributions made	(2,826,942)	(149,405)
Increase in net OPEB obligation	4,976,950	204,007
Net OPEB obligation – beginning of year	17,054,448	861,973
Net OPEB obligation – end of year	\$ 22,031,398	\$ 1,065,980

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

XIII. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

B. Funding Policy and Annual OPEB Cost (Continued)

The Township's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended March 31, 2013, for the plan is as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost to Obligation</u>	<u>Net OPEB Obligation</u>
3/31/2013	<u>\$ 8,157,304</u>	36%	<u>\$ 23,097,378</u>
Primary Government	<u>\$ 7,803,892</u>	36%	<u>\$ 22,031,398</u>
Component Unit	<u>\$ 353,412</u>	34%	<u>\$ 1,065,980</u>

	<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending Obligation</u>
Primary Government	3/31/11	\$ 7,321,860	\$ 2,797,505	38%	\$ 12,146,231
Primary Government	3/31/12	\$ 7,805,167	\$ 3,140,862	40%	\$ 17,054,448
Primary Government	3/31/13	\$ 7,803,892	\$ 2,826,942	40%	\$ 22,031,398

	<u>Year Ended</u>	<u>OPEB Cost</u>	<u>Annual Employer Contribution</u>	<u>Actual Percentage Contributed</u>	<u>Net Ending Obligation</u>
Component Unit	3/31/11	\$ 394,498	\$ 132,492	34%	\$ 636,484
Component Unit	3/31/12	\$ 353,672	\$ 128,183	36%	\$ 861,973
Component Unit	3/31/13	\$ 353,412	\$ 149,405	42%	\$ 1,065,980

C. Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011 was as follows:

Actuarial accrued liabilities (a)	\$86,765,000
Actuarial value of plan assets (b)	<u>138,000</u>
Unfunded actuarial accrued liability (funding excess) (a) – (b)	<u>\$86,627,000</u>
Township	<u>\$83,320,000</u>
Component Unit	<u>\$ 3,307,000</u>
Funded ratio (b) / (a)	.16%
Covered payroll (c)	\$ 15,522,000
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll [(a) – (b)] / (c)	558.1%

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

XIII. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Concluded)

C. Funded Status and Funding Progress (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

D. Actuarial Methods and Assumptions.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Township and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	07/01/11
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level Percent of Payroll
Remaining amortization period	21 years
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	4.0%
Healthcare inflation rate	5.8% in 2011 Grading to 4.4% in 2060

XIV. CONTINGENCIES

The Township is a defendant in a number of lawsuits arising principally in the normal 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.

XV. OTHER INFORMATION

A. 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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

XV. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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, 2013, the balance of the Township's funds prepaid in the Member Retention Fund of the MMRMA was \$26,628 and the claims incurred and allocated claims adjustment accrued was \$175,499.

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 \$256,000 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	\$150,000
Vehicle Physical Damage \$1,000 Member deductible	\$15,000 per vehicle \$30,000 per occurrence
Property and Crime \$1,000 deductible per occurrence	N/A
Sewage System Overflow No deductible	\$150,000 per occurrence
Employee Benefits – Commercial Insurance Provider	
Workers' Compensation – Commercial Insurance Provider	

At March 31, 2013, there were no claims which exceeded insurance coverage for any of the past five 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.

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

March 31, 2013

XV. OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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.

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, 2013, there were no claims which exceeded insurance coverage for any of the past four fiscal years. The Library had no significant reduction in insurance coverage from previous years.

B. 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, 2011 through September 30, 2012	6-1-2012
Township – April 1, 2012 through March 31, 2013	12-1-2012

c. The 2012 tax levy is summarized as follows:

	<u>Taxable Value</u>	<u>Rate Per \$1,000</u>	<u>Levy</u>
Township			
General	\$ 3,079,769,930	2.2947	\$ 7,067,148
Senior services	\$ 3,079,769,930	.2439	751,156
Public safety – voted	\$ 3,079,769,930	6.2293	19,184,811
Roads – voted	\$ 3,079,769,930	.7169	2,207,887
Library-operating – voted perpetual	\$ 3,079,769,930	1.4590	4,493,384
Library debt service	\$ 3,079,769,930	.5500	1,693,873
Drain debt service	\$ 3,079,769,930	.3900	1,201,110
Capital Improvements	\$ 3,079,769,930	.5300	1,632,278
Safety Path voted	\$ 3,079,769,930	<u>.4839</u>	<u>1,490,301</u>
Total Township		<u>12.8977</u>	<u>\$39,721,948</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
March 31, 2013

XV. OTHER INFORMATION (Concluded)

A. Property Taxes (Continued)

Delinquent Property Taxes Receivable

County			
Transportation – voted	\$ 3,079,769,930	<u>.5900</u>	<u>\$ 1,817,064</u>
Special assessments			
Bloomfield Village Association			
Fire	\$ 303,291,150	.3290	\$ 99,783
Police	\$ 303,291,150	<u>1.302</u>	<u>394,885</u>
Total Bloomfield Village		<u>1.6310</u>	<u>\$ 494,668</u>

XVI. SUBSEQUENT EVENT

On April 23, 2013, the Township issued \$3.25 million of General Obligation Limited Tax Bonds, Series 2013; to finance improvements to the Township's water supply system. The bonds have a maturity date of May 1, 2032.

REQUIRED SUPPLEMENTARY INFORMATION
(unaudited - not covered by audit opinion)

Charter Township of Bloomfield, Michigan

GASB STATEMENT 25 REQUIRED SUPPLEMENTARY INFORMATION

Year ended March 31, 2013

RETIREMENT PLAN - PENSION TRUST

SIX YEAR TREND INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered payroll (b-a)/c)
1/1/2008	\$ 108,776,953	\$ 117,185,820	\$ 8,408,867	92.8%	\$ 15,858,763	53.0%
1/1/2009	\$ 112,100,502	\$ 125,144,852	\$ 13,044,350	89.6%	\$ 16,136,224	80.8%
1/1/2010	\$ 115,269,769	\$ 136,577,300	\$ 21,307,531	84.4%	\$ 15,562,765	136.9%
1/1/2011	\$ 119,693,077	\$ 148,403,066	\$ 28,709,989	80.7%	\$ 15,522,940	185.0%
1/1/2012	\$ 123,455,000	\$ 152,669,000	\$ 29,214,000	80.9%	\$ 15,338,979	190.5%
1/1/2013	\$ 127,620,304	\$ 157,732,226	\$ 30,111,922	80.9%	\$ 14,862,788	202.6%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
3/31/2008	\$ 4,738,081	\$ 4,738,081	100%
3/31/2009	\$ 5,228,482	\$ 5,228,482	100%
3/31/2010	\$ 5,894,448	\$ 5,894,448	100%
3/31/2011	\$ 5,152,066	\$ 5,152,066	100%
3/31/2012	\$ 5,179,678	\$ 5,179,678	100%
3/31/2013	\$ 10,206,901	\$ 10,206,901	100%

Charter Township of Bloomfield, Michigan

GASB STATEMENT 45 REQUIRED SUPPLEMENTARY INFORMATION

Year ended March 31, 2013

RETIRED EMPLOYEES HEALTHCARE PLAN

THREE YEAR TREND INFORMATION

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered payroll ((b-a)/c)
7/1/2007	\$ -	\$ 60,646,000	\$ 60,646,000	0%	16,136,224	375.8%
7/1/2009	\$ 137,000	\$ 87,953,000	\$ 87,816,000	0.16%	15,522,940	565.7%
7/1/2011	\$ 138,000	\$ 86,765,000	\$ 86,627,000	0.16%	15,220,940	569.1%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
3/31/2011	\$ 8,265,000	\$ 2,929,997	34%
3/31/2012	\$ 8,065,000	\$ 3,269,045	41%
3/31/2013	\$ 8,065,000	\$ 2,976,347	37%

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE
(unaudited - not covered by audit opinion)

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE
(unaudited - not covered by audit opinion)
March 31, 2013**

A. Tax Levies and Collections

<u>YEAR</u>	<u>TAX LEVY</u>	<u>COLLECTIONS TO MARCH 1 OF FOLLOWING YEAR</u>	
2012	\$41,264,728	\$39,754,293	96.22%
2011	41,694,060	40,098,080	96.17%
2010	44,116,202	42,167,507	95.58%
2009	44,505,638	42,147,621	94.70%
2008	45,382,069	42,433,483	93.50%
2007	44,913,928	42,327,344	94.24%
2006	40,831,652	38,659,606	94.68%
2005	40,077,547	38,234,099	95.40%
2004	37,486,906	35,656,378	95.12%
2003	33,797,608	32,140,571	95.10%
2002	23,530,927	22,275,924	94.67%

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.

B. History of Property Valuations*

	<u>State Equalized Valuation</u>	<u>Taxable Value</u>
2012	\$3,254,592,251	\$3,096,798,011
2011	3,226,628,090	3,155,385,640
2010	3,485,076,600	3,404,549,680
2009	4,115,224,310	3,878,712,490
2008	4,492,380,886	3,948,259,831
2007	4,696,964,620	3,934,123,580
2006	4,499,786,770	3,732,884,300
2005	4,358,891,740	3,531,875,030
2004	4,159,870,180	3,380,624,306
2003	4,005,952,600	3,236,501,438
2002	3,816,576,370	3,115,293,208

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

C. 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 (CONTINUED)
(unaudited - not covered by audit opinion)
March 31, 2013

D. Tax Rate Limitations

The Township Charter provides tax rate limitations as follows:

<u>Purpose</u>	Rate (Per \$1,000 of State) <u>Equalized Valuation</u>	Maximum <u>Permitted Rate*</u>
General Operating	\$.9961	\$.9961

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

<u>Purpose</u>	<u>Authority</u>	Rate (per \$1,000 of State) <u>Equalized Valuation</u>
Refuse Collection and Disposal	Act 298, P.A. of Michigan 1917, as amended	\$ 3.00
Police & 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.

E. 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	58	March 31, 2017
Police Employees (Command Officers)	13	March 31, 2017
Police Employees (Patrolmen)	50	March 31, 2017

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

STATISTICAL INFORMATION REQUIRED FOR CONTINUING DISCLOSURE CERTIFICATE (CONCLUDED)
(unaudited - not covered by audit opinion)
March 31, 2013

F. General Fund - Fund Balance

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

<u>Fiscal Year Ending</u> <u>March 31</u>	<u>Fund Balance</u>
2013	\$ 11,498,694
2012	10,968,077
2011	10,506,172
2010	8,056,659
2009	8,156,480
2008	7,822,356
2007	6,757,558
2006	4,874,045
2005	3,702,360
2004	3,249,920

Source: Charter Township of Bloomfield audited financial statement

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**

March 31, 2013

	NON MAJOR SPECIAL REVENUE FUNDS									
	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Improvement & Revolving	Building Department	Drug Law Enforcement	Safety Path	Cable TV	Total
ASSETS										
Cash and cash equivalents	\$ 140,913	\$ 462,636	\$ 194,602	\$ 91,542	\$ -	\$ 66,292	\$ 274,225	\$ 107,628	\$ 293,404	\$ 1,631,242
Marketable securities	2,285,507	-	-	-	-	1,103,348	-	1,701,382	4,756,451	9,846,688
Receivables (net)										
Other	23,453	-	-	-	2,047	936	-	-	405,332	431,768
TOTAL ASSETS	<u>\$ 2,449,873</u>	<u>\$ 462,636</u>	<u>\$ 194,602</u>	<u>\$ 91,542</u>	<u>\$ 2,047</u>	<u>\$ 1,170,576</u>	<u>\$ 274,225</u>	<u>\$ 1,809,010</u>	<u>\$ 5,455,187</u>	<u>\$ 11,909,698</u>
LIABILITIES										
Liabilities:										
Negative equity in pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 1,426	\$ -	\$ -	\$ -	\$ -	\$ 1,426
Accounts payable and accrued expenses	63,667	4,262	1,418	1,594	-	6,780	6,800	2,270	26,263	113,054
TOTAL LIABILITIES	<u>63,667</u>	<u>4,262</u>	<u>1,418</u>	<u>1,594</u>	<u>1,426</u>	<u>6,780</u>	<u>6,800</u>	<u>2,270</u>	<u>26,263</u>	<u>114,480</u>
FUND BALANCES										
Restricted:										
Roads and safety paths	-	-	-	-	-	-	-	1,806,740	-	1,806,740
Public safety	-	458,374	193,184	-	-	-	267,425	-	-	918,983
Community enrichment	-	-	-	89,948	-	-	-	-	-	89,948
Assigned:										
Community enrichment	2,386,206	-	-	-	621	-	-	-	5,428,924	7,815,751
Building inspection	-	-	-	-	-	1,163,796	-	-	-	1,163,796
TOTAL FUND BALANCES	<u>2,386,206</u>	<u>458,374</u>	<u>193,184</u>	<u>89,948</u>	<u>621</u>	<u>1,163,796</u>	<u>267,425</u>	<u>1,806,740</u>	<u>5,428,924</u>	<u>11,795,218</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,449,873</u>	<u>\$ 462,636</u>	<u>\$ 194,602</u>	<u>\$ 91,542</u>	<u>\$ 2,047</u>	<u>\$ 1,170,576</u>	<u>\$ 274,225</u>	<u>\$ 1,809,010</u>	<u>\$ 5,455,187</u>	<u>\$ 11,909,698</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended March 31, 2013**

NON MAJOR SPECIAL REVENUE FUNDS										
	Senior Services	Bloomfield Village Police	Bloomfield Village Fire	Lake Improvement	Improvement & Revolving	Building Department	Drug Law Enforcement	Safety Path	Cable TV	Total
REVENUES										
Taxes and assessments	\$ 751,060	\$ 394,880	\$ 99,778	\$ 296,903	\$ -	\$ -	\$ -	\$ 1,490,206	\$ -	\$ 3,032,827
Grants	22,807	-	-	-	-	-	-	-	-	22,807
Charges for services	253,751	-	-	-	-	-	-	-	79,663	333,414
Licenses, permits and fees	-	-	-	-	-	1,307,236	-	-	1,788,486	3,095,722
Fines and forfeitures	-	-	-	576	-	-	42,752	-	-	43,328
Fees	327,734	-	-	-	-	-	-	-	-	327,734
Reimbursements	-	-	-	24,241	-	-	-	-	-	24,241
Miscellaneous	16,160	-	3,752	-	-	-	-	-	1,335	21,247
TOTAL REVENUES	1,371,512	394,880	103,530	321,720	-	1,307,236	42,752	1,490,206	1,869,484	6,901,320
EXPENDITURES										
Operating:										
General government	-	-	-	-	-	870,578	-	-	-	870,578
Public works	-	-	-	-	-	-	-	70,457	-	70,457
Public safety	-	393,780	82,973	-	-	-	1,474	-	-	478,227
Community enrichment & development	1,338,940	-	-	379,084	229,880	-	-	-	867,986	2,815,890
Capital outlay:										
Capital outlay	47,136	-	4,871	-	-	3,341	24,933	1,286,548	47,008	1,413,837
TOTAL EXPENDITURES	1,386,076	393,780	87,844	379,084	229,880	873,919	26,407	1,357,005	914,994	5,648,989
REVENUES OVER (UNDER) EXPENDITURES	(14,564)	1,100	15,686	(57,364)	(229,880)	433,317	16,345	133,201	954,490	1,252,331
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	190,000	-	-	-	-	190,000
Transfers out	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	190,000	-	-	-	-	190,000
NET CHANGE IN FUND BALANCES	(14,564)	1,100	15,686	(57,364)	(39,880)	433,317	16,345	133,201	954,490	1,442,331
FUND BALANCES, beginning of year	2,400,770	457,274	177,498	147,312	40,501	730,479	251,080	1,673,539	4,474,434	10,352,887
FUND BALANCES, end of year	\$ 2,386,206	\$ 458,374	\$ 193,184	\$ 89,948	\$ 621	\$ 1,163,796	\$ 267,425	\$ 1,806,740	\$ 5,428,924	\$ 11,795,218

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
Year Ended March 31, 2013**

	<u>Balance at April 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at March 31, 2013</u>
ASSETS				
Cash	\$ 2,468,395	\$ 777,015	\$ 2,534,503	\$ 710,907
Investments	-	1,951,721	-	1,951,721
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 2,468,395</u></u>	<u><u>\$ 2,728,736</u></u>	<u><u>\$ 2,534,503</u></u>	<u><u>\$ 2,662,628</u></u>
LIABILITIES				
Employees' compensated absences	\$ 2,080,507	\$ 164,125	\$ 170,053	\$ 2,074,579
Accounts payable & withholdings	10,467	2,084,924	1,992,921	102,470
Deposits & other liabilities				
Escrow deposits	130,798	115,714	50,746	195,766
Refundable deposits	72,234	142,235	99,734	114,735
Other	174,389	321,867	321,178	175,078
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u><u>\$ 2,468,395</u></u>	<u><u>\$ 2,828,865</u></u>	<u><u>\$ 2,634,632</u></u>	<u><u>\$ 2,662,628</u></u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**COMBINING STATEMENT OF NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
March 31, 2013**

	<u>Retiree Health Care Fund</u>	<u>Retirement System Pension Trust</u>	<u>Defined Contribution Plan</u>	<u>Total</u>
	<u>March 31, 2013</u>	<u>December 31, 2012</u>	<u>March 31, 2013</u>	
ASSETS				
Cash	\$ 500,000	\$ -	\$ -	\$ 500,000
Investments				
Mutual funds	1,140,465	-	1,754,795	2,895,260
Insurance company guaranteed investment mutual fund	-	116,043,471	-	116,043,471
Insurance company stock mutual funds	-	13,158,784	-	13,158,784
Receivable	-	198,627	-	198,627
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	1,640,465	129,400,882	1,754,795	132,796,142
 NET ASSETS				
Held in trust for pension benefits	<hr/> 1,640,465	<hr/> 129,400,882	<hr/> 1,754,795	<hr/> 132,796,142
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS	<u>\$ 1,640,465</u>	<u>\$ 129,400,882</u>	<u>\$ 1,754,795</u>	<u>\$ 132,796,142</u>

CHARTER TOWNSHIP OF BLOOMFIELD, MICHIGAN

**COMBINING STATEMENT OF CHANGES IN NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
Year Ended March 31, 2013**

	<u>Retiree Health Care Fund</u>	<u>Retirement System Pension Trust</u>	<u>Defined Contribution Plan</u>	<u>Total</u>
	<u>Year Ended March 31, 2013</u>	<u>Year Ended December 31, 2012</u>	<u>Year Ended March 31, 2013</u>	
ADDITIONS				
Contributions:				
Employer	\$ 3,326,943	\$ 9,618,491	\$ 297,291	\$ 13,242,725
Employee	-	395,061	33,990	429,051
Total contributions	<u>3,326,943</u>	<u>10,013,552</u>	<u>331,281</u>	<u>13,671,776</u>
Investment income:				
Net change in fair value of investments	1,643	1,360,829	154,532	1,517,004
Interest income	1,273	5,564,864	-	5,566,137
Dividend income	-	298,087	19,651	317,738
Total investment income	<u>2,916</u>	<u>7,223,780</u>	<u>174,183</u>	<u>7,400,879</u>
TOTAL ADDITIONS	<u>3,329,859</u>	<u>17,237,332</u>	<u>505,464</u>	<u>21,072,655</u>
DEDUCTIONS				
Distributions	2,826,942	8,322,228	-	11,149,170
Administrative fees	-	80,450	-	80,450
TOTAL DEDUCTIONS	<u>2,826,942</u>	<u>8,402,678</u>	<u>-</u>	<u>11,229,620</u>
CHANGE IN NET ASSETS	502,917	8,834,654	505,464	9,843,035
NET ASSETS, beginning of year	<u>1,137,548</u>	<u>120,566,228</u>	<u>1,249,331</u>	<u>122,953,107</u>
NET ASSETS, end of year	<u>\$ 1,640,465</u>	<u>\$ 129,400,882</u>	<u>\$ 1,754,795</u>	<u>\$ 132,796,142</u>